



VAN LANSCHOT
KEMPEN

2023 annual report



Notes to the reader

Welcome to our 2023 annual report, in which we describe the value we've created for our clients, employees, shareholders and other stakeholders. We report on our financial performance, our activities during the year to support our purpose and strategy, and our risk management and governance.

Disclaimer

This document is only a website version and is not the official annual report, including the audited financial statements thereto pursuant to article 361 of Book 2 of the Dutch Civil Code. The official annual report, including the audited financial statements and the auditor's opinion thereof, are included in the single report package which can be found via <https://www.vanlanschotkempen.com/annual-report-2023-xbrl>.

In case of any discrepancies between the website version and the annual report package, the annual report package will prevail.

Note that the auditor's opinion included in the website version does not relate to the website version but only to the official annual report. No rights can be derived from using the website version, including the unofficial copy of the auditor's opinion. Our auditors did not determine (nor do they need to) that the website version is identical to the official version.

Changes to our reporting segments

Starting in 2024, we will manage our business and report on our results according to four client segments. We therefore made some organisational changes during the second half of 2023. In this annual report, when discussing figures or developments in 2023, we use the previous client segments: Private Clients, Wholesale & Institutional Clients and Investment Banking Clients. When discussing our strategies and targets going forward, we use the new client segments: Private Clients Netherlands, Private Clients Belgium, Investment Management Clients and Investment Banking Clients.

Acquisition of Robeco's online investment platform

At the beginning of July 2023, the acquisition of Robeco's online investment platform was completed. We applied the acquisition method as prescribed by IFRS 3 Business Combinations, under which the client relationships, brand name and application software were recognised and measured as identifiable assets acquired. The difference between the paid consideration and the identifiable assets was recognised as goodwill. We have included the July–December 2023 figures for this activity in Van Lanschot Kempen's 2023 figures.

Disclosure of Non-Financial Information Act

The EU Non-Financial Reporting Directive (NFRD) and the Dutch Disclosure of Non-Financial Information Act made reporting on a number of non-financial themes compulsory for companies that qualify as large public-interest entities (*grote organisaties van openbaar belang*) with more than 500 employees. These themes comprise environmental, social and governance issues, as well as anti-corruption, bribery, human and labour rights. For each of these themes, companies are obliged to report on the relevant policies, results, risks (including the management of these risks) and non-financial key

performance indicators. In addition, the regulation requires companies to describe their business models and to disclose information on their EU taxonomy alignment and eligibility in their annual reports. For more information, see "Our EU taxonomy alignment and eligibility" on page 81. Our sustainability supplement includes a reference table to help the reader find the disclosures prescribed by the NFRD and the Dutch Disclosure of Non-Financial Information Act.

Global Reporting Initiative

Our annual report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. For further details, see the GRI content index on our website: vanlanschotkempen.com/en-nl/about-us/sustainability/reporting-and-regulation.

For more information about how we report on tax in accordance with GRI 207: Tax, see our 2023 tax transparency report on our website: vanlanschotkempen.com/results.

International Integrated Reporting Framework

In addition to the GRI Standards, we aim to apply the fundamental concepts and guiding principles of the International Integrated Reporting Framework. This annual report employs various elements of the framework, such as our value creation model and materiality matrix, and is partly structured around the types of capital identified by the framework (financial, manufactured, human, natural and social capital). For more information, see: integratedreporting.org/resource/international-ir-framework.

External assessment

Van Lanschot Kempen's sustainability performance is assessed by a variety of external organisations. For more information, see our rankings and ratings on our website: vanlanschotkempen.com/en-nl/about-us/sustainability/rankings-and-ratings.

Unrounded figures

Amounts in the annual report may not add up due to being rounded up or down. The total amounts may therefore deviate from the sum of the parts. Percentage changes are based on the unrounded figures.

Changes to comparative figures

Some amounts may differ from previously published reports; in these cases, explanations are given in the footnotes.

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Message from the Chair

Dear stakeholders,

When I look back on 2023, two words spring to mind: *resilience* and *growth*. Resilience in the face of another tumultuous year, and one in which the reality was different to what many of us expected. The continuation of the war in Ukraine, the outbreak of renewed conflict in the Middle East, a series of natural disasters – these have been troubled times for the world at large. The year was also unpredictable in economic terms: starting with somewhat bleak economic expectations, followed by shocks to the financial system, but ending with buoyant outcomes for investors. All of this serves as a reminder that maintaining a long-term focus is the only way to move forward. Against this backdrop, we were able to grow – in terms of our clients, our assets under management (AuM) and our talented professionals – enabling us to achieve a solid set of results. I'm grateful every day for the long-standing trust that our clients and shareholders place in us. And based on that trust, I'm proud of my colleagues, who showed energy, resilience and grit, while remaining in continuous dialogue with our clients.

Personal approach to clients, scalable growth

For some years now, we've been delivering on our wealth management strategy. In 2023, we put additional focus on the need for scalability as key to healthy growth – while safeguarding our signature personal approach. This means looking for efficiencies where we can (such as automation, digitalisation and process optimisation) and maintaining cost discipline. But I see the dilemma here as well: we pride ourselves on our personal service to clients. We need to make sure that technology strengthens our personal relationships – and that it doesn't replace them. We have an opportunity to work together even more across the different parts of our business, to make sure our offering to clients is clear, streamlined and relevant.

By the end of 2023, we completed the integration of Mercier Vanderlinden with Van Lanschot Belgium to form our new Belgian brand: Mercier Van Lanschot. In doing so, we are well-positioned as a challenger in Belgium, a second home market for our company. We also started the integration of Robeco's online investment platform with Evi van Lanschot, creating a leading investment solution for mass-affluent clients in the Netherlands. These are both examples of ways in which we're able to better serve more clients using the same technology and specialised solutions, while maintaining our personal approach.

Resilience in turbulent times

The reporting year was anything but predictable. It's clear that unpredictability is, and will continue to be, the new normal – whether economically, geopolitically or in relation to the climate.

Financial markets were volatile, especially in the first half of the year, but our strong commercial and financial results show that Van Lanschot Kempen is a resilient, well-capitalised company with strong risk management. This is the basis of our commitment to our clients and other stakeholders. Our clients, too, showed resilience in rapidly changing circumstances. They remained invested, in some cases shifting between the various on- and off-balance sheet solutions we offer.

Maintaining a long-term focus for our clients

In the face of such uncertainty, keeping an eye on the long term is key. It's easy to become passive: desensitised to geopolitical crises, climate change, the polarisation of society – or even the increasingly challenging regulatory environment. While acknowledging the importance of these developments, I believe it's crucial to take an active investment approach and to show discipline and conviction. This allows us to focus on the things that matter most to us: guiding our clients through turbulent times, making things simpler for them, and prioritising their long-term interests.

It is also precisely this discipline and conviction that I admire in so many of our clients, who are dedicating themselves to preserving and creating wealth for generations to come. We're seeing more families involved in philanthropy, while alternative and impact investments are on the rise with both institutional and private clients. Impact is increasingly becoming a third variable, alongside risk and return, and this fits with our long-term view. Our clients think across generations – as do we.

Sustainable solutions through dialogue

Focusing on the long term has never been more important than when it comes to sustainability. As the world reaches a climate tipping point, the future of global society rests on taking action in the here and now to safeguard a long-term future. That's why, as a company, we stepped up our ambition to reduce our carbon footprint by 8% per FTE per year in our own operations starting in 2024, and by 7% per year in our discretionary AuM. And we aim to help our clients navigate the energy and food transitions that will be required to sustain generations to come.

My colleagues and I have firm convictions when it comes to sustainability, but we also believe that the only way to continue to make progress is through dialogue: after all, our business is about personal relationships, not just about finance and regulations. We're in continuous dialogue with our stakeholders, whether that means formal meetings or informal conversations. Our increasingly polarised society calls for just that: dialogue and engagement, rather than one-sided opinions; open and honest discussions about difficult topics. Dialogue is a crucial part of our unique company DNA – and I expect a lot more of it in 2024.

Investing in one strong team

Throughout the year, I deeply valued the conversations I had with my colleagues across the business. In 2023, we introduced a new code of conduct – making sure that our behaviours match our values – after extensive discussions with employees, clients and other stakeholders. I'm also pleased to see a consistent level of engagement and ownership in our company: 70% of my colleagues are also shareholders in Van Lanschot Kempen.

Looking back, looking ahead

I'd like to end this message by thanking my colleagues across the company and the members of our Supervisory Board. I'd also like to take a moment to remember Lex van Overmeire – a much loved and valued member of our Supervisory Board who sadly passed away in April 2023. We miss him not only professionally but especially on a personal level.


Looking to the year ahead, Richard Bruens – responsible for Private Clients and Investment Banking Clients – will be handing over to Wendy Winkelhuijzen, who is currently our Chief Risk Officer (CRO), on 1 June 2024. Both have been with Van Lanschot Kempen for many years, and I've had the great pleasure of working with them since I started at the company. I'm also looking forward to welcoming a new member of the Management Board as CRO in due course.

I'm fully confident that with the expertise of our fantastic team of professionals, we can continue to guide our clients through the transitions that lie ahead.

's-Hertogenbosch, the Netherlands, 21 February 2024



Maarten Edixhoven
Chair of the Management Board

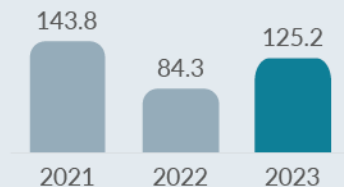
A dark teal banner with a white border, containing the text 'Van Lanschot Kempen at a glance'. The banner is positioned in the upper right quadrant of the page.

Van Lanschot Kempen at a glance

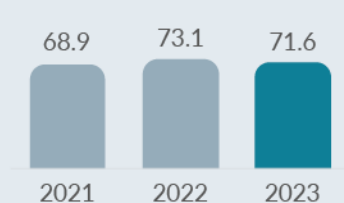
2023 key figures

Financials

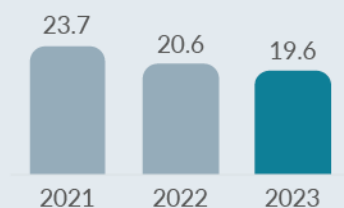
Net result (€ million)



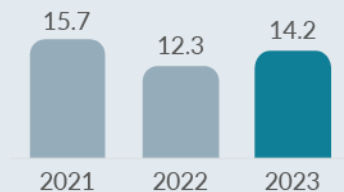
Cost/income ratio (%)



CET 1 ratio (%)



Return on CET 1 (%)



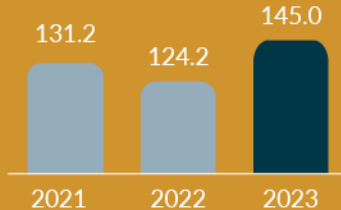
Proposed dividend per share

€2.00

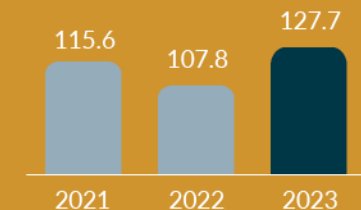
2022: €1.75

Our clients

Client assets (€ billion)



AuM (€ billion)

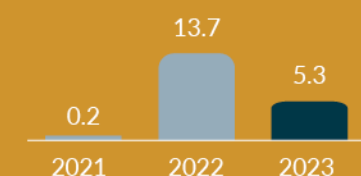


Net Promoter Score
Private Clients

34

2022: 36

Net inflow AuM (€ billion)



Our organisation

Employees
(FTEs at year-end)

1,904

2022: 1,780

Employee engagement
score

90%

2022: 88%

Sustainability

Sustainable AuM

23.1%

of AuM invested in sustainable and/or impact wealth management solutions

2022: 20.6%

Own organisation

42% reduction

in carbon emissions per FTE since 2019

2022: 40% reduction

Our purpose and values

In this section, you can read about how we fulfil our purpose – guided by our core promise and shared values – and how we implement our strategy according to our five strategic pillars.

Our organisation is structured around our clients in four segments, which we serve via our combined business activities. And we track our progress on our strategy according to a number of key performance indicators (KPIs).

Our purpose

To preserve and create wealth for our clients and for society in a sustainable way.

Our purpose captures why we do what we do.

Our identity

Our core promise: **Onwards together**
Kom verder

Our core promise captures the very essence of who we are. It's our – unspoken – promise to our clients and each other: a description of what to expect when you work with us or for us.

In the Netherlands, when we open our doors to a guest we say *Kom verder*. Welcome. Come in. But *Kom verder* also has the more literal meaning: come further. Both a warm welcome and an invitation to join us in going to the next level, *Kom verder* is the perfect closing line to our identity. It sums up our promise to clients and each other. We're translating it as: Onwards together.

Our values: **Personal**
Specialised
Entrepreneurial
Decisive

Our values capture who we are, how we want to work and how we approach each other and our clients. They express the attitudes and behaviours of us all. Together, our promise and values create a compass informing our decisions and keeping us on course to achieve our purpose.

Our strategy

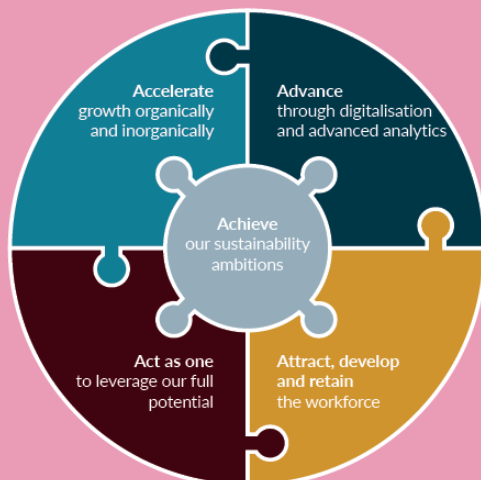
We're a specialist wealth manager focused on private banking, investment management and investment banking.

Our strategy describes how we aim to fulfil our purpose.

Supported by our strong client relationships, we aim to generate sustainable and profitable growth, while maintaining a capital-light balance sheet.

Our strategic pillars

Our five strategic pillars describe how we put our strategy into practice across our business.



By delivering on our strategic pillars, we can remain successful and achieve our ambitions.

Our purpose

Our purpose is to preserve and create wealth for our clients and for society in a sustainable way. We build close relationships with our clients so that we can guide them in their financial decisions. Only by putting ourselves in their shoes can we use our collective expertise to present them with fitting solutions and products in support of their long-term goals.

Van Lanschot Kempen is the oldest independent financial institution in the Netherlands, with a heritage dating back almost 300 years. We couple long-standing relationships with a talent for staying one step ahead. That's what makes Van Lanschot Kempen unique: across generations, we've acted decisively and proactively to help our clients move onwards – with a personal and entrepreneurial approach, grounded in clear investment principles. We manage, invest and advise on behalf of the individuals, families and organisations we serve. This is what we aim to capture in our core promise – Onwards together (*Kom verder*) – which applies both to our clients and to each other.

We are an independent, well-capitalised wealth manager with a banking licence. We have a strong specialist position in our chosen markets, combining private banking, investment management and investment banking. We believe our knowledge, experience and personal approach, coupled with our unique combination of activities, are what set us apart.

Our values

Our values act as a compass that guides us to make choices in our actions: in how we work together, implement our strategy and foster a diverse and inclusive working environment. These values emerged from interviews with employees across the different client segments as well as business and support teams. They were validated by clients and we discussed them – and the behaviour underlying them – with colleagues throughout the company.

We subscribe to four shared values:

- **Personal:** We invest in building long-term relationships. We're driven by our clients' interests. We're proactive on their behalf. And our personal approach to the way we work with our clients also extends to the way we work with each other.
- **Specialised:** We love our craft. We work together with in-depth knowledge of specific sectors and disciplines. We're resourceful. We set the bar for quality high. And we aim to continuously learn and improve.
- **Entrepreneurial:** We're ambitious and results-focused. We anticipate and see opportunities – always aligned with the interests and goals of our clients. We believe in sustainable solutions. And we actively look for investments and initiatives that contribute to these.
- **Decisive:** We serve our clients, colleagues and stakeholders best by taking decisive action, tackling tough situations head-on. We take a solutions-oriented approach. We're clear in our advice and our service offering. And we do what we say we're going to do.

Our code of conduct

In 2023, we updated our code of conduct. It sets out what we consider the essence of ethical behaviour and what we hold ourselves accountable for, both individually and collectively. During the process, we consulted with clients, employees, shareholders and the Works Council in order to take their input into account.

Our code of conduct is not an exhaustive list of rules, but rather a set of commitments underpinned by three ethical principles:

- We are respectful towards others
- We act with discretion
- We think across generations

Our ethical principles give direction to our behaviour and align with our values. Read our full code of conduct on our website: vanlanschotkempen.com/en-nl/about-us/who-we-are/compliance.

Our investment principles

As a wealth manager, investing is at the core of what we do. A long-term approach such as ours requires both vision and discipline. Which is why our investment engine is active and engaged, investing time in truly understanding what we own. We follow a set of three investment principles in everything we do. Be it picking individual securities, investment managers or investment building blocks:

- Strong unique selling point (USP)
- Clear focus
- Alignment of interests

We invest in companies and strategies that have a strong and unique competitive position in their markets. We back leaders with a clear vision that they implement in a focused way. And we look for leadership teams that have skin in the game via share ownership and appropriate incentivisation. We start from our clients' wishes, and act upon these based on our investment principles.

Our client groups and activities

We combine our private banking activities with in-house investment management products and solutions, and investment banking expertise. We work together across the different segments of our business in order to provide more relevant solutions to clients and to find synergies.

We have a clear focus on our client groups – and those we wish to attract. These include private clients, such as wealthy and mass-affluent individuals, entrepreneurs, business professionals, executives, foundations and associations; wholesale and institutional clients, such as pension funds, insurance companies and other (retail) banks; and investment banking clients in our focus sectors (European real estate, life sciences & healthcare, tech & fintech and infrastructure & renewables).

We are active in several geographies: private banking in the Netherlands, Belgium and Switzerland; investment management in the Netherlands, the UK and western Europe; and investment banking in western Europe and the US.

Our organisational structure

Starting in 2024, we will manage our business and report on our results according to four client segments: Private Clients Netherlands (including Evi van Lanschot and our business in Switzerland), Private Clients Belgium, Investment Management Clients and Investment Banking Clients.

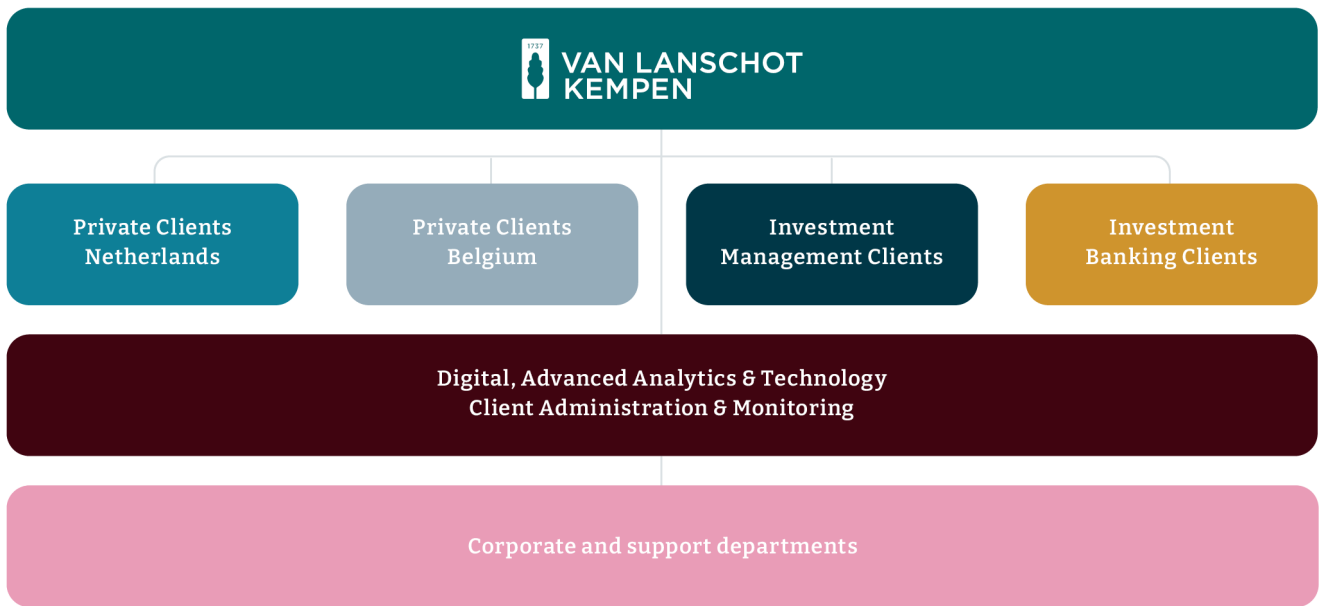
We therefore made some organisational changes during the second half of 2023 to structure our business around these four client segments, with an efficient support structure. Client proximity coupled with speed in execution and efficient cost management will ensure we can grow in a scalable way.

The two graphics on this page and the next show our organisational structure in 2023 and 2024.

The way we served our client groups in 2023



The way we serve our client groups in 2024





Acting as one, branding as one

During 2023, we completed our rebranding to Van Lanschot Kempen. Our brand reflects the strength of Van Lanschot in private banking and wealth management, and Kempen in investment banking and investment management. By acting as one, we are able to offer our clients a unique proposition that combines the best of both worlds. Marking the completion of the rebranding of private banking in the Netherlands, we changed the logo at our office in 's-Hertogenbosch in autumn 2023.

Our strategy

Van Lanschot Kempen is an independent, well-capitalised wealth manager that delivers consistent growth, with a strong specialist position in the market and a long heritage. We believe that our knowledge and experience, our personal, client-focused approach and our unique combination of activities set us apart from our competitors in our selected market segments, while offering growth opportunities.

Our strategic ambition

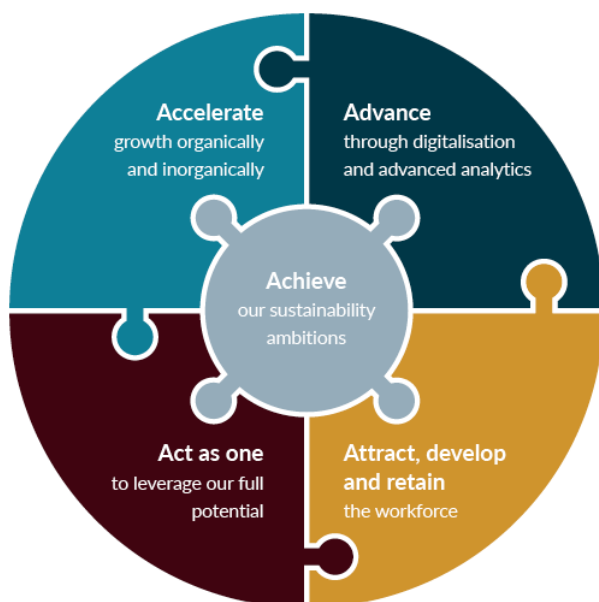
We aim to be the best wealth manager in western Europe, with leading positions in the Netherlands and Belgium. We plan to achieve this by growing our business in a scalable way, by offering distinctive solutions to our clients and by being the best in our chosen niches.

Our ambition is to grow our assets under management (AuM) by around 10% a year on average – reflecting organic growth, growth by acquisition and market performance – while maintaining a capital-light balance sheet. We want our organisation to be large enough to handle technology and regulations efficiently, while small enough to be nimble and remain close to clients.

To offer distinctive solutions to our clients, we focus on combining the strengths of our activities: private banking, investment management and investment banking. We pursue a solutions-led approach, building on client needs and market developments. Synergies are achieved through offering the full range of services and products from our specialists across our different activities. We aim to be the best in our chosen niches, which requires us to make clear choices in terms of what we do and don't offer.

Our strategic pillars

In delivering on our ambitions, we focus on five strategic pillars:



Accelerate growth organically and inorganically

We continue to deliver on our wealth management strategy, by focusing on scalable growth while maintaining a capital-light balance sheet. To remain relevant for our clients and accelerate our organic AuM growth, we focus on growing the company from within, in a sustainable way. We leverage our existing relationships, skills and knowledge to anticipate our clients' needs with solutions that stand out in the market.

Inorganic AuM growth is also part of our strategy: we focus on potential bolt-on acquisitions in the Dutch and Belgian private banking space, and in investment management in the Netherlands.

Advance through digitalisation and advanced analytics

Changes in clients' needs and economic developments require us to respond quickly. Technology and digitalisation allow us to improve our productivity and service by speeding up processes, reducing operational errors and improving the availability, quality and interpretation of data. We continue to invest in technology, such as artificial intelligence (AI), to increase efficiency and develop innovative solutions.

Technology is an integral part of how we provide service to our clients, while continuing to maintain a personal touch. For example, we use technology to ensure that our communications are as individually tailored as possible – by providing our bankers with access to clear dashboards, enabling them to monitor their clients' portfolios, so that they can contact clients at the right time with the right information.

Achieve our sustainability ambitions

The world around us is changing – demanding fundamental transitions in how we consume energy and food. We're focused on helping our clients navigate these transitions, with an active, engaged approach based on our investment principles. While both transitions are equally important, our primary focus right now is the energy transition and the vital shift towards a low-carbon economy, while our secondary focus is the food transition and promoting biodiversity.

Being a wealth manager with a long-term focus means that we proactively strive to prevent negative consequences for stakeholders, while aiming to create positive long-term financial and non-financial value. We can achieve the most significant social and environmental impact via our client investments, but we also aim to lead by example by reducing our own carbon footprint.

Act as one to leverage our full potential

In order to unlock the full potential of our organisation for our clients, we must be able to offer solutions that build on the knowledge and expertise of the entire group as well as our open architecture platform. We collaborate across our various client segments in order to offer unique, relevant solutions and promote cross-referrals. For example, private clients can benefit from our debt advisory services while entrepreneurs selling their businesses can be referred to our bankers for wealth management services.

Attract, develop and retain the workforce

Our people's knowledge, experience and professionalism are key to the way we operate. Talent retention within our company is becoming more and more important. We focus on keeping our employees engaged, ensuring flexible and inclusive working conditions, offering professional development and throughflow opportunities, and promoting inclusion and diversity.

Steering and monitoring our business in 2023

In order to monitor whether we're making progress on delivering on our ambitions and creating long-term value, we define financial and non-financial key performance indicators (KPIs) and targets. These are based on industry trends and developments, stakeholder expectations, client needs and strategic relevance. The material topics that were used as inputs for these KPIs can be found in our sustainability supplement.

Our KPIs are focused on value creation themes, both financial and non-financial. We explain both our KPIs and our results against them in the sections on our value creation per type of capital on pages 32-52.

The table below shows our targets and performance on these KPIs in 2022 and 2023. The colour coding of our performance is based on a predefined scoring table and relates to the 2023 score.

Value creation themes	KPIs	Targets		Performance in 2023	Performance in 2022
Financial capital	1. CET 1 ratio	15% + M&A add-on of 2.5%	●	19.6%	20.6%
	2. Return on equity (CET 1)	12% through the cycle	●	14.2%	12.3%
	3. Cost/income ratio	70%	●	71.6%	73.1%
Manufactured capital	4. Three-year relative performance of our managed propositions	> benchmark	●	-0.2%	0.2%
Human capital	5. Employer Net Promoter Score (eNPS)	> 10	●	22	18
	6. Employee engagement score (EES)	> 80%	●	90%	88%
	7. Percentage of employees who believe they have the opportunity for personal development and growth	≥ benchmark (77%) ≥ last pulse/EES (if below benchmark)	●	82%	81%
	8. Gender balance among senior staff	> 30% female > 30% male	●	19.0% female 81.0% male	17.9% female 82.1% male
	9. Gender pay gap	< 2.0%	●	3.0%	2.7%
	10. Staff turnover	5-10%	●	4.1%	6.4%
	11. Absenteeism	< industry average (3.25%)	●	2.6%	2.8%



KPI more than achieved



KPI achieved



KPI almost achieved



KPI not achieved



KPI far from achieved

Value creation themes	KPIs	Targets		Performance in 2023	Performance in 2022	
Natural capital	12. Sustainability rating of all Van Lanschot Kempen funds by Morningstar	≥ 3.5	●	3.6	3.6	
	13. Decrease in carbon emissions:					
	a. Direct emissions via our own organisation	-7.0% per FTE per year, against 2019 baseline. Target 2023: ≤ 1.80 tonnes CO2e per FTE	●	1.38 tonnes CO2e per FTE (-42% compared with 2019)	1.45 tonnes CO2e per FTE (-40% compared with 2019)	
	b. Alignment of our solutions with Paris Agreement:					
	i. Van Lanschot Kempen funds and discretionary management solutions	80% of funds comply with 7% average annual emission intensity reduction	●	88%	88%	
	ii. Fiduciary management (FM) solutions	> 50% of FM clients have Paris Agreement-aligned goals	●	72%	59%	
	c. Indirect emissions via our assets under management (AuM)	Coverage grows to 55-60% of CO2e emissions by end 2022	●	53%	56%	
	d. Indirect emissions via our mortgage portfolio	CO2e/€ < last year	●	-6.9%	+8.7%	
	14. Investment Strategies & Solutions sustainability ambition:					
	a. Percentage of AuM invested in sustainable and/or impact wealth management solutions	+ 5 percentage points per year	●	23.1%	20.6%	
	b. Percentage of AuM in internal and external funds/ mandates on the approved list that meet the basic sustainability criteria	> last year	●	96%	95%	
	c. Van Lanschot Kempen listed funds engage with companies representing > 50% of carbon footprint of the fund	Engaged with companies representing > 50% of carbon footprint out of total portfolio	●	44/49 (divested from three)	54/55 (divested from remaining one)	
	Social capital	15. Net Promoter Score (NPS):				
		a. Private Clients	20	●	34	36
b. Evi van Lanschot		10	●	0	-1	
c. Wholesale & Institutional Clients		20	●	30	n/a ¹	
16. Investment Banking Clients: number of fee-generating transactions with repeat corporate finance clients (five-year period)		50-60%	●	56%	78%	
17. Number of interactions by Securities with institutional investors		130 (2020 baseline: 100)	●	156	103	
18. Average Morningstar medallist rating		≥ last year		2 silver 7 bronze 8 neutral	n/a ²	
19. Engagements for change on social and governance issues for which at least one milestone has been reached in the past year		10-15 engagements	●	27	30	
20. Percentage of employees who believe they have a responsibility to behave ethically		≥ benchmark (85%) ≥ last pulse/EES (if below benchmark)	●	89%	90%	
21. Percentage of employees who believe the company culture holds everyone to the same standards of ethical behaviour and promotes transparent communication		≥ benchmark (81%) ≥ last pulse/EES (if below benchmark)	●	86%	85%	
22. Products and services are subject to strict approval and review procedures, including relevant assessments by Compliance		Yes	●	Yes	Yes	

● KPI more than achieved
● KPI achieved
● KPI almost achieved
● KPI not achieved
● KPI far from achieved

¹ We only measure the NPS for Wholesale & Institutional Clients once every two years.

² Since the second quarter of 2023, Morningstar analyst ratings have been replaced by Morningstar medallist ratings, which means we are unable to compare our 2023 performance with our 2022 performance.

One Belgian brand: creating clarity, combining expertise

In Belgium, our focus in 2023 was on accelerating the integration between Mercier Vanderlinden and Van Lanschot Belgium to create one brand: Mercier Van Lanschot. The goal, according to CEO **Thomas Vanderlinden**, was two-fold: "We wanted to create clarity – for our existing clients, prospective clients and employees. We also wanted to be able to offer a broader range of relevant solutions, while making sure that our commercial teams have as much time for their clients as possible."

He explains: "Creating clarity means making sure that new clients understand our identity and solutions. But it also means keeping things simple for existing clients, and ensuring all our processes and systems are designed to make things easier for them. We're working with our colleagues in the Netherlands to harmonise the various onboarding procedures and create more synergies between the two businesses. We're also automating and digitalising as many administrative tasks as possible for our people, to free up more time for them to focus on clients."

As a result of the integration, clients from both former entities can expect even more expertise and a broader product offering. "For example, Mercier Vanderlinden clients now have access to private equity and a more competitive credit offering. At the same time, Van Lanschot Belgium clients get access to Mercier's range of core strategy funds with a strong track record of over 20 years. Not to mention the combined expertise of our two teams!"

Mercier Van Lanschot offers three important USPs to its clients: "Firstly, we work with the idea of investing together – in partnership with our clients. Secondly, we have three centuries of expertise, but we're also investing in the future with things like artificial intelligence. And lastly, we have the courage of our convictions: we specialise in investing in high-quality companies at the right price."



A dark teal, irregular shape with rounded corners, resembling a stylized arrow or a speech bubble, pointing towards the right. It is positioned in the upper right quadrant of the page.

2023:
A year in review

The world around us in 2023

The reporting year 2023 continued to be tumultuous, with several dynamics – political, humanitarian, economic, environmental and technological – affecting individuals, society and financial markets. The latter offered anything but a quiet ride, but the year ended strongly, with US and European stock markets close to all-time highs. While there were many developments in 2023, the topics below were top of mind for many of our clients.

Geopolitics: global uncertainty

When Russia launched its invasion of Ukraine in February 2022, it came as a shock to many. By 2023, it had become apparent that the conflict between Russia and Ukraine was not going to end quickly. Meanwhile, war broke out between Israel and Hamas in October 2023, resulting in severe human suffering.

While all of this has had disastrous consequences for those directly involved, the impacts have been felt globally as geopolitical uncertainty continued – affecting the international economy as well as investment options for clients. At the same time, global powers such as the US and China have continued to exert a degree of protectionism.

National politics: policy changes

The outcome of the general election that took place in the Netherlands in November 2023 may lead to shifts in fiscal, climate and other policies that impact family businesses in particular. According to a 2023 survey by Nyenrode Business University, RSM and Van Lanschot Kempen, top of mind for family businesses are proposed alterations to the business succession scheme (*bedrijfsopvolgingsregeling*) in terms of gift and inheritance taxes, as well as a general need for stability.

Technology: rise of artificial intelligence

The reporting year saw remarkable growth in natural-language processing and machine learning, exemplified by generative artificial intelligence (AI) models. Their widespread adoption by both companies and individuals underscored the increasing integration of AI into everyday life.

For society as a whole as well as for the financial sector, this brings both opportunities and challenges. On the one hand, AI can support work processes and provide new insights. But at the same time, it poses threats relating to data security, confirmation bias and identity theft.

Sustainability: long-term transitions

In general over the last few years, we've seen awareness around climate change increasing. Many of our stakeholders – whether private or institutional clients, employees, shareholders, regulators or business partners – are preparing for (and struggling with) this issue. More and more companies have started to address this, by preparing for the major transitions to come – in energy and food in particular.

The need for this was again brought into focus in 2023, as the northern hemisphere experienced the hottest summer on record. Globally, there have been unprecedented levels of flooding, wildfires and other extreme climate change-related disasters.

Both private and institutional clients are increasingly looking for climate-resilient investment opportunities. The Markets in Financial Instruments Directive (MiFID II) requires financial institutions to ask clients about their sustainability preferences and take them into account. This exercise is giving financial institutions – including Van Lanschot Kempen – insights into client wishes. The outcomes show that different clients are approaching this at a different pace.

Operating environment

High inflation, rising interest rates

In 2023, the inflation spike that was experienced the previous year translated into the rest of the economy. Food inflation has been particularly steep and is taking longer to dissipate than expected.

In the labour market, salaries have increased as well – although not fully in line with inflation. So far, the labour market seems resilient, with no significant increase in unemployment rates. Equally, we've not seen a wave of corporate defaults among entrepreneurs. It remains to be seen whether this will change in 2024.

At the same time, key interest rates increased at an unprecedented pace across Europe over the course of the reporting year, which impacted our client groups in many different ways. Savings rates went up, with many private clients seeing an opportunity to benefit more by switching their asset allocations from savings to term deposits. Meanwhile, higher interest rates led to higher lending costs for home owners, while lending costs for entrepreneurs looking for financing also increased. And banks saw an increase in their interest income. In the investment banking market, we've seen fewer transactions globally; businesses still need to adjust to higher interest rates.

Test of the financial system

In the first quarter of 2023, volatility in financial markets rose sharply, sparked by specific problems at several US and European banks, and accelerated by social media and mobile banking. In the end, the issue was confined to a few players after governments and central banks reacted swiftly to contain it. These events underlined the importance of sound risk management and solid liquidity buffers, while clients are looking for financial institutions with strong balance sheets.

Finalisation of pension reforms

In the Netherlands, the reporting year saw pension reforms move from the planning phase to the definitive phase. In July 2023, the new pension law (*Wet toekomst pensioenen*) came into effect, and must be implemented by 2028. The Netherlands now faces the challenge of a massive transition to its pension system, which will require individuals to assume more responsibilities.

There will be both more options for self-employed people to save for their pensions, and more flexibility for employed people to set aside money on top of the pension offered by their employer. The pension funds themselves clearly have a big task ahead of them: navigating this transition will mean changes to their pension schemes.

In Belgium, the federal government also reached an agreement on a new package of measures to improve the financial sustainability of the country's pension system.

In the UK, asset management has been consolidating for a number of years now. The drivers behind this are the de-risking and simplification of investment strategies. However, the anticipated consolidation of the pensions sector was slower than expected in 2023. In its Autumn Statement, the British government announced a package of measures aimed at reforming the pensions market to unlock investment into high-growth sectors and generate increased returns for savers.

Key risk themes for Van Lanschot Kempen

In addition to the trends and developments that impact our operating environment, as a wealth manager we face specific risks associated with our sector. In 2023, we identified the following key risk themes:

- Interest rate risk: changing client behaviour in response to rising interest rates
- Operational risk: organisational complexity and change management
- Compliance risk: organisational culture and ethical behaviour
- Sustainability risk: climate change and regulation

See "Risk and capital management" (page 65) for more details.



Joining forces

In 2023, we successfully completed the acquisition of Robeco's online investment platform, resulting in a combined entity managing €6 billion in assets under management, and welcoming Robeco's clients and colleagues. Incorporating solutions from both Van Lanschot Kempen and Robeco, the partnership aligns with our growth strategy, catering to the rising demand for online investment solutions – particularly in the mass-affluent segment. In the second half of the year, client services continued under the Evi van Lanschot brand and we opened an office in Rotterdam.

Van Lanschot Kempen in 2023

Amid fast-changing economic and geopolitical circumstances and climate events, our focus was first and foremost on being a steward for our clients. We put our combined expertise and network to work for them, with entrepreneurship and a long-term perspective. We invested in enhancing our solutions with personal and relevant services that are digitally convenient. At the same time, we strengthened our position as a specialist wealth manager.

Delivering on our strategic ambition

Our performance

In 2023, we continued to deliver on our wealth management strategy, by focusing on sustainable and profitable growth while maintaining a capital-light balance sheet. We added 18% to our assets under management (AuM) in 2023, reflecting organic growth, growth by acquisition and market performance.

Net inflow of €5.3 billion in AuM demonstrates the trust that existing and new private and institutional clients place in Van Lanschot Kempen. Our Private Clients segment recorded very strong net inflows of €2.3 billion. The Wholesale & Institutional Clients segment showed a total net inflow of €3.1 billion in 2023.

Over recent years, we've successfully expanded our activities with several bolt-on acquisitions and partnerships. In the first half of 2023, Van Lanschot Kempen completed its accelerated acquisition of the remaining 30% stake in Mercier Vanderlinden. The company's integration with Van Lanschot Belgium was successfully completed by the end of 2023. And we were still able to grow, with net AuM inflows of €0.8 billion and total AuM working out at €11.3 billion.

In July 2023, we completed the acquisition of Robeco's online investment platform, which merged with Evi van Lanschot to create a leading online investment platform in the Netherlands. The integration programme is expected to take around two years to complete.

In December 2023, we announced the intended acquisition of Belgian investment adviser Accuro: a further step in our growth strategy in Belgium as our second home market.

In terms of financial targets, our cost/income ratio stood at 71.6% at year-end 2023, against a target of 70%. Our capital position continued to be strong in 2023, while return on CET 1 amounted to 14.2%.

Combining the strength of our activities

We work together across different segments of our business to provide more relevant solutions to clients and to find further synergies. Acting as one allows us to benefit from our combined capabilities and strengthens our position as an independent, specialist wealth manager in western Europe.

Supported by a new organisational structure, we've made responsibilities clearer so that we're better able to deliver value for our clients (see "Our organisational structure" on page 10). We have also increased our focus on targeted investment management products and strategies for the benefit of private clients, additional deal flows between private banking and investment banking, and throughflow of talent.

Achieving our sustainability ambitions



At Van Lanschot Kempen, we see sustainability not only as an urgent need, but also as an unprecedented opportunity to create value over the long term. Because preserving and creating wealth for generations to come is only possible when we make sure that growth is both profitable and sustainable.

We're focused on helping our clients navigate the energy and food transitions, with an active, engaged approach based on our investment principles. Sustainability is therefore embedded throughout our solutions (see page 47). We have set clear targets and regularly report on our progress against them.

We can make the biggest impact via the wealth invested by our clients. At year-end 2023, the percentage of AuM in sustainable and impact investment solutions totalled 23.1%, compared with 20.6% at year-end 2022. We've made good strides within our own operations since 2019, having cut our own carbon emissions by 42% per FTE. In 2023, we set more ambitious targets to decrease our own carbon footprint and to reduce carbon emissions via our discretionary AuM, effective from 2024 onwards. For more information, see "Reducing our carbon footprint" on page 45.

In 2023, we also implemented the EU's sustainability regulations, such as the EU taxonomy, the Sustainable Finance Disclosure Regulation (SFDR) and the amendments to the Markets in Financial Instruments Directive (MiFID II). Part of the implementation of these regulations involved developing a platform to make external sustainability data available for reporting purposes. In the future, we will use this data to provide our clients with more insights.

2023 for our clients



Private Clients

In our Private Clients segment, our focus was on delivering an excellent client experience in both our discretionary management and advisory propositions. We're investing in generative artificial intelligence (AI) to increase efficiency, reduce costs and improve client service channels. By automating manual data processing, improving client communication and identifying more investment opportunities, we aim to streamline operations and provide personalised insights to clients.

Private Clients in the Netherlands

In the first half of 2023, we launched a new wealth management proposition that enables private banking clients in the Netherlands to tailor their discretionary management portfolios. Through this, we offer access to our institutional expertise and both in-house and third-party solutions. For instance, we enable clients to invest in our Global Impact Pool, Private Markets Fund, Non-Directional Partnership and Megatrends Fund. For more information, see our feature on page 91.

Clients expressed their continued interest in new alternative products within private markets. Having listened to their wishes, we launched our North American Private Equity Fund in October, focusing on small and medium-sized privately owned companies in North America.

Our private clients continue to be satisfied with us, in terms of both the personal contact they receive and our digital and investment services. This is evidenced by a relationship Net Promoter Score (NPS) of 34 (2022: 36), exceeding our target of 20.

Private Clients in Belgium

In Belgium, we focused on integrating Mercier Vanderlinden with Van Lanschot Belgium. As of 1 January 2024, we continued as Mercier Van Lanschot: a new brand with a strong heritage, shared values and a distinctive offering for clients in our second home market. In the past year, we've strengthened our expertise and range of solutions, including by launching a fixed income fund offered to Belgian private investors. Clients also appreciate improved digital tools, including our new investment app, which optimises the user experience.

Evi van Lanschot

In the reporting year, we focused on the growth of Evi van Lanschot's online investment service, meeting the increasing demand for investment products that reflect the ongoing individualisation of the Dutch pensions market. We entered the intermediary market for pension investments by offering Evi van Lanschot's pension solutions to clients of independent financial advisers.

In July, following our acquisition of Robeco's online investment platform, Evi van Lanschot welcomed Robeco Retail's clients and employees, working together towards further growth of the online investment service. In December, Evi van Lanschot improved its savings proposition by offering an attractive savings rate and enabling former Robeco Retail clients to save money in their investment accounts once again.

Evi van Lanschot's clients rated us with an NPS of 0 (2022: -1). In general, clients appreciate the investment app as well as our communications and service, but see room for improvement in their investment returns.

Wholesale & Institutional Clients

In our fiduciary management business, we're well placed to act as a sparring partner in the overhaul of the Dutch pension system, based on our many years of experience in designing tailored investment portfolios for large groups of different ages. We understand the unique needs of large group schemes and have created investment mixes to meet those needs. In doing so, we help around 2.3 million pension scheme members in the Netherlands and the UK.

In 2023, we improved our proposition in illiquid investments. This was achieved primarily by strengthening our advisory services, especially for institutional clients. Within these alternative investment solutions, advising clients on the full range of illiquid investments is key. Our guidance extends beyond merely selecting the appropriate asset class. It also encompasses setting objectives, identifying relevant themes such as health and climate, defining KPIs and implementing strategies through various means – be it a mandate, a customised fund or a multi-client fund.

Satisfaction levels among our wholesale and institutional clients are high. Our NPS decreased from 38 in 2021 to 30 in 2023, but exceeded our target of 20. Clients appreciate our dedicated and approachable team, along with our high-quality service.

Improvement programme

In 2023, we launched a range of initiatives focused on profitable growth in our Wholesale & Institutional Clients segment, with an enhanced strategy. Our focus is on efficiently setting up the organisation and systems, while we are investing in our commercial strength – for instance, through extensive sales training courses. At the same time, we enhanced our digital service for clients by providing even better content on sustainable investing and private markets, expanding our client portal, and offering direct access to internal research. Moreover, we aim to achieve further business efficiency improvements by leveraging data-driven decision-making and generative AI solutions in areas where large information sets need to be interpreted.

Investment Banking Clients

Within investment banking, we and our clients experienced a difficult year, shaped by the challenging market conditions affecting corporate finance and capital markets transactions. Global transaction volumes were significantly lower in 2023, especially for our real estate clients, as these clients needed to regain their footing and adjust to higher interest rates. In response, we adapted the organisation to market circumstances, focusing on costs, appropriate staff levels and training, in anticipation of growth in 2024. Amid subdued activity, our team remained in close contact with our clients, ready to offer advice. Other parts of the business, such as life sciences & healthcare, infrastructure & renewables and debt advisory, have grown year-on-year.

We also further strengthened the collaboration between our Private Clients segment and Investment Banking Clients segment – for example, by providing corporate finance and strategic advice to entrepreneurs and family offices. In 2023, we launched a Sustainable Opportunities team, offering comprehensive investment research on companies and industries driving the transition to a sustainable future.

2023 for our employees



Following a significant recruitment drive over recent years to strengthen our digital, compliance and commercial teams in particular, in 2023 our focus shifted to retention. We aim to provide relevant development opportunities as well as attractive career tracks, and to ensure flexible and inclusive working conditions. To foster connection with the company, we offer employee share plans; we're proud that more than 70% of our employees are shareholders in Van Lanschot Kempen. Through our partnership programme, senior leaders have 0.8% ownership of our company. For more information, see "Employee participation plans" on page 88.

In addition to our regular trainee programmes, in 2023 we launched our Young Private Banking Programme: training our private bankers of the future. Ten highly motivated colleagues started the programme with the goal of growing into fully fledged private bankers or investment advisers in the next two years. They'll do this by learning on the job, with coaching on professional and personal development. For more information, read our feature on page 43.

During the reporting year, we also engaged in dialogue around various aspects of our identity and culture, including our values, code of conduct and collaboration. We also talked about diversity, equity and inclusion, broadening our focus to include areas such as ethnicity in addition to gender. We will continue this dialogue in 2024.

In 2023, our Employer Net Promoter Score (eNPS) was 22, which well exceeds our target and improved on the 2022 score of 18. This is a strong outcome and shows that employees would recommend Van Lanschot Kempen as a good place to work.

2023 for our shareholders



Van Lanschot Kempen's growth and sustainability profile were highlighted by its inclusion in both the AMX Index and the AEX ESG Index. Our capital position remained strong in 2023, with a CET 1 ratio of 19.6% – well above our target of 15% plus an add-on of 2.5% for acquisitions. In June 2023, we paid out our 2022 dividend of €1.75 per share (totalling €74 million). In December 2023, we returned excess capital to shareholders of €2.00 per share (totalling €85 million).

Research on historical links to slavery

The history of Van Lanschot Kempen dates back to 1737: the Van Lanschot firm was founded in the city of 's Hertogenbosch as a trading house dealing mainly in colonial goods. In order to understand our past, in 2022 we commissioned an investigation into the possible involvement of our legal predecessors in slavery.

Independent research by the University of Leiden has shown that part of those colonial goods were produced using slave labour. The trading company purchased these goods at auctions and through business partners in the provinces of Holland and Zeeland, and subsequently sold them in 's Hertogenbosch and surrounding areas. According to the research, the legal predecessors of Van Lanschot Kempen were thus indirectly involved in slavery.

In 2023, we discussed the outcome of the research with several stakeholders and colleagues in particular, including the steps that we want to take subsequently. The participants in this dialogue indicated clearly that they wish to convert our awareness of our past into concrete and meaningful steps in the present and future, aimed at promoting inclusiveness, diversity and equal opportunities. In doing so, we focus on our own organisation, the companies we invest in and the society of which we are part.

Stakeholders' expectations

Our stakeholders

Our purpose is to preserve and create wealth for our clients and for society in a sustainable way. We therefore take a long-term view. An essential part of this approach is an active, continuous dialogue with our stakeholders.

Our stakeholder groups

Our various stakeholder groups have different expectations of Van Lanschot Kempen. The overview below¹ outlines our assessment of these expectations.

Clients
Excellent client experience, strong personal relationships, holistic advice, tailored and relevant solutions, risk-rewarding returns, and safe and easy means of contact
Employees
Personal autonomy, inspiring leadership, personal and professional development, competitive salary and benefits, a professional and healthy (hybrid) working environment, an inclusive culture and a diverse workforce
Shareholders/bondholders
Sustainable and profitable growth, attractive returns and dividends, a solid business model, and management of the business in a sustainable way
Governments/regulators
Compliance with laws and regulations (practices within the letter and spirit of the law), responsible payment of taxes, positive contribution to society and the environment, and contribution to financial stability
Business partners
Timely payment and Van Lanschot Kempen's financial stability, clear and transparent communication, proactive collaboration and long-term partnerships

We value our relationships with all our stakeholders. We seek input and inspiration from various groups, including an advisory board. We aim to maintain an open dialogue, through stakeholder events and conversations on specific topics and themes such as culture and behaviour, diversity and inclusion, client-centricity, sustainability, technology and investment. The outcomes of these help shape our views and provide input for our strategic cycle.

Stakeholder engagement

In 2023, we launched our stakeholder engagement policy in line with the new Corporate Governance Code. The policy is available on our website: vanlanschotkempen.com/en-nl/about-us/sustainability/governance-and-stakeholders.

Stakeholder dialogue

During our annual stakeholder events, our management asks for input on specific strategic issues that we face as an organisation. The theme of our 2023 dialogue was biodiversity and the food transition.

Read more about the 2023 event in our sustainability supplement and on our website: vanlanschotkempen.com/en-nl/about-us/sustainability/governance-and-stakeholders/stakeholder-events.

We also engage with our stakeholders in other ways. For example, our client-facing teams nurture relationships with their clients; the Works Council represents employees; we maintain relationships with shareholders and analysts; we frequently engage with regulators; and we sustain relationships with banking supervisors.

Van Lanschot Kempen has also participated in work streams and analyses prepared by financial sector associations such as the Dutch Fund and Asset Management Association (DUFAS), the Association of Securities-Issuing Companies (VEUO) and the Dutch Association of Tax Advisers (NOB). These activities help us assess the potential impact of new legislative packages on our business.

Materiality assessment

We conduct a materiality assessment every other year to identify our most significant impacts. The outcomes of the materiality assessment conducted in 2021 are outlined in our sustainability supplement. This 2021 materiality matrix formed the basis for our 2023 annual report.

In 2023, we conducted our most recent materiality assessment. This provided input when setting our key performance indicators (KPIs) for the 2024–25 period and will form the basis for non-financial reporting in our 2024 annual report. The new materiality matrix and overview of material topics can be found on the following two pages.

Compared with our previous materiality matrix (which can be found in our sustainability supplement), the key difference is the introduction of double materiality, which recognises the interdependence between financial materiality and impact materiality. Double materiality considers both the financial impacts of environmental and social factors on a company, as well as the impacts of the company's activities on the environment and society. Another difference is the more granular breakdown of the natural and social impact of our solutions into topics such as "alignment of business model and strategy with Paris Agreement" and "impact on workers in value chain via our assets under management (AuM)".

The process to conduct our materiality assessment

- We started with a longlist of topics derived from our assessment in 2021 and other standards and publications.
- From this, we created a shortlist based on assessment of the impact we can make and financial materiality, conducted by in-house experts who also sought to specify where the actual or potential impact takes place. For each topic, we determined whether we (potentially) impact stakeholders through our own operations, our balance sheet and/or our AuM.
- Stakeholders were requested to assess the severity and likelihood of impacts our organisation could make on the shortlisted topics.

¹ See our sustainability supplement for further details.

- Where we judged that the nature and magnitude of our impact might differ significantly across our various economic activities, we asked our stakeholders to assess our impact via our own operations, balance sheet and/or AuM separately.
- Our Management Board evaluated the impacts and significance of risks and opportunities via a survey.

When asking our stakeholders and management to rate the severity and likelihood of impacts, we made a distinction between: (i) topics we presumed we have a significant impact on; and (ii) topics we found harder to rate. When determining which impacts we consider to be material, we translated their input on these scales into scores.

First set of impacts:

- Less significant (insignificant, minor or moderate): 2.5
- Significant/severe: 4.5

Second set of impacts:

- Insignificant: 1
- Minor: 2
- Moderate: 3
- Significant: 4
- Severe: 5

We then calculated the average rating by applying weights per stakeholder group. We consider the topics that received an average rating of over 3.5 to be material to us.

Management rated the significance of risks and opportunities on virtually the same scale: insignificant (1), minor (2), moderate (3), significant (4) and severe/substantial (5). When determining the average rating on this axis, we did not apply weighting. We consider the topics that received an average rating of over 3.5 to be material to us.

Our materiality matrix²

Impact materiality	Double materiality
Alignment of business model and strategy with Paris Agreement	Quality of Van Lanschot Kempen workforce
Corruption and bribery	Client-centricity
Payment practices with regards to business partners	Client experience ⁴
Impact on workers in value chain via our AuM	Profitability and cost effectiveness ⁴
Alignment of business model and strategy with Global Biodiversity Framework	Sound risk and capital management ⁴
Resource use and circular economy via our AuM	Working conditions
	Quality and relevance of our solutions
Financial materiality³	Diversity and inclusion
	Business conduct and compliance
	Contribution to clients' wealth ⁴
	Cybersecurity ⁴
	Growth ⁴
	Opportunities related to sustainability in products and solutions

² The outcome of the double materiality matrix being fully compliant with the CSRD may lead to small changes in the list of material topics in our 2024 annual report.

³ No topics were considered to be solely financially material.

⁴ Topics that are not considered a "sustainability matter" as defined in the EU Corporate Sustainability Reporting Directive.

Material topic	Description
Quality of Van Lanschot Kempen workforce	The workforce consists of talented employees who have the relevant expertise and required skill sets. Opportunities are offered to employees to develop themselves and expand their skill sets.
Client-centricity	The impact on clients in terms of making sure that the products and services we offer are appropriate for our clients and achieve what we promise, coupled with our unique Van Lanschot Kempen client experience.
Client experience	The impact on clients in terms of easy-to-access, seamless customer journeys via various channels (e.g., app, face-to-face, phone) and providing clients with services and solutions at the right time, leading to high levels of client satisfaction.
Profitability and cost effectiveness	The impact of our profitability and cost effectiveness (by maintaining an adequate return on equity and strong cost/income ratio) on our direct stakeholders, such as shareholders, bondholders and employees.
Sound risk and capital management	Our strategic, operational, credit, market, interest and liquidity risk profile and appetite, and how we ensure that these risks are being well managed via sound risk management.
Working conditions	The impact on employees in terms of working conditions, including security of employment, working hours, remuneration, social dialogue, freedom of association, collective bargaining, work-life balance, absenteeism and health and safety.
Quality and relevance of our solutions	The impact on clients via the development of innovative solutions that answer evolving, individual client needs. Clients have access to a broad and diverse range of solutions. The added value of our advisory services (quality, suitability and execution power).
Diversity and inclusion	The impact on employees by promoting diversity and inclusion among the workforce and management, particularly in terms of gender and age, including equal pay for work of equal value and actions to reduce the gender pay gap.
Business conduct and compliance	How we maintain a healthy corporate culture, develop and promote good business conduct, and adhere to laws and regulations – and the impact of non-compliance with laws and regulations on financial performance or direct stakeholders.
Contribution to clients' wealth	The impact on clients in terms of the positive financial contribution to their wealth via our investment, advisory, lending and investment banking solutions.
Cybersecurity	The impact of data protection, in particular on clients, against potential security breaches and attacks, and the impact of any eventual breaches or attacks that occur.
Growth	The impact of long-term, sound growth in revenues and AuM – by attracting new clients due to a strong market position and/or making (bolt-on) acquisitions – on our financial performance and direct stakeholders.
Opportunities related to sustainability in products and solutions	Opportunities to further embed sustainability into our products and services, offer additional superior sustainable investing products and services, and/or create new sustainable finance solutions.
Alignment of business model and strategy with Paris Agreement	Our strategy to align our business model (including own operations, balance sheet and AuM) with the goal to limit global warming to +1.5°C as specified in the Paris Agreement. The (potential) impact of climate change-related physical and transition (financial) risks on our financial performance and management of these risks.
Corruption and bribery	Our policy and systems to prevent, detect, investigate and respond to any allegations and/or incidents relating to corruption or bribery by investee companies and/or finances – and the impact of any incidents that occur.
Payment practices with regards to business partners	Our payment practices towards business partners in the supply/value chain, particularly regarding payments to small and medium-sized enterprises.
Impact on workers in value chain via our AuM	Our policies that address the management of material impacts on workers in the value chain via investee companies (AuM).
Alignment of business model and strategy with Global Biodiversity Framework	Our strategy to align our business model with the goal of zero net loss of biodiversity by 2030, net gain from 2030, and full recovery by 2050 in accordance with the Global Biodiversity Framework and EU Biodiversity Strategy for 2030.
Resource use and circular economy via our AuM	Our policies and targets to reduce our indirect impact related to material resource use via investee companies (AuM).

Steering and monitoring our business in 2024–25

The new materiality matrix that was developed in 2023 has been used to review and adjust our key performance indicators (KPIs) for 2024 and 2025.

For this reason, we are not reporting against these KPIs in 2023; for our performance on our 2023 KPIs, see pages 14-15. Compared with the KPIs for 2022 and 2023, the new list of KPIs is shorter and more focused, with only the most essential metrics being tracked. We took this more focused approach in order to be able to better steer the company. The material topics that were used as inputs for these KPIs can be found on page 27.

Value creation themes	KPIs	Targets
Financial capital	1. CET 1 ratio	15% + M&A add-on of 2.5%
	2. Return on equity (CET 1)	12% through the cycle
	3. Cost/income ratio	70%
Manufactured capital	4. Three-year relative performance of our managed propositions	> benchmark
Human capital	5. Employee engagement score (EES)	> 80%
	6. Gender balance among senior staff	> 30% female > 30% male
	7. Gender pay gap	< 2.0%
	8. Staff turnover	5-10%
Natural capital	9. Own organisation: annual average carbon intensity per FTE	8% reduction (against 2019 baseline)
	10. Discretionary AuM: annual weighted average carbon intensity (WACI)	7% reduction (against 2019 baseline)
Social capital	11. Net Promoter Score (NPS):	
	a. Private Clients Netherlands	≥ 20
	b. Private Clients Belgium	≥ 20
	c. Evi van Lanschot	≥ 10
	d. Investment Management Clients	≥ 20
	e. Investment Banking Clients	≥ 20
	12. Percentage of employees who believe they have a responsibility to behave ethically	≥ benchmark ≥ last pulse/EES (if below benchmark)

What this means across our business

Growing our business in a scalable way will be crucial over the coming years. In 2024, we plan to continue to grow in our private banking and investment management activities, while keeping a keen eye on costs and limiting new hires. In practice, this means:

- **Private Clients Netherlands and Belgium:** growing organically by offering the best service to our clients through personalised solutions, while gaining market share and looking out for potential bolt-on acquisitions;
- **Investment Management Clients:** meeting pension clients' needs in the pensions transition, leveraging our strengths by offering investment management products to our private clients, and maximising the effectiveness of our value chains in order to respond more quickly to client wishes;
- **Investment Banking Clients:** continuing to deliver value to our clients in our selected sectors within corporate finance, equity capital markets and debt advisory, while generating additional deal flows between Private Clients and Investment Banking Clients;
- **Sustainability ambitions:** continuing to focus on the energy transition (including reducing the carbon footprint of our own organisation), while generating better insights into how investee companies contribute to the food transition;
- **Our people:** expanding our inclusion and diversity focus to encompass more than gender, continuing to work on reducing the gender pay gap, supporting the flow of talent across the organisation, and ensuring attractive professional development opportunities and employment conditions.

Value creation

Our value creation

As a wealth manager, we create value when we make sure that growth is both profitable and sustainable. That's why, at Van Lanschot Kempen, value creation means generating sustainable, long-term returns and maintaining long-standing relationships with our clients.

How we create value

We create value in several ways – primarily via our clients' investments.

For our clients, we create value in the form of investment returns, by preserving and creating wealth. We also invest – and help our clients to invest – in three types of solutions:

- **Responsible:** the client actively invests with a focus on avoiding harm.
- **Sustainable:** the client seeks sustainable investments with high standards for exclusion, active ownership and stakeholder benefits.
- **Impact:** the client aims to address global sustainability challenges by investing in companies that contribute to positive real-world outcomes.

We seek to act as a steward by helping our clients allocate their capital to organisations that are part of, or are well prepared for, the energy and/or food transitions.

By providing mortgages, we create value for clients by enabling home ownership. We also support them in making their homes more energy-efficient through our mortgage proposition.

As an employer, we create value for our employees through remuneration, the social value of having work and professional development opportunities.

Last but not least, we aim to be a good corporate citizen by reducing the negative impact of our own organisation and aiming to make a positive impact on society.

Our value creation model

Our value creation model on the following page provides a summary of our inputs, outputs and impact via five types of capital. The value creation tables and explanations in the five chapters that follow go into more detail about the data provided in the model.

Inputs and outputs

As a wealth manager, Van Lanschot Kempen attracts various types of capital as inputs. We aim to deploy these types of capital in combination for overall value creation – meaning that we strive to add value via our business model, thereby increasing the total capital. Outputs can be both positive and negative. Note that input via one form of capital may be transformed into output via another form of capital. For example, financial capital inputs may lead to investment returns or home ownership (manufactured capital).

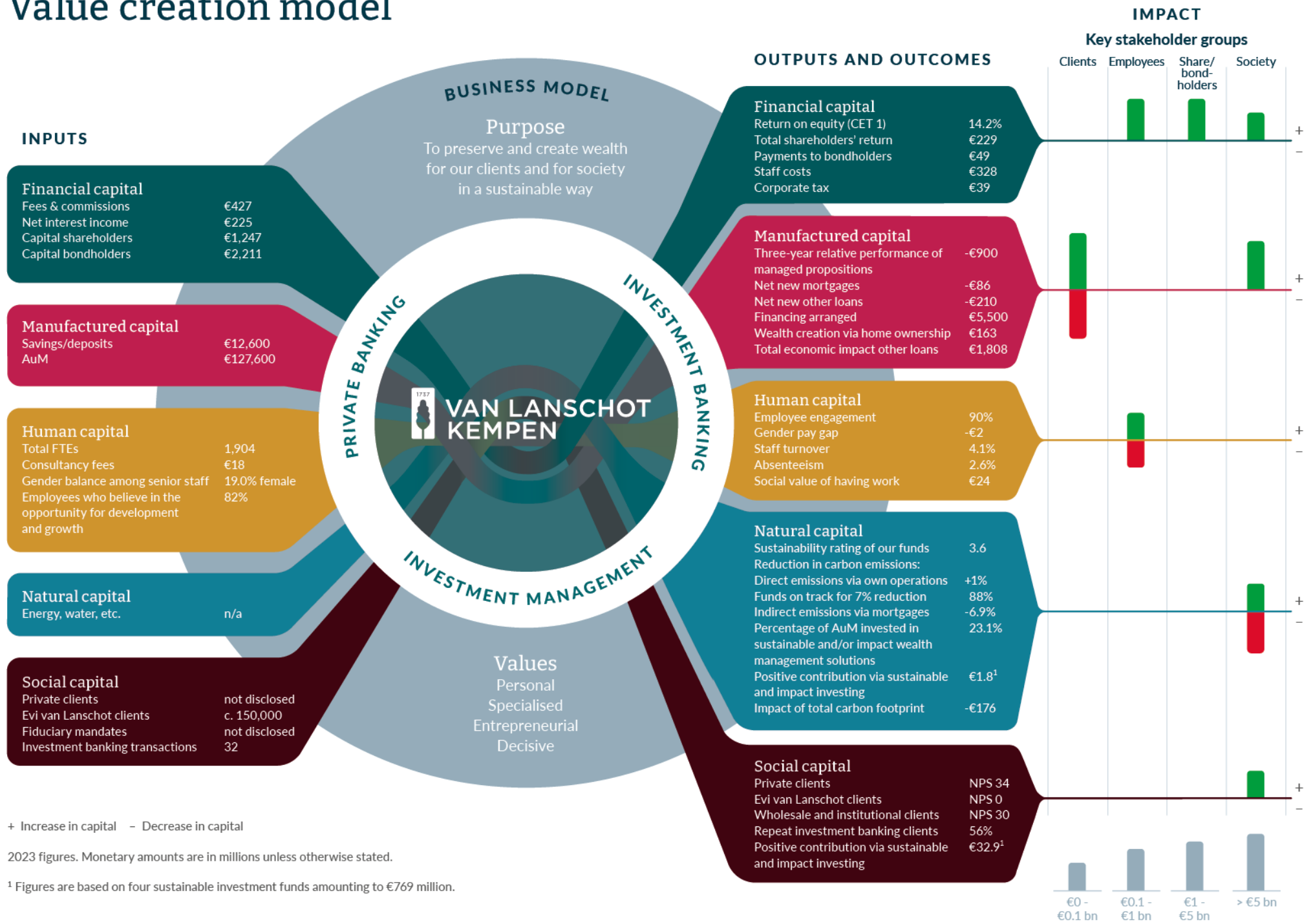
Type of capital	Inputs	Outputs
Financial	The pool of funds available to our organisation with which to run our operations	The pool of funds that we are able to redistribute to our stakeholders
Manufactured	The money entrusted to us by our various client groups	The accumulated wealth of our clients that has been invested via our various products and services, and the loans that we provide to
Human	Our employees and external parties, who bring their knowledge and expertise	The hiring, training and development of our employees, as well as the impact on our staff in terms of well-being
Natural	All natural resources that we directly or indirectly use via our operations, such as energy and water	The investment of our client assets in sustainable and impact funds that contribute to natural or environmental goals such as the energy
Social	The network we have as an organisation and the trust that our clients place in us	The investment of our client assets in sustainable and impact funds that contribute to social goals, such as

Impact on stakeholders

When we put these various types of capital to work, this has an impact on our clients, employees, shareholders, bondholders and society. This impact may be positive (as indicated by the green bars in the value creation model on the following page) or negative (as indicated by the red bars).

Over the next five sections, we define what each type of capital comprises, describe our approach to it, provide an indication of how we quantify our contribution, and offer concrete examples of how we create value.

Value creation model



+ Increase in capital - Decrease in capital

2023 figures. Monetary amounts are in millions unless otherwise stated.

¹ Figures are based on four sustainable investment funds amounting to €769 million.

Ensuring scalable growth

Financial capital

We define financial capital as the pool of funds available to an organisation for use in the production of goods or the provision of services. Funds can be obtained through financing, such as debt, equity or grants, or generated through operations or investments.

Our approach

Van Lanschot Kempen is an independent, specialist wealth manager with a capital-light balance sheet. Our profitability, growth and cost effectiveness are important to our stakeholders. We are aware that we have both direct and indirect impacts on the economy, environment and communities via our business: investing our clients' assets, the investments on our balance sheet and managing our loan portfolio. We include more detail on these impacts and how we manage them under "Reducing our carbon footprint" and "Building personal relationships" on pages 45-52.

Financial targets

In 2022, we set medium-term targets that remained unchanged in the reporting year:

- A Common Equity Tier 1 (CET 1) ratio of 15% plus an add-on of 2.5% for acquisitions, the latter offering enough scope for bolt-on acquisitions appropriate to our wealth management strategy;
- A cost/income ratio of 70%, reflecting our ambition to grow our revenues coupled with controlled cost growth;
- A 12% return on CET 1 through the cycle;
- A dividend policy of 50–70% of underlying net profit attributable to shareholders.

Supported by our strong client relationships, we aim to generate sustainable and profitable growth, while maintaining a capital-light balance sheet. Our ambition is to grow our assets under management (AuM) by around 10% a year on average, reflecting organic growth, growth by acquisition and market performance.

Investing for further growth versus maintaining our cost/income ratio

In order to achieve profitable growth, our approach must also take into account scalability and cost management. Our corporate and support departments, such as IT, finance and risk, need to be as scalable as possible in order to manage costs. At the same time, our wealth management proposition distinguishes itself on the personal attention we pay to our clients, which naturally limits scalability to some extent. During the reporting year, we needed to make choices about how to accelerate our investment in future growth while improving our cost/income ratio.

Key performance indicators

We steer and monitor the value we create in terms of financial capital through a number of key performance indicators (KPIs):

KPIs	Targets	Performance in 2023	Performance in 2022
1. CET 1 ratio	15% + M&A add-on of 2.5%	19.6%	20.6%
2. Return on equity (CET 1)	12% through the cycle	14.2%	12.3%
3. Cost/income ratio	70%	71.6%	73.1%

Financial performance and risk management

Financial performance and risk management are key to our organisation, as all direct stakeholders benefit from a solid capital position and sustainable performance.

In 2023, our CET 1 ratio was 19.6%, down from 20.6% in 2022. This decrease reflects the capital return to shareholders in December 2023, offset by the issuance of new shares as part of the accelerated acquisition of the remaining 30% stake in Mercier Vanderlinden.

Our return on CET 1 stood at 14.2%, meeting our through-the-cycle target. Our cost/income ratio amounted to 71.6%, above our medium-term target. For more details on our financial results, including the developments underlying this ratio, see "Financial performance" on page 54.

Quantifying our value creation

Overview of financial capital: inputs and outputs

Input (€ million)	From	Amount 2023	Amount 2022	Output (€ million)	For	Amount 2023	Amount 2022
Shareholders and bondholders							
Capital shareholders	H	1,247	1,281	Total shareholders' return (three-year average)	H	229	107
Capital bondholders	H	2,211	2,087	Payments to bondholders	H	49	40
Operating income and expenditures							
Fees & commissions	C	427	408	Staff costs	E	328	311
Net interest income	C	225	194	Corporate taxes	S	39	35
				Remittances to regulators	S	12	11
				Purchase of goods and services	S	74	64
				Donations	S	NP	NP

H: shareholders and bondholders, C: clients, S: society, E: employees, NP: non-public figure

How to read these tables

The table above, and the equivalent tables in the four sections that follow, show the various capital values used and generated by Van Lanschot Kempen in 2022 and 2023. On the left-hand side, the capital deployed by Van Lanschot Kempen in our business model is listed, divided into separate categories. On the right-hand side, the capital generated is listed, also divided into categories. The items listed in the tables are intended as examples, and should not be used to calculate our overall value creation. We have not included totals in these tables because inputs and outputs of one type of capital can also be deployed and transformed into another type of capital.

How we create value

As this table shows, our financial capital inputs consist mainly of our operating income and the capital received from shareholders and bondholders. Our financial capital outputs can, for the most part, be considered as redistribution of our revenues. We create value for shareholders and bondholders through dividend and coupon payments and capital returns; for our employees through the salaries and variable remuneration we pay; and for society at large through the taxes we pay.

For more information on the development of commission income, interest income and costs, see "Financial performance" on page 54.

Tax transparency

In 2022, Dutch employers' federation VNO-NCW introduced the Tax Governance Code, which aims to provide more insight into the tax strategy of large international companies and what they pay in the countries in which they operate. Van Lanschot Kempen has subscribed to the Tax Governance Code. For more information about how we report on tax, see our 2023 tax transparency report on our website: vanlanschotkempen.com/results.



Reshaping Dutch pensions

In 2023, the Dutch pension sector began preparing for the transition towards a new pension system, under which an individual's contribution will be directly allocated to their pension capital. The new system allows pension funds to differentiate in their investment policy per generation, but also to set up a collective capital buffer to share risks across generations. This change requires significant strategic and operational preparation from pension funds, which means that our institutional clients are looking for innovative investment solutions. Fiduciary Manager **Rutger Groot** explains Van Lanschot Kempen's role in this.

"We're very motivated to support our pension fund clients in this transformation. Our role is essentially two-fold: firstly, it's about advising clients on how their investment policy, sustainability policy and asset allocation should be structured to meet their objectives. And secondly, it's about implementing their policy once it's been decided on. It's really a mixture of understanding client needs, giving advice and then implementing that advice."

One example relates to Het Nederlandse Pensioenfonds (HNPF), which is an independent pension fund in the Netherlands that brings several smaller to mid-sized schemes together onto one platform. "We've been HNPF's fiduciary manager since it launched in 2016, and we were recently able to grow the platform by on-boarding several new pension funds and offering new investment solutions. For instance, we worked across many different teams to create a collective investment pool within real estate. This merged HNPF members' existing real estate investments, creating a well-diversified pool across regions and sectors.

"In 2023, we further expanded the pool and developed its reporting, so we're able to give HNPF detailed insights at the level of the underlying buildings – including sustainability aspects, which are becoming increasingly important. HNPF is pleased with the solution, because it's scalable and accessible to new entrants, making it a very efficient way to gain exposure to real estate within both the current and new pension systems. The pooling of funds in alternative investment categories is a concept that we're also currently developing for our broader client group – so it acts as a blueprint for future client solutions."

Preserving and creating wealth

Manufactured capital

We define manufactured capital as the accumulated wealth of our clients that has been invested via our various products and services, and the loans that we provide to our clients. It also includes the impact that we make via home ownership and mortgages.

Our approach

Preserving and creating wealth, by putting the money entrusted to us by our clients to work, is our licence to operate. We aim to put our clients front and centre when finding solutions for them, and the organisational changes that we made in the reporting year will allow us to become more nimble and respond more quickly to changing client needs.

Wealth generation for our clients

Our clients trust us to manage their wealth effectively and to make a positive contribution via our investment solutions. They expect risk-rewarding returns that enable the preservation and growth of their financial assets, in a sustainable way. Our wealth management solutions and investment strategies should also perform well compared with their benchmarks.

Our portfolio managers have the freedom to create and manage a strategy that is in line with their clients' interests as well as our own values and investment beliefs. We have set up professional investment processes that focus on long-term value creation for our investment strategies and the portfolios of our private and institutional clients. Each team plays a pivotal role in the investment process, governance (including clear responsibilities) and optimum use of systems and tools, in order to achieve the most positive outcomes.

In addition to comparing the relative financial returns of our managed propositions against that of their respective benchmarks, we assess the quality and relevance of our solutions via external assessments (for example, Morningstar medallist ratings and sustainability globes). We consider the sustainability performance of our products to be directly linked to long-term value creation, and an integral element of the quality and relevance of our solutions. We include more detail on the impact of our assets under management (AuM) and how we manage it under "Reducing our carbon footprint" and "Building personal relationships" on pages 45-52.

Key performance indicators

We steer and monitor the value we create in terms of manufactured capital through the key performance indicator (KPI) shown below:

KPIs	Targets	Performance in 2023	Performance in 2022
4. Three-year relative performance of our managed propositions	> benchmark	-0.2%	0.2%

Return on assets under management

Our wealth management solutions aim to deliver positive performance in the long term, with our investment strategies performing well against their benchmarks. The three-year average performance is calculated by comparing the year-end absolute performance of our three largest discretionary solutions over the last three years with their respective benchmarks.

In 2023, the three-year average performance of our managed propositions relative to their benchmarks stood at -0.2%, not meeting our target to outperform the benchmark. This was partly due to our cautious positioning in equities, and partly due to our investments in sustainability themes (such as clean energy) within the equity portfolio, which lagged behind the benchmark in terms of returns.

Quantifying our value creation

Overview of manufactured capital: inputs and outputs

Input (€ million)	From	Amount 2023	Amount 2022	Output (€ million)	For	Amount 2023	Amount 2022
Investments							
AuM	C	127,600	107,800	New AuM invested	S	5,300	13,700
				Investment return for clients (three-year average)	C	-900	-2,900
Advice (Investment Banking Clients)							
No manufactured capital input				Financing arranged	C	5,500	8,100
Savings and lending							
Savings and deposits	C	12,600	12,700	Net new mortgages	C	-86	335
				Net new other loans	C	-210	492
				Wealth creation through home ownership	C	163	375
				Investments in home improvements	S	4	10
				Mortgage interest deduction	S	-46	-32
				Total economic impact via other loans	S	1,808	1,665

C: clients, S: society

How we create value

As this table shows, our manufactured capital inputs consist mainly of investments, savings and deposits from our clients. Our manufactured capital outputs consist mainly of investment returns for our clients, and the financing we arrange for them.

Wealth management proposition

In the first half of 2023, we launched a new wealth management proposition, enabling private banking clients in the Netherlands to tailor their investment portfolios. Through this, we offer access to our institutional expertise and both in-house and third-party solutions – enabling clients to invest in our Global Impact Fund, Private Markets Fund and Non-Directional Partnership, for instance. For more information, read our feature on page 91.

We've also seen significant inflow in our advisory proposition, which we continuously improve. Many clients put excess savings, built up over recent years, into advisory (rather than discretionary) products in 2023. They wanted to increase their holdings in fixed income investments, after years of underinvestment due to low yields – something they were able to impact directly in the advisory proposition. However, in the last two months of the year, some clients switched back to savings rather than reinvesting the funds from maturing bonds.

The reporting year also saw somewhat of a transition in the types of assets clients hold with us. As a result of changes in the financial markets, fixed income became an investable asset class once again, and clients have made use of this opportunity. As a consequence, we've seen more short-term investments in fixed income and money market funds.

Pension schemes

In our fiduciary management business, we serve pension fund clients – advising them on the unique needs of large group schemes and creating investment mixes to meet those needs. In doing so, we create value for around 2.3 million pension scheme members in the Netherlands and the UK.

AuM and investment returns

In 2023, we saw very strong total net AuM inflows of €5.3 billion, with contributions from all client segments. After a challenging 2022, markets rebounded in 2023 and most asset classes generated positive returns, with US and European stock markets ending the year close to all-time highs. The three-year average investment return amounted to -€0.9 billion overall, with 2021 and 2023 adding positive returns for our clients.

Residential mortgages

By providing mortgages, we help our clients purchase homes and guide them during the entire duration of the mortgage. In November 2023, we introduced our new mortgage proposition: a single, complete, sustainable mortgage solution for our clients. We incentivise the purchase of a more sustainable home or efforts to make the home more sustainable. The mortgage interest rate is linked to the home's registered energy label: the higher the energy efficiency, the lower the interest rate for the client.

We estimate the increased personal wealth of our Dutch clients due to home ownership (compared with renting a property) at €163 million in 2023. Within this estimate, we take into account the interest costs, tax benefits linked to mortgage interest deduction, real-estate taxes for home owners and increases in housing prices – compared with a reference scenario in which our mortgage clients would rent a property. We attribute the increased personal wealth due to home ownership to the "clients" stakeholder group.

In general, home owners invest more in home improvements. This represents a boost to the building and construction sector, which we estimate to be worth €4 million in 2023. We attribute this value to the "society" stakeholder group.

In the Netherlands, the tax benefits extended to home owners via the mortgage interest deduction scheme reduce tax income for the Dutch government, in comparison with the reference scenario in which our clients would rent a property. We estimate this loss in tax income at €46 million in 2023, and attribute this to the "society" stakeholder group.

Other loans

The other loans portfolio comprises loans to high net-worth individuals as well as commercial loans that fit into our private clients relationship model, such as loans to healthcare clients, family businesses and business professionals. Through these business loans, we facilitate economic activities that in turn boost other economic activities via the so-called multiplier effect. Using input-output modelling, we estimate the total economic impact of these loans to be approximately €1,808 million.



Planting a biodiverse future

Van Lanschot Kempen is proud to sponsor StukjeNatuur – a foundation dedicated to nature development throughout the Netherlands. Its goal is to plant 10 million native, climate-resilient trees, which will enrich our forests and make them attractive to flora and fauna. Our support will help the foundation reach that goal more quickly, by planting trees at three locations across the country – contributing to more biodiversity and healthier living conditions. By the end of 2023, 10,000 trees had been donated, which will be planted across the three separate Van Lanschot Kempen forests by March 2024.

Dirk van Hout, Director and Co-founder of StukjeNatuur (left) and Maarten Edixhoven, Chair of Van Lanschot Kempen's Management Board (right).

Engaging with our employees

Human capital

We define human capital as people's competencies, capabilities and experience; their motivation to innovate; and their ability to understand our clients' needs, collaborate with their colleagues and lead by example.

Our approach

In a knowledge and service-based organisation such as ours, people make all the difference. Their professionalism, expertise, skills and behaviour determine the quality of our service and client experience. We believe that engaged, knowledgeable, accountable people provide better service to our clients and are more engaged.

Over the last few years, we've made considerable efforts to optimise our HR processes and practices. In 2023, we focused on the employee journey, from inflow to the "working at" phase to outflow. We've also been improving our use of data, so that we can move from analysing past trends to anticipating future trends.

Attracting, retaining and developing talent

Our strategy is to be an attractive and inclusive employer for the talent available in the labour market – continuously striving to recruit a diverse range of talented professionals.

In addition to a significant recruitment drive, our focus in 2023 was on retention. For this, throughflow is becoming more and more important: providing training and education, ensuring flexible and inclusive working conditions, and offering career development opportunities. Our challenge going forward is to make sure we're offering attractive employment conditions for every generation, each of which has different requirements and expectations.

Organisational restructuring versus employee engagement

The reporting year was a challenging one for our Wholesale & Institutional Clients and Investment Banking Clients segments. This required some careful organisational restructuring in order to grow the business while controlling costs. In the teams responsible for investment solutions, this meant letting go of some of our talented professionals, which naturally had an impact on their colleagues as well. At the same time, we invested in our commercial strength through extensive sales training courses, for instance. Employee engagement in this part of the business remained high at 87%.

Key performance indicators

We steer and monitor the value we create in terms of human capital through a number of key performance indicators (KPIs):

KPIs	Targets	Performance in 2023	Performance in 2022
5. Employer Net Promoter Score (eNPS)	> 10	22	18
6. Employee engagement score (EES)	> 80%	90%	88%
7. Percentage of employees who believe they have the opportunity for personal development and growth	≥ benchmark (77%) ≥ last pulse/EES (if below benchmark)	82%	81%
8. Gender balance among senior staff	> 30% female > 30% male	19.0% female 81.0% male	17.9% female 82.1% male
9. Gender pay gap	< 2.0%	3.0%	2.7%
10. Staff turnover	5-10%	4.1%	6.4%
11. Absenteeism	< industry average (3.25%)	2.6%	2.8%

Employee engagement

The Employer Net Promoter Score (eNPS) is a method used to measure employee satisfaction with, and loyalty to, our organisation. It's based on the percentage of employees who are promoters of the organisation, minus the percentage of employees who are detractors. The score lies within a range of -100 to 100 points. The formula is as follows: $NPS = \% \text{ promoters} - \% \text{ detractors}$. Promoters give the organisation a score of 9 or 10, whereas detractors award a score of between 0 and 6. In 2023, our eNPS was 22, up from the 18 scored in 2022 and higher than the target of 10. This is a strong outcome and shows that employees would recommend Van Lanschot Kempen as a good place to work.

During the reporting year, we carried out our annual employee engagement survey and we held one pulse survey. The response rate was 84% for the annual engagement survey and 75% for the pulse survey.

Our engagement score was 90%, up from 88% scored in 2022, and higher than the financial services industry benchmark of 86%. Our score based on questions relating to inclusion and diversity remained unchanged at 88%.

Our 2023 pulse survey focused on the key drivers behind employee loyalty: when we asked people why they choose to stay at Van Lanschot Kempen, they cited the key reasons as development opportunities, working culture and the impact they're able to make.

Inclusion and diversity

Our commitment to inclusion and diversity goes hand in hand with our ambition to positively contribute to a more sustainable and inclusive world. We firmly believe that we need to foster an inclusive workplace where everyone's unique contributions are valued and where we optimise our combined talents. Our willingness to gain new perspectives, value differences and adapt to change is instrumental in making diversity work for us.

Our inclusion and diversity policy

We aim for diversity not only in terms of gender, nationality, age, educational background, sexual orientation, gender identity, religion, ethnic background, disability or distance to the labour market, but also across personal experiences, characteristics, socio-economic backgrounds and the different skills that people bring. We recognise the value of bringing diverse perspectives to the table, and realise it takes time to learn and adapt in order to get there. In line with this, we are committed to ensuring we take steps to attract, develop and retain a diverse range of talent.

For more information, read our full inclusion and diversity policy on our website: vanlanschotkempen.com/inclusion-and-diversity.



Gender diversity targets and measures

In terms of gender diversity, we aim for 50% male and 50% female in our inflow across all levels. To support the business in achieving this balance, we:

- Offer flexible hours and working conditions;
- Embed unbiased interview technique training in our hiring process (to standardise the approach);
- Use game-based assessment for junior positions (to reduce the potential for biased decision-making);
- Have partnerships with agencies and networks focusing on female talent.

We also aim for a minimum of 30% women and 30% men in the three levels immediately below the Management Board (senior staff) – see KPI 8. To achieve this target, we have drafted concrete action plans in collaboration with employees and our Management Board. For instance, when it comes to recruiting for senior staff positions, our intention is to have a final recruitment shortlist that is well balanced from a gender perspective. In 2024, we will pay extra attention to building an external network of potential female candidates for future positions at mid to senior levels. For inflow at entry level, we will continue with our targeted campus recruitment and young talent attraction approach.

We believe that throughflow, supported by good succession planning, is important for keeping home-grown talent within our organisation. We apply the principle that the internal pipeline should be activated through talent reviews, succession planning and workforce planning. We aim for proportional promotions while also taking into account the composition of our workforce. For instance, we have a number of support functions where there is limited scope for promotion – roles that are often held by women.

At year-end 2023, the inflow of female employees year-on-year was 41%, the same as in 2022. In contrast, the gender balance among senior staff was 19.0% female, which represents a slight improvement of 1.1% percentage points

compared with year-end 2022 at 17.9%, though still well below our target of 30%. This demonstrates that, while inflow of female talent is progressing at entry level, it is advancing more slowly at senior leadership level. We acknowledge that achieving our targets will take persistent effort over a longer period of time.

To maintain continuous awareness of our target for senior staff, and to foster commitment to achieving our shared action plan, the topic of gender diversity is regularly discussed by our management teams.

Reducing the gender pay gap

In the methodology used to assess the gender pay gap, a correction is made for differences in pay due to age, job level and tenure, for example, as opposed to differences that cannot be explained. In 2022, our unexplained corrected gender pay gap was 2.7%. To our concern, in 2023 the gender pay gap rose slightly to 3%, which remains above our KPI target of less than 2%. As the reporting year was the third in a row that we measured the gender pay gap in this way, we now have a deeper understanding of the key drivers. To better understand and subsequently mitigate the increase, we performed a number of additional analyses, which concluded that the gap was not driven by new hires or merit increases, but by promotional increases and variable remuneration.

We are continuing to take steps towards meeting our target. For example, we implemented extra checks on the 2023 end-of-year proposed salary increases and allocations of variable remuneration. This is in line with our view that the appropriate checks and balances need to be embedded in the remuneration and rewards process. Flagging potential issues is now part of the day-to-day work of our HR teams. Another example relates to the hiring process, during which we take steps to reduce the potential for bias, by setting salary bands for roles and by training our recruitment team not to ask for previous salary information.

Diversity in ethnicity

In 2023, we also took steps to broaden the ethnic diversity of our workforce. We began a collaboration with Roots Inspire: a leadership development platform that helps organisations build an internal pipeline of ethnically diverse leaders under the guidance of inspiring role models. The programme works from all angles: offering development for existing colleagues, mentoring external talent that we would like to attract to our organisation, and working with current leaders in our organisation to learn about the perceived career blockers. Our intention is to attract candidates who can bring their unique perspectives to the table.

Employee resource groups

In 2023, we added the Van Lanschot Kempen International Network to our employee resource groups, alongside our Women's Network, Young Network and Pride Network. Expanding the remit of these networks beyond events that bring our colleagues together, our Pride Network took a leading role in supporting our organisation in becoming more gender inclusive in 2023. We published guidance on gender inclusivity and added gender transition leave to our employee conditions (as well as leave for parents whose child is transitioning). We also rewrote our internal documentation – such as our contracts, employee conditions and internal letters – to make it more personal and gender neutral. This is another important step towards our goal for all colleagues to feel comfortable being themselves at Van Lanschot Kempen.

Absenteeism, health and well-being

Employees' health and well-being is a top priority for Van Lanschot Kempen. Supported by our health and well-being programme, illness due to absence dropped in the reporting year to 2.6% (from 2.8% in 2022). Feedback from employees shows that they value benefits such as flexible working, and that many people have participated in wellness activities such as sleep seminars and mindfulness workshops.

Key staff data	2023	2022
Employees (FTEs at year-end)	1,904	1,780
Investment in training (€ million)	4.5	4.7
Training hours (estimated total number of hours, individually and collectively)	102,100	103,600
Female/male ratio (%)	36/64	33/67

Staff at year-end (FTEs)	2023	2022
Private Clients	657	585
Wholesale & Institutional Clients	43	44
Investment Banking Clients	102	115
Investment Strategies & Solutions	157	169
Digital, Advanced Analytics & Technology	332	305
Client Administration & Monitoring	123	98
Corporate and support departments	489	464
Total	1,904	1,780

Quantifying our value creation

Overview of human capital: inputs and outputs

Input (€ million)	From	Amount 2023	Amount 2022	Output (€ million)	For	Amount 2023	Amount 2022
Opportunity costs of work	E	n/a	n/a	Social value of having work	E	24.1	20.9
				Work-related illness	E	-2.0	-1.7
				Gender pay gap	E	-2.0	-1.8

E: employees

How we create value

As this table shows, our human capital inputs consist of the opportunity costs of work by our employees, meaning the value of the hours our employees spend working for Van Lanschot Kempen. We aim to add value to these human capital inputs through our business model – for example, by creating attractive jobs that result in additional social value for our employees. However, such outputs can also be negative – as in the case of work-related illnesses.

Opportunity costs of work

Economists have developed various methods to assign a monetary value to the time employees spend working. These methods all have pros and cons. A downside to many methodologies is that they are not based on a reference scenario in which employees conduct other paid work.

Since employees generally require an income to maintain their livelihoods, this would be more valid than comparing the average monetary value an employee assigns to one working hour with one leisure hour.

Social value of having work

Numerous studies show that people with a job are more satisfied with their lives than people without one. Several of these studies also focus specifically on quantifying this social value, usually by means of a "well-being valuation". Through this econometric method, developed to measure the value of so-called non-market goods, we can determine the monetary value of increased life satisfaction as a result of having a job.

Based on estimates of the value that employees attach to their work beyond their remuneration, the social value of all jobs at Van Lanschot Kempen in 2023 amounted to €24.1 million – attributed to employees – compared with €20.9 million in 2022. For our calculations, we use a generic estimate from a study by Fujiwara¹ and apply different valuations for employees aged up to 30, between 30 and 50, and over 50.

Work-related illness

In contrast to the social value of having work, the negative impact of work-related illness on employees' quality of life is also reflected in our contribution to human capital and social value. To calculate this, we use the disability-adjusted life year (DALY) method developed by the World Health Organization. A DALY is an international measure of missed happiness in life due to illness. In short, every healthy year of life counts for 1 DALY, and the DALY is lowered for each year in which an employee is ill by using a weighting factor.

We combine this data with illness-related absentee data for the average Dutch employee (from the Dutch National Institute for Public Health and the Environment – RIVM) and the value of one year of life (from CE Delft, an independent research organisation) to calculate the total impact. Based on this calculation, the total negative impact from arm, neck and shoulder complaints, back pain and burnout in 2023 amounted to €2.0 million, compared with €1.7 million in 2022.

Other achievements and developments

Employee development

Career development is an ongoing priority, as we have seen that it's one of the key drivers for employee retention. At the same time, the quality of our workforce has a direct impact on the experience of the clients we serve. In 2023, we continued our programmes to develop our leaders at strategic and operational levels and to support managers in successfully managing their teams.

We have set up a Van Lanschot Kempen Academy for all overarching learning solutions; underneath that umbrella, we have set up specialist academies. In 2023, we made significant progress on deploying our learning platform for relevant educational opportunities, and on improving our mandatory training programmes, such as our code of conduct training. In 2024, we will further develop all academies through content curation and development. This will contribute to our growth and development ambitions in the future.

Artificial intelligence

At Van Lanschot Kempen, we are actively investigating the potential for artificial intelligence (AI). In 2023, our focus was on experimenting and raising awareness of the possibilities. In 2024, we will focus on preparing the workforce for this shift in approach by training our people on how to use AI most effectively.

Throughflow

We have set a target that 30% of vacancies (excluding entry level positions) should be filled by internal candidates. To support this, we focus on awareness and inspiration by sharing success stories and organising events to highlight internal opportunities. In 2023, 30% of vacancies were filled by internal candidates, up from 19% in 2022.

Participation plans

In 2023, we further optimised our employee participation plan, known as the Matching Share Plan, which offers an attractive investment opportunity in Van Lanschot Kempen, as well as the chance to share in the company's success.

The reporting year was also the second for the Van Lanschot Kempen Partnership: a long-term participation plan for key senior employees. Its purpose is to anchor leadership more broadly in the organisation, further promote ownership and entrepreneurial spirit, and create more long-term alignment with our shareholders and clients. For more information about both of these participation plans, see "Van Lanschot Kempen shares" on page 88.

¹ For full details of the formula used to calculate this value, see Fujiwara, D. (2019), *Valuing non-market goods using subjective wellbeing data* (The London School of Economics and Political Science).

Remaining relevant for the next generation

Launched in June 2023, Van Lanschot Kempen's Young Private Banking Programme aims to train the private bankers and investment advisers of the future. There are ten trainees in the current two-year programme, each of whom is mentored by experienced private bankers.

Elise Bleukens, one of the young private bankers, explains how the programme works: "Essentially, it can be broken down into three blocks. The Private Banking Academy is the educational block – it's all about acquiring the technical knowledge. Then there's the personal development block. And lastly, there's plenty of on-the-job experience – not only within the Private Banking team but also working with other colleagues such as risk managers and investment advisers. Every Monday morning, I talk to my mentors about how the week will look, and every two weeks they check in on my personal development. It's a fantastic opportunity – both personally and professionally!"

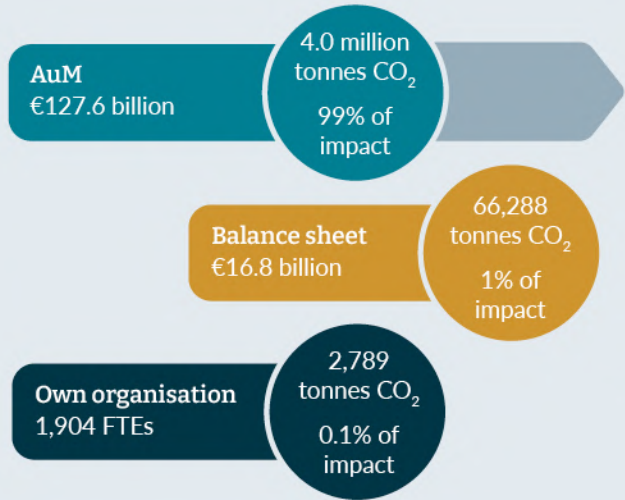
A private banker at Van Lanschot Kempen since 2015, **Meike Borrie** is a mentor in the programme. "One of the challenges and opportunities we see is connecting with the next generation of clients," she explains. "The Young Private Banking Programme can help with this. By training up the next generation of private bankers, we make sure that our employee base better reflects our potential client base. Trends like artificial intelligence, sustainability, cryptocurrency – these are all important themes that many younger clients see from a different perspective. And we want to remain relevant to those clients, especially since wealth is often passed down through generations."

Long-standing relationships with clients are also a part of our company DNA. "Building long-term trust in relationships takes time," Elise concludes. "The Young Private Banking Programme really helps create that trust and loyalty: not only between me and my clients but also between me and our company. It means that we're here to serve our clients for the long term, but it also means we have a good process in place when it comes to handing over from one generation to the next – whether that's the next generation of clients or the next generation of private bankers."



Stewardship and responsible investing

Our biggest impact relates to how we invest AuM



How we invest

- › **Doing no harm** means all our products and solutions meet UN and OECD guidelines on human and labour rights, as well as governance and stewardship standards.
- › **Doing good** means we proactively focus on creating positive impact through our sustainable and impact investment solutions.

Our responsible investment policy:

- › Long-term, focused investment philosophy
- › Active ownership approach
- › Engagement with fund managers and investee companies on ESG topics
- › Divestment or exclusion in case of non-compliance
- › Use of our voting rights at AGMs



We help our clients navigate two key transitions, through our extensive in-house knowledge and expertise

Energy transition



Food transition

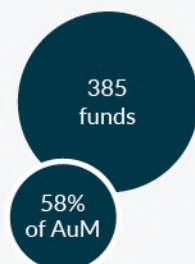


Responsible investment dashboard 2023

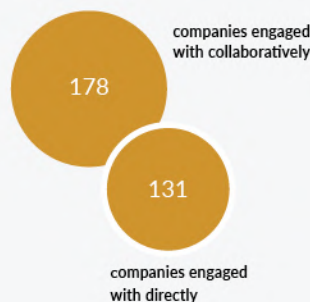
Exclusion



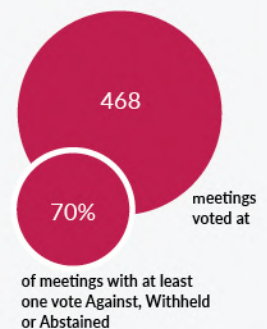
Screening



Engagement



Voting



Reducing our carbon footprint

Natural capital

We define natural capital as all renewable and non-renewable environmental resources that support the prosperity of an organisation. Natural capital includes air, water, land, minerals, forests, biodiversity and ecosystem health.

Our approach

As a wealth manager with a long-term focus, we aim to help our clients to navigate the key transitions of this decade: in energy and food.

Limiting climate change by supporting the energy transition

We intend to support the energy transition in several ways: by advising clients to direct their investments towards companies that are working on this; by allocating capital to companies that work to reduce their carbon footprint; by enhancing our mortgage solutions to help and encourage clients to improve the energy efficiency of their homes; and by switching to a fully electric company car fleet for our own organisation.

In the first quarter of 2023, we also invested in reforestation projects. As these forests grow, the trees will absorb and store more carbon dioxide. We aim to use only certificates from our own reforestation projects to offset our remaining operational carbon emissions in the near future. In the meantime, we continue to offset the remaining carbon emissions from our own operations through carbon offsets purchased from a service provider.

For more information on our approach to help limit climate change, see our climate strategy and action plan on our website: vanlanschotkempen.com/sustainability-policies-and-resources.

Preventing biodiversity loss by supporting the food transition

The intensification of agriculture in recent decades has played a critical role in increasing biodiversity loss. We aim to limit and reverse biodiversity loss, primarily by advancing the food transition and by focusing on halting deforestation. For instance, we invest in farms that deploy regenerative or nature-inclusive techniques through our SDG Farmland Fund.

In the reporting year, we also engaged with TotalEnergies on their East African Crude Oil Pipeline Project, which is likely to negatively impact unique and fragile ecosystems in Uganda and Tanzania. In response, the company indicated that it is exploring options to limit this impact and to develop biodiversity offsetting plans. We will continue to follow this project closely.

For more information on our approach to help limit and reverse biodiversity loss, see our biodiversity policy on our website: vanlanschotkempen.com/sustainability-policies-and-resources.

Our commitments

We've made a commitment to help limit climate change to +1.5°C. For our own operations, we aim to be carbon neutral by 2030; and for our assets under management (AuM), we aim to be carbon neutral by 2050. To this end, we have stepped up our ambitions starting in 2024:

- **Discretionary (AuM):** We aim to reduce the annual weighted average carbon intensity (WACI) of our discretionary AuM by 7% per year (against a 2019 baseline in the case of most portfolios);
- **Own organisation:** We have increased our target to reduce the annual average carbon intensity per FTE from 7% to 8% per year (against a 2019 baseline).

By signing the Finance for Biodiversity Pledge, we have committed to assessing our biodiversity impact through our investments and financing activities, and to setting targets to increase positive impacts and reduce significant negative impacts.

Read more about how we fulfil our responsible investment approach in our upcoming stewardship and sustainable investment report on our website: vanlanschotkempen.com/en-nl/about-us/sustainability/reporting-and-regulation.

Key performance indicators

We steer and monitor the value we create in terms of natural capital through a number of key performance indicators (KPIs):

KPIs	Targets	Performance in 2023	Performance in 2022
12. Sustainability rating of all Van Lanschot Kempen funds by Morningstar	≥ 3.5	3.6	3.6
13. Decrease in carbon emissions:			
a. Direct emissions via our own organisation	-7.0% per FTE per year, against 2019 baseline. Target 2023: ≤ 1.80 tonnes CO ₂ e per FTE	1.38 tonnes CO ₂ e per FTE (-42% compared with 2019)	1.45 tonnes CO ₂ e (-40% compared with 2019)
b. Alignment of our solutions with Paris Agreement:			
i. Van Lanschot Kempen funds and discretionary management solutions	80% of funds comply with 7% average annual emission intensity reduction	88%	88%
ii. Fiduciary management (FM) solutions	> 50% of FM clients have Paris Agreement-aligned goals	72%	59%
c. Indirect emissions via our assets under management (AuM)	Coverage grows to 55-60% of CO ₂ e emissions by end 2022	53%	56%
d. Indirect emissions via our mortgage portfolio	CO ₂ e/€ < last year	-6.9%	+8.7%
14. Investment Strategies & Solutions sustainability ambition:			
a. Percentage of AuM invested in sustainable and/or impact wealth management solutions	+ 5 percentage points per year	23.1%	20.6%
b. Percentage of AuM in internal and external funds/mandates on the approved list that meet the basic sustainability criteria	> last year	96%	95%
c. Van Lanschot Kempen listed funds engage with companies representing > 50% of carbon footprint of the fund	Engaged with companies representing > 50% of carbon footprint out of total portfolio	44/49 (divested from three)	54/55 (divested from remaining one)

Carbon footprint

Assets under management

In 2023, we improved the reporting process for the carbon footprint of our AuM, which means that the carbon footprint and coverage for 2023 are not comparable with the 2022 figures. In 2023, the aggregate carbon footprint of our AuM (Scope 1 and 2 carbon emissions) was 4.0 million tonnes CO₂e (see table on the following page), with coverage of 53% (KPI 13.c).

The carbon footprint of our AuM is partially determined by that of our own funds and discretionary management solutions. At year-end 2023, 88% of our funds met our target to reduce carbon intensity by an average of 7% per year (against a 2019 baseline) in accordance with the Paris Agreement-aligned benchmark or EU climate transition benchmark (KPI 13.b.i).

The carbon footprint of our fiduciary management solutions is largely dependent on the choices or preferences of our clients. At year-end 2023, 72% of our fiduciary management clients had adopted Paris Agreement-aligned benchmarks, compared with 59% in 2022 (KPI 13.b.ii).

The average Partnership for Carbon Accounting Financials (PCAF) data quality score for the carbon footprint of our AuM is roughly 3, on a scale from 1 (highest quality) to 5 (lowest quality). For many investments in corporates, we have access to reported (verified or non-verified)

information on their carbon emissions through our data providers. For other asset classes, however, this is less common.

We engaged with 44 out of the 49 top 50% most carbon-intensive companies in the portfolios of our listed funds, and divested from three – falling short of our target (KPI 14.c). Our aim is to encourage these companies to integrate climate risks and opportunities into their long-term business models and to enable them to thrive in the transition to a low-carbon economy.

Balance sheet

The total indirect emissions per euro of our mortgage portfolio decreased by 6.9% year-on-year, likely due to lower energy consumption because of higher energy prices and warmer weather (in 2022 compared with 2021). Moreover, the average energy-efficiency rating of the collateral for our residential mortgages improved. The carbon footprint as disclosed in this annual report is based on our residential mortgage portfolio at year-end 2023, energy consumption data over 2022, and carbon emission factors for 2021 (as more recent energy consumption data and carbon emission factors are not available at the time of reporting).

To monitor our progress against our target to reduce indirect emissions via our mortgage portfolio (KPI 13.d), we apply the methodology prescribed by the Dutch chapter of the PCAF, with some specific deviations. Based on the guidelines that we co-drafted with other financial

institutions in 2022 to determine the carbon footprint in a more harmonised way based on building characteristics, the carbon intensity of our residential mortgages portfolio in 2023 was 24.28 kg CO₂e per square metre per year. In 2023, the average PCAF data quality score was 3.06.

Own organisation

In 2023, the carbon footprint of our own operations totalled 2,789 tonnes CO₂e, or 1.38 tonnes CO₂e per FTE (2022: 2,775 tonnes CO₂e, or 1.45 tonnes CO₂e per FTE). Our carbon emissions per FTE decreased slightly compared with 2022, meaning we remain on track to reduce the carbon emissions of our own organisation by at least 7% per FTE per year, against a 2019 baseline (KPI 13.a).

For more information on the environmental impact of our own operations, see our sustainability supplement: vanlanschotkempen.com/results.

Sustainability of our solutions

In 2023, 23.1% of our AuM were invested in sustainable and impact investment solutions (based on our own scoring framework). In general, these apply a best-in-class approach to select either more sustainable investments and impact solutions or those that are well-positioned to become leaders in the energy and/or food transitions. Such solutions also need to provide a measurable contribution to resolving sustainability challenges.

We aim to increase the proportion of AuM invested in sustainable and impact investment solutions by 5 percentage points per year (KPI 14.a). By year-end 2023, we had screened 64% of our AuM (2022: 58%). Of these screened assets, 34% were invested in sustainable investment solutions and 2% in impact investment solutions (2022: 33% and 3% respectively). In 2023, the percentage of internal and external funds/mandates on our approved list that met our basic sustainability criteria was 96% (KPI 14.b).

Carbon footprint of our assets under management in 2023¹

Total AuM (€ billion)	Absolute footprint (million tCO ₂ e, Scope 1 and 2 carbon emissions)	Absolute footprint (million tCO ₂ e, Scope 3 carbon emissions)	Relative footprint (tCO ₂ e/€ m invested, Scope 1, 2, and 3 carbon emissions)	Carbon intensity (tCO ₂ e/€ m sales, Scope 1, 2, and 3 carbon emissions)	Coverage Scope 1 and 2 carbon emissions data (CO ₂ e based on % AuM)
127.7	4.0	32.4	317	856	53%

Quantifying our value creation

Overview of natural capital: inputs and outputs

Input (€ million)	From	Amount 2023	Amount 2022	Output (€ million)	For	Amount 2023	Amount 2022
Energy, water, etc.	S	n/a	n/a	Client investments in sustainable equity funds (AuM) ²	S	1.8	32.6
				Carbon footprint of our AuM	S	-173.4	-468.6
				Carbon footprint of our balance sheet	S	-2.9	-17.9
				Carbon footprint of our own organisation	S	-0.1	-0.5

S: society

How we create value

As this table shows, our impact on natural capital – both positive and negative – is mainly via the products and solutions we provide and our organisational footprint. By comparison, the natural capital inputs that we use – such as energy and water – are limited and are therefore not reported. Van Lanschot Kempen's primary inputs come from financial capital streams, and are transformed into natural capital outputs.

Client investments in sustainability-labelled equity funds

As shown in the table above, the natural capital alignment of all our sustainability-labelled equity funds in aggregate (€769 million) is estimated at €1.8 million (2022: €32.6 million). If the €769 million had been invested in benchmark funds instead, the natural capital alignment would be estimated at -€86.5 million (2022: -€67.2 million).

¹ In 2023, we improved the reporting process for the carbon footprint of our AuM, which means that the 2023 figures are not comparable with those of previous years.

² Based on three sustainable funds with a total value of €769 million, and SDG alignment data based on the 2023 financial year.

Our calculations are based on company sales data per investee, indicating which portion of sales could be linked (positively or negatively) to a set of natural and social themes, provided by a data vendor. Adding up the sales numbers for the natural themes resulted in the total contribution to natural capital. Although we recognise that this aggregation may result in a product or service of an investee being attributed to more than one (natural or social) theme, we do not expect this to materially influence the final outcome of our analysis. The main reason is that our aggregation is conducted both for positive and negative impacts, and consequently smooths out the potential for double-counting.

For more information on the natural capital alignment of our sustainable investment funds, see our upcoming stewardship and sustainable investment report on our website: vanlanschotkempen.com/en-nl/about-us/sustainability/reporting-and-regulation.

Carbon footprint of our AuM, balance sheet and own organisation

Starting in 2022, we made progress on expressing the impact of the carbon footprint associated with our AuM, balance sheet and own organisation in monetary terms. It's widely acknowledged that our current level of carbon emissions will have a profound impact on society in the longer term, in the form of climate change and all its likely effects. Various institutions have estimated the costs for future generations to address these effects, with the most generally accepted estimate so far being provided by the US Environmental Protection Agency (US EPA). Based on this, we estimate the costs of our carbon footprint to society at approximately €173.4 million (AuM), €2.9 million (balance sheet) and €0.1 million (own organisation) in 2023. These impacts are lower than in 2022, as the US EPA downgraded its estimate of the costs of carbon emissions to society.

Investing in the energy transition

One of the ways we create value as a company is by helping our clients navigate the energy transition, which in turn contributes to the Paris Agreement goal of reducing carbon emissions by 50% by 2030. But what does that mean in practice? **Jags Walia**, who heads up our Global Listed Infrastructure Fund, explains: "When we talk about the energy transition, it's essentially two-fold: making everything electric that can be; and making the electricity that powers those things greener.

"As an investment manager, our role is to invest in the energy transition – not to make donations. Active investors like us need to analyse the companies we might want to invest in very carefully. It's crucial that we find out which companies are genuinely able to decarbonise and which are just talking about it. We have a methodology to prevent ourselves from being greenwashed so that we can protect our clients from this as well.

"Firstly, we look at a company's willingness – have they recognised what they need to do and set appropriate targets? Secondly, we look at their ability to actually decarbonise – what are the moving parts, how big is each one and what's the timeframe? Thirdly, we look at their commitment – is meeting the targets reflected in their long-term incentive plan? And very importantly, we focus on profitability – out of the subset of companies that are genuinely contributing to the energy transition, we want to invest in those that are most profitable so that our clients get the returns they expect.

"When we think about investment opportunities, we often ask ourselves: 'Is it big and is it urgent?' The energy transition is huge (the International Renewable Energy Agency estimates that \$110 trillion in global investment will be needed by 2050) and it's very urgent from the planet's perspective. In fact, the biggest risk lies in moving too slowly. So this is a long-term investment opportunity for our clients that will help them reach their financial and sustainability goals – while also benefiting the planet."



Building personal relationships

Social capital

We define social capital as the relationships within and between groups of stakeholders. In our case, social capital includes our long-standing, personal relationships with clients as well as the social impact we make via our clients' assets.

Our approach

For Van Lanschot Kempen, social capital is all about our client relationships. The personal relationships we forge with our clients are key reasons for them to choose our company to manage their wealth. Our success and that of our clients is grounded in our ability to provide easy-to-access, seamless customer journeys via various channels (e.g. app, face-to-face, phone) and the right services and solutions at the right time, leading to high levels of client satisfaction.

We also increase social capital by investing client wealth in sustainable and impact funds that contribute specifically to social goals, such as living better for longer. But as a result of our investment of client assets and our lending activities, in some cases there may be negative impacts in our supply chains – for example, relating to labour rights, human rights or other social issues.

Building relationships

We give clients access to our extensive network by bringing different groups together. For example, we organise lunches with entrepreneurs, we invite corporate finance clients and executives to events together, and we work with non-governmental organisations (NGOs) on our policies. In 2023, we worked with the NGO World Animal Protection on improving our policy on animal welfare. The adjustments made led to the rejection of financing requests in selected sectors that do not meet the established criteria, along with enhanced screening in high-risk sectors concerning animal welfare.

Human rights

We are committed to respecting international human rights in every role we play – as described in our human rights and labour rights policy. The policy summarises our commitments to monitor and increase the level of responsible business conduct, and respect and adhere to the human rights of all stakeholders, in terms of the organisations that we invest in, the businesses we finance, our business partners and our own operations.

Living better for longer

We aim to make a significant impact on ensuring healthy lives through our various roles – as investor, solutions and service provider, adviser, lender, purchaser and employer. While our human rights and labour rights policy emphasises avoiding harm, our living better for longer policy focuses on seizing opportunities to contribute to progress and development in this field. We prioritise areas where we have the expertise and resources to make meaningful contributions, including healthcare, access to medicine and the provision of healthy and nutritious food.

Both policies are available on our website: vanlanschotkempen.com/sustainability-policies-and-resources.

Navigating a polarised society

In recent years, society has become more polarised – with topics such as gender inclusivity, climate, politics and religion pitting groups against one another. There's a call for companies and leaders to be more vocal and to take a stand on these matters. We believe in following a path of dialogue and engagement, including with our investee companies. And we need to find a balance here: deciding when to continue to engage and when to make a statement.

Ethics and integrity

The financial sector is built on trust, and a healthy culture and ethical behaviour are needed to sustain this trust with all our stakeholders. We can only fulfil our role if all our stakeholders are able to place their trust in us. That's why we're convinced that strong ethics and integrity must be at the heart of our organisation.

Our code of conduct, which we updated in 2023, is based on three ethical principles that guide employees on how to behave with integrity and balance the interests of all stakeholders:

- We are respectful towards others
- We act with discretion
- We think across generations

All employees are required to sign both our code of conduct and the Banker's Oath. And all our products and services are subject to strict approval and review procedures, including relevant assessments by Compliance. For more information, see the governance section on our website: vanlanschotkempen.com/en-nl/about-us/who-we-are/governance.

The Banking Code, with which we also comply, sets out principles for sound and controlled business operations, corporate governance, risk management policies, and audit and remuneration policies. As stated in the Banking Code, the Management and Supervisory Boards are responsible for developing and maintaining standards of integrity and ethical behaviour.

There are various internal mechanisms for employees who are seeking advice, or for reporting concerns about ethical issues, unethical or unlawful behaviour, and organisational integrity – for example, via their managers and the HR and Compliance departments. We have a whistleblower policy and a complaints procedure in place; we have also appointed internal advisers to whom employees can speak confidentially.

Sponsorships

We see our sponsorship activities as a form of social capital, as they involve building relationships, networks and goodwill among individuals, organisations and communities.

In 2023, Van Lanschot Kempen became the first main sponsor of StukjeNatuur – a foundation dedicated to climate-proof nature development throughout the Netherlands (see feature on page 38). Our partnership with Plaza Padel enables clients and employees to engage in the rapidly growing sport of padel as both spectators and active participants (see feature on page 53). We also continue to sponsor the arts, including the Royal Concertgebouw and the Van Gogh Museum in Amsterdam. These partnerships create value for our collective cultural heritage.

For more information, see the sponsorship section on our website: vanlanschotkempen.com/en-nl/about-us/who-we-are/sponsorship.

Key performance indicators

We steer and monitor the value we create in terms of social capital through a number of key performance indicators (KPIs):

KPIs	Targets	Performance in 2023	Performance in 2022
15. Net Promoter Score (NPS):			
a. Private Clients	20	34	36
b. Evi van Lanschot	10	0	-1
c. Wholesale & Institutional Clients	20	30	n/a ¹
16. Investment Banking Clients: number of fee-generating transactions with repeat corporate finance clients (five-year period)	50-60%	56%	78%
17. Number of interactions by Securities with institutional investors	130 (2020 baseline: 100)	156	103
18. Average Morningstar medallist rating	≥ last year	2 silver 7 bronze 8 neutral	n/a ²
19. Engagements for change on social and governance issues for which at least one milestone has been reached in the past year	10-15 engagements	27	30
20. Percentage of employees who believe they have a responsibility to behave ethically	≥ benchmark (85%) ≥ last pulse/EES (if below benchmark)	89%	90%
21. Percentage of employees who believe the company culture holds everyone to the same standards of ethical behaviour and promotes transparent communication	≥ benchmark (81%) ≥ last pulse/EES (if below benchmark)	86%	85%
22. Products and services are subject to strict approval and review procedures, including relevant assessments by Compliance	Yes	Yes	Yes

Client relations

Our relationship with clients is one of our most important assets. To measure their satisfaction and loyalty, we use the NPS, which provides insight into client loyalty and the number of promoters of the organisation. The score lies within a range of -100 to 100 points. The formula is as follows: $NPS = \% \text{ promoters} - \% \text{ detractors}$. Promoters give the organisation a score of 9 or 10, whereas detractors award a score of between 0 and 6. The NPS that we measure is also known as the Relationship NPS. We measure this four times a year for Private Clients and Evi van Lanschot, and once every two years for Wholesale & Institutional Clients.

In 2023, our private clients³ awarded us an NPS of 34, higher than our target of 20 and just below our 2022 score of 36. This can be attributed to our personal approach in talking to our clients and their appreciation of our digital and investment services.

The NPS for Evi van Lanschot increased to 0 in 2023, lower than our target of 10 (2022: -1). In general, clients appreciate the investment app as well as our communications and service, but see room for improvement in their investment returns.

For the Wholesale & Institutional Clients segment, we measure the NPS once every two years, as the relationships with – and solutions provided to – wholesale and institutional clients do not change as quickly as can be the case with private clients. The most recent NPS of 30 awarded by wholesale and institutional clients in 2023 was above our target of 20.

Among our corporate finance clients, building long-term client relationships is measured via the percentage of successful transactions with repeat clients during a year. A client is defined as a repeat corporate finance client if they have made a successful fee-generating transaction with us in the past five years. The score on this KPI indicates whether existing clients are doing business with us again, as well as our ability to acquire new clients. In 2023, 56% of transactions were with repeat clients, in line with our target range of 50-60%. This indicates client loyalty is high and shows that our clients value the quality of the services we provide.

¹ We only measure the NPS for Wholesale & Institutional Clients once every two years.

² Since the second quarter of 2023, Morningstar analyst ratings have been replaced by Morningstar medallist ratings, which means we are unable to compare our 2023 performance with our 2022 performance.

³ Only clients who belong to the Private Clients segment's target group.

The quality and relevance of the services we offer our Securities clients is measured through the number of interactions we have with our institutional clients. In 2023, the number of interactions (indexed against a 2020 baseline) stood at 156 – exceeding our target of 130 – because we focused even more on engaging in valuable dialogues, providing thematic analyses and sharing our investment ideas.

A crucial element in our relationship with clients is the extent to which their expectations are met by the quality and effectiveness of our solutions. The quality of our investment strategies is measured via the average Morningstar rating of these strategies in the institutional share class. At year-end 2023, our strategies were awarded 2 silver, 7 bronze and 8 neutral ratings.

Active ownership

Active ownership is one of the pillars of our responsible investment approach. Through engagement and voting, we aim to use our influence as an investor to improve corporate policies and/or behaviour on specific environmental, social and governance issues. In 2023, we conducted 196 collective and 165 direct engagements. For 27 of these engagements, we achieved at least one milestone in the past year, meeting our target to achieve at least one milestone for 10–15 engagements per year.

Quantifying our value creation

Overview of social capital: inputs and outputs

Input (€ million)	From	Amount 2023	Amount 2022	Output (€ million)	For	Amount 2023	Amount 2022
Social capital input has not been quantified				Client investments in sustainable equity funds (AuM)	S	32.9	37.4

S: society

How we create value

As this table shows, our main impact on social capital – both positive and negative – is via the products and solutions we provide. We currently only quantify the impact we make via our client investments. Our social capital inputs consist of private clients, Evi van Lanschot clients, fiduciary mandates and investment banking transactions, but we do not quantify these in monetary terms.

Client investments in sustainable equity funds

As with natural capital, we quantified the social capital outcomes of our clients' assets. Based on our assessment, our sustainable equity funds in aggregate over 2023 (€769 million) made a net positive contribution of €32.9 million to seven social themes.⁴ If the €769 million had been invested in the benchmarks of these sustainable equity funds instead, the social capital alignment would be estimated at €38.0 million.

For more information on the social capital alignment of our sustainable investment funds, see our upcoming stewardship and sustainable investment report on our website: vanlanschotkempen.com/en-nl/about-us/sustainability/reporting-and-regulation.

In addition to engaging with companies on avoiding harm and controversies, we proactively enter company dialogues on doing things better. In 2023, one notable engagement was with global sports brand Nike: we collaborated with other investors in co-signing a letter urging the company to address its outstanding wage payment issues. We also engaged with French construction and infrastructure company Vinci SA: we are striving to align variable remuneration with ambitious occupational health and safety targets.

Ethical behaviour

Our approach to ethical behaviour is described at the beginning of this section. We monitor whether our employees positively rate our culture regarding ethical behaviour and integrity via employee engagement surveys. Employees are asked to evaluate whether we operate with integrity in both our internal and external dealings, and if they feel they could report dishonest or unethical practices without fear of reprisal. The outcome is benchmarked against other financial services firms (by an external organisation) and was above the industry average at the end of 2023, in line with our target.

In 2023, two ethical incidents were reported (2022: two incidents), and these have since been handled according to the relevant policies and procedures.

⁴ Based on three sustainable funds with a total value of €769 million, and SDG alignment data based on the 2023 financial year.



Sponsoring sport: partnership for padel

Van Lanschot Kempen is an official sponsor of all Plaza Padel courts in the Netherlands. Through this partnership, we're laying a strong foundation for the further development of this popular sport. The partnership also allows our clients and colleagues to enjoy the fastest-growing sport in the country, both as spectators and by actively taking up padel themselves.

Financial performance

Key financial data

€ million	2023	2022		H2 2023	H1 2023
Statement of income					
Net result	125.2	84.3	48%	73.3	51.8
Underlying net result	130.5	117.8	11%	75.7	54.7
Cost/income ratio (%)	71.6	73.1		69.0	74.5

€ billion	31/12/2023	31/12/2022		30/06/2023	
Client assets					
– Assets under management	145.0	124.2	17%	130.8	11%
– Assets under administration	127.6	107.8	18%	115.2	11%
– Savings and deposits	4.9	3.7	33%	4.5	9%
	12.6	12.7	-1%	11.2	12%

€ million	31/12/2023	31/12/2022		30/06/2023	
Statement of financial position and capital management					
Equity attributable to shareholders	1,247	1,281	-3%	1,252	0%
Equity attributable to AT1 capital securities	102	102	0%	102	0%
Savings and deposits	12,574	12,726	-1%	11,188	12%
Loans and advances to clients	9,161	9,364	-2%	9,259	-1%
Total assets	16,836	17,018	-1%	15,466	9%
Loan-to-deposit ratio (%)	72.9	73.6		82.8	
Total risk exposure amount	4,409	4,272	3%	4,274	3%
Common Equity Tier 1 ratio (%) ¹	19.6	20.6		21.6	
Tier 1 ratio (%) ¹	21.9	22.9		23.9	
Total capital ratio (%) ¹	25.3	26.4		27.4	
Leverage ratio (%)	5.8	5.7		6.6	
Liquidity coverage ratio (%)	224.7	178.3		172.2	
Net stable funding ratio (%)	156.4	158.1		147.8	

Key figures	2023	2022		H1 2023	
Weighted average of outstanding ordinary shares (x 1,000)	41,969	40,706	3%	41,457	1%
Underlying earnings per ordinary share (€)	2.95	2.72	8%	1.24	
Return on average Common Equity Tier 1 capital (%) ²	14.2	12.3		11.4	
Number of staff (FTEs at period end)	1,904	1,780	7%	1,844	3%

Results

2023 was a strong financial year, which resulted in a net profit of €125.2 million and an underlying net result of €130.5 million. We propose a dividend of €2.00 per share for 2023 (2022: €1.75 per share).

The increase in net result compared with 2022 is due to multiple items. Securities commissions rose by 11% in 2023 thanks to strong growth in assets under management (AuM), while net interest income increased significantly (by 21%) driven by a higher interest rate environment. In addition, the sale of our participating interest in Movares resulted in increased income from securities and associates. Lastly, 2022 saw higher costs under special items due to the accelerated acquisition of the remaining stake in Mercier Vanderlinden.

At the same time, other commissions income was down by 35%, mainly due to lower commissions in corporate finance and equity capital markets (ECM). Operating expenses rose by 8%, mainly driven by higher personnel costs due to an increase in fixed salary expenses and an increase in full-time equivalents (FTEs), primarily in the first half of the year.

Client assets increased by 17% to €145.0 billion (2022: €124.2 billion), driven by net AuM inflows of €5.3 billion, the acquisition of Robeco's online investment platform of €5.0 billion, and a positive market performance in AuM of €9.4 billion. Assets under administration grew by €1.2 billion, while savings and deposits showed a decrease of -€0.2 billion.

¹ Full-year 2023 and 2022 including retained earnings; half-year 2023 excluding retained earnings.

² Return on average Common Equity Tier 1 capital is calculated based on underlying (annualised) net result.

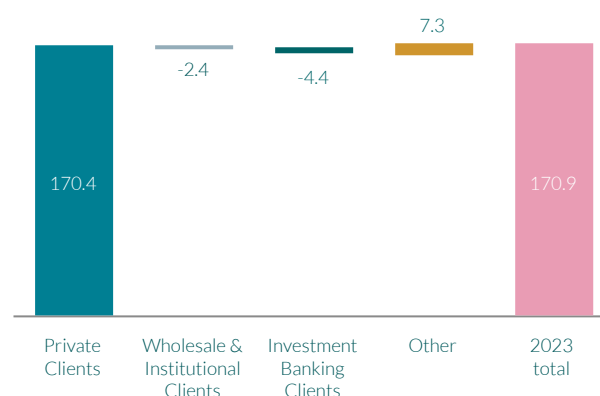
Financial results (€ million)	2023	2022		H2 2023	H1 2023
Commission	427.2	407.8	5%	223.5	203.7
– of which securities commissions	389.8	350.4	11%	203.3	186.5
– of which other commissions	37.4	57.4	-35%	20.2	17.2
Interest ³	196.5	162.7	21%	88.6	107.9
Income from securities and associates	38.1	7.8	–%	32.3	5.8
Result on financial transactions ³	1.0	21.3	-95%	2.7	-1.7
Income from operating activities	662.8	599.7	11%	347.1	315.7
Staff costs	317.3	298.3	6%	161.5	155.8
Other administrative expenses	139.7	123.5	13%	68.1	71.6
– of which regulatory levies and charges	11.6	12.1	-4%	1.4	10.2
Depreciation and amortisation	17.7	16.3	9%	10.0	7.8
Operating expenses	474.8	438.2	8%	239.6	235.2
Gross result	188.0	161.5	16%	107.5	80.5
Addition to loan loss provisions	2.0	-7.7		3.9	-1.9
Other impairments	–	1.1	-100%	–	–
Impairments	2.0	-6.6		3.9	-1.9
Operating profit before tax of non-strategic investments	0.1	0.6	-77%	0.4	-0.2
Operating profit before special items and tax	186.1	168.7	10%	104.0	82.1
Amortisation of intangible assets arising from acquisitions	15.2	14.9	2%	8.1	7.1
Expenses related to accounting treatment of Mercier Vanderlinden	1.2	29.6	-96%	0.6	0.6
Provision for revolving consumer credit	-0.3	-2.0	83%	-0.3	–
Restructuring charges	5.9	0.7		2.8	3.1
Other one-off items	–	6.5	-100%	–	–
Operating profit before tax	164.2	119.0	38%	92.8	71.3
Income tax	39.0	34.7	13%	19.5	19.5
Net result	125.2	84.3	48%	73.3	51.8
Underlying net result	130.5	117.8	11%	75.7	54.7

Underlying net result (€ million)	2023	2022		H2 2023	H1 2023
Net result	125.2	84.3	48%	73.3	51.8
Expenses related to accounting treatment of Mercier Vanderlinden	1.2	29.6	-96%	0.6	0.6
Provision for revolving consumer credit	-0.3	-2.0	83%	-0.3	–
Restructuring charges	5.9	0.7		2.8	3.1
Other one-off items	–	6.5	-100%	–	–
Tax effects	-1.4	-1.4	-7%	-0.6	-0.8
Underlying net result	130.5	117.8	11%	75.7	54.7

The Private Clients segment had a very strong underlying result before tax, while the Wholesale & Institutional Clients and Investment Banking Clients segments reported minor negative contributions to the overall underlying result before tax. The underlying result before tax of the Other segment was positive, and includes the book profit on the sale of our participating interest in Movares, offset by group function costs that are not allocated to the client segments.

The underlying result before tax for 2023 is the gross result adjusted for special items, namely expenses relating to the accounting treatment of Mercier Vanderlinden, a release of provision for revolving consumer credit, restructuring charges relating to organisational changes, the acquisition of Robeco's online investment platform and the integration with Mercier Vanderlinden.

Underlying result before tax by segment (€ million)



³ The interest charges related to the medium-term notes have been reclassified since 1 January 2023 from "Result on financial transactions" to "Interest". Comparative figures have not been restated. See Notes 23 and 26 to the consolidated statement of income.

Operating segments in 2023 (€ million)	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Statement of income					
Commission	306.4	79.2	36.5	5.0	427.2
Interest	184.7	0.4	-0.3	11.7	196.5
Other income	1.3	0.1	2.1	35.6	39.1
Total income from operating activities	492.4	79.7	38.4	52.3	662.8
Staff costs	108.8	10.1	23.0	175.4	317.3
Other administrative expenses	70.2	11.1	8.3	50.2	139.7
Allocated expenses	125.8	60.4	11.2	-197.5	–
Depreciation and amortisation	1.6	0.0	0.3	15.8	17.7
Total expenses	306.4	81.6	42.8	44.0	474.8
Operating result before tax	186.0	-1.9	-4.4	8.3	188.0
Impairments	1.6	0.0	–	0.4	2.0
Operating result before tax of non-strategic investments	–	–	–	0.1	0.1
Operating result before special items and tax	184.4	-1.9	-4.4	8.0	186.1
Amortisation of intangible assets arising from acquisitions	13.9	0.4	–	0.8	15.2
Expenses related to accounting treatment of Mercier Vanderlinden	1.2	–	–	–	1.2
Provision for revolving consumer credit	-0.3	–	–	–	-0.3
Restructuring charges	3.7	0.3	–	2.0	5.9
Operating result before tax	165.9	-2.7	-4.4	5.3	164.2
Underlying result before tax	170.4	-2.4	-4.4	7.3	170.9

Operating segments in 2022 (€ million)	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Statement of income					
Commission	270.4	78.4	56.0	2.9	407.8
Interest	155.8	-0.0	-0.0	7.0	162.7
Other income	2.2	-0.2	-1.0	28.1	29.2
Total income from operating activities	428.3	78.2	55.0	38.1	599.7
Staff costs	93.6	10.5	26.0	168.2	298.3
Other administrative expenses	58.0	8.8	8.4	48.3	123.5
Allocated expenses	118.0	56.0	10.5	-184.5	–
Depreciation and amortisation	1.4	0.0	0.3	14.5	16.3
Total expenses	271.0	75.3	45.3	46.5	438.2
Operating result before tax	157.3	2.9	9.7	-8.4	161.5
Impairments	-7.6	–	–	0.9	-6.6
Operating result before tax of non-strategic investments	–	–	–	0.6	0.6
Operating result before special items and tax	164.9	2.9	9.7	-8.8	168.7
Amortisation of intangible assets arising from acquisitions	13.4	0.7	–	0.8	14.9
Expenses related to accounting treatment of Mercier Vanderlinden	29.6	–	–	–	29.6
Provision for revolving consumer credit	-2.0	–	–	–	-2.0
Restructuring charges	0.2	–	–	0.5	0.7
Other one-off items	6.5	–	–	–	6.5
Operating result before tax	117.1	2.2	9.7	-10.0	119.0
Underlying result before tax	151.4	2.2	9.7	-9.5	153.8

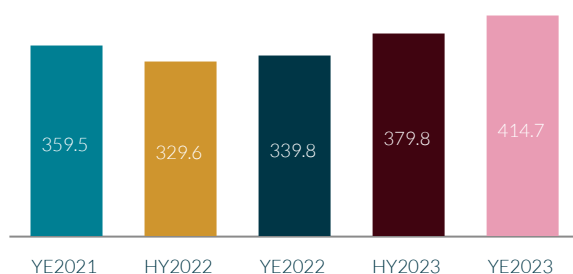
Commission

Commission (€ million)	2023	2022		H2 2023	H1 2023
Securities commissions	389.8	350.4	11%	203.3	186.5
– Management fees	366.5	331.4	11%	192.3	174.2
– Transaction fees	23.3	19.0	22%	11.0	12.3
Other commissions	37.4	57.4	-35%	20.2	17.2
Commission	427.2	407.8	5%	223.5	203.7

Commission income grew by 5% compared with 2022 to €427.2 million, and accounted for 64% of our total operating income (2022: 68%). Management fees increased by 11%, reflecting significant growth in AuM. This was a result of net inflows and a positive market performance in both our Private Clients and Wholesale & Institutional Clients segments, as well as the addition of Robeco's online investment platform from July 2023 onwards. Transaction fees were up by €4.3 million, driven predominantly by increased activity from our advisory clients. Other commissions decreased, mainly as a result of less corporate finance and ECM activity in our Investment Banking Clients segment.

Annualised recurring securities commission (run rate) was at a higher level compared with year-end 2022, because of the increase in AuM as well as higher margins at Private Clients. Annualised recurring fees are determined by multiplying the AuM on the reporting date by the management fee per client to determine the expected annualised management fee, assuming the AuM remains unchanged. The expected annual transaction fees relating to these client portfolios are then added to this number.

Annualised run rate securities commission income (€ million)



Interest

Interest (€ million)	2023	2022		H2 2023	H1 2023
Clean interest margin	192.6	156.4	23%	87.6	105.0
Loan commission	1.9	1.7	11%	0.9	1.0
Early redemption fees	3.5	5.8	-39%	0.5	3.0
Miscellaneous interest income and charges	-1.5	-1.2	-24%	-0.4	-1.1
Interest	196.5	162.7	21%	88.6	107.9

The reporting year saw a further increase in key interest rates in the eurozone – a development that started in the second half of 2022. Our net interest income benefited, with 2023 interest income rising to €196.5 million, up 21% on the €162.7 million achieved in 2022. The interest charges related to medium-term notes rose from €2.8 million in 2022 to €19.1 million in 2023. Since 1 January 2023, these interest charges have been reclassified from "Other income" to "Clean interest margin". Comparative figures have not been restated.

Private Clients' 2023 commission income increased to €306.4 million (2022: €270.4 million) as a result of higher AuM and fee increases. Private Clients' margin on AuM remained stable at 63 basis points in 2023.

Wholesale & Institutional Clients' 2023 commission income increased slightly to €79.2 million (2022: €78.4 million). The margin for the Wholesale & Institutional Clients segment was 11 basis points in 2023 (2022: 12).

Investment Banking Clients' 2023 commission income amounted to €36.5 million, which was significantly lower than in 2022 (€56.0 million), mainly due to fewer transactions for our real estate clients. The commission income from corporate finance and ECM deals was €25.7 million (2022: €44.7 million). The end of the year was marked by some green shoots and we were able to complete several deals for our clients. Other activities within investment banking, such as life sciences & healthcare, infrastructure & renewables and debt advisory, have grown year-on-year.

In comparison with year-end 2022, the total interest margin (12-month moving average) improved by 32 basis points to an average of 124 basis points. The clean interest margin increased by 28 basis points compared with its level at the end of 2022, to 122 basis points at the end of 2023. During the reporting year, amounts in current accounts decreased, while term deposits showed strong growth. This development had a dampening impact on the interest margin due to the difference in client rates.

Savings and deposits

The European Central Bank (ECB) raised the deposit rate through ten consecutive hikes that began from -0.5% in July 2022, reaching 2% in December 2022, and 4.0% in September 2023. Interest rates on client deposits gradually increased over the course of 2023, but lagged behind the ECB's rate hikes. Given our asset-liability mix and duration position, this led to higher interest income, especially in the first half of the year. In the second half, we further increased the savings rates for clients. We also offer a wealth management arrangement to private clients who invest with us, which enables them to hold savings at a more favourable interest rate.

Average savings and deposits volumes in 2023 were lower than in 2022. Client savings and deposits, mainly the amounts in current accounts, decreased in the first half of 2023 to €11.2 billion mainly due to conversion to AuM. However, the second half of the year showed steady volume growth (mainly in term deposits), with a spike in December leading to a year-end position of €12.6 billion (year-end 2022: €12.7 billion).

Loans

Our total loan portfolio declined by €0.2 billion to €9.2 billion, partly due to lower mortgages and Lombard loan production as well as lower amounts in current accounts. Early redemption fees decreased further, driven by fewer prepayments as interest rates rose.

Income from securities and associates

Income from securities and associates (€ million)	2023	2022		H2 2023	H1 2023
Dividend	6.0	4.4	38%	5.5	0.5
Realised capital gains	23.6	7.2		23.6	0.0
Valuation gains and losses	8.4	-3.7		3.2	5.3
Income from securities and associates	38.1	7.8		32.3	5.8

Income from, and book value of, securities and associates (€ million)	Income 2023	Income 2022	Book value year-end 2023	Book value year-end 2022
Van Lanschot Kempen Participaties (minority interests)	28.4	10.1	35.0	47.8
Bolster Investment Coöperatief UA	3.9	6.3	76.3	63.1
Co-investments in own investment funds	5.2	-8.6	83.8	123.3
Other equity investments	0.6	0.1	2.1	2.0
Total from securities and associates	38.1	7.8	197.2	236.2

Income from securities and associates relates to investments of our equity investment company, Van Lanschot Kempen Participaties, and our investments in Bolster Investments Coöperatief UA. We also take positions in our own investment funds – for instance, by providing seed capital or in order to align with our clients' interests.

In the second half of 2023, we sold our participating interest in Movares, which resulted in a book profit of €23.1 million. In 2022, a participating interest owned by private equity fund Newion I – in which we invest – was sold, which resulted in a book profit of €7.1 million.

Valuation gains and losses increased by €12.2 million to €8.4 million in 2023, reflecting the positive results in our private equity portfolio and higher results in our own investment funds compared with 2022.

The total result of our own investment funds amounted to €1.8 million (2022: €2.9 million), consisting of €5.2 million in income on our own investment funds driven by market performance, and a -€3.4 million negative result on hedges. The hedges are reported under Result on financial transactions (below). The book value of our own investment funds fell due to several divestments.

Result on financial transactions

Result on financial transactions (€ million)	2023	2022		H2 2023	H1 2023
Result on securities trading	1.7	-0.1		1.4	0.3
Result on currency trading	7.6	11.0	-31%	3.4	4.2
Result on investment portfolio	-1.6	-3.2	49%	-0.1	-1.5
Result on hedges	-4.9	14.1		-2.0	-2.9
Other income	-1.7	-0.4		0.1	-1.8
Result on financial transactions	1.0	21.3		2.7	-1.7

The result on financial transactions decreased by €20.3 million, mainly driven by a poorer result on hedges. Firstly, the result on hedges includes a -€3.4 million (2022: €11.5 million) result on futures that are used to mitigate risk relating to our investments in our own investment funds. Secondly, hedge accounting ineffectiveness amounted to -€1.8 million (2022: €9.3 million). Lastly, this was offset by the hedging result applied to our structured products activities, which were -€0.1 million in 2023 (2022: -€6.2 million) because the de-risking of the structured products portfolio was completed by year-end 2022.

Trading activities in currency and securities are the result of client facilitation only – providing liquidity to clients.

Since 1 January 2023, the interest charges related to medium-term notes of €19.1 million (2022: €2.8 million) have been reclassified from "Other income" to "Clean interest margin". Comparative figures have not been restated.

Operating expenses

Operating expenses (€ million)	2023	2022		H2 2023	H1 2023
Staff costs	317.3	298.3	6%	161.5	155.8
Other administrative expenses	139.7	123.5	13%	68.1	71.6
- of which regulatory levies and charges	11.6	12.1	-4%	1.4	10.2
Depreciation and amortisation	17.7	16.3	9%	10.0	7.8
Operating expenses	474.8	438.2	8%	239.6	235.2

Staff costs

Staff costs increased by €19.0 million (6%) in 2023, mainly driven by higher personnel costs due to a rise in fixed salary expenses and an increase in full-time equivalents (FTEs), primarily in the first half of the year. In addition, staff costs were up as a result of the acquisition of Robeco's online investment platform. The increase in FTEs was limited in the second half of the year, and resulted from converting external hires to internal employees.

Staff costs also included a one-off end-of-year payment to all employees, amounting to €1.8 million in total.

Impairments

Impairments (€ million)	2023	2022		H2 2023	H1 2023
Addition to loan loss provisions	2.0	-7.7		3.9	-1.9
Other impairments	-	1.1	-100%	-	-
Impairments	2.0	-6.6		3.9	-1.9

Addition to loan loss provisions

In 2023, the addition to our loan loss provisions amounted to €2.0 million.

At year-end 2023, the management overlay amounted to €3.4 million (year-end 2022: €5.2 million), based on a calculation through which macroeconomic sensitivities and scenarios were applied at client level. This management overlay aims to reflect real client behaviour and the economic circumstances and uncertainties, which are not (fully) captured by the models. For more information about the management overlay, see Section 3.8.7, "Management overlay", in the financial statements.

Special items

Special items (€ million)	2023	2022		H2 2023	H1 2023
Amortisation of intangible assets arising from acquisitions	15.2	14.9	2%	8.1	7.1
Expenses related to accounting treatment of Mercier Vanderlinden	1.2	29.6	-96%	0.6	0.6
Provision for revolving consumer credit	-0.3	-2.0	83%	-0.3	-
Restructuring charges	5.9	0.7		2.8	3.1
Other one-off items	-	6.5	-100%	-	-
Special items	21.9	49.8	-56%	11.1	10.8

We recognised several special items in 2023, amounting to €21.9 million (2022: €49.8 million).

Amortisation of intangible assets arising from acquisitions decreased in the first half of 2023, as a proportion of these were fully amortised, but increased again in the second half of the year due to the acquisition of Robeco's online investment platform.

Other administrative expenses

Other administrative expenses increased to €139.7 million (2022: €123.5 million), taking into account the acquisition of Robeco's online investment platform. In addition, the other administrative expenses that increased compared with 2022 relate to technology/digitalisation, marketing/communication, accommodation and consultancy.

Cost/income ratio

The cost/income ratio – i.e. the ratio of operating expenses (excluding costs incurred for special items) to income from operating activities – amounted to 71.6% (2022: 73.1%).

In 2023, the addition to loan loss provisions relative to average risk-weighted assets resulted in an addition of 5 basis points (2022: release of 19 basis points).

Other impairments

We had no other impairments in 2023. In 2022, other impairments amounted to €1.1 million for one of our office buildings.

Non-strategic investments

We currently hold one non-strategic financial investment, Allshare. The operating profit before tax from this non-strategic investment amounted to €0.1 million in 2023 (2022: €0.6 million).

In December 2022, we agreed to accelerate the acquisition of the remaining 30% stake in Mercier Vanderlinden. This led to an adjustment in the valuation of the contingent liability, resulting in expenses in 2022 in the line item Expenses related to accounting treatment of Mercier Vanderlinden, which would otherwise need to be recognised in future years. The expenses in this line item in 2023 comprised staff costs relating to the liability, amounting to €1.2 million.

In 2021, we made a provision under a compensation scheme for the repayment of excess interest to (former) clients with variable-rate revolving consumer credits. Over the course of 2023, clients who had been impacted were compensated, and the remaining provision of €0.3 million was released in the second half of the year.

We recognised €5.9 million in special items in 2023 for restructuring charges, mainly relating to the acquisition of Robeco's online investment platform (€2.6 million) and some changes in our organisational structure.

In 2022, other one-off charges amounted to €6.5 million, which related mainly to the settlement of an interest rate derivatives case.

Earnings per share

Earnings per share (€ million)	2023	2022		H2 2023	H1 2023
Net result	125.2	84.3	48%	73.3	51.8
Share of non-controlling interests	0.0	-0.1		0.1	0.0
Share of holders of AT1 capital securities	-6.8	-6.8	0%	-3.4	-3.4
Net result for calculation of earnings per ordinary share	118.4	77.4	53%	70.0	48.4
Earnings per ordinary share (€)	2.82	1.90	48%	1.72	1.17
Underlying net result for calculation of earnings per ordinary share	123.8	110.9	12%	72.5	51.3
Underlying earnings per ordinary share (€)	2.95	2.72	8%	1.78	1.24
Weighted number of outstanding ordinary shares (x 1,000)	41,969	40,706			

Share of holders of AT1 capital securities relates to the coupon of the €100 million Additional Tier 1 bond we issued in March 2019. These securities qualify as Tier 1 capital when determining capital adequacy.

We propose paying a 2023 cash dividend to Van Lanschot Kempen shareholders of €2.00 per share, with a pay-out ratio of 69% based on the underlying net result attributable to shareholders (2022: €1.75, pay-out ratio of 67%).

Income tax

Income tax for 2023 amounted to €39.0 million (2022: €34.7 million), which translates to an effective tax rate of 23.8% compared with 29.1% in 2022. Our effective tax rate is lower than the general Dutch tax rate of 25.8%. This is primarily due to the book profit on the sale of our participating interest in Movares being subject to equity exemption rules, and only being offset by several non-deductible expenses. See Note 32 to the consolidated statement of income.

The pay-out ratio based on the net result attributable to shareholders amounts to 72% (2022: 96%). In 2023, a total of 1.7 million new shares were issued as part of the accelerated acquisition of the remaining 30% stake in Mercier Vanderlinden. These shares have been taken into account in determining the pay-out ratios.

Client assets

Client assets (€ billion)	31/12/2023	31/12/2022		30/6/2023	
Client assets	145.0	124.2	17%	130.8	11%
Assets under management	127.6	107.8	18%	115.2	11%
Savings and deposits	12.6	12.7	-1%	11.2	12%
Assets under administration	4.9	3.7	33%	4.5	9%
Client assets	145.0	124.2	17%	130.8	11%
Private Clients	67.6	55.1	23%	58.9	15%
Wholesale & Institutional Clients	75.8	67.4	12%	70.2	8%
Other	1.7	1.7	0%	1.7	0%

Total client assets had risen by 17% to €145.0 billion by year-end 2023, driven by net AuM inflows of €5.3 billion, the acquisition of Robeco's online investment platform of €5.0 billion, and a positive market performance in AuM of €9.4 billion. Assets under administration grew by €1.2 billion, while savings and deposits showed a decrease of -€0.2 billion.

Client assets (€ billion)	Private Clients	Wholesale & Institutional Clients	Other	Total
Client assets at 31/12/2022	55.1	67.4	1.7	124.2
Assets under management in/outflow	2.3	3.1	0.0	5.3
Savings and deposits in/outflow	-0.2	0.0	0.0	-0.2
Market performance of assets under management	4.7	4.7	0.0	9.4
Acquisition	5.0	0.0	0.0	5.0
Change in assets under administration	0.8	0.5	0.0	1.2
Client assets at 31/12/2023	67.6	75.8	1.7	145.0

Private Clients

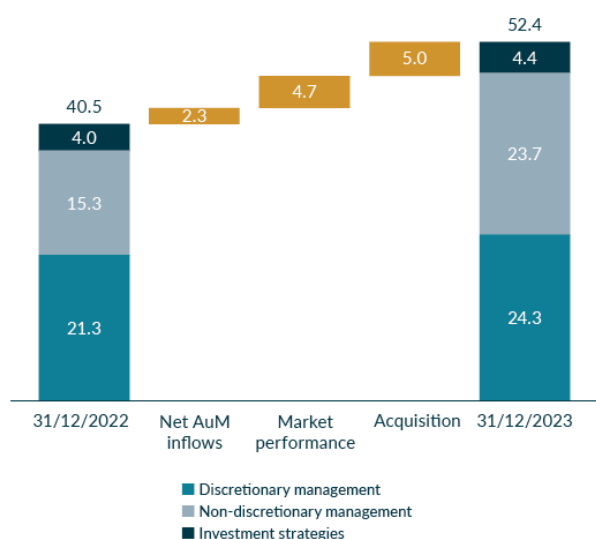
Client assets in the Private Clients segment increased as a result of the positive market performance in AuM of €4.7 billion and strong net AuM inflows of €2.3 billion, achieved across the Netherlands, Belgium and Switzerland. The acquisition of Robeco's online investment platform contributed to a €5.0 billion increase in client assets.

At the end of 2023, discretionary assets under management accounted for 46% of total AuM (2022: 52%), amounting to €24.3 billion. Non-discretionary assets under management made up 45% of total AuM (2022: 38%), amounting to €23.7 billion, due to strong inflows in our advisory business and the acquisition of Robeco's online investment platform. Total AuM also includes the positions of our private clients invested in our investment strategies (€4.4 billion).

In Belgium, we saw continued good net inflows of €0.8 billion in 2023. The positive market performance boosted the overall AuM to €11.3 billion (2022: €9.2 billion). Total client assets amounted to €12.5 billion (2022: €10.4 billion).

Our Evi van Lanschot proposition is part of the Private Clients segment. In July 2023, the acquisition of Robeco's online investment platform added €5.0 billion to the AuM of Evi van Lanschot. Total AuM of the combined Evi van Lanschot platform stood at €6.4 billion at year-end 2023.

AuM Private Clients (€ billion)



Wholesale & Institutional Clients

The Wholesale & Institutional Clients segment's AuM increased by €7.8 billion to €75.1 billion at year-end 2023, coming from net inflows of €3.1 billion and a positive market performance of €4.7 billion. The net inflow was driven by fiduciary management and alternative investment solutions.

Investment strategies saw a net outflow of €0.2 billion, offset by a positive market performance of €0.8 billion. The net outflow was driven by small caps, and was only partly offset by inflows in credits.

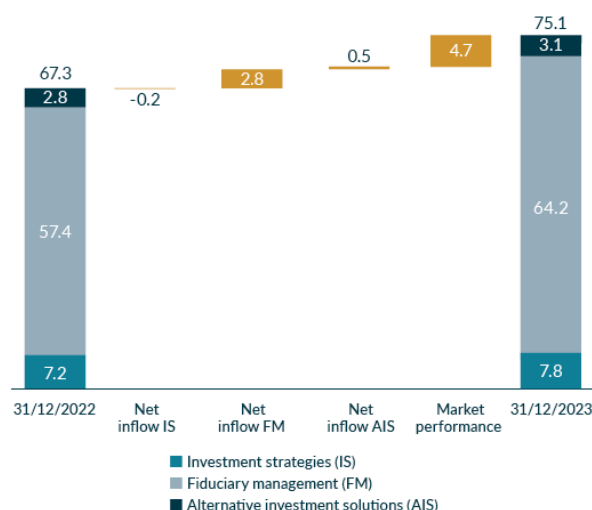
Fiduciary management showed a net inflow of €2.8 billion, from both new fiduciary mandates and inflow from existing clients, as well as a positive market performance of €4.0 billion. In the UK, AuM increased to €6.1 billion (2022: €4.8 billion) thanks to the combination of net inflows of €1.0 billion and a positive market performance of €0.3 billion.

In 2023, asset class solutions was renamed as alternative investment solutions (AIS); with this change, private markets, farmland and private equity shifted from investment strategies to AIS. AIS involves the advice and selection of a wide range of illiquid asset classes for clients.

AIS showed a net inflow of €0.5 billion, partly offset by a negative market performance of €0.2 billion. The new inflow mainly came from non-listed real estate, farmland and direct lending. Total AIS AuM amounted to €3.1 billion at year-end 2023 (year-end 2022: €2.8 billion).

Total client assets in the Wholesale & Institutional Clients segment stood at €75.8 billion at year-end 2023.

AuM Wholesale & Institutional Clients (€ billion)



Loan portfolio

Loan portfolio (€ million)	31/12/2023	31/12/2022		30/6/2023	
Mortgages	6,368	6,341	0%	6,314	1%
Other loans	2,182	2,371	-8%	2,311	-6%
Loan portfolio	8,550	8,712	-2%	8,625	-1%
Mortgages distributed by third parties	348	373	-7%	361	-4%
Other loans covered by residential real estate	302	320	-6%	311	-3%
Total	9,200	9,404	-2%	9,297	-1%
Impairments	-38	-40	-5%	-38	1%
Total loan portfolio	9,161	9,364	-2%	9,259	-1%

Our total loan portfolio shrank by €0.2 billion to €9.2 billion, driven by a decrease in other loans.

Mortgages

Mortgages remained stable at €6.4 billion (2022: €6.3 billion) and make up 69% of our loan portfolio (2022: 67%). These mortgages are primarily granted to high net-worth individuals. The weighted average loan-to-value (LTV) ratio is 64% (2022: 63%).

Other loans

Other loans comprise loans to high net-worth individuals as well as commercial loans that fit into our Private Clients relationship model. In 2023, other loans fell to €2.2 billion (year-end 2022: €2.4 billion) mainly due to a decrease in current accounts.

Mortgages distributed by third parties

The portfolio of mortgages distributed by third parties consists of regular Dutch mortgages. It accounts for 4% of our total loan portfolio, with a volume of €348 million (2022: €373 million).

Other loans covered by residential real estate

In 2022, we invested in a fund managed by AEGON AM (formerly a.s.r. Vermogensbeheer NV). The investment is a dedicated tranche for Van Lanschot Kempen, which primarily consists of Dutch mortgage receivables with a Dutch national mortgage guarantee (NHG). The fund's purpose is to enable institutional parties to invest in Dutch mortgages. At year-end 2023, the volume in the fund amounted to €302 million (2022: €320 million).

Impaired loans and provisions

We take provisions for the impaired loans in our loan book. Impaired loans Stage 3 (IFRS 9) totalled €126 million at year-end 2023, and increased by 19% compared with 2022 (€106 million) mainly due to one exposure. The total impaired ratio deteriorated from 1.1% to 1.4% at the end of 2023.

The Stage 3 provisions for these loans amounted to €28 million, resulting in a coverage ratio of 22% (2022: 25%). The relatively low coverage ratio is explained by the good quality and amount of collateral pledged against the loans.

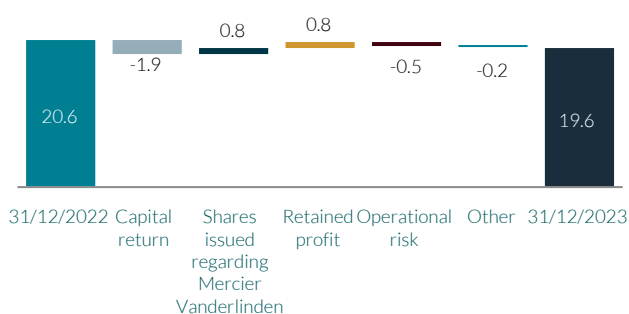
Provision as at 31/12/2023 (€ million)	Loan portfolio	Impaired loans	Provision	Impaired ratio	Coverage ratio	Impaired ratio	Coverage ratio
				31/12/2023	31/12/2023	31/12/2022	31/12/2022
Mortgages	6,368	27	2	0.4%	8%	0.4%	6%
Other loans	2,182	98	25	4.5%	26%	3.5%	31%
Loan portfolio	8,550	125	28	1.5%	22%	1.2%	25%
Mortgages distributed by third parties	348	1	–	0.2%	0%	–%	2%
Other loans covered by residential real estate	302	–	–	0.0%		0.0%	
Total loan portfolio	9,200	126	28	1.4%	22%	1.1%	25%
Provision	-38		–				
Total	9,161		28				
ECL Stage 1 and 2 (IFRS 9)			10				
Total ECL (IFRS 9)			38				

Capital and liquidity management

Capital and liquidity management (€ million)	31/12/2023	31/12/2022		30/06/2023	
Total risk exposure amount	4,409	4,272	3%	4,274	3%
Common Equity Tier 1 ratio (%) ⁵	19.6	20.6		21.6	
Tier 1 ratio (%) ⁴	21.9	22.9		23.9	
Total capital ratio (%) ⁵	25.3	26.4		27.4	
Leverage ratio (%)	5.8	5.7		6.6	

Our Common Equity Tier 1 (CET 1) ratio came down to 19.6% in 2023, still well above our target of 15% plus an add-on of 2.5% for acquisitions, while available CET 1 capital decreased by €14 million. This decline is due to the capital return to shareholders of €85 million in December 2023, partly offset by issuing 1.7 million new shares as part of the accelerated acquisition of the remaining 30% stake in Mercier Vanderlinden and adding retained profit. Total risk exposure amount (TREA) was up to €4.4 billion in 2023 (year-end 2022: €4.3 billion), driven by an increase in operational risk. This reflects the fact that a growing organisation with higher income from operating activities entails higher operational risk.

Common Equity Tier 1 ratio (%)

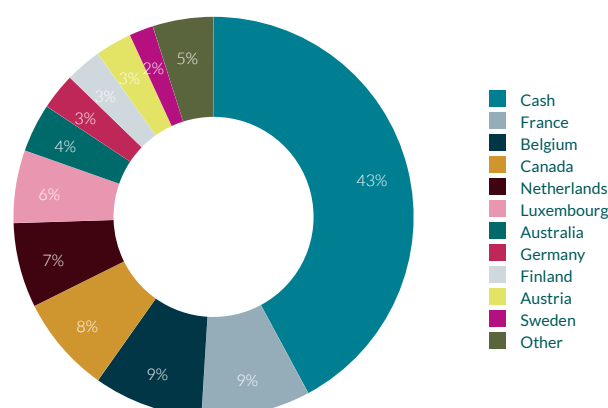


Regulatory capital (€1,000)	31/12/2023	31/12/2022
Risk-weighted assets	4,409,184	4,272,490
Common Equity Tier 1	864,873	878,505
Required Common Equity Tier 1	473,729	384,517
Tier 1	964,873	978,505
Required Tier 1	581,698	476,643
Total capital	1,114,873	1,128,505
Required total capital	725,658	599,477

Investment portfolio and cash

The total investment portfolio and cash⁵ amounted to €6.3 billion at the end of 2023 (year-end 2022: €6.2 billion). Cash held with central banks stood at €2.7 billion. The investment portfolio is primarily held for asset and liability management purposes, and mainly comprises low-risk and highly liquid instruments.

Investment portfolio and cash by country at 31/12/2023 (100% = €6.3 billion)



Loan-to-deposit ratio

We aim for a balanced funding mix with sufficient diversification, through retail and wholesale markets, products and maturities. At the end of 2023, our loan-to-deposit ratio had fallen by 0.7 percentage points to 72.9% (year-end 2022: 73.6%).

At year-end 2023, our liquidity buffer was substantial, which led to a liquidity coverage ratio of 224.7% (2022: 178.3%) and a net stable funding ratio of 156.4% (2022: 158.1%).

Events after the reporting period

On 21 December 2023, we announced the intended acquisition of Belgian investment adviser Accuro NV ("Accuro"). The transaction is expected to be completed in 2024, subject to regulatory approval. The intended acquisition is expected to result in a negative 0.4 percentage point impact on our CET 1 ratio.

On 1 January 2024, the legal merger between Mercier Vanderlinden Asset Management and Van Lanschot Kempen (the acquiring entity) became effective. As a result of this merger, Mercier Vanderlinden Asset Management ceased to exist as a legal entity. Van Lanschot Belgium's brand name changed to Mercier Van Lanschot on the same date.

On 22 January 2024, we launched and priced €100 million of Additional Tier 1 (AT1) notes with a fixed coupon of 8.875%. The notes are listed on Euronext Amsterdam. Settlement of these notes took place on 29 January 2024, and we intend to call our 2019-issued AT1 notes at the first call date of 1 April 2024.

⁴ Full-year 2023 and 2022 including retained earnings; half-year 2023 excluding retained earnings.

⁵ Investment portfolio and cash comprises the balance of financial assets at fair value through other comprehensive income, other financial assets at amortised cost, financial assets designated at fair value through profit or loss, cash withdrawable on demand from central banks, and highly liquid (cash) investments.

Improving the client due diligence experience in Belgium

The volume of regulatory requirements relating to anti-financial crime has led to an increasingly complex client due diligence (CDD) process. The solution? A team of “storytellers” at Mercier Van Lanschot in Belgium, who build files about every client’s identity and the origin of the funds they want to invest with us. This means we can identify potential risks from a CDD perspective and prevent financial crime.

Catherine Roels, one of Mercier Van Lanschot’s CDD storytellers, explains: “While the bankers remain the client’s first point of contact, they can rely on the storytellers to build the client’s CDD story based on the information and documentation that bankers receive and retrieve from the client. The CDD storyteller also carries out all the relevant investigations to verify the information and documentation provided by the client, to resolve any discrepancies, and to identify any potential contradictions. So we don’t have direct contact with the clients ourselves, but indirectly we make life easier for both clients and bankers.

“Being ‘personal’ is one of the company’s values. By employing storytellers to do the work of checking evidence of where a client’s money comes from, we free up bankers to do the job they love: maintaining that personal contact and offering tailored, relevant advice to clients.

“From a client perspective, our role also makes their on-boarding process much quicker and smoother. We’re specialists in CDD, and we work in close collaboration with the other storytellers, bankers and colleagues in Client Administration & Monitoring. This means that when a rare or complex case comes up, we’re able to leverage our collective expertise, learn from each other, and coach our bankers so they know what to do if something similar crops up in the future. We make sure the CDD process is carried out in a harmonised way, as efficiently as possible, with top-notch quality control. That’s not only advantageous for the client in the here and now – it’ll also make the process a lot simpler if and when they want to pass down their wealth to the next generation.”



Risk and capital management

Key risk themes for Van Lanschot Kempen	
<p>Interest rate risk: changing client behaviour in response to rising interest rates</p> <p>Over the course of 2023, the European Central Bank (ECB) further increased its deposit facility rate from 2% to 4%. Longer-term interest rates remained more or less unchanged. The resulting inverted yield curves had a substantial impact on clients' preferences. As clients now have the possibility to receive attractive deposit rates without having to lock up their funds for long maturities, we have seen a large shift from non-maturing deposits (savings and transactional accounts) into short-term deposits, with preferred maturities up to six months. By December 2023, 25% of our client deposit base was made up of term deposits (compared with only 8% by the end of 2022). At the beginning of the year, we also saw flows from client deposits to fixed income assets under management (AuM), as low-risk fixed income yields exceeded our client deposit rates. In the last two months of the year, some clients switched their AuM back to savings rather than reinvesting the funds from maturing bonds.</p>	<p>Mitigating actions</p> <p>We increased client (term) deposit interest rates, to curb the conversion of deposits into fixed income AuM. As part of our regular interest rate risk management, we continuously monitor our exposure and any changes in client behaviour. We aim to recalibrate the models we use for hedging the interest rate risk in client deposits more frequently.</p>
<p>Operational risk: organisational complexity and change management</p> <p>Given our increasing AuM, the sophisticated nature of our business and the ongoing innovation of our investment management offering, our organisation can be labelled as complex. We strive to continuously reduce operational risks by simplifying processes, procedures and the organisation in general. Change may be driven by strategic developments, ever-evolving regulatory requirements and/or technological advances. Working on various major change projects simultaneously inherently leads to an increase in operational risks. In order to ensure the complete and timely achievement of project deliverables, managing resources across the project portfolio is important.</p>	<p>Mitigating actions</p> <p>We address organisational complexity by ensuring clear terms of reference for various decision-making bodies. In 2023, we further implemented the so-called "gating process". This model had been developed for the execution of projects with an IT component, describing all phases and gates a project passes through. The gating process is now applicable to all material change initiatives. The gates are intended as "go/no-go" moments for steering committees and scrum teams.</p>
<p>Compliance risk: organisational culture and ethical behaviour</p> <p>Van Lanschot Kempen is exposed to compliance risk resulting from violations of regulatory requirements, industry standards or internal policies and procedures. Compliance goes beyond following rules and regulations: it involves fostering an ethical and responsible organisational culture that protects client-centricity, financial integrity and the interests of various stakeholders. Maintaining compliance standards relies heavily on ethical behaviour; the actions and decisions of everyone within the organisation can have significant consequences.</p>	<p>Mitigating actions</p> <p>Our purpose, values and code of conduct serve as a guiding compass for our behaviour. To ensure our commitment to ethical behaviour, we have taken proactive steps to update our code of conduct. By incorporating ethical principles into our code of conduct and involving stakeholders in the process, we aim to empower our employees to make decisions that align with our organisation's identity and values. The updated version, launched in November 2023, is supported by a communication and implementation plan.</p>
<p>Sustainability risk: climate change and regulation</p> <p>We are exposed to climate risk via our activities, including both physical and transition risks. Our main focus for on-balance sheet exposure is the residential mortgage portfolio, as this is the most significant position that is prone to climate risks. Given the geographical characteristics of the Netherlands, we are mainly exposed to flooding and drought risk (physical) as well as transition risks impacting the value of the collateral in the future, due to rising energy prices and/or rising renovation costs to meet future legislation. At present, the climate risks are found not to be material to Van Lanschot Kempen. The main risk for our AuM is to the holdings that will suffer as a result of the energy transition. Furthermore, implementing and adapting to sustainability-related regulatory developments remained one of our priorities in 2023, to ensure that we continue to protect our clients and inform them appropriately.</p>	<p>Mitigating actions</p> <p>We made further enhancements to our stress-testing capabilities for both physical and transition risks. For our mortgage portfolio, we quantified the transition risks on the assumption that more stringent requirements on energy labels will be enforced via legislation and/or local regulation in the future. For physical risks, we used drought and property foundation data provided by national authorities and combined these with the collateral locations to derive stressed market values and possible effects on risk-weighted assets/capital. In addition, we expanded our risk analysis to provide insights into the sustainability profile of our liquid funds. In 2023, we also prioritised the timely implementation of sustainability-related regulations by conducting gap analyses, updating policies to incorporate new requirements, providing training, encouraging active discussions and advising on business implementation.</p>

Risk management

Risk profile and risk appetite

We seek to achieve a solid risk profile – expressed in transparent risk levels coupled with a robust liquidity and capital position. The risks we face are outlined in the following sections. More detailed descriptions can be found in the financial statements, where these risks are also quantified in terms of their impact on Van Lanschot Kempen's balance sheet.

We evaluate our risk appetite annually, and this is communicated in a risk appetite statement containing both qualitative and quantitative elements. Our risk appetite represents our willingness to accept the risk of particular losses, decreasing buffers and reputational risks, and as such sets our operating boundaries. The statement is prepared by the Group Risk Committee, approved by the Management Board and, lastly, is also subject to the Supervisory Board's approval.

In 2023, we upgraded our risk appetite definition and the corresponding principles:

- As an organisation, we manage risks within our risk appetite. The aim is not to eliminate risks, because taking risks is part of the nature of doing business.
- Our risk appetite should be considered in all material decisions taken by the organisation.
- We only take risks that we understand and can explain.
- The risks we take – directly or indirectly – serve our business model and strategic objectives, and are the result of a careful process to balance risk and reward.
- After determining how much risk we can potentially absorb, we determine how much risk we are willing to take. The sum of all risks taken should not exceed our risk appetite.
- We actively avoid certain risks, because they pose an existential threat to Van Lanschot Kempen. However, risks in the tail will remain, which we have to accept.
- We avoid risks that could lead to legal or regulatory breaches. This includes not getting involved in activities that result in aiding or abetting clients with illegal activities.
- When taking risks, we take the requirements and expectations of all stakeholders into account.

Targets and risk limits are more dynamic and are periodically reviewed, at least annually.

Risk management governance

We operate our risk management framework in accordance with the three lines of defence model. The management teams at individual departments (the first line) are responsible for managing their specific risks. When serving our clients, they must also assess client- and portfolio-related risks, ensure they adhere to all Van Lanschot Kempen policies, limits and procedures, and put processes and controls in place to remain in control of their own operations.

The second line of defence is formed by Financial Risk Management, Non-Financial Risk Management and Compliance. Starting in January 2023, the Group Risk Management function was split into the Financial Risk Management department and the Non-Financial Risk Management department. The second line of defence reports to and advises the Management Board on all risk-related matters. The second line also issues policies and provides guidelines on risk-taking activities, monitors adherence to these policies and guidelines, and challenges the first line on the management of their risks. Lastly, the second line supports management by facilitating and challenging risk assessments, and by providing relevant advice and assistance on applicable regulatory requirements and the design of controls and mitigating actions.

The Internal Audit department (the third line of defence) monitors and gives assurance on whether the activities of the first and second lines are effectively mitigating the risks identified.

We use insurance to cover certain remaining risks. Lastly, Dutch supervisors De Nederlandsche Bank (DNB) and the Dutch Authority for the Financial Markets (AFM) as well as foreign supervisors (where applicable) check whether Van Lanschot Kempen adheres to laws and regulations and is in control of its own organisation.

In order to manage our risks, we have risk and compliance policies and frameworks in place as well as a governance structure. The Management Board remains responsible overall, but has delegated the management of specific risks to several committees: the Compliance & Operational Risk Committee, Sustainability Board, Credit Risk Committee, Market Risk Committee and Asset & Liability Committee.

Risk appetite and risk profile in 2023

A risk dashboard and progress report are discussed by the Group Risk Committee every quarter, as well as by the Supervisory Board's Risk and Compliance Committee. Risk-taking is inherent to our business model; low risks are not a means to an end. For a number of reasons, it may be appropriate to accept a higher risk – either temporarily or for a prolonged period. We always consider both gross and net – i.e. after mitigating measures – risk positions, paying extra attention to medium and high net risks.

The risk appetite and risk profile in 2023 for each individual risk type are shown in this simplified version of the risk dashboard:

Risk dashboard	Low	Limited	Medium	High
Strategic risk		●	●	
Operational risk			●●	
Compliance risk		●	●	
Sustainability risk		●●		
Credit risk	●	●		
Market risk		●●		
Interest rate risk		●●		
Liquidity risk	●●			

● Risk appetite ● Risk profile in 2023

Clients entrust us with their funds on the basis that they have no doubt about the financial and operational stability of the organisation. We can therefore only operate at limited risk levels. However, certain risks are unavoidable and can only be mitigated to a certain extent. Those two risk appetites are classified in the dashboard as medium: strategic risk and operational risk. Strategic risk appetite is medium while competition in private banking, investment management and investment banking is strong. These risks can only be managed by actively optimising our results and through organic and/or inorganic growth. Given our increasing assets under management (AuM), the complex nature of the business and the continuing innovation of our investment management offering, this results in a medium level of operational risk appetite. Of course, we strive to continuously reduce operational risks by improving processes, procedures and the organisation in general.

Our strategic risks can be managed by generating organic and inorganic growth to maintain the necessary scale for the future, and to retain solid performance. As a result of the acquisition and integration of both Mercier Vanderlinden and Robeco's online investment platform, coupled with strong organic growth in AuM and strong financial results, no issues arose in relation to strategic risk – hence a limited score for 2023.

We experienced some operational incidents (including external fraud attempts) and went through several large change projects in the reporting year. The overall risk profile for operational risk in 2023 is therefore categorised as medium.

Compliance risk appetite was limited, while the actual compliance risk profile in 2023 was medium. Timely implementation and embedding of regulatory requirements remains a challenge, given the increasing regulatory demands that impact our various business activities.

Our sustainability risks were limited in 2023. The stress tests we performed did not show significant impact on balance sheet levels and other ratios.

All financial risk indicators (credit risk, market risk, interest rate risk and liquidity risk) also scored well. We continue to operate under a tight limit framework, resulting in a limited appetite for both credit risk and market risk in 2023. A slight addition to loan loss provisions and low impairment ratios reflect our low credit risk in 2023. We observed a limited number of market risk breaches, despite lower thresholds than in 2022.

Our interest rate risk profile (balance sheet composition) did not change significantly, but large interest rate increases and greater volatility called for heightened attention. Liquidity risk in 2023 remained low, due to our strong liquidity buffers. Liquidity buffers did show some decline at the beginning of the year, when our clients moved from lower yielding deposits and saving accounts into (short duration) fixed income instruments. Buffers rose quickly in the second half of 2023, after interest rates on deposits and savings accounts were raised.

Strategic risk

Van Lanschot Kempen is an independent, specialist wealth manager with the ambition to generate sustainable, profitable and scalable growth, while maintaining a capital-light balance sheet. We have a strong balance sheet and a good track record in transformation processes, including the integration of new acquisitions. This contributes to our solid reputation as a leading wealth manager in the Benelux region. To maintain our reputation, it's important to manage strategic risks. Strategic risk is defined as the risk to Van Lanschot Kempen's performance resulting from failure to respond adequately to changes in external factors or from poor strategic decisions. External factors include the actions of competitors, clients, potential market entrants and public authorities, as well as public opinion. Keeping up with technological developments, such as artificial intelligence (AI), is also a key topic on our strategic agenda.

We manage our strategic risk by diversifying our sources of income through our private banking, investment management and investment banking activities – thereby ensuring that the three activities are complementary and support each other. Moreover, our lending activities focus primarily on residential mortgages and our clients have sufficient buffers, thereby limiting our strategic risks in terms of credit and risks of forced liquidation of AuM. In the current market environment of relatively high interest and inflation rates, we are well prepared for a possible (shallow) recession in 2024. All our client segments performed without major credit losses in 2023. However, if confronted with a deep recession, all three client segments would be impacted. The expected increase in risk costs would be partly offset by net interest income and the recurring fees on AuM, resulting in some impact on our profit & loss (P&L). Even in such tough macroeconomic circumstances, a net positive P&L is expected. To manage our strategic risk in 2024, we must remain focused on our core activities and areas of expertise.

We use a range of performance indicators – such as growth in AuM, net result, cost/income ratio, Net Promoter Scores and employee engagement scores – together with a qualitative assessment to monitor and control strategic risk. Due to the challenging environment, in both economic and technological terms, our strategic risk appetite remains at a medium level going forward. The technological improvements we have made for our clients and to our internal processes over recent years show that we are continuously aware of, and acting to address, this challenge. Through our acquisitions in recent years, we are actively addressing the risk of consolidation in the sector, and are improving our economies of scale.

Lastly but importantly, we must maintain the capacity to meet all the specific regulatory requirements. This is demanding when operating various activities in multiple markets with different regulatory requirements. In the future, scale is of the essence: in general, regulatory costs do not increase in line with volume if work remains within the same kinds of activities.

Non-financial risks

Non-financial risks comprise operational, compliance and sustainability risks.

We have defined a non-financial risk appetite. On a quarterly basis, the current non-financial risk exposure related to our non-financial risk appetite is discussed with members of the Management Board and senior management in the Compliance & Operational Risk Committee. In 2023, a new non-financial risk taxonomy was introduced, which will enable us to streamline our internal reporting as of 2024. The revised taxonomy is largely based on the operational risk reference taxonomy published by the Operational Riskdata eXchange Association (ORX) and forms the basis of our 2024 risk appetite framework for non-financial risk.

Risk awareness within the company was raised both via increased capabilities within the first line of defence, and through challenges and advice from the second line of defence. We put increased focus on continuous monitoring of controls as well as on soft (behavioural) controls, while paying attention to effective and efficient action management. Compliance, Non-Financial Risk Management and Internal Audit work together on this.

Operational risk

Operational risks are (potential) losses that result from inadequate or failed internal processes or systems, inadequate or incorrect human actions, external events and fraud. To identify and manage operational and IT risks, we have created a group-wide operational risk management framework. Part of this framework is a set of key controls on the part of our value chains where inherent risks are deemed to be elevated. Controls are regularly tested, allowing us to assess the effectiveness of key controls in our processes and systems. In 2023, we improved our change processes by further implementing a "gating process" for material change initiatives. We also implemented a revised incident management procedure to ensure adequate logging and follow-up of various types of incidents. And we further standardised the way the second line of defence monitors key control effectiveness testing.

Information risk

Preventing cybercrime remains one of our key focus areas. Van Lanschot Kempen is aware of the risks concerning information security and cybercrime, and has further invested in technological and process-related measures to mitigate them. We continue to strengthen our security measures to keep pace with increasing cyberthreats and external fraud attempts, such as help desk fraud. We have a dedicated team that monitors security incidents in the organisation, including outside office hours, to ensure we have sufficient coverage to mitigate potential threats. We have teams that simulate cyberattacks and conduct penetration testing for security purposes, including periodic phishing awareness tests. We monitor the risks involved in cybercrime using risk dashboards via defined key performance and risk indicators. The metrics in the dashboard are overseen by the interdepartmental Information Security Board. Major issues related to cybercrime are reported directly to the Management Board.

A key project that began in 2023 involves applying a zero-trust approach, resulting in a more secure environment. Reducing the availability and accessibility of sensitive data reduces the potential impact of cyberattacks, supplementing the measures in place to prevent them. Cybercrime risks such as ransomware have an ongoing focus within the business. Emerging risks in the field of AI continue to develop rapidly, and require us to ensure mitigating measures are in place.

The Digital Operational Resilience Act 2023 (DORA) brings harmonisation of the rules relating to operational resilience for the financial sector. To ensure we are compliant with the DORA by 1 January 2025, a taskforce involving all three lines of defence has been established to update the IT risk and control framework accordingly.

In order to maximise operational resilience during and after (potential) disruptions, threats and incidents, we have robust business continuity measures in place. These include a business continuity policy, governance structure with a Business Continuity Committee and Crisis Management and Support teams, as well as working instructions. Moreover, multiple tests are performed during the year to assess whether these measures work in practice. As a result, we were able to run critical systems from our back-up site for a period of more than a week, without any major disruptions.

Internal fraud

Internal fraud occurs when fraud is committed as an intentional action by one or more employees in which deception or management override of controls is used, with the intent of gaining unlawful advantage for oneself or a personal acquaintance at the expense of others. Employees also include management, temporary workers, contractors, trainees and interns. Internal fraud conflicts with Van Lanschot Kempen's code of conduct, which provides guidelines to help ensure our reputation and integrity.

Maintaining our reputation as a trustworthy financial institution is of great importance to Van Lanschot Kempen. Preventing and mitigating internal fraud risks is therefore a high priority, as these risks can lead to financial impact on our clients and our business. In addition, internal fraud can damage the public's trust in Van Lanschot Kempen's reputation and integrity as a financial institution.

The guidelines and processes for reporting and handling incidents are set out in our policy for handling integrity incidents.

Incidents such as internal fraud cases are dealt with in accordance with the incident management procedure, which requires a root cause analysis to be conducted, as well as adequate follow-up to prevent reoccurrence. In 2023, no internal fraud, nor any attempt to commit internal fraud, was identified. As a result, no investigation of any person regarding internal fraud needed to be conducted.

Assessing and mitigating internal fraud risk is an integral part of our risk & control framework. Internal fraud risk is assessed through risk control self-assessments on processes and through the Systematic Integrity Risk Analysis (SIRA). The 2023 SIRA included various scenarios, such as the risk of employees stealing financial assets, physical assets or client data. The risk of employees executing unauthorised payments or credit transactions (as a result of insufficient segregation of duties or collusion) is also part of the risk assessment. The inherent risk of internal fraud in our overall risk assessment was evaluated as high: internal fraud can lead to substantial financial and reputational damage. However, effective control measures are in place to significantly reduce the risk. These control measures include the four eyes principle, access authentications, system-enforced checks on manual payments, and automated segregation of duties for payment systems. Our operating effectiveness is reviewed periodically by the first line of defence, with independent monitoring by the second line. Our Internal Audit department provides independent assurance on the quality of the risk control framework, applying a risk-based audit calendar.

Several initiatives are in place to maintain awareness of internal fraud risk. Actions and priorities for continuous staff awareness and improvement are identified in the business-as-usual cycle. Staff training, starting with on-boarding for new employees that covers the code of conduct (including incident management), as well as periodic updates, are part of fraud mitigation measures.

Based on the assessments conducted, the residual risk rating for internal fraud risk is categorised as limited, which is within our risk appetite. For more information about operational risk and internal fraud, see Section 11, "Operational risk", in the financial statements.

Investment compliance risk

As Van Lanschot Kempen Investment Management manages clients' AuM, the risks resulting from these activities are reported as operational risks, as major errors could lead to potential claims from clients. We apply a uniform risk management approach and procedures across all activities. The risk management framework combines all relevant regulatory requirements for Van Lanschot Kempen. These include specific requirements for Van Lanschot Kempen Investment Management: the Investment Firms Regulation (IFR), Alternative Investment Fund Managers Directive (AIFMD) and Undertakings for the Collective Investment in Transferable Securities (UCITS). The risk management framework describes how we identify, measure, manage and monitor all relevant risks to which our AuM are exposed. Quantitative and qualitative risk limits are set where possible on market, counterparty, liquidity and sustainability risks, and are described in the various risk policies.

All client portfolios are monitored against regulatory and investment guidelines (e.g. fund prospectuses and investment management agreements) on a daily basis. These guidelines provide restrictions on the main risk categories, i.e. market risk, counterparty risk, liquidity risk and sustainability risk. When the Financial Risk Management department deems necessary, additional restrictions and/or more stringent restrictions are applied. There were no material findings from the investment compliance programme in 2023. Overall, our investment funds remained within the set risk limits throughout the year.

In addition to the investment compliance programme, Financial Risk Management performs periodic deep dives for portfolios managed by Van Lanschot Kempen Investment Management. These consist of an in-depth analysis to assess whether the investment team manages the portfolio in line with the investment strategy, investment philosophy and client expectations. A holistic approach to portfolio risk management is taken, meaning that a broad range of metrics is assessed – including scenario analysis as well as consistency and alignment with sustainability targets, such as those set by the Paris Agreement. Results are discussed with investment teams and reported to the relevant stakeholders.

Compliance risk

When operating in financial markets, it is important that we conduct our business activities in accordance with the expectations of our clients, employees, shareholders and supervisory authorities. We also follow high ethical standards, in alignment with our shared values, code of conduct and risk appetite, and within the boundaries of applicable laws, rules, regulations, internal policies, procedures and industry standards relevant for our business. Van Lanschot Kempen has established a compliance framework to manage compliance risks appropriately, to ensure business operations adhere to laws, rules and regulations, and to make sure we act in the best interests of our clients. In order to mitigate compliance risks efficiently and in line with (the spirit of) applicable rules and regulations, we focus on the continuous improvement of our policies, systems, processes and training and awareness, increasingly supported by the use of IT tooling and data analytics. The compliance framework applies across the entire organisation, including international locations.

International alignment

Significant progress has been made to improve the international alignment of the compliance framework across Van Lanschot Kempen, ensuring effective oversight of subsidiaries and branches. In 2023, we focused on enhancing international team collaboration and embedding the compliance processes. Compliance programmes have been aligned, including international group policies, driving consistency in the way of working. The set-up of the compliance risk & control framework is based on compliance risk assessments (according to the SIRA), executed for all business activities. Compliance risks stemming from business activities at the international locations are monitored and included in group compliance reporting.

Our code of conduct

Compliance goes beyond following rules and regulations: it involves fostering an ethical and responsible organisational culture that protects client-centricity, financial integrity and the interests of various stakeholders. In 2023, the revision of our code of conduct was a group-wide project that involved

close collaboration between the Compliance, Human Resource Management and Communication, Brand & Corporate Reputation departments.

One key aspect was the active involvement of stakeholders: by engaging employees from various levels and departments, as well as clients and other stakeholders, we incorporated diverse perspectives and ensured that the code of conduct reflects our purpose and values. Our code of conduct outlines what we consider the essence of ethical behaviour and guides us to determine the right decisions. It is not an exhaustive list of rules, but commitments based on three ethical principles:

- We are respectful towards others
- We act with discretion
- We think across generations

In addition, our code of conduct is supported by various (compliance) policies and guidelines that provide further details about desired behaviour in daily practice. The revised code of conduct was launched in November 2023, underpinned by a communication and implementation plan, including dialogue sessions and a mandatory e-learning course. These initiatives will be periodically refreshed to continuously support ethical behaviour.

Financial crime risks

Financial and economic crime risks relate to money laundering, terrorist financing, sanctions, client tax integrity, and bribery and corruption. We believe that raising awareness and providing training for our staff are important elements in preventing financial and economic crime. We provide anti-financial crime training to employees who have contact with clients or are involved in detecting financial crime. Various additional training initiatives were launched in 2023, including client tax integrity awareness sessions with senior management and members of the Management Board, a sanction risk knowledge session and overall training related to client due diligence (CDD). Anti-bribery and corruption training was launched for client-facing staff to maintain risk awareness.

Client due diligence

In 2023, we updated several financial crime policies, such as our CDD policy, sanctions policy and client tax integrity policy, resulting in better integration of processes, while also reflecting the latest guidance from supervisors. To further strengthen the oversight of financial crime risks following the European Banking Authority guidelines, the necessary steps were taken to implement the role of the Anti-Money Laundering/Combating the Financing of Terrorism Compliance Officer.

We continued to improve the efficiency of our CDD process by allocating the handling of CDD files belonging to specific investment banking and investment management client groups to a dedicated team. At the same time, we maintain our personal, client-focused approach and support our bankers in their responsibility for clients. This provides a strong basis to secure the necessary knowledge and overall effective handling of CDD files, which contributes to further mitigating financial crime risks. Furthermore, efforts to deploy a more risk-based approach within the CDD process are ongoing, following the "From recovery to balance" report by DNB. Applying a more risk-based approach ensures that measures to prevent and combat financial crime are proportionate to the risks identified.

Client protection risks

As a wealth manager, we commit to safeguarding our clients' interests and providing fair, clear and relevant disclosures and marketing materials that are not misleading. Client protection risks relate to not treating clients fairly, such as providing them with products that do not meet their needs, objectives, (sustainability) preferences or risk appetite.

Implementing regulatory requirements

In response to new regulatory requirements, we have put several measures in place to ensure that we continue to safeguard our clients' interests and inform them appropriately about our products and services. Examples include the implementation of regulatory sustainability disclosures and the enhancement of the "appropriateness test". Furthermore, marketing of products and services to clients and client groups has been a focal point, especially regarding the integration of sustainability-related regulations, cross-border distribution of funds regulation and the branding project to further reflect the Van Lanschot Kempen brand across the entire organisation.

The Compliance department played an active role in the timely implementation of sustainability-related regulations. For more information, see "Regulatory sustainability risk" in the "Sustainability risk" section.

Mortgages

Our goal is to enable our clients to make conscious decisions regarding their mortgages. In 2023, our policies, procedures and processes around mortgages were updated to reflect the latest AFM guidance. With the completion of the interest-only mortgages project, we have embedded the process of proactively approaching our clients to discuss their future financial situation – including the risks and possible solutions for the redemption of their mortgage – into our day-to-day work. This enables clients to take timely measures, if necessary.

For more information about mortgages and the interest-only mortgages project, see "Mortgage loans" in the "Financial risks" section.

Business conduct risks

We are committed to upholding the integrity of the financial markets. We therefore manage business conduct risks via the compliance programme. Business conduct risks relate to conflicts of interest, market conduct, market abuse and employee integrity topics, such as secondary positions and personal account dealing (PAD). In 2023, several projects were initiated to further improve our existing processes to manage business conduct risks, including the revision of our code of conduct.

We enhanced the PAD tool for employees in 2023, further automating the requisite pre-clearance of employee orders, as well as the direct processing of restricted trading lists in the investment universe. The enhancements led to greater efficiency and reduction of manual labour in the PAD process.

We continued to work on the refinement, international alignment and implementation of our policy on the use of business devices, in light of our increasingly digital society. Within investment banking, we have made progress on revamping the processes for cross-border services and activities. We also provided specialist training to relevant staff on market sounding in relation to market conduct and market abuse.

Personal data integrity risks

Personal data integrity risks relate to data privacy, data retention and adherence to the General Data Protection Regulation (GDPR). We operate a personal data integrity programme to protect the data of clients and employees, to support the organisation in its obligations and to foster awareness, as well as to establish internal policies, advise on data privacy matters and monitor compliance with data privacy laws. "We act with discretion" is one of the ethical principles underpinning our code of conduct: our adherence to the GDPR and the general discretion of employees is an ongoing priority and is integral to the service we offer as a wealth manager.

In the Compliance department, the Data Protection Officer (DPO) holds an independent position within the organisation and reports directly to the Management and Supervisory Boards.

Personal data integrity and emerging technological trends

While our exposure to personal data integrity risks remained largely unchanged, the growing volume of data, the introduction of new technologies, and an increasingly digital way of working could potentially heighten the risk of data breaches. It is imperative for staff to know the do's and don'ts when processing personal data and to recognise potential risks. In 2023, we launched an e-learning programme for all staff about GDPR and data privacy.

Personal data integrity plays an important role in relation to emerging technological developments. Compliance and the DPO participated in the AI Centre of Excellence and advised on the behavioural and data privacy aspects of the implementation and use of AI within Van Lanschot Kempen.

For more information about compliance risk, see Section 12, "Compliance risk", in the financial statements.

Sustainability risk

We identify sustainability risk as an additional overarching risk type that could potentially impact our own operations, the valuation of our balance sheet and our AuM activities. The management of sustainability risks is an integral part of our risk management framework and is therefore incorporated in our regular risk management processes. We also see that regulators have an increasing focus on reporting and managing sustainability risks.

We help our clients navigate sustainability transitions, with a primary focus on the energy transition and the vital shift towards a low-carbon economy, and a secondary focus on the food transition and limiting negative impact on biodiversity. As such, the main sustainability risks that affect our business cover both climate change-related risks – via either physical or transition risks (see table on the following page) – and biodiversity risk. However, our exclusion criteria also cover risks relating to social, labour and governance issues.

The wealth that we manage for our clients is inevitably exposed to risks associated with climate change and biodiversity to some extent, with the two being strongly interlinked. Our risk management and control system is designed to manage internal and external risks, including sustainability risk. In 2023, we further increased our focus on nature-related dependencies, impacts and associated risks. This resulted, for example, in an update to our biodiversity policy.

We plan to strengthen the way we manage sustainability risks over the coming years, as sustainability risk is a rapidly evolving and complex focus area in the wealth management sector, affecting our entire organisation.

Climate risks	Physical risks	Transition risks
Market risk	Damage due to extreme weather events may lead to a decrease in open market positions in companies affected by climate events.	New internal ESG policies or regulatory requirements may result in (partially) impaired assets.
Credit risk	Diminishing of collateral value due to flooding, for example, may lead to an increase in required regulatory capital and/or credit losses.	New policies regarding energy labels, for example, may require significant client investment, possibly reducing credit scores.
Liquidity risk	There may be disruption to funding market access and client fund withdrawal due to severe climate-related events.	New policies may impose higher haircuts for climate-sensitive assets or required regulatory climate liquidity stress tests.
Operational risk	Increased severity of climate-related events could impact our office locations and disrupt our systems, people and processes.	There may be adverse impact from the burden caused by changes and disclosures that need to be made to operate now and in the future.
Reputational risk	Extreme weather might lead to increased stakeholder and societal pressure, which in turn might lead to a rise in reputational risks.	New policies and market sentiment may increase reputational and/or liability risks related to greenwashing, for example.
Compliance risk	Not complying with new regulations in relation to physical risks (e.g. risk assessments of Van Lanschot Kempen activities, disclosures, etc.) may pose a risk.	Not complying with new regulations in relation to transition risks (risk assessment, limit settings, disclosure, etc.) may pose a risk.
Business model and strategic risk	Lower profitability due to declining AuM may result from physical climate risks materialising.	Not adjusting our business offering sufficiently to meet client demand for sustainable products may pose a risk.

Risks to our operations

The most probable physical climate risk for our operations is the potential threat of flooding in certain parts of the Netherlands, due to prolonged and heavy rainfall. Within the internal capital adequacy assessment process (ICAAP) framework that we developed, natural disasters such as flooding are included as a scenario.

Out of our 28 Dutch offices, ten are located well above sea level and are not exposed to river flooding. From both a scenario analysis perspective and considering the risk of local offices flooding, the organisation will be able to function with most employees working from home or from another office location, given the number of office locations and employees not exposed to flood risks. Moreover, from experience over the past few years (since Covid), it is possible for the majority of staff to work from home without major disruption to business operations. Employees have been, and will continue to be, able to carry out their work with the required information and systems in such a scenario. We test this scenario once every three years.

Both of our data centres in the south of the Netherlands have low exposure to flood risk, located well above sea level in Eindhoven and 's-Hertogenbosch. In 's-Hertogenbosch, we have limited exposure to river flooding (expected once in 1,000 years), while our primary external data centre in Eindhoven has virtually no flood risk. To ensure we are able to operate if a data centre does fail, we perform an annual data centre fallback test, during which we assess whether the business can be operational within an acceptable timeframe in the event of a primary data centre failure. Combined with the ability to operate from home offices, the very low probability of both data centres failing simultaneously, and the low risks of sea and river flooding for all our offices or both our data centres, river and sea floods are considered to be immaterial from a business continuity perspective.

A second external data centre – responsible for the automation, hosting and development platform of our main office applications – is located below sea level. A back-up location for this third-party facility is based in Ireland. In the event of a failure at the primary data centre, we intend to switch to the back-up data centre immediately.

The other categories of physical climate risks to our own operations are heatwaves, wildfires, storms, hail and hurricanes. The impact of these extreme weather events on our operations has been very limited in the past and is expected to remain limited going forward, especially compared with floods. Both likelihood and impact are therefore considered to be low.

Risk to our balance sheet

We calculate and report our balance sheet-related carbon emissions, mainly for mortgage loans, other loans and our investment portfolio. For our Private Clients segment, the most significant lending portfolio is our residential mortgage portfolio.

In 2023, we further improved our methods to estimate possible financial impact stemming from sustainability risks and to determine materiality. We created additional property-specific models to estimate drought and wildfire-related climate impacts. A materiality framework was implemented to further increase objectiveness when assessing whether sustainability risks are material for Van Lanschot Kempen. Based on the assessment conducted of our balance sheet items, we conclude that there are no material climate risks to our business at present. There is currently no reason to apply a management overlay for this risk to the IFRS 9 models (Stages 1 and 2) as these risks are not considered to be material. In addition, the IFRS 9 provision for Stage 3 is determined per individual credit file by the Financial Restructuring & Recovery team. If there are significant climate risks relating to our Stage 3 loans, those risks are taken into consideration when the IFRS 9 provision is determined. A management overlay for this risk is therefore not necessary for Stage 3.

Furthermore, we encourage our clients to improve the energy efficiency of their homes and other types of property we finance to reduce transition risks. For example, in our new mortgage offering, we offer our clients increasingly lower interest rates if the energy label of their property is C or better. We also provide additional lending room for clients who are looking to make their homes more sustainable and energy-efficient. We believe that, in the future, less energy-efficient homes will go down in value, posing a potential risk for Van Lanschot Kempen and its clients, though at present this is non-material.

Our responsible lending policy takes environmental and social impact into consideration. This policy covers periodic sustainability screening (due diligence), via a risk filter, of all existing and new business loans, and includes factors such as human rights, social and labour issues, environment, anti-corruption and bribery. During 2023, the screening did not identify any new material sustainability issues in the portfolio. The number of potentially high-risk borrowers (clients active in sectors associated with a higher risk of human/labour rights violations or environmental pollution) totalled only one at year-end 2023 (the same as in 2022). We continue to engage with the remaining high-risk borrower about specific sustainability risks and how they could be mitigated. For more information on how Van Lanschot Kempen handles responsible lending, see the policy on our website: vanlanschotkempen.com/sustainability-policies-and-resources.

We assess financial institutions with which Van Lanschot Kempen has a banking relationship on an annual basis. This assessment aims to prevent the risk that client assets are exposed – through interbank loans or investments, for example – to institutions with weak or non-existent sustainability policies. We check whether financial institutions have committed to more than 50% of nine well-known international sustainability initiatives, at a minimum. If not, we start an engagement process with the institution. Our 44 financial institution counterparts all currently comply with this policy. In 2023, there was no need to engage with any financial institutions in our portfolio on this matter.

To support our own investment funds, we provide seed capital and manage these funds in our management book. At year-end 2023, we had investments to the tune of €79.1 million in our funds, with 46.2% invested in Article 8 and 12.4% invested in Article 9 funds respectively, as categorised under the Sustainable Finance Disclosure Regulation (SFDR). An internally developed stress test showed that climate risks in these positions are limited and well within our regular limits.

We also continued to enhance our dataset and monitor activities relating to the sustainability objectives of our own organisation, balance sheet and AuM, in order to establish a more accurate and dynamic overview of the (potential) impact of our actions on the environment. Lastly, we have been working to further embed and integrate sustainability elements in all our core processes, controls, product development, policies and reporting.

Regulatory sustainability risk

In November 2020, the ECB set out its expectations on mitigating climate-related and environmental risks by financial institutions. Van Lanschot Kempen takes an active approach to complying with these expectations and is on track for implementation via our multi-year programme.

Introduced in 2021, the SFDR aims to provide greater transparency to investors about the sustainability claims and performance of investment products. Investment funds can either promote environmental and/or social characteristics (Article 8 disclosure) or have the objective to invest in sustainable investments (Article 9 disclosure). Funds that do not take sustainability into account are classified as Article 6.

In 2023, we further enhanced our sustainable investment definition, which allows us to follow a rule-based and data-driven process around determining whether an individual investment can be regarded as sustainable within the meaning of the SFDR. We also prioritised the timely implementation of sustainability-related regulations. We made further progress on updating our documentation and enhancing our data processes as part of the SFDR and the Markets in Financial Instruments Directive (MiFID II).

The Sustainability Regulation Change Group played an active role in conducting gap analyses of new sustainability regulations, updating policies to incorporate new requirements, encouraging active discussions and advising on business implementation. In response to new regulatory requirements, we have implemented several initiatives to ensure that we provide our clients with relevant and appropriate information and make the necessary regulatory sustainability disclosures.

To help clients make investment decisions, we must provide them with relevant and accurate information and consider their sustainability preferences. In 2023, we reached out to most of our clients to ask them about their sustainability preferences. An e-learning course on sustainability preferences and disclosures was introduced for client-facing employees to support these efforts. In addition, we further revised our processes in order to monitor whether clients' portfolios adhere to their preferences and to meet sustainability reporting requirements – in accordance with amendments to MiFID II and the SFDR respectively.

By the end of the 2023, we had identified and categorised the sustainability preferences of most of our clients into three standard profiles:

1. Neutral (*Neutraal*);
2. Committed (*Betrokken*);
3. Very committed (*Zeer betrokken*).

In accordance with the SFDR, we offer an increasing minimum share of sustainable investments and use additional/stricter exclusion criteria. In 2023, we also provided virtually all our clients with insights into the sustainability profile of their portfolios, in accordance with the SFDR post-contractual reporting requirements.

We expect ongoing attention from supervisory authorities on sustainability and impact claims, with stricter guidance on fund names and fund communication. More changes to the SFDR will unfold over the next several years, following the outstanding consultations. We aim to stay on top of the regulatory sustainable finance agenda and use it as a positive driver for our company.

Risks to our assets under management

In our AuM activities, climate change and nature-related risks are taken into account when investments are made or investment managers are selected.

Climate

As part of our responsible and sustainable investing approach, we have a climate change policy that we have improved over the years. In line with the Paris Agreement, we have set targets on reducing the carbon emissions of our investment funds to be met by 2025, 2030 and 2050 – enabling us to cope with the transition risks related to climate change. This also enhances resilience to physical climate change risks, as the companies in these investment funds will take climate change into account.

As physical risks will likely materialise more in certain regions and sectors (with physical assets) than others, we gather physical climate data down to asset level for our real estate portfolios from a specialist climate data provider. We use climate scenarios for most of our managed global and European listed portfolios to assess their climate resilience compared with the benchmark. We also use climate change risk indicators (proxies) from our climate data provider for several internal funds and some large clients. We have integrated climate change mitigation into our current asset allocation scenarios via GDP assumptions (i.e. scenarios ranging from 1.5°C to 4°C of global heating). And we have incorporated DNB's climate stress test for the equity market into our risk system.

In 2023, we further expanded our risk analytics to provide insights into the sustainability profile of our managed listed portfolios. We developed environmental, social and governance (ESG) and carbon emissions monitoring tools, which allow us to challenge portfolio managers on whether their investment decisions are in line with the investment strategy and whether the portfolio is on track to meet the annual targets to reduce carbon emissions. Several ESG ratings are tracked through time on an absolute and relative (to the benchmark) basis. The benchmark-relative scores are assessed for practical and statistical significance. Moreover, we keep track of the upgrades vs downgrades and discuss possible actions regarding investee companies that appear on the watch list.

Nature

Risks resulting from nature-related dependencies, impact, risks and opportunities are especially relevant to our AuM, and we aim to review these risks when making investment decisions on behalf of our clients.

In alignment with the Finance for Biodiversity Pledge that we signed in 2023, we have set a target to engage with companies with controversies related to biodiversity, as well as entities for which we consider this topic to be material but not controversial.

Due to the links between climate change and biodiversity, the steps we have taken in addressing climate change risks also have a positive impact on managing nature-related risks. As part of our investment process, we consider biodiversity dependencies, impact, risks and opportunities through four instruments: exclusion, ESG integration, active ownership and impact. Through these four instruments, we aim to cease (via exclusion and active ownership), prevent or mitigate our adverse biodiversity impact (via ESG integration and active ownership) and contribute to positive solutions (via impact).

One example is our proprietary ESG risk score for our core investment strategies, which includes elements tied specifically to nature-related impacts.

One of the main challenges is that not all companies disclose sufficient data and information on their sustainability risk exposure. As more information is disclosed by companies, we plan to gain more insight into our exposure to nature-related dependencies, impacts, risks and opportunities to be able to determine our resilience against these. In our engagements, we will focus on a selection of industries that are highly dependent on biodiversity or contribute significantly to biodiversity loss, with a specific emphasis on deforestation. Collaboration with other financial institutions plays a vital role in this. We have formed a partnership with the Partnership for Biodiversity Accounting Financials (PBAF) in which we contribute and exchange knowledge in various working groups.

For more information on our approach to help limit and reverse biodiversity loss, see our biodiversity policy on our website: vanlanschotkempen.com/sustainability-policies-and-resources.

Additional information: TCFD and TNFD

In line with 2022, this section covers how we implemented the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). In addition, we have expanded it with information about how we address risks of nature-related dependencies in accordance with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

Targets, processes and risks can only be efficiently addressed by an effective governance structure. Our Management Board has allocated the responsibility for setting sustainability risk policies, frameworks, appetite, tolerance levels and monitoring to the Sustainability Board (chaired by the Chair of the Management Board). One of the sub-committees of the Sustainability Board is the Sustainability Investment Council, which specifically focuses on the management of sustainability risks for our AuM. The Sustainability Board and Sustainability Investment Council are supported and advised by our Corporate Sustainability team and Sustainable & Impact Investing team respectively. In order to efficiently build capacity in reducing our indirect biodiversity impact and in managing risks of nature-related dependencies, we formed a biodiversity working group with representatives from various investment management activities. For more information on how we organise sustainability, see our website: vanlanschotkempen.com/sustainability-governance-structure.

We leverage our experience in managing human rights issues, as severe biodiversity impacts often affect indigenous peoples and other local communities in particular. We have policies in place to monitor compliance with global standards such as the UN Global Compact principles and OECD Guidelines for Multinational Enterprises. We also conduct screenings to assess human rights impact on local communities of investee companies. If credible third-party research indicates links to forced labour, discrimination or illegal activities, we engage with the companies, escalate if necessary and consider adding them to our exclusion list if their response is deemed insufficient. For more information on our human rights and labour rights policy, see: vanlanschotkempen.com/sustainability-policies-and-resources.

The risk management process as well as the roles and responsibilities around managing sustainability risks are further detailed in our group-wide sustainability risk policy, which focuses mainly on physical and transition risks as a result of climate change.

Financial risks

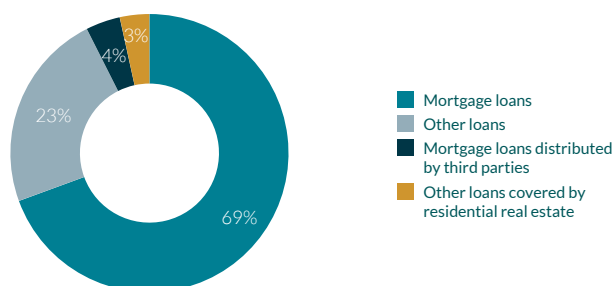
Financial risks comprise credit, market, model, interest rate and liquidity risks. These risks are managed by various committees: the Credit Risk Committee (CRC), Market Risk Committee (MRC), Asset & Liability Committee (ALCO) and Group Risk Committee (GRC). All these committees approve policies, which outline the main boundaries for the financial risks we accept.

Credit risk

Our credit risk is considered to be limited. Our loan portfolio amounts to €9.2 billion and has manageable risks; 69% of the loan portfolio consists of the Private Clients segment's Dutch residential mortgage loans. We aim to keep the size of this portfolio at least constant (or with modest growth) by generating enough new business to offset repayments and prepayments. New mortgages are primarily provided to private clients who also hold AuM with us. Due to rising interest rates, the generation of new loans was significantly lower in 2023 than in the peak years of 2021 and 2022.

Credit quality remained stable in 2023, while loan losses were still very limited. There has been no direct impact on our portfolio from the war in Ukraine, nor from the Israel-Hamas war. In order to monitor and measure credit risks for most of our loan portfolios, we use sophisticated risk models: an internal ratings-based (IRB) approach. For regulatory reporting, we use only our residential mortgages IRB model. Our loan portfolio and credit risks are concentrated in the Netherlands (92%); lending in Belgium and Switzerland is limited, and mainly consists of Lombard loans with low risk profiles.

Loan portfolio, excluding provision (100% = €9.2 billion)



Although our exposure to the Dutch housing market is fairly significant, the concentration risk on single line items in the overall loan portfolio is relatively limited. The ten largest loans to individual counterparties, other than financial institutions, totalled €179 million at year-end 2023, compared with €227 million at year-end 2022.¹ In 2023, the credit risk limits on the ten largest loans to individual counterparties decreased, as well as the use of credit by these individual counterparties. At year-end 2023, 97.7% of the Dutch loan portfolio consisted of loans of less than €10 million (year-end 2022: 96.9%).

Our policy is to keep credit risk limits on any single debtor at an acceptable level in order to contain concentration risk and to mitigate its potential impact on Van Lanschot Kempen's results. For more information, see Section 3.5, "Concentration within the loan portfolio", in the financial statements.

Mortgage loans

At year-end 2023, 69% of our loan portfolio consisted of the Private Clients segment's residential mortgages. Our portfolio differs from that of other Dutch mortgage lenders in that the average loan (approximately €577,000) is larger. This makes the portfolio a little more sensitive as more expensive properties tend to be more difficult to sell in uncertain circumstances. However, the majority of our exposure is in urban areas – generally a more liquid segment of the housing market. In 2023, house prices in the Netherlands decreased overall, though they picked up slightly towards the end of the year. The portfolio's weighted average loan-to-value (LTV) ratio, based on foreclosure value, increased slightly to 64% at year-end (year-end 2022: 63%). New issuances are, in general, issued for LTVs between 50% and 90%. Our methodology for determining the LTV of residential mortgages is based on the indexed foreclosure value. This methodology is in line with the generally accepted norms for LTV determination.

In 2020, we started our interest-only mortgages project, the aim of which is to enable clients to make conscious choices about their interest-only mortgages. For example, we actively assist clients with potentially declining incomes (e.g. due to retirement) to limit the risk of not being able to pay off their loans at maturity date. To this end, we provide insights into the status of their mortgage and its future affordability and flexibility. In line with guidelines from the AFM, in 2023 we incorporated this activity in our regular review processes for residential mortgages. In this way, we increase awareness among clients and try to avoid potentially difficult situations. We also updated our credit granting policy to comply with the guidelines laid down by AFM in their sector letter of July 2022.²

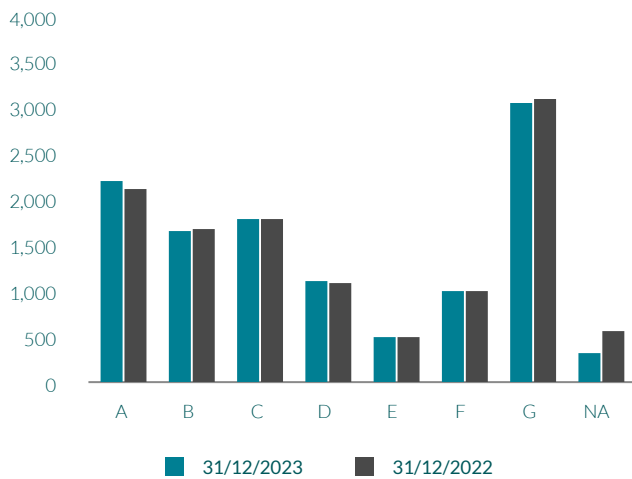
Energy labels of homes with residential mortgages

At year-end 2023, 48.5% of homes with mortgages had an A, B or C energy label (year-end 2022: 47.8%). Due to the nature of our client base, a substantial percentage of homes still have D, E, F or G energy labels. If no label is available, an estimate is derived from the year of construction of the property. Over the course of 2023, we were able to improve our data quality and reduce the number of missing energy labels.

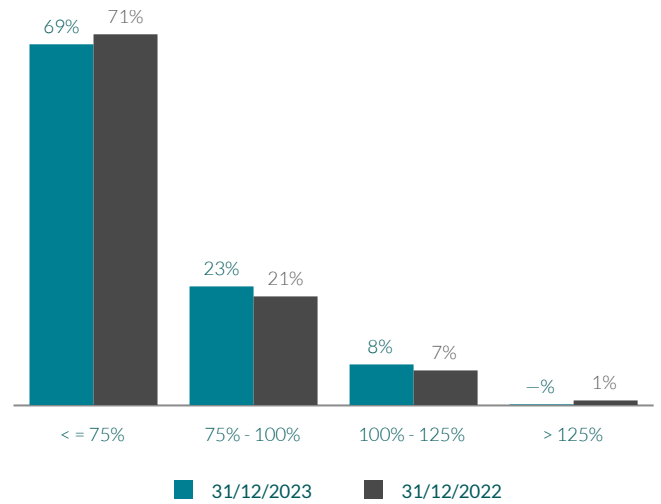
¹ We have changed the calculation of loan concentrations in order to align with our risk appetite statement. Comparative figures have been adjusted accordingly.

² See Sectorbrief Hypotheekaanbieders inzake hypotheekacceptatiebeleid, July 2022.

Energy labels: number of homes per label



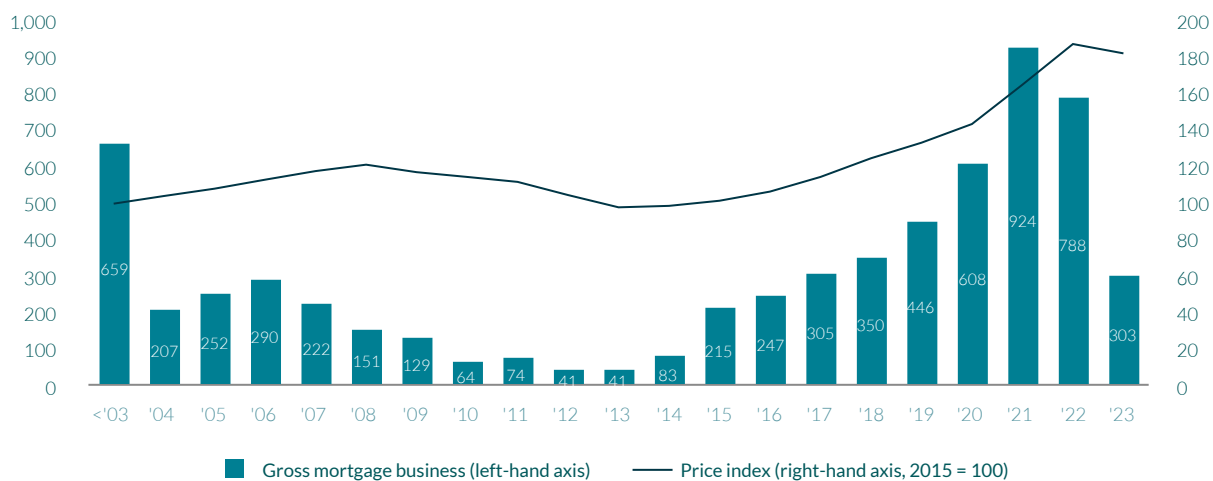
Mortgage loan-to-value (%)



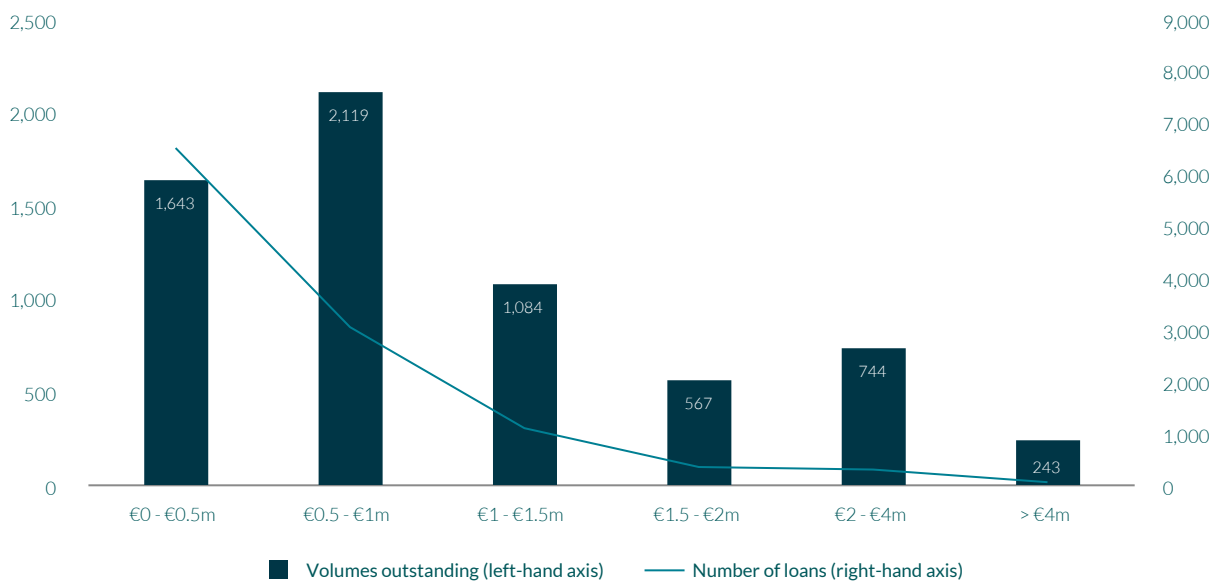
Mortgage loans: new production by type (%)



Mortgage loans: remaining gross business per year (€ million) compared with house price trends



Mortgage loans: outstanding volumes (€ million) and number of loans by size

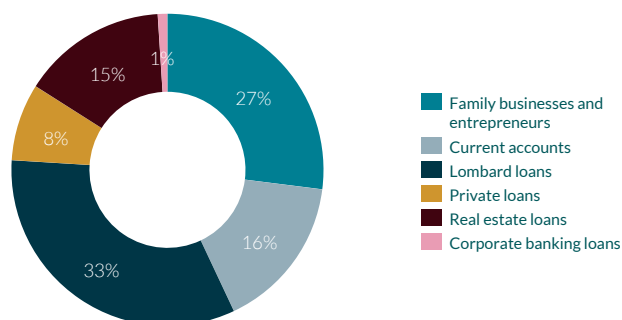


Other loans

This part of the loan portfolio comprises loans to high net-worth individuals, in the form of overdraft facilities or funding for a second home, for example. In the same category are commercial activities that fit into our Private Clients' relationship model, such as funding investments for family businesses, business professionals, healthcare professionals and entrepreneurs. These kinds of loans are supplementary to our wealth management strategy and typically involve the client bringing in AuM. Our aim is to keep the size of this portfolio stable.

Starting in 2021, we began reporting our corporate banking loan portfolio in this category as well. The winding down of this portfolio continued in 2023, and it now amounts to €70 million (2022: €79 million).

Other loans: type of loan (100% = €2.2 billion)



Real estate loans

Our real estate loans, both those provided to private clients and corporate banking's legacy portfolio, amount to €325 million (2022: €353 million).³ These loans are provided primarily on the basis of a total quality assessment of the borrowers. We also take into account the quality and sustainability of the property, and the diversification and stability of the rental flows. The debt service coverage ratio

(DSCR) is calculated so that we can determine the extent to which a client will be able to make interest and principal payments from the rental income generated by their commercial real estate. At year-end 2023, 91% of our real estate loans generated sufficient rental income to cover interest and principal payments – i.e. had a DSCR of over 1 (year-end 2022: 91%). Clients with a DSCR of less than 1 often have other income-generating assets they can use to service their loan obligations. Lastly, the LTV of real estate loans improved over the year as a result of regular redemptions. Over half of the portfolio consists of residential real estate loans; this market is very stable. A quarter of the portfolio consists of real estate loans collateralised by offices; this market is still cooling down and average prices decreased further in 2023. However, the credit quality of our real estate loans portfolio remained stable.

Other mortgage exposure

We provide mortgages through a network of intermediaries, branded as Hypotrust and with Quion as our service provider for our white-label mortgages. We have built up a white-label portfolio with good risk characteristics and with very few loan losses. The size of the portfolio amounted to €348 million by year-end 2023 (year-end 2022: €373 million) and makes up 4% of the total loan portfolio. This portfolio is no longer open to new borrowers.

We have invested in a separate account mortgage fund managed by AEGON AM (formerly ASR Vermogensbeheer NV). The purpose of the fund is to make it possible for institutional parties to invest in Dutch mortgages. The investment amounted to €302 million at year-end 2023 (year-end 2022: €320 million) and is a dedicated tranche for Van Lanschot Kempen, which consists primarily of Dutch mortgage receivables with a Dutch national mortgage guarantee (NHG). The credit risks are limited due to the NHG. We only run a small amount of credit and operational risk if the NHG claim procedures are not completed correctly by ASR Levensverzekering NV.

³ In 2023, €21 million was reclassified from commercial real estate loans to mortgages. In addition, an exposure relating to our Dutch Inflation Fund was reclassified to commercial real estate loans. Comparative figures as at 31 December 2022 have been adjusted accordingly.

Impaired loans

Impaired loans Stage 3 (IFRS 9) are defaulted loans in IFRS 9 credit quality Stage 3. The impact of the war in Ukraine (i.e. considerable impact on energy and commodity prices) on our portfolios was closely monitored throughout the year. At year-end 2023, this impact was once again limited. This is mostly due to the composition of the portfolio, with mainly mortgages and very limited business loan exposure, coupled with most of our private clients having significant financial buffers.

Impaired loans Stage 3 (IFRS 9) totalled €126 million at year-end 2023, and increased by 19% compared with 2022 (€106 million). Impaired loans Stage 3 (IFRS 9) accounted for 1.4% of the loan portfolio at year-end 2023 (year-end 2022: 1.1%). In 2023, a provision equal to 22% of impaired loans Stage 3 (IFRS 9) was taken (2022: 25%), resulting in specific provisions totalling €27.7 million.

Loan loss provisions

In 2023, we added €0.8 million in Stage 3 provisions (in 2022, we released €7.7 million) driven by a few individual client files. At year-end, Stage 3 provisions amounted to €27.7 million. Over the course of 2023, we saw a decrease in exposures in Stage 1, a slight increase in exposures in Stage 2, and an increase in exposures in Stage 3. At year-end 2023, the management overlay amounted to €3.4 million (year-end 2022: €5.2 million), based on a calculation through which macroeconomic sensitivities and scenarios were applied at client level. This management overlay aims to reflect real client behaviour and the economic circumstances and uncertainties, which are not (fully) captured by the models. For more information about loan loss provisions, see Section 3.8.7, "Management overlay", in the financial statements.

For more information about credit risk, see Section 3, "Credit risk", in the financial statements.

Market risk

Van Lanschot Kempen is exposed to market risk through client-facilitating transactions. Our Treasury department performs equity/interest rate structured products transactions for clients. Our Investment Banking Clients team performs equity transactions for clients and provides market liquidity, which may result in trading positions. Our Treasury department performs transactions in interest-related and foreign currency products. These activities may also result in trading positions. Temporary positions may arise from our efforts to facilitate our clients' requests. We invest in our own funds in order to align our interests with those of our clients and to support our investment management activities via seed capital in newly launched funds.

Financial markets in 2023 were challenging and volatile due to higher inflation than was anticipated by policymakers. In response, policy rates were rapidly increased, resulting in higher interest rates. This led to a couple of banks defaulting, volatile equity valuations and lower bond prices. At the same time, the war in Ukraine continued, while the war between Israel and Hamas added to negative sentiment in the financial markets. All three business activities exposed to market risk (structured products, equity brokerage and other treasury positions) showed relatively stable returns, a limited number of limit breaches and low capital usage, all despite volatile markets.

For further information on market risk, see Section 4, "Market risk", in the financial statements.

Model risk

Van Lanschot Kempen uses models for a variety of purposes, ranging from quantification of the various risk types to supporting decision-making in the business. The use of models exposes Van Lanschot Kempen to model risk, as models are a simplification of reality and are based on assumptions. Further sources of model risk can be found in model choice appropriateness, model implementation and the use of model outcomes.

To mitigate model risk, we apply the three lines of defence model. The first line of defence is formed by the model owners, whose primary role is to identify, assess and manage the risks associated with models throughout their lifecycle. The second line of defence is model risk management, carried out by the Model Validation department, which is responsible for performing independent validations and maintaining the model risk management framework (MRMF) and related policies in line with regulatory requirements. The Internal Audit department acts as the third line of defence, providing an independent evaluation of the adequacy of the model risk management process.

A risk-based approach is adopted in line with the MRMF by assigning a tier to each model. The model tier is a reflection of the model risk associated with a model, and is determined on the basis of model complexity and the materiality of potential model errors. Those models containing more model risk will be validated more frequently and in more depth than models containing less model risk.

A complete inventory has been made of all models within Van Lanschot Kempen. Model Validation reports to various committees, including the Group Risk Committee, on the status of model risk and the outcomes from model validations.

Interest rate risk

Over the course of 2023, the ECB increased its deposit facility rate further, from 2% to 4%. Longer-term interest rates remained more or less unchanged. The resulting inverted yield curves had a substantial impact on client behaviour. As clients now have the possibility to receive attractive deposit rates without having to lock up their funds for long maturities, we have seen a large shift from non-maturing deposits (savings and transactional accounts) into term deposit rates, with preferred maturities up to six months. By December 2023, 25% of our client deposit base was made up of term deposits (compared with only 8% by the end of 2022).

On the loan side, we observed a substantial decline in early redemptions (prepayments) on mortgages, as a result of increased market rates. For the vast majority of our mortgage book, clients' current interest rates are lower than prevailing interest rates for new mortgages. In some cases, effective mortgage rates are even lower than prevailing term deposit rates. This greatly reduces clients' incentive to prepay on their mortgages. We also observed an increase in clients using their right to take their current mortgage interest rates with them when moving house (under certain conditions).

The increased client preference for term deposits (on which our margins are generally less favourable than on savings), had an effect on our net interest income. Although net interest income is still a lot higher than it was during the low interest rate era, it appears that net interest income peaked in the first half of 2023.

In the reporting year, our ALCO maintained a positive interest rate mismatch position. This can be represented by duration of equity, which was kept within a two- to six-year range. Despite ongoing interest rate volatility, we remained well within all interest rate risk limits.

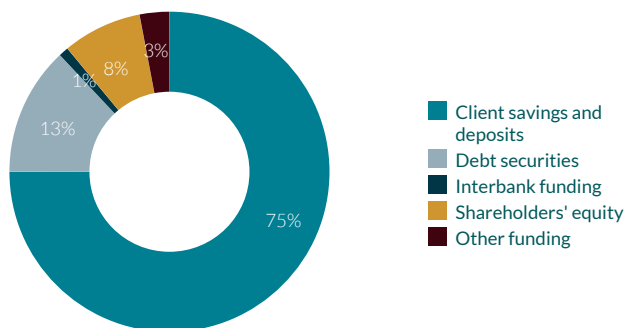
For more information on interest rate risk, see Section 7, "Interest rate risk", in the financial statements.

Liquidity and funding risk

During 2023, our client deposit base decreased slightly, from €12.7 billion in 2022 to €12.6 billion in 2023. This is mainly due to a substantial conversion of client deposits into fixed income AuM in the first quarter, which in turn could be attributed to returns on low-risk fixed income investments (sovereign bonds) being higher than savings and term deposits offered at the time. In the last two months of the reporting year, some clients also switched their AuM back to savings rather than reinvesting the funds from maturing bonds.

Our December 2023 loan-to-deposit ratio amounted to 72.9% (2022: 73.6%), which reflects the fact that our client deposit base well exceeds our client loan book volume.

Funding mix (100% = €16.8 billion)

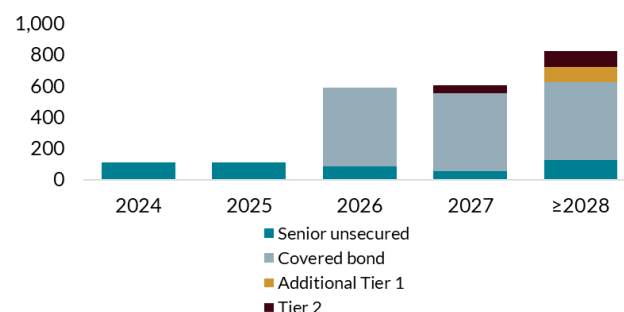


Because of this, our reliance on other funding sources is limited, and our liquidity risk profile is mostly driven by the potential occurrence of unanticipated deposit outflows. Although our deposit base has proven to be sticky over time, there is always a risk of unexpected outflows, particularly for balances not covered by the deposit guarantee scheme.

As our appetite for liquidity risk is low, we aim to hold solid liquidity buffers that would allow us to absorb severe unexpected liquidity stress situations. Outcomes of liquidity stress tests, which cover acute and persistent liquidity stress, are discussed by our ALCO on a monthly basis. Due to our strong liquidity buffer, stress test outcomes and other liquidity indicators such as the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) remained well above limits throughout the year. At year-end 2023, our liquidity buffer was substantial, as the LCR and NSFR stood at 224.7% and 156.4% respectively (2022: 178.3% and 158.1%).

Although our loan-to-deposit ratio is well below 100%, we aim to keep a degree of diversification in our funding mix in terms of funding type and maturity, by supplementing the client deposit base with covered bonds. We substantiated this policy by issuing a €500 million covered bond in May 2023 to replace a maturing covered bond. This bond was issued under the Soft Bullet Covered Bond programme, which was established in 2022 and had replaced the public Conditional Pass-Through Covered Bond programme by the end of 2023. Total outstanding volume under the covered bond programme was €1.5 billion by December 2023. Moreover, outstanding volume in the retained covered bond programme was €500 million. In addition, we have around €466 million in structured debt instruments. We do not have any benchmark-size unsecured debt issuances placed with investors. The redemption profile of our capital markets debt and capital instruments is outlined below.

Funding and capital instruments redemption profile (€ million)



Liquidity and investment portfolio composition

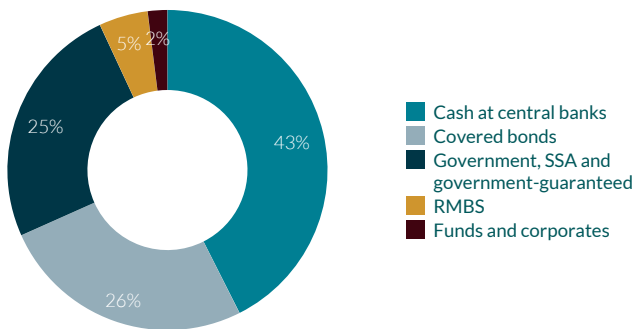
Our liquidity buffer (excluding retained own debt instruments) totalled €6.3 billion at year-end 2023, compared with €6.2 billion at year-end 2022. We held €2.7 billion at the ECB deposit facility, as this still offers a more favourable rate than other low-risk investments such as Dutch or German sovereign bonds.

Our investment portfolio (liquidity buffer minus central bank deposits) is maintained primarily for liquidity purposes, and consists mainly of liquid, low-risk instruments, in line with our investment policy. In 2023, the composition of the portfolio shifted slightly due to market conditions and client behaviour. There are strict limits on instrument types, counterparties, countries, ratings and credit spread risk.

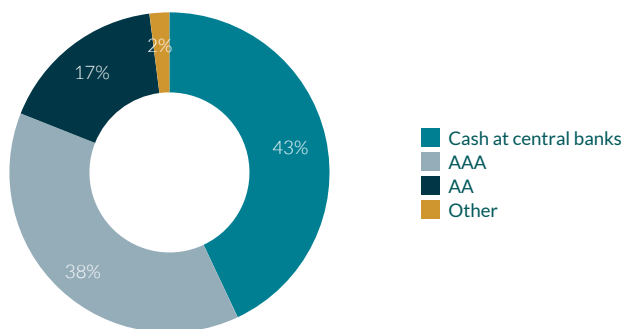
We hold part of our investment portfolio in a book that is classified at amortised cost (hold to collect). In the unforeseen event that we would have to liquidate this book, the expected impact on P&L would be around negative €3 million (as at 31 December 2023).

In addition to day-to-day portfolio management, we periodically review and annually report on our investment portfolio to ensure it meets our ESG criteria. We have not encountered any material sustainability issues in our investment portfolio to date.

Investment portfolio and liquidity by counterparty (100% = €6.3 billion)



Investment portfolio and liquidity by credit rating (100% = €6.3 billion)



For further information on our liquidity risk profile, see Section 8, "Liquidity risk", in the financial statements.

Capital management

Over the last decade, we have generated substantial amounts of excess equity capital by winding down the corporate banking loan book. Excess equity capital has been used for acquisitions and distributed to shareholders via equity capital returns. Our Common Equity Tier 1 (CET 1) ratio target is 15% plus a 2.5% add-on for acquisitions. In December 2023, we returned €2.00 per share (approx. €85 million) to shareholders. Our intention to return capital above our target to our shareholders going forward, subject to regulatory approval, remains unchanged.

Our CET 1 target ratio is well above the CET 1 requirement that stems from the supervisory review evaluation process (SREP). The latest SREP, which was concluded in August 2023, and overall capital requirements are outlined in the table below. Required CET 1 capital is 7.35% for Pillar 1 and 2 risks. Relative to the previous SREP, Pillar 2 guidance has increased from 0.24% to 1.06%. This increase relates to DNB's revised approach to account for stress test outcomes. However, the impact of stress scenarios on our solvency has not changed materially.

Combined buffer requirements (countercyclical and capital conservation buffer) currently require 3.5% CET 1 capital. DNB has indicated that the countercyclical buffer will increase from the current 1% to 2% by the end of 2024. Our year-end capital ratios well exceed overall capital requirements (including a 2% countercyclical buffer) and our own targets.

SREP and overall capital requirements from August 2023 (%)	CET 1	Tier 1	Total capital
Pillar 1	4.5	6.0	8.0
Pillar 2	2.85	3.80	5.06
Total SREP capital requirement	7.35	9.80	13.06
Capital conservation buffer	2.5	2.5	2.5
Countercyclical capital buffer	1.0	1.0	1.0
Pillar 2 guidance	1.06	1.06	1.06
Overall capital requirement	11.91	14.36	17.62
Capital ratios at year-end 2023	19.6	21.9	25.3

Since we are not classified as a "resolution institution", our loss absorption requirements (minimum required eligible liabilities - MREL) are equal to prevailing SREP requirements.

As DNB is concerned about systemic risk in the Dutch housing market, it has implemented a risk weight floor for residential mortgages. This floor applies to mortgages not guaranteed by the NHG that are capitalised based on the IRB approach, and came into effect on 1 January 2022. Due to our solid mortgage portfolio, which results in low IRB risk weights, the impact of this floor is relatively large (-2.6 percentage points CET 1 ratio as at 31 December 2023). DNB's most recent guidance states that the risk weight floor will apply until at least the end of 2024. For 2025, we are awaiting further guidance relating to the application of a risk weight floor for residential mortgages in combination with the Basel IV implementation.

Starting in January 2025, the EU legislation that covers Basel IV is expected to come into force. Basel IV affects three key aspects of measuring capital requirements for credit risk. The first is the revision of the standardised approach, which will increase standardised risk weights for certain loan categories. The second relates to the maximum capital benefit banks can obtain from IRB credit risk models. By imposing an overall risk weight floor equal to 72.5% of risk weights based on the standardised approach, the maximum benefits from using internal credit risk models are effectively limited. The risk weight floor comes into effect on 1 January 2025 at 50%, and will be phased in over a five-year period to 72.5%. The third aspect of Basel IV, which is particularly relevant for us, is a phased-in increase in risk weighting of equity exposures, of which we have a relatively large amount (including investments in Bolster private equity funds and Van Lanschot Kempen Investment Management funds). To apply a certain degree of conservatism regarding Basel IV in our capital planning (including equity capital returns), we assume Basel IV will come into effect on a fully loaded basis straight away, starting in January 2025.

The main non-credit risk-related element of Basel IV is the Fundamental Review of the Trading Book (FRTB), which we implemented from June 2021. Compared with the current Basel III legislation, FRTB is a more risk-sensitive approach. It takes our hedging strategy better into account when calculating the net-market risk position, and we therefore observe a structurally lower capital requirement.



Cleaning up the coastline for a better environment

The Van Lanschot Kempen Foundation supports community projects for a better world for future generations, through financial donations and volunteering time. One of the Foundation's priorities is contributing to a sustainable living environment – including protecting the Netherlands' beaches and coastal ecosystems from plastic waste. On 15 August 2023, 20 colleagues joined a beach clean-up initiative from Noordwijk to Zandvoort in collaboration with Stichting De Noordzee, an environmental organisation committed to a flourishing, sustainable North Sea coastline.

Our EU taxonomy alignment and eligibility

Van Lanschot Kempen is a wealth manager with a banking licence: we are active both in asset management (via Van Lanschot Kempen Investment Management) and in credit. We therefore disclose our EU taxonomy alignment and eligibility in accordance with the requirements for these activities.

Since 1 January 2023, financial institutions have been required to disclose their green asset ratio (GAR) and corresponding EU taxonomy alignment related to limiting and managing the consequences of climate change (climate change mitigation and adaptation). In addition, this is the first year that financial institutions are required to report the EU taxonomy eligibility of assets related to the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

In our capacity as an asset manager, 0.8% of our assets under management (AuM) were EU taxonomy-aligned in 2023. In our capacity as a credit institution, our GAR was 10.5% in 2023, while 57.2% of our GAR assets were EU taxonomy-eligible.

Assets under management

Our EU taxonomy-aligned AuM comprise exposures to companies offering solutions to limit and/or address climate change across portfolios. We have not yet set a minimum percentage of EU taxonomy-aligned holdings for any of our own investment funds, discretionary portfolio management solutions, and/or MiFID II sustainability preferences profiles. This is because we still lack full insight into the EU taxonomy alignment of investee companies. We expect that the robustness and accuracy of this data will improve with the increasing uptake of the EU taxonomy by relevant institutions and the improved flow of data through service providers. We therefore expect to be able to set commitments on the minimum share of EU taxonomy-aligned holdings for discretionary portfolios in 2024.

As we also lacked adequate estimates of the EU taxonomy eligibility and/or alignment of investee companies, we have not increased the coverage of our reporting by applying such estimates.

These limitations in data availability, robustness and accuracy also result in a negative value of investments that fund EU taxonomy-eligible activities but are not EU taxonomy-aligned. In other words, our data provider indicates that some companies have EU taxonomy-aligned activities but not EU taxonomy-eligible activities, which suggests a flaw in this information.

In accordance with our ambition to help our clients navigate the energy and food transitions, we aim to increase the share of EU taxonomy-aligned AuM over the coming years.

Balance sheet

Our GAR mainly represents residential mortgages used to finance energy-efficient homes. Over the coming years, we aim to increase this ratio by offering more attractive interest rates to finance homes with a higher energy performance

certificate (EPC) and provide third-party expert advice to help clients increase the energy efficiency of their homes.

Our EU taxonomy-aligned residential mortgages include loans with collateral objects that we estimate to be within the top 15% of the housing stock in terms of energy efficiency based on the construction year. In accordance with the standards set by the Energy Efficient Mortgages Hub Netherlands (EEM-NL), this may need to be reconsidered based on recently published guidance by the European Commission.

We have assessed various climate adaptation risks in relation to our residential mortgage portfolio (see "Sustainability risk" on page 70). These include the climate hazards referred to in the EU taxonomy regulation and marked as particularly relevant in the Dutch context by the EEM-NL, with the exception of heatwaves. We aim to further analyse our exposure to risks resulting from heatwaves in the near future. Our current assessment is that these risks are less material than the other risks that have already been assessed. Based on the outcomes of our assessments, we have categorised all homes that meet the substantial contribution criteria ("relatively energy-efficient homes") as EU taxonomy-aligned.

Other green assets include co-investments in own funds through our management book. We also invest part of our liquidity book in green bonds. We currently lack insight into the exact EU Taxonomy eligibility and alignment of these instruments. As with our AuM, we expect that the robustness and accuracy of this data will improve with the increasing uptake of the EU taxonomy.

Loans and advances, other than residential mortgages, generally comprise products that are supplemental to our private banking relationship model (such as loans to healthcare professionals and business professionals) and are not offered to parties that are in scope for the EU taxonomy.

In line with our responsible lending policy, we do not finance activities relating to nuclear energy and we have strict criteria for financing fossil fuel activities. For the corporate exposures, in line with our mandatory disclosure and the Non-Financial Reporting Directive, we have evaluated exposures to the nuclear energy and fossil fuel sectors on the basis of the Nomenclature of Economic Activities codes and the activities described in the regulation. For this scope of reporting, exposures are insignificant.

Green asset ratio tables

Our GAR is detailed in the tables on the following pages, which are based on the prescribed templates in Annex VI of the EU Taxonomy Disclosures Delegated Act. We made several amendments to the prescribed templates for the purposes of this report, mainly because we have no material on-balance assets in some of the stipulated categories. We have also added several breakdowns of categories within the prescribed template in order to provide our stakeholders with more transparency and clarity on our assets. The unamended templates (Annex VI) are included in our sustainability supplement on our website: vanlanschotkempen.com/results.

The EU taxonomy alignment of our AuM is broken down in the table below, corresponding to the format prescribed in Annex IV of the EU Taxonomy Disclosures Delegated Act (with some amendments).

EU taxonomy Annex IV: KPI of asset managers			
€ million			
The weighted average value of all the investments that are directed at funding, or are associated with EU taxonomy-aligned economic activities relative to the value of total assets covered by the KPI		The weighted average value of all the investments that are directed at funding, or are associated with EU taxonomy-aligned economic activities	
Turnover-based: %	0.8%	Turnover-based:	852
Capital expenditures (CapEx)-based: %	1.4%	CapEx-based:	1,392
The percentage of assets covered by the KPI relative to total investments (total AuM), excluding investments in sovereign entities	78.9 %	The monetary value of assets covered by the KPI, excluding investments in sovereign entities	100,614
Additional, complementary disclosures: breakdown of KPI denominator			
The percentage of derivatives	0.8%	The monetary value of derivatives	137
The proportion of exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU		The value of exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU	
For non-financial undertakings:	2.8%	For non-financial undertakings:	2,781
For financial undertakings:	6.4%	For financial undertakings:	6,419
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU		The value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU	
For non-financial undertakings:	25.5%	For non-financial undertakings:	25,591
For financial undertakings:	8.9%	For financial undertakings:	8,898
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU		The value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU	
For non-financial undertakings:	9.9%	For non-financial undertakings:	9,938
For financial undertakings:	6.7%	For financial undertakings:	6,732
The proportion of exposures to other counterparties and assets	1.3%	The value of exposures to other counterparties and assets	1,307
The value of all the investments that fund economic activities that are not EU taxonomy-eligible	0.6%	The value of all the investments that fund economic activities that are not EU taxonomy-eligible	591
The value of all the investments that fund EU taxonomy-eligible economic activities, but are not EU taxonomy-aligned	-0.4%	The value of all the investments that fund EU taxonomy-eligible economic activities, but are not EU taxonomy-aligned	-406
Additional, complementary disclosures: breakdown of KPI numerator			
The proportion of EU taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU		The value of EU taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU	
For non-financial undertakings:		For non-financial undertakings:	
Turnover-based: %	0.8%	Turnover-based:	852
CapEx-based: %	1.4%	CapEx-based:	1,392
For financial undertakings:		For financial undertakings:	
Turnover-based: %	—%	Turnover-based:	—
CapEx-based: %	—%	CapEx-based:	—
The proportion of EU taxonomy-aligned exposures to other counterparties and assets		The value of EU taxonomy-aligned exposures to other counterparties and assets	
Turnover-based: %	—%	Turnover-based:	39
CapEx-based: %	—%	CapEx-based:	41
Breakdown of KPI numerator per environmental objective			
EU taxonomy-aligned activities			
1. Climate change mitigation	Turnover:		0.8%
	CapEx:		1.4%
	Transitional activities		
	Turnover:		—%
	CapEx:		0.1%
	Enabling activities		
	Turnover:		0.4%
	CapEx:		0.7%
2. Climate change adaptation	Turnover:		—%
	CapEx:		—%
	Enabling activities		
	Turnover:		—%
	CapEx:		—%

EU taxonomy Annex VI: 0. Summary of KPIs to be disclosed by credit institutions under Article 8 of taxonomy regulation								
		Total environmentally sustainable assets (€ million)	Total environmentally sustainable assets (%)	KPI turnover	KPI CapEx	Coverage (% over total assets)	Assets excluded from GAR numerator ¹	Assets excluded from GAR denominator ²
Main KPI	GAR stock	1,368	10.5%	0.2%	10.5%	55.8%	23.5%	20.7%
Additional KPI	GAR flow		7.3%	–%	7.3%	57.4%	184.0%	88.0%

EU taxonomy Annex VI: 1. Assets for the calculation of GAR and 3. GAR KPI stock for the total of the environmental objectives of climate change mitigation (CCM) and climate change adaptation (CCA)

€ million	31/12/2023									
	Total (gross) carrying amount	Proportion of total covered assets	TOTAL (CCM + CCA)							
			of which towards taxonomy-relevant sectors (taxonomy-eligible)							
			of which environmentally sustainable (taxonomy-aligned)							
		Total (gross) carrying amount	Proportion of total covered assets	Total (gross) carrying amount	Proportion of total covered assets	of which transitional (Total (gross) carrying amount)	of which transitional (Proportion of total covered assets)	of which enabling (Total (gross) carrying amount)	of which enabling (Proportion of total covered assets)	
GAR-covered assets in both numerator and denominator										
Loans and advances, debt securities and equity instruments not held for trading (HFT) eligible for GAR calculation ³	9,178	55.8%	7,446	81.1%	1,368	14.9%	11	0.1%	–	–%
Financial undertakings (financial corporations (FCs) subject to NFRD disclosure obligations)	2,100	12.8%	684	32.6%	27	1.3%	–	–%	–	–%
<i>Credit institutions</i>	1,399	8.5%	111	7.9%	–	–%	–	–%	–	–%
Loans and advances	14	0.1%	–	–%	–	–%	–	–%	–	–%
Debt securities, including use of proceeds (UoP)	1,302	7.9%	110	8.5%	–	–%	–	–%	–	–%
Equity instruments	82	0.5%	–	0.4%	–	0.4%	–	–%	–	0.2%
<i>Other financial corporations</i>	701	4.3%	573	81.8%	26	3.7%	–	–%	–	–%
<i>of which management companies</i>	322	2.0%	302	93.7%	26	8.1%	–	–%	–	–%
Loans and advances	322	2.0%	302	93.7%	26	8.1%	–	–%	–	–%
Debt securities, including UoP	–	–%	–	–%	–	–%	–	–%	–	–%
Equity instruments	–	–%	–	–%	–	–%	–	–%	–	–%
<i>Other FCs subject to NFRD disclosure obligations</i>	379	2.3%	271	71.7%	–	–%	–	–%	–	–%
Loans and advances	–	–%	–	–%	–	–%	–	–%	–	–%
Debt securities, including UoP	379	2.3%	271	71.7%	–	–%	–	–%	–	–%
Equity instruments	–	–%	–	–%	–	–%	–	–%	–	–%
Non-financial undertakings (NFCs subject to NFRD disclosure obligations)	2	–%	–	–%	–	–%	–	–%	–	–%
Loans and advances	–	–%	–	–%	–	–%	–	–%	–	–%
Debt securities, including UoP	1	–%	–	–%	–	–%	–	–%	–	–%
Equity instruments	–	–%	–	–%	–	–%	–	–%	–	–%
Households (GAR-eligible)³	6,750	41.0%	6,750	100.0%	1,342	19.9%	11	0.2%	–	–%
of which loans collateralised by residential immovable property ³	6,699	40.7%	6,699	100.0%	1,331	19.9%	–	–%	–	–%
of which building renovation loans	51	0.3%	51	100.0%	11	21.4%	11	21.4%	–	–%
Local government financing (EU)	327	2.0%	12	3.6%	–	–%	–	–%	–	–%
Housing financing	–	–%	–	–%	–	–%	–	–%	–	–%
Other local government financing	327	2.0%	12	3.6%	–	–%	–	–%	–	–%

¹ Article 7(2) and 7(3) and Section 1.1.2 of Annex V.

² Article 7(1) and Section 1.2.4 of Annex V.

³ Due to uncertainty about the financial objective of the household loans collateralised by residential immovable property, we excluded €334 million in 2022 from our exposures to EU Taxonomy-eligible economic activities. This will therefore impact the GAR flow.

Continuation of EU taxonomy Annex VI: 1. Assets for the calculation of GAR and 3. GAR KPI stock for the total of the environmental objectives of climate change mitigation (CCM) and climate change adaptation (CCA)

€ million	Total (gross) carrying amount	Proportion of total covered assets	31/12/2023							
			TOTAL (CCM + CCA)							
			of which towards taxonomy-relevant sectors (taxonomy-eligible)							
			of which environmentally sustainable (taxonomy-aligned)							
			Total (gross) carrying amount	Proportion of total covered assets	Total (gross) carrying amount	Proportion of total covered assets	of which transitional (Total (gross) carrying amount)	of which transitional (Proportion of total covered assets)	of which enabling (Total (gross) carrying amount)	of which enabling (Proportion of total covered assets)
Assets excluded from the numerator for GAR calculation (covered in the denominator) ³	3,850	23.4%								
Financial undertakings (FCs not subject to NFRD disclosure obligations)	1,372									
<i>EU country FCs not subject to NFRD disclosure obligations</i>	583									
Loans and advances	503									
of which loans collateralised by commercial immovable property	4									
of which building renovation loans	–									
Other loans FCs not subject to NFRD disclosure obligations	498									
Debt securities	–									
Equity instruments	80									
<i>Non-EU country FCs not subject to NFRD disclosure obligations</i>	789									
Loans and advances	4									
Debt securities	785									
Equity instruments	–									
Non-financial undertakings (NFCs not subject to NFRD disclosure obligations)	796									
<i>EU country NFCs not subject to NFRD disclosure obligations</i>	796									
Loans and advances	760									
of which loans collateralised by commercial immovable property	3									
of which building renovation loans	–									
Other loans to SMEs and NFCs not subject to NFRD disclosure obligations	756									
Debt securities	–									
Equity instruments	36									
<i>Non-EU country non-financial corporations (NFCs) not subject to NFRD disclosure obligations</i>	–									
Loans and advances	–									
Debt securities	–									
Equity instruments	–									
Households (not GAR-eligible) ³	1,073									
Local government financing (non-EU)	189									
Derivatives	314									
On-demand interbank loans	105									
Total GAR assets	13,028	79.2%	7,446	57.2%	1,368	10.5%	11	0.1%	–	– %
Assets not covered for GAR calculation	3,423									
Central governments and supranational issuers	587									
Central banks exposure	2,821									
Trading book	15									
Total assets	16,451	100.0%	7,446	45.3%	1,368	8.3%	11	0.1%	–	– %

Continuation of EU taxonomy Annex VI: 1. Assets for the calculation of GAR and 3. GAR KPI stock for the environmental objective of climate change mitigation (CCM)

€ million	31/12/2023															
	CCM															
	of which towards taxonomy-relevant sectors (taxonomy-eligible): Turnover								of which towards taxonomy-relevant sectors (taxonomy-eligible): CapEx							
	Total (gross) carrying amount	Proportion of total covered assets	of which environmentally sustainable (taxonomy-aligned): Turnover						Total (gross) carrying amount	Proportion of total covered assets	of which environmentally sustainable (taxonomy-aligned): CapEx					
Total (gross) carrying amount			Proportion of total covered assets	of which transitional (Total (gross) carrying amount)	of which transitional (Proportion of total covered assets)	of which enabling (Total (gross) carrying amount)	of which enabling (Proportion of total covered assets)	Total (gross) carrying amount			Proportion of total covered assets	of which transitional (Total (gross) carrying amount)	of which transitional (Proportion of total covered assets)	of which enabling (Total (gross) carrying amount)	of which enabling (Proportion of total covered assets)	
GAR-covered assets in both numerator and denominator																
Loans and advances, debt securities and equity instruments not HfT-eligible for GAR calculation ³	696	7.6%	27	0.3%	—	—%	—	—%	7,446	81.1%	1,368	14.9%	11	0.1%	—	—%
Financial undertakings (FCs subject to NFRD disclosure obligations)	684	32.6%	27	1.3%	—	—%	—	—%	684	32.6%	27	1.3%	—	—%	—	—%
<i>Credit institutions</i>	111	7.9%	—	—%	—	—%	—	—%	111	7.9%	—	—%	—	—%	—	—%
Loans and advances	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%
Debt securities, including UoP	110	8.5%	—	—%	—	—%	—	—%	110	8.5%	—	—%	—	—%	—	—%
Equity instruments	—	0.4%	—	0.4%	—	—%	—	0.2%	—	0.6%	—	0.6%	—	—%	—	0.2%
<i>Other financial corporations</i>	573	81.8%	26	3.7%	—	—%	—	—%	573	81.8%	26	3.7%	—	—%	—	—%
<i>of which management companies</i>	302	93.7%	26	8.1%	—	—%	—	—%	302	93.7%	26	8.1%	—	—%	—	—%
Loans and advances	302	93.7%	26	8.1%	—	—%	—	—%	302	93.7%	26	8.1%	—	—%	—	—%
Debt securities, including UoP	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%
Equity instruments	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%
<i>Other FCs subject to NFRD disclosure obligations⁴</i>	271	71.7%	—	—%	—	—%	—	—%	271	71.7%	—	—%	—	—%	—	—%
Loans and advances	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%
Debt securities, including UoP	271	71.7%	—	—%	—	—%	—	—%	271	71.7%	—	—%	—	—%	—	—%
Equity instruments	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%
Non-financial undertakings (NFCs subject to NFRD disclosure obligations)	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%
Loans and advances	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%
Debt securities, including UoP	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%
Equity instruments	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%
Households (GAR-eligible)³	—	—%	—	—%	—	—%	—	—%	6,750	100.0%	1,342	19.9%	11	0.2%	—	—%
of which loans collateralised by residential immovable property ³	—	—%	—	—%	—	—%	—	—%	6,699	100.0%	1,331	19.9%	—	—%	—	—%
of which building renovation loans	—	—%	—	—%	—	—%	—	—%	51	100.0%	11	21.4%	11	21.4%	—	—%
Local government financing (EU)	12	3.6%	—	—%	—	—%	—	—%	12	3.6%	—	—%	—	—%	—	—%
Housing financing	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%	—	—%
Other local government financing	12	3.6%	—	—%	—	—%	—	—%	12	3.6%	—	—%	—	—%	—	—%
Total GAR assets³	696	5.3%	27	0.2%	—	—%	—	—%	7,446	57.2%	1,368	10.5%	11	0.1%	—	—%
Total assets³	696	4.2%	27	0.2%	—	—%	—	—%	7,446	45.3%	1,368	8.3%	11	0.1%	—	—%

EU taxonomy Annex VI: 4. GAR KPI flow for the total of all environmental objectives and climate change mitigation (CCM)⁴

€ million	Proportion of total new assets covered ⁵	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)						CCM : CapEx		
		Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)			Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)			Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-eligible)		
		Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-aligned)			Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-aligned)			Proportion of total covered assets funding taxonomy-relevant sectors (taxonomy-aligned)		
					of which transitional	of which enabling		of which transitional	of which enabling	
GAR-covered assets in both numerator and denominator										
Loans and advances, debt securities and equity instruments not HFT-eligible for GAR calculation ³	-125.1%	-31.1%	-3.4%	-0.1%	—%	-31.1%	-3.4%	-0.1%	—%	
Households (GAR-eligible)³	38.9%	100.0%	10.8%	0.2%	—%	100.0%	10.8%	0.2%	—%	
of which loans collateralised by residential immovable property ³	41.1%	100.0%	10.0%	—%	—%	100.0%	10.0%	—%	—%	
of which building renovation loans	-2.2%	100.0%	-3.8%	-3.8%	—%	100.0%	-3.8%	-3.8%	—%	
Total GAR assets³	57.4%	67.8%	7.3%	0.1%	—%	67.8%	7.3%	0.1%	—%	

Annex XII: Template 1. Nuclear energy- and natural gas-related activities

Row	Nuclear energy-related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Natural gas-related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

⁴ The flow has been calculated using $T_i - (T_i - 1) / T_{total} - (T_{total} - 1)$ method following calculations provided by the European Commission.

⁵ To fully reconcile with the 2022 annual report, we reported our total assets including the category "Other assets not eligible for GAR calculation" (2022: € 348 million). Following the current reporting requirements, we excluded this category to be fully in line with the EU taxonomy reporting requirements for both 2022 and 2023.

Van Lanschot Kempen shares

Van Lanschot Kempen's market capitalisation stood at €1,196 million at year-end 2023. Depositary receipts for Van Lanschot Kempen's Class A ordinary shares have been traded on the Euronext Amsterdam stock market since 29 June 1999 (ISIN Code: NL0000302636; ticker: VLK.AS).

The issued share capital of Van Lanschot Kempen at 31 December 2023 consisted of 43,039,938 Class A ordinary shares ("shares"), each having a nominal value of €1. We held 562,852 treasury shares at year-end 2023. Van Lanschot Kempen is included in the Amsterdam Midkap Index, the AEX ESG Index and in the MSCI World Small Cap Index.

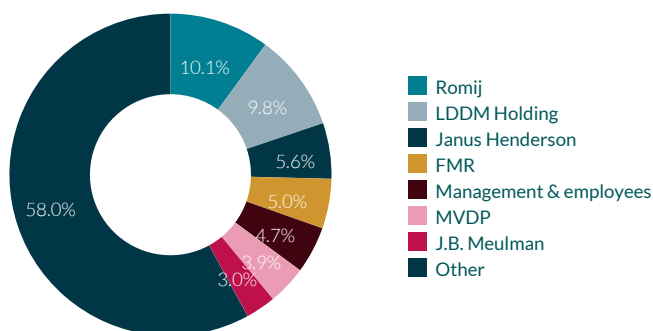
Shareholders and depositary receipt holders

Pursuant to Chapter 5.3 of the Dutch Financial Supervision Act, the disclosures below have been entered in the Register of Substantial Holdings as maintained by the Dutch Authority for the Financial Markets (AFM). The percentages reflect the number of shares or depositary receipts on the register on the disclosure dates.

Disclosure is required once a shareholder's interest reaches, exceeds or falls below a threshold value. The current interest of a shareholder or holder of depositary receipts may consequently differ from the interest reported on the disclosure date. On 31 December 2023, Stichting Administratiekantoor van gewone aandelen A Van Lanschot Kempen held over 99.99% of Van Lanschot Kempen shares. For more information on Stichting Administratiekantoor van gewone aandelen A Van Lanschot Kempen, see "Depositary receipts for shares" on page 114.

In 2023, MVDP¹ became a shareholder following the successful acquisition of the remaining 30% stake in Mercier Vanderlinden. Van Lanschot Kempen paid 53% in cash and 47% in shares for the 30% stake, with a lock-up period until 2030. To this end, we issued 1,678,270 new shares and Mercier Vanderlinden's managing partners obtained a 3.9% participating interest in Van Lanschot Kempen.

Van Lanschot Kempen's depositary receipt holders



Employee participation plans

Management and employees, excluding MVDP, jointly owned around 4.7% of our issued share capital at year-end 2023 (year-end 2022: 4.9%). In 2023, we continued the Matching Share Plan: the investment in Van Lanschot Kempen shares that an employee makes – up to a maximum value of €3,500 – is matched by Van Lanschot Kempen one year later. A large number of employees made use of this share plan in 2023. Employees were also given the opportunity to buy shares at a discount of 18.5%, up to a value of €15,000. All shares purchased under the employee share plan are subject to a five-year lock-up period. We intend to continue this employee share plan in 2024.

The reporting year was the second for the Van Lanschot Kempen Partnership: a long-term participation plan for key senior employees. Its purpose is to anchor leadership more broadly in the organisation, further promote ownership and entrepreneurial spirit, and create more long-term alignment with our shareholders and clients. At year-end 2023, partners jointly owned 0.8% of our issued share capital.

As the partnership is a participation plan, partners are asked to make a minimum individual contribution of at least €50,000 in year one and to increase their total contribution to a minimum of €150,000 and a maximum of €500,000 over the course of five years (with a minimum contribution of €25,000 per year). Contributions can be made either in cash or through conversion of a participant's (net) fixed remuneration in shares in the respective year. Shares have a lock-up period of five years, allowing Van Lanschot Kempen to provide a discount of 18.5% on the shares bought.

The individual contributions are collected in a so-called *fonds voor gemene rekening* (FGR – fund for joint account). Partners' contributions remain in this fund during their full tenure as a partner. This structure has been selected to combine the shares as one voting block and to reflect the collective and collaborative nature of the partnership. In return for their contribution, partners receive FGR units, each corresponding to a share in Van Lanschot Kempen. When votes are cast on the shares held by the FGR, voting instructions are obtained from the partners. In the absence of such instructions, the FGR will either abstain or allow individual partners to vote at their own discretion. The partnership does not affect the governance and management structure of the company.

¹ MVDP NV is the Belgian holding company of the former owners of Mercier Vanderlinden.

Credit ratings

Our creditworthiness is periodically assessed by Standard & Poor's (S&P) and Fitch Ratings (Fitch). Van Lanschot Kempen maintains its high creditworthiness by deploying its assets for the benefit of its clients and by taking on only such risks as can be understood and controlled. This ensures solid risk management processes as well as a strong capital and liquidity position. Our current credit ratings reflect our healthy capital and funding position along with our low risk profile. Van Lanschot Kempen currently has a BBB+ long-term credit rating from both S&P and Fitch.

Credit ratings	Standard & Poor's	Fitch Ratings
Long-term credit rating	BBB+	BBB+
Long-term credit rating outlook	Stable outlook	Positive outlook
Short-term credit rating	A-2	F2
Date of latest report	7 November 2022	14 December 2023
Date of latest press release	24 June 2021	2 June 2023

Research coverage

Three sell-side analysts (from ABN AMRO – ODDO BHF, ING and Kepler Cheuvreux respectively) actively track Van Lanschot Kempen and regularly publish equity research reports. For more information, see our website: vanlanschotkempen.com/en-nl/about-us/investor-relations/share-information.

Dividend policy and dividend for 2023

Our aim is to distribute between 50% and 70% of our underlying net result attributable to shareholders. This is the net result adjusted for minority interests, the share of holders of AT1 capital securities, and the net effect of selected special items. In 2023, the underlying net result available for distribution to shareholders amounted to €123.8 million, working out at underlying earnings per share of €2.95.²

Our strong results and solid capital position enable us to propose a dividend distribution of €2.00 per share to our shareholders (2022: €1.75 per share). The shareholders at the annual general meeting (AGM) to be held on 23 May 2024 will be invited to adopt the dividend proposal. Based on the number of shares in issue on 31 December 2023 (excluding treasury shares), the proposed dividend payments will total €85.0 million. This corresponds to a pay-out ratio of 68.6% of the underlying net result attributable to shareholders, and amounts to 71.7% of net result attributable to shareholders. The proportion of net result attributable to shareholders that won't be paid out (i.e. €33.5 million) will be added to reserves.

Capital management policy

By year-end 2023, our CET 1 ratio of 19.6% was above our target of 15% plus an add-on of 2.5% for acquisitions.

We intend to distribute additional capital above a CET 1 ratio of 17.5% to our shareholders going forward, subject to regulatory approval.

Since 2016, we have paid out a total of over €720 million – excluding the 2023 dividend – to our shareholders in the form of both dividends and capital returns.

Key figures per ordinary share	2023	2022	2021	2020	2019
Share price (€):					
High	31.65	26.90	26.95	21.90	23.30
Low	22.25	19.14	20.35	9.23	17.28
Closing	28.15	21.90	22.00	21.00	20.05
Average daily trading volume in depositary receipts	93,977	53,959	51,184	87,525	32,920
Market capitalisation (€ million) (year-end) ³	1,196	892	899	863	820
Net asset value per share (€)	29.36	31.45	32.01	30.54	29.59
Price-earnings ratio ⁴	9.5	8.1	5.9	19.4	8.0

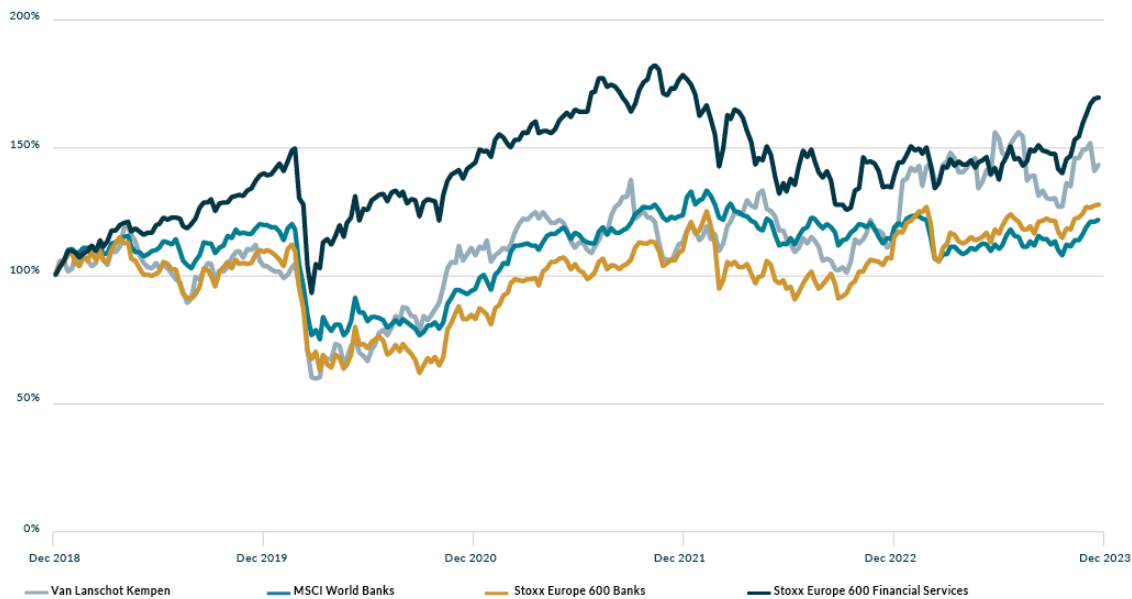
Information on dividend per ordinary share	2023	2022	2021	2020	2019
Underlying earnings per ordinary share (€) ³	2.95	2.72	3.74	1.08	2.52
Dividend per ordinary share (€)	2.00	1.75	2.00	0.70	1.45
Dividend yield (%)	7.1	8.0	9.1	3.3	7.2
Pay-out ratio (%)	68.6	66.9	53.4	65.1	57.4
Total return for holders of ordinary shares (%)	46	15	15	5	16

² Based on the weighted number of outstanding ordinary shares.

³ Calculated as: closing price x (issued share capital minus treasury shares).

⁴ 2023 adjusted for the expenses relating to accounting treatment of Mercier Vanderlinden, release of provision for revolving consumer credit and restructuring charges; 2022 adjusted for expenses relating to accounting treatment of Mercier Vanderlinden, release of provision for revolving consumer credit, restructuring charges related to the integration of Hof Hoorneman and provision for an interest-derivatives case; 2021 adjusted for expenses relating to accounting treatment of Mercier Vanderlinden, provision for revolving consumer credit, restructuring charges related to the integration of Hof Hoorneman and other one-off items; 2020 adjusted for restructuring charges relating to the acquisition and integration of Hof Hoorneman; 2019 adjusted for costs incurred for our Strategy 2020 investment programme and restructuring charges.

Movements in Van Lanschot Kempen's share price compared with industry indices



Sustainability ratings

Van Lanschot Kempen is periodically assessed by various organisations, including:

- MSCI ESG, a rating designed to measure a company's resilience to long-term, industry-material environmental, social and governance (ESG) risks. In 2023 (the most recent measurement), we received an AA rating (on a scale from AAA to CCC), the same as in 2022.
- ISS ESG, the responsible investment arm of Institutional Shareholder Services Inc. We received a B- rating (on a scale from A+ to D-).
- Principles for Responsible Investment (PRI). Our responsible investment process was rated 4 and 5 stars (out of 5) by PRI for the Policy, governance and strategy module, the Confidence-building measures module, five Indirect modules (Listed equity – Passive, Listed equity – Active, Fixed income – Passive, Fixed income – Active, and Real estate) and two Direct modules (Listed equity – Active fundamental and Fixed income – Corporate).
- The Dutch Ministry of Economic Affairs and Climate Policy, which has developed its own tool to measure the transparency of sustainability reporting: the annual Transparency Benchmark (TBM). This was carried out once every two years, but for the final time in 2023. In the reporting year, our 2022 annual report, sustainability supplement and TCFD reporting earned us sixth place in a league table of 491 entrants.

For the complete list of our sustainability ratings, see our website: vanlanschotkempen.com/en-nl/about-us/sustainability/rankings-and-ratings.

Investor relations policy

Our investor relations policy is designed to provide current and potential shareholders and bondholders, rating agencies and research analysts with accurate and timely information on developments within our business. We engage in active dialogue with all our financial stakeholders, by publishing press releases and our annual report, and by organising

meetings and one-to-one discussions with existing and potential investors. If a shareholder enters into a dialogue with us outside the context of a general meeting, we may ask the shareholder to disclose their full share position. We observe a "silent" period of three weeks prior to the publication of our annual and half-year results. No meetings are held with shareholders or analysts during this period. There are four open periods each year, during which employees can buy or sell Van Lanschot Kempen shares. The open periods run for the ten working days after publication of the full-year figures, Q1 trading update, half-year figures and Q3 trading update.

We also publish our policies on investor relations on our website: vanlanschotkempen.com/investorrelationspolicy. If you would like to receive Van Lanschot Kempen's press releases by email, you can subscribe to our news service via: vanlanschotkempen.com/pressreleases.

More information

Investors and analysts with questions about Van Lanschot Kempen are welcome to contact our Investor Relations department by phone on +31 20 354 45 90 or by emailing investorrelations@vanlanschotkempen.com.

Key dates 2024

Publication of 2024 Q1 trading update	30 April 2024
2024 AGM	23 May 2024
Ex-dividend date	27 May 2024
Record date	28 May 2024
2023 dividend made payable	4 June 2024
Publication of 2024 half-year results	22 August 2024
Publication of 2024 Q3 trading update	1 November 2024



Wealth management with a personal touch

Every client is unique: they have specific personal goals that they're working towards, both financial and non-financial. Clients have different risk appetites, financial situations and areas of personal interest. That's why, at Van Lanschot Kempen, we've come up with an approach that allows us to align each client's portfolio with their own requirements and preferences.

Florentine Hanlo, Head of Private Client Solutions, explains: "We collected and categorised all the needs and wishes that our clients bring to us. From that starting point, we came up with four specific investments that could help us tailor portfolios to align with the preferences of all our discretionary management and advisory clients. Of course, most clients need to keep a certain amount in liquid assets depending on their financial situation and primary goals. But for the rest of their assets, we wanted to present them with a curated set of options.

"The first two specific investments – private markets and alternative fixed income – relate to preferences when it comes to diversification. Adding illiquid investment categories, such as private markets that are less correlated with traditional listed markets, improves the risk-return ratio of a client portfolio. The third specific investment is sustainable impact, as we see that many of our clients are increasingly interested in environmental, social and governance returns. And the fourth is megatrends, such as artificial intelligence and digital innovation, because the desire for thematic investments has grown significantly among our clients. We selected seven trends based on our research, and then partnered with Robeco to select the stocks that best deliver on these trends.

"We've seen that not only clients but also employees are really pleased with this new, stronger proposition," Florentine concludes. "Taking the input from these different stakeholders into account has really made us stronger together."

Report of the Supervisory Board

This report gives an overview of the activities of the Supervisory Board and its committees in 2023. For a description of the composition and operation of the Supervisory Board, see "Corporate governance" starting on page 112.

The Supervisory Board supervises and advises the Management Board on performing its management tasks and setting the direction for Van Lanschot Kempen. In its activities, the Supervisory Board focuses on long-term, sustainable value creation for our clients, for our shareholders and for society. The members of the Supervisory Board are fully independent.

This report includes information about the achievement of corporate targets, the relationship with stakeholders and the relevant aspects of sustainability. It also covers the internal organisation, the meetings of the Supervisory Board and its committees, and the annual evaluation of the performance of the Supervisory Board, its committees and individual members.

Supervision

Achievement of corporate targets

The 2023 reporting year was marked by turbulence. Rapidly changing economic and geopolitical circumstances, coupled with extreme climate events, required close monitoring, while Van Lanschot Kempen remained focused on being a steward for its clients. Financial markets were volatile, due to higher inflation than had been anticipated by policymakers. In response, the European Central Bank (ECB) rapidly raised the deposit facility rates, resulting in higher interest rates. This had an impact on all our clients, employees and the company itself.

Despite this turmoil, Van Lanschot Kempen continued to deliver on its wealth management strategy, by focusing on sustainable and profitable growth while maintaining a capital-light balance sheet. The company added 18% to its assets under management (AuM) in 2023, reflecting organic growth, growth by acquisition and market performance. The reporting year again saw high net inflows in both the Private Clients segment and the Wholesale & Institutional Clients segment, demonstrating the trust that existing and new private and institutional clients place in Van Lanschot Kempen.

The company also continued to grow inorganically in 2023, completing the accelerated acquisition of the remaining 30% stake in Mercier Vanderlinden and the acquisition of Robeco's online investment platform. In December 2023, Van Lanschot Kempen announced the intended acquisition of Belgian investment adviser Accuro: a further step in its growth strategy in Belgium as its second home market.

In 2023, Van Lanschot Kempen posted good results on its medium-term financial targets. The cost/income ratio was 71.6% in 2023, against a target of 70% – showing that this still requires attention. The company's capital position continued to be strong in 2023, which allowed for a capital return to shareholders of €2.00 per share (around €85 million in total) in December 2023.

Sustainability remains a priority for Van Lanschot Kempen and for the Supervisory Board. The company is focused on helping its clients navigate the energy and food transitions, with an active, engaged approach based on its investment principles. Starting in 2024, more ambitious targets were set to decrease Van Lanschot Kempen's own carbon footprint and to reduce carbon emissions via its discretionary AuM.

Van Lanschot Kempen aims for a diverse and inclusive culture. During the reporting year, dialogue around various aspects of identity and culture, including the company's values, code of conduct and collaboration, took place. Meanwhile, continuous awareness of gender diversity targets and metrics remained a priority. This showed that achieving the gender diversity targets among senior staff will take a persistent effort over a longer period of time.

Structure and functioning of risk management

Van Lanschot Kempen's principal risks, as well as the structure and functioning of its risk management and control systems, are discussed by the Risk and Compliance Committee. As of 1 January 2023, Van Lanschot Kempen implemented a split in the risk management function, separating financial and non-financial risk management into two distinct departments, each reporting to the Chief Risk Officer (CRO). Over the course of 2023, the Chair of the Risk and Compliance Committee reported its main conclusions and recommendations to the Supervisory Board. Van Lanschot Kempen's risk appetite statement is subject to the Supervisory Board's annual approval. The risk appetite statement for 2024 was approved at the Supervisory Board's December meeting.

Financial reporting

Financial reporting is discussed regularly at the Audit Committee's meetings, which are also attended by the external auditors. After each meeting, the Chair of the committee reports on committee discussions to the full Supervisory Board. All members of the Supervisory Board, except for one, attended the Audit Committee's meeting in 2023 at which the 2022 annual figures were discussed. The Supervisory Board approved the financial statements for 2022 on 22 February 2023.

Following a proposal by the Supervisory Board, PricewaterhouseCoopers Accountants NV (PwC) were reappointed as external auditors for the 2024 financial year at the annual general meeting (AGM) held on 25 May 2023. To comply with mandatory audit firm rotation obligations, Van Lanschot Kempen started a process to select and appoint a new external auditor. After a thorough process, the Supervisory Board decided to propose the appointment of KPMG Accountants NV (KPMG) as the company's external auditors, effective from the start of the 2025 financial year. The shareholders appointed KPMG as external auditors for the 2025 financial year at the AGM on 25 May 2023.

Legal and regulatory compliance

The Supervisory Board is regularly provided with information on developments regarding the compliance framework; projects to strengthen compliance policies and processes, including anti-money laundering and anti-terrorist financing, sanctions and client due diligence processes; and interactions with supervisory authorities regarding compliance with regulations.

The Supervisory Board was informed periodically about the ongoing implementation of new legislation and regulations, such as the Sustainable Finance Disclosure Regulation (SFDR), preparation for the new environmental, social and governance (ESG) reporting requirements under the EU taxonomy, the Gender Balance Act and the amended Dutch Corporate Governance Code. In addition, the Supervisory Board was informed about the implementation of the findings resulting from the on-site inspection by De Nederlandsche Bank (DNB) on interest rate risk in the banking book (IRRBB) as well as the closure of DNB's 2021 inspection of the internal governance and risk management of the compliance function.

Relationship with stakeholders

The Supervisory Board regularly discussed Van Lanschot Kempen's relationship with its stakeholders. Topics discussed with stakeholders included the general development of Van Lanschot Kempen, progress against the company's wealth management strategy, the strategy and targets for 2023, organic and inorganic growth opportunities, the company's strong capital base, and its sustainability profile and approach.

In October and November 2023, a delegation from the Remuneration Committee of the Supervisory Board held several engagement meetings with a broad group of Van Lanschot Kempen's stakeholders to discuss their views on the proposal for the revision of the remuneration policies for the Management and Supervisory Boards. For further information on these engagement meetings, see "Remuneration report" on page 102.

Members of the Supervisory Board also participated in regular meetings with DNB and the Dutch Authority for the Financial Markets (AFM).

The Supervisory Board values its constructive relationship with the Works Council. Bernadette Langius and Karin Bergstein attended a meeting with the Works Council in April 2023. A delegation from the Supervisory Board also attended the meetings of the Works Council with the Management Board, at which the general course of business at Van Lanschot Kempen was discussed.

The Works Council used its enhanced right of recommendation for the vacancy on the Supervisory Board that arose due to the expiry of Bernadette Langius's second four-year term of appointment. The Supervisory Board adopted the recommendation of the Works Council and nominated Elizabeth Nolan for appointment to the Supervisory Board at the AGM on 25 May 2023. Following this nomination, she was appointed to the Supervisory Board.

Relevant aspects of sustainability

In 2023, the Supervisory Board discussed the company's sustainability roadmap, progress on implementing various regulations and standards, updated sustainability governance structure, materiality assessment and non-financial KPIs for 2024–25. In addition, the Risk and Compliance Committee was informed about progress made on applying the company's responsible lending policy and on implementing the SFDR and new Markets in Financial Instruments Directive (MiFID II) regulatory requirements relating to sustainability.

The Supervisory Board noted the effort Van Lanschot Kempen is making to implement various sustainability regulations and standards. In the second half of 2023, the focus was on the shift from sustainability as a separate project to its integration into the various business activities. The Supervisory Board is pleased to see that Van Lanschot Kempen is putting significant work into integrating all relevant aspects of sustainability further into its client solutions and risk management processes. Sustainability requires ongoing attention from Van Lanschot Kempen going forward.

Internal organisation

Composition of the Management Board

The composition of the Management Board did not change in 2023. The Management Board currently consists of Maarten Edixhoven (Chair), Jeroen Kroes, Wendy Winkelhuijzen, Arjan Huisman, Richard Bruens and Erik van Houwelingen. In September 2023, Richard Bruens informed the Management and Supervisory Boards that he would like to pursue new challenges, and had therefore decided to step down as a member of the Management Board on 1 June 2024. The Supervisory Board greatly appreciates Richard's major contribution to the development and success of private banking and investment banking, and is grateful for his dedication to Van Lanschot Kempen over the past ten years.

The Supervisory Board intends to appoint Wendy Winkelhuijzen, currently Chief Risk Officer and member of the Management Board, as his successor. Wendy has held several positions within corporate finance, private banking, investor relations, corporate development and strategy. The intention is for her to take on the responsibility for the Private Clients Netherlands and Investment Banking Clients segments.

The recruitment process for a new Chief Risk Officer and member of the Management Board has started. An external executive search firm supported the Selection and Nomination Committee and the Supervisory Board in their selection process. The Supervisory Board expects that it will be able to give notice of the intention to appoint a new member of the Management Board at the AGM in 2024.

Composition of the Supervisory Board

To ensure an appropriate and balanced composition of the Supervisory Board, the Board regularly discusses its profile and composition. The composition of the Supervisory Board changed in 2023.

To our great sadness, Lex van Overmeire passed away in April 2023. He was a highly valued member of the Supervisory Board for more than six years. His experience as an external auditor of financial institutions was very valuable and he was much respected as Chair of the Audit Committee. He carried out his tasks as a member of the Supervisory Board with a great sense of duty and continued to do so until the very end. We are very grateful to Lex for his important contributions to Van Lanschot Kempen over the years, during which the Supervisory Board greatly benefited from his knowledge and experience. Karin Bergstein worked closely with Lex van Overmeire from mid-2022. She was appointed Chair of the Audit Committee in December 2023, having acted as interim Chair since February.

The recruitment process for a new member of the Supervisory Board started in 2023. The Supervisory Board expects to propose a new member in the course of 2024.

Bernadette Langius stepped down as a member of the Supervisory Board after the AGM on 25 May 2023 when her second term expired, making her no longer available for reappointment. We are very grateful for her commitment and meaningful contribution to the Supervisory Board over the past eight years – in particular, for all her work as Chair of the Remuneration Committee. She was succeeded by Elizabeth Nolan, who was appointed as a new member of the Supervisory Board at the AGM on 25 May 2023.

According to schedule, Frans Blom's first term of appointment expired in May 2023. He was reappointed as a member of the Supervisory Board at the AGM on 25 May 2023 until the AGM in 2027.

For further information and background on the members of the Supervisory Board, see page 122.

Supervisory Board meetings

The Supervisory Board held ten meetings in 2023. The Management Board attends the formal meetings of the Supervisory Board and prepares detailed supporting information. Regular items on the agenda of these meetings include the company's strategy, developments within the various business activities, corporate governance, risk management, compliance, audit, IT, operations, financial results, the annual budget, capital strategy and HR topics.

In addition, the Supervisory Board discussed:

- Business plans of the various client segments;
- M&A opportunities;
- Acquisition and integration of Robeco's online investment platform;
- Acquisition of the remaining 30% stake in Mercier Vanderlinden Asset Management, and the legal merger and integration of Mercier Vanderlinden Asset Management with Van Lanschot Belgium;
- IT roadmap of investment management activities;
- Organisational changes;
- Progress on several compliance projects;
- 2023 Systematic Integrity Risk Analysis (SIRA);
- Sustainability strategy and update on the action plan;
- Annual report, sustainability reports and tax transparency report;
- Proposal to appoint KPMG as the new external auditor from the 2025 financial year;

- Succession planning;
- Composition of the Management Board and recruitment of a new CRO;
- Attraction and development of talent at Van Lanschot Kempen;
- Research into the indirect involvement of Van Lanschot Kempen's predecessors with slavery;
- Branding, identity and values of Van Lanschot Kempen;
- Proposal for a capital return to shareholders;
- Share buyback programme;
- Issue of a covered bond;
- Revision of the Management Board and Supervisory Board remuneration policies.

The Supervisory Board held eight additional meetings with Supervisory Board members only. These meetings gave the Supervisory Board the opportunity to reflect on agenda items, identify possible items requiring attention from the Supervisory Board, and discuss the composition of the Management and Supervisory Boards and the evaluation of how both Boards are working. The Chair of the Management Board was invited to attend these meetings. At the meeting in February 2023, the Supervisory Board discussed the performance of the members of the Management Board in 2022.

The Supervisory Board received the information needed to perform its tasks from the Management Board. Information was also provided by the external auditors. Employees from within the organisation regularly attended meetings to provide additional information on specific topics within their respective fields. This also gave the Supervisory Board the opportunity to get acquainted with senior employees, which is helpful for the Supervisory Board's talent management and succession planning activities.

The agendas for Supervisory Board meetings were drawn up by the Company Secretary, in consultation with the Chair of the Supervisory Board. Between meetings, the Chair of the Supervisory Board regularly maintained contact with the Chair of the Management Board. Supervisory Board members also held meetings with members of the Management Board and employees, relating to their membership of specific Supervisory Board committees and particular topics.

Supervisory Board members were rarely absent from the Supervisory Board meetings or meetings of its committees. The table on the following page shows the composition of Supervisory Board committees, and the attendance rate of each member of the Supervisory Board at the Board and committee meetings.

Supervisory Board committees

Composition of Supervisory Board committees

The Supervisory Board has appointed four committees from among its members: the Audit Committee, Risk and Compliance Committee, Selection and Nomination Committee, and Remuneration Committee. Each committee advises the Supervisory Board and prepares decision-making by the Board in its designated area of interest. These committees meet separately throughout the year. The main considerations and conclusions of the committees are shared with the Supervisory Board. The Supervisory Board remains fully responsible for all decisions.

Composition and attendance rate	Supervisory Board	Audit Committee	Risk and Compliance Committee	Selection and Nomination Committee	Remuneration Committee
Frans Blom	100% (Chair)	100%		100% (Chair)	100%
Manfred Schepers	94%	100%	100% (Chair)		
Karin Bergstein	94%	100% (Chair) ⁴	100%		100%
Brigitte Boone	100%		75%	80%	
Bernadette Langius ¹	100%		100%		100% (Chair)
Maarten Muller	100%		100%	100%	100% (Chair) ⁶
Elizabeth Nolan ²	94%	80%		80%	
Lex van Overmeire ³	-	50% (Chair) ⁵	-		

Audit Committee

Taking over from Lex van Overmeire, Karin Bergstein has been acting as interim Chair of the Audit Committee since February 2023, and was appointed Chair of the committee in December 2023. Elizabeth Nolan was appointed as a new member of the committee as of 25 May 2023. The Audit Committee held five meetings in 2023, of which one was a special meeting related to the selection of the new external auditor as a result of the mandatory periodic rotation. The Chair of the Management Board, Chief Financial Officer (CFO) and Chief Risk Officer (CRO) attended these meetings, while some meetings were attended by the other members of the Supervisory and Management Boards.

The external auditors, and the heads of Internal Audit and Finance, Reporting & Control were also present at the meetings to discuss financial performance and audit matters. The Audit Committee also met with the internal and external auditors without the members of the Management Board being present, to discuss the course of affairs during the financial year.

The Audit Committee carried out a detailed assessment of the annual figures, half-year figures and information used for the trading updates. Particular attention was paid to significant financial items in relation to the company's (interim) financial statements and disclosures, which are shown in the table below.

Key items for discussion	Audit Committee review and conclusion
<p>Impairments of loans and advances to the public and private sectors Impairments for individually identifiable loans are based on IFRS 9. Van Lanschot Kempen recognises a loss allowance for expected credit losses (ECL) on all loans. The ECL is calculated by using purpose-built IFRS 9 models. For credit-impaired loans, the Credit Approval and Financial Restructuring & Recovery team provides input in determining the level of credit loss allowances.</p> <p>Determining the appropriateness of the individual items involves elements of judgement and requires management to make assumptions. In these judgements and assumptions, the uncertainties relating to market volatility, rapidly rising interest rates, increased cost of living and current geopolitical developments need to be taken into account.</p>	<p>On the basis of periodic management reports and the outcome of the audit procedures performed by the auditors, we challenged the completeness and accuracy of the impairments made. We discussed the changes in loss allowances during the year as well as the loss allowances recognised in the income statement.</p> <p>We discussed developments on the rising cost of living and the effects on the portfolio, and how these impacted both the IFRS 9 models and the management overlay.</p> <p>We discussed the potential impact of climate change on our loan portfolio and agreed with management that no credit loss allowances in Stages 1 and 2, and no impairments in Stage 3, are currently needed.</p> <p>Based on our discussions and considering the acceptable range in the context of estimate uncertainty, we agree with the methodology applied by management in determining the provisions for impairments of loans and advances to the public and private sectors, and with the corresponding results. The disclosures relating to this item are set out in Note 6 to the financial statements.</p>

¹ Until May 2023.

² As of May 2023.

³ Lex van Overmeire passed away in April 2023.

⁴ (Interim) Chair as of February 2023.

⁵ Chair until February 2023.

⁶ Chair as of May 2023.

Key items for discussion	Audit Committee review and conclusion
<p>Fair value measurement of Level 2 and 3 financial instruments For financial instruments traded in an active market (Level 1), the valuation is based on quoted prices and market data. There is limited judgement involved in the fair value measurement of these instruments. For financial instruments not traded in an active market (Levels 2 and 3), management applies subjective judgement in the fair value measurement of these instruments. The fair value of Level 2 and 3 instruments is determined using net present value models, option models or the net asset value of the underlying investment.</p> <p>In addition, for certain Level 3 instruments, Van Lanschot Kempen uses market and transaction multiples in the valuation. The nature of the instrument determines the model and data used.</p>	<p>We were informed about the methods used for, and the outcome of, management's valuations of Level 2 and 3 financial instruments, including the governance around model and assumption changes. We specifically discussed the valuation of the structured products.</p> <p>Based on our discussions and considering the acceptable range in the context of estimation uncertainty, we agree with the estimates applied in the fair value measurement of the Level 2 and 3 financial instruments.</p>
<p>Measurement of goodwill Van Lanschot Kempen annually conducts a goodwill impairment test regarding the valuation of goodwill on its balance sheet. This process is complex and subjective by nature as it is based on assumptions of future market and economic conditions. The assumptions used include future cash flow projections and, for each cash-generating unit (CGU), a cost of equity used as a discount rate.</p>	<p>We were informed about the method used for, and the outcome of, the goodwill impairment test. We took note of the additional attention that was paid to the Investment Banking Clients segment, given the negative result of this segment in 2023. The methodology used was consistent compared with 2022, and was deemed to be adequate and in sufficient detail.</p>
<p>Appointment of a new external auditor The process to select and appoint a new external auditor started in 2022 and was completed in 2023. Three audit firms had been invited to tender for the audit of Van Lanschot Kempen's financial statements. In early 2023, the decision was made to propose the appointment of KPMG as the new external auditor. The proposal was approved by shareholders at the 2023 AGM.</p>	<p>Two members of the Audit Committee were actively involved in the process to select a new external auditor. After a thorough process, the Supervisory Board decided to propose the appointment of KPMG as Van Lanschot Kempen's external auditor, effective from the start of the 2025 financial year.</p>
<p>Sustainability In 2023, sustainability reporting was added as a standard topic to the agenda of the Audit Committee meetings. The topic was presented by the colleagues responsible for sustainability in Strategy, Sustainability & Corporate Development and in Finance, Reporting & Control.</p>	<p>The committee was informed about various sustainability topics at four out of the five Audit Committee meetings: the 2022 sustainability supplement and concept GRI content index, sustainability reporting of entity-level disclosures, peer analysis of principal adverse impact on sustainability factors, SFDR reporting, preparation of CSRD reporting and the draft internal and external non-financial KPIs.</p>
<p>Forecast and capital and funding plan A long-term forecast and capital and funding plan were created, based on the client segment action plans.</p>	<p>The committee was informed about the long-term forecast model for 2023-27, and discussed the capital and funding plan in December 2023. In the first quarter of 2023, volatility in financial markets rose sharply, sparked by specific problems at several US and European banks. We discussed this situation and concluded that our funding position is strong and not impacted by these developments.</p>

In addition, the Audit Committee discussed the most relevant and sizeable financial claims against Van Lanschot Kempen for which no provision was taken because their chance of materialising was considered to be less than 50%, the internal duties and comprehensive responsibilities regarding ESG reporting in the annual accounts, and the external auditors' report of Van Lanschot Kempen's 2022 regulatory returns, which were submitted to DNB.

The committee discussed the external auditors' audit plan, reports and the board report prior to their consideration by the full Supervisory Board. The main topics discussed were the audit scope, materiality, key audit matters, audit risk assessment and approach, (interim) findings and hard-close activities. In addition, the committee monitored the actions taken in response to these findings.

The Audit Committee works closely with the Risk and Compliance Committee on monitoring the quarterly non-financial risk reports and on key audit matters, such as reliability and continuity of the IT environment and the fair value measurement of specific financial instruments. The latter was given additional attention in 2023 due to the stress on the banking sector in the first half of the year. The liquidity profile and risks were also discussed in detail.

The committee reviews the external auditors' independence, audit quality, communication and fees every year. On 25 January 2024, the functioning of PwC in 2023 was evaluated. At the AGM on 25 May 2023, KPMG was appointed as external auditor for the 2025 financial year, to comply with mandatory audit firm rotation obligations.

The Audit Committee followed the work of the Internal Audit department throughout the year. The annual plan and quarterly reports from the Internal Audit department were discussed as part of the committee's evaluation of the quality and effectiveness of Van Lanschot Kempen's governance, policy framework, risk management and internal control systems. The committee discussed the annual evaluation of the Audit Charter, progress against the annual plan and the quality of Internal Audit's operation.

In addition, Internal Audit reports presented the results of assessments of the risk & control framework and operation, the implementation and operation of IT systems, policy alignment and implementation for remote entities, fraud prevention, client due diligence and repatriation of funds in Belgium, fund management, large projects such as the integration of Mercier Vanderlinden with Van Lanschot's Belgian activities that resulted in a combined organisation under the name Mercier Van Lanschot, the acquisition of Robeco's online investment platform and the sustainability programme.

Van Lanschot Kempen's Internal Audit function must be externally assessed every five years. This assessment was performed in October 2023. The overall opinion of the external assessor was that the design and operating effectiveness of Internal Audit's quality control system complies with the generally accepted standards for professional practices, as determined by the Institute of Internal Auditors (IIA), by the Netherlands Institute of Chartered Accountants (NBA) and by the Dutch professional association for IT auditors (NOREA). Recommendations to further improve current practices will be implemented.

Based on the reports by both internal and external auditors, the Audit Committee concluded that the internal control environment is adequate for external financial reporting purposes.

Risk and Compliance Committee

Karin Bergstein succeeded Lex van Overmeire as a member of the Risk and Compliance Committee as of February 2023. The Risk and Compliance Committee met four times in 2023. Its meetings were also attended by the Chair of the Management Board, CFO, CRO and the heads of Financial Risk Management, Non-Financial Risk Management, Credit Approval and Financial Restructuring & Recovery, Compliance and Internal Audit. The committee paid careful attention to risks to which the organisation is exposed.

The quarterly risk appetite reports were discussed by the Risk and Compliance Committee. In all meetings, specific attention was paid to reviewing whether Van Lanschot Kempen's risk profile was within the limits set by the company's risk appetite. Specific forward-looking themes and topics influencing the entire organisation were also discussed. At the committee's December meeting, the company's risk appetite statement for 2024 was discussed, including more guidance on the risk appetite strategy and limit setting. The risk appetite statement was submitted to the Supervisory Board with a positive recommendation. For the principles on which Van Lanschot Kempen's risk appetite is based, see our website: vanlanschotkempen.com/en-nl/about-us/who-we-are/governance ("Dutch Banking Code").

The Risk and Compliance Committee followed developments on compliance in the organisation and the monitoring activities of the Compliance department throughout the year. The quarterly compliance reports, execution of the compliance programme, compliance risks and progress on compliance projects, such as the introduction of an updated code of conduct, were discussed by the Risk and Compliance Committee. Quarterly compliance reports elaborated on the compliance risk profile of Van Lanschot Kempen, including its foreign entities.

The reports also incorporated information from the Data Protection Officer on personal data integrity and adherence to the General Data Protection Regulation (GDPR). The Risk and Compliance Committee also discussed the outcome of the 2023 Systematic Integrity Risk Assessment (SIRA). In addition, reports from Compliance provided information about interactions and communication with supervisory authorities. The Risk and Compliance Committee discussed the long-term maturity roadmap for the Compliance department at its meeting in June. The 2024 annual plan for the Compliance department was discussed at the committee's December meeting.

Over the course of 2023, the Risk and Compliance Committee followed developments in Van Lanschot Kempen's core operational processes and specific projects, focusing on change execution risk. Other non-financial risk topics that gained prominence included data integrity and reporting as well as cybercrime and information security. The assessment of fraud risk was also discussed. The Risk and Compliance Committee discussed risk mitigation measures implemented for various non-financial risks. The committee discussed the long-term maturity roadmap for the Non-Financial Risk Management department and its 2024 annual plan in December.

The Risk and Compliance Committee followed financial risks at its meetings throughout the year. The committee discussed credit risk and the influence of the slowdown of the Dutch economy on the risks in the portfolio and the various results of credit risk stress tests. Market risk and settlement risk were also discussed. Special attention was paid to interest rate risks, given the sharp increase in interest rates in 2023, the volatility of spreads and the impact of the duration on Van Lanschot Kempen's profit. The 2024 annual plan for the Financial Risk Management department was discussed in December.

The committee also discussed sustainability risks, which became a standard topic on the agenda of the committee's meetings as of 2023. These included the impact that physical and transitional risks could have on the various risk types as well as the short-, medium- and long-term impact of climate change and the landscape of sustainability regulation in which the company operates.

In 2023, the Risk and Compliance Committee paid special attention to the topics detailed in the table below.

Key items for discussion	Risk and Compliance Committee review and conclusion
<p>Interest rate risk Over the course of 2023, the ECB further increased its deposit facility rate from 2% to 4%. Longer-term interest rates remained more or less unchanged. The resulting inverted yield curves had a substantial impact on depositor clients' preferences and changed client behaviour.</p>	<p>The Risk and Compliance Committee was informed about interest rate developments, the changes in client behaviour and the actions taken by the Asset & Liability Committee. Also discussed were the results of the various scenario analyses and the possible actions if such scenarios were to occur.</p>
<p>Credit risk Credit risk remains one of the major risks facing Van Lanschot Kempen, although the wind-down of the corporate portfolio means that credit risk is much more contained. The main risks for Van Lanschot Kempen are a major decline in the economy coupled with falling house prices.</p>	<p>The Risk and Compliance Committee was informed about credit risk developments in the loan portfolio based on several indicators (loans 30 days past due, amount of defaults, loan-to-value ratio, etc.). Based on these indicators and the IFRS 9 and IRB models, the credit quality of the loan portfolio remained stable in 2023, despite macroeconomic uncertainty. The various scenarios under which we would expect a deterioration in the quality of the loan portfolio were highlighted.</p>
<p>Non-financial risks Cybercrime is and will remain one of the main threats facing the financial services industry. We follow a risk-based approach and aim to develop intelligent solutions.</p> <p>In this rapidly changing and complex world, organisations only survive if they continuously adapt to new circumstances. However, working on various major projects simultaneously inherently leads to an increase in operational risks.</p>	<p>Regular updates on developments in Van Lanschot Kempen's cybersecurity and (IT) risk control framework were received and discussed by the Risk and Compliance Committee. The level of security is continuously being increased, and we concluded that sufficient resources and attention are being dedicated to this important topic. We also discussed the rapid developments in artificial intelligence and the deployment of innovative solutions in the organisation. We reached the conclusion that adequate attention is being paid to these topics.</p> <p>Management informed the Risk and Compliance Committee about the status of ongoing organisational change projects and risks to the organisation regarding the number of simultaneous changes and pressure on staff.</p>
<p>Compliance risk Managing compliance risk is crucial for overall risk management and plays a vital role in maintaining integrity, protecting the interests of key stakeholders and maintaining operational efficiency.</p> <p>In addition to further enhancements to the compliance framework for financial crime prevention, in 2023 more attention was paid to the area of consumer and investor protection, supporting the growth in serving retail customers.</p>	<p>Compliance reporting and oversight of foreign entities improved in 2023. The Risk and Compliance Committee received the quarterly compliance reports, which include an analysis of the group's compliance risk profile; the activities of the Compliance department, including compliance risk assessments and advisory, independent monitoring, training and awareness, and relevant supervisory developments.</p> <p>The Risk and Compliance Committee was informed about ongoing compliance-related projects. Examples of these include continuous efforts to improve the efficiency and quality of client due diligence processes and the implementation of new SFDR and MiFID II regulatory requirements related to sustainability.</p>
<p>Sustainability risk Sustainability risks are becoming increasingly important. We discussed the various forms of sustainability risks: risks to the balance sheet, risks in regulatory reporting, risks in AuM and risks of not correctly classifying sustainability-related products.</p>	<p>We discussed the various initiatives to measure, analyse and (if necessary) mitigate sustainability risks. We saw significant progress in several areas, and we share the Management Board's conclusion that the current sustainability risks are either well managed or not significant. We also recognise that continued effort is necessary to incorporate all new sustainability legislation and requirements from supervisors, while the evolving interpretation of legislation provides a challenge.</p>

Selection and Nomination Committee

Elizabeth Nolan was appointed as a new member of the Selection and Nomination Committee as of 25 May 2023. With her appointment, the number of members of the committee has increased to four. The Selection and Nomination Committee met ten times in 2023. The Chair of the Management Board is regularly invited to attend the meetings of the committee.

In 2023, the Selection and Nomination Committee discussed the succession of Richard Bruens and the appointment of a new member of the Management Board/CRO. The committee also paid attention to the future composition of the Management Board and reviewed the succession planning for Board members. The committee discussed the recruitment of a new member of the Supervisory Board to succeed Lex van Overmeire, as well as the composition of the Supervisory Board and the potential appointment of Supervisory Board members to fill vacancies that will arise in the longer term.

Remuneration Committee

Bernadette Langius resigned as a member of the Remuneration Committee on 25 May 2023. Maarten Muller succeeded her as Chair of the committee from that date. The Remuneration Committee held four meetings in 2023. Representatives from the HR department also attended the meetings. The Chair of the Management Board and CFO were invited to attend the Remuneration Committee meetings. At its February meeting, the committee discussed the Management Board's 2023 key performance indicators (KPIs) and the 2022 remuneration report.

The committee also discussed the employment conditions and overall reward principles of Van Lanschot Kempen, and new remuneration policies for the Management and Supervisory Boards. The members of the Remuneration Committee participated in a working group to prepare the proposals for the revised remuneration policies for the Management and Supervisory Boards. These proposals were subsequently discussed with stakeholders. Based on the outcome of this dialogue, a proposal for the revised remuneration policies will be put to vote at the AGM in May 2024. For further information on the remuneration of the Management Board, see "Remuneration of the Management Board in 2023" on page 105.

At the committee's January meeting, the 2022 variable remuneration paid to Van Lanschot Kempen staff was discussed. The total amount available for variable remuneration of Van Lanschot Kempen staff for 2023 was among the topics discussed at the December meeting.

Assuring governance quality

Evaluation of the Supervisory Board

The Supervisory Board values the structural evaluation process to ensure continuous improvement in its way of working. Each year, the Supervisory Board evaluates the composition and functioning of the Supervisory Board, its committees and individual members. The evaluation is carried out under the guidance of an external adviser once every three years. In the other years, the evaluation is carried out via self-assessment, using a questionnaire that is completed by each Supervisory Board member.

In 2023, the Supervisory Board entrusted the annual evaluation to an external adviser. The evaluation process took place in December 2023 and January 2024, and included interviews with all Supervisory Board members. Each Board member also completed a questionnaire. The evaluation includes the participation and contribution of each member of the Supervisory Board, the knowledge and experience of the Supervisory Board collectively, the conduct and culture of its members, the interaction and dynamics within the Supervisory Board, the communication and provision of information, the decision-making process and quality of the information provided for Supervisory Board meetings, the independence of mind of the individual members, whether members are able to commit sufficient time to fulfil their role within the Supervisory Board, and the relationship with the Management Board. The outcomes of the evaluation were discussed by the Supervisory Board at a meeting in January 2024, and recommendations will be implemented as a result.

The Supervisory Board concluded that the Board and its committees are functioning well, and that its composition is in line with the required profile in terms of suitability, expertise and diversity, and also complies with Principle 2.1 of the Dutch Corporate Governance Code. The Supervisory Board discussed the skills and experience that would be desirable when vacancies arise on the Board. The Supervisory Board also agreed that the topic of client-centricity will be discussed at least once a year as a specific agenda item. The Supervisory Board will arrange a separate meeting with the Management Board to discuss strategic topics. Further attention will be paid to debriefing the Supervisory Board well on items that have been discussed in the meetings of the Supervisory Board committees.

The relationship with the Management Board is open and constructive, while remaining sufficiently critical. Conclusions and recommendations relevant to the Management Board are shared with the Management Board.

Evaluation of the Management Board

In February 2024, the Supervisory Board evaluated the functioning of the Management Board as a whole and that of its individual members based on the KPIs for 2023. The Supervisory Board sets the KPIs for the Management Board every year. These KPIs consist of Van Lanschot Kempen's external financial and non-financial KPIs, with additional KPIs on financial and non-financial topics. The achievement of the KPIs by the Management Board is monitored during the year. Financial KPIs for 2023 included the return on CET 1, the CET 1 ratio and the cost/income ratio. Non-financial KPIs include sustainability ambitions, reduction in carbon emissions, employee engagement, inclusion and diversity, and the Net Promoter Score for Private Clients, Wholesale & Institutional Clients and Evi van Lanschot. The assessment of the KPIs forms the basis for the collective assessment of the Management Board and the individual assessment of its members for 2023. For further information on company performance against these KPIs, see "Steering and monitoring our business in 2023" on page 14.

At the beginning of 2024, a delegation from the Supervisory Board (with input from its members) held meetings with each of the members of the Management Board to review their individual performance as well as the performance of the entire Management Board and the company over the past year. During these meetings, self-assessments by the individual Board members were further elucidated and discussed. Topics typically included personal performance and goals, cooperation within the Management Board, execution of the company strategy and any lessons learned. Overall, the performance was evaluated to be good, and it was noted that the two most recent appointees to the Management Board had settled in their roles very well. These conclusions were shared with the members of the Management Board. The 2024 KPIs for the Management Board are in line with Van Lanschot Kempen's financial and non-financial KPIs for 2024 (see page 28).

The Management Board evaluated its own operation and effectiveness on a regular basis during its off-site meetings. Board members gave each other feedback on their strengths and points to consider, and reflected on these. In addition, the Management Board will carry out a self-evaluation with the support of an external adviser in 2024.

On-boarding programme

All new members of the Management and Supervisory Boards complete a comprehensive on-boarding programme when appointed. The programme is tailor-made for each newly appointed Board member, as their knowledge and experience varies. The aim of the on-boarding programme is to ensure that new Board members have thorough knowledge of Van Lanschot Kempen, its strategy, business activities and key risks to fulfil their role within the Management and Supervisory Boards. Depending on the individual role and needs of the Board members, in-depth meetings with senior managers of relevant departments are incorporated into the on-boarding programme.

Education

As ongoing education is an important part of good governance, the members of the Supervisory and Management Boards take part in a continuous education programme. In 2023, three educational sessions were organised. Topics covered included:

- Pensions developments: UK fiduciary management business, UK pension market, new pension agreement in the Netherlands;
- Artificial intelligence (AI): generative AI in wealth management and its impact on Van Lanschot Kempen;
- Model risk.

These educational sessions were positively rated by the members of the Supervisory and Management Boards.

Independence

The Supervisory Board attaches great importance to the independence of its members. All members of the Supervisory Board perform their duties independently and critically. The independence requirements described in best practice provisions 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code have been fulfilled. Currently, there are no dependent members on the Supervisory Board. In the event of a potential conflict of interest relating to a particular topic, the Supervisory Board member concerned is not allowed to participate in discussions or decision-making on that topic. Best practice provisions 2.7.3 to 2.7.4 of the Dutch Corporate Governance Code were observed as far as applicable. In 2023, there were no conflicts of interest of material significance for members of the Supervisory or Management Boards.

Financial statements

The Supervisory Board has reviewed and approved the 2023 annual report and the 2023 financial statements. The 2023 financial statements have been audited by the external auditors, PwC. The independent auditors' report can be found on page 243. The external auditors have also issued a limited assurance report on the sustainability information in this annual report, which can be found on page 263. We invite the AGM to adopt the 2023 financial statements as submitted, and to discharge the Management Board in respect of its conduct of Van Lanschot Kempen's affairs and the members of the Supervisory Board in respect of their supervision.

Acknowledgements

The Supervisory Board would like to thank all stakeholders for their trust in Van Lanschot Kempen.

We value our relationship with the Management Board and would like to thank the members of the Management Board and all employees for their hard work and commitment to Van Lanschot Kempen's clients, as well as their contribution to the company's strong results over the past year.

We would also like to reiterate our sadness at the passing of our colleague Lex van Overmeire. He was a truly dedicated, supportive, thoughtful and critical member of the Supervisory Board, who was always willing to share his insightful views for the benefit of the entire team. He will be dearly missed.

's-Hertogenbosch, the Netherlands, 21 February 2024

Supervisory Board

Frans Blom, *Chair*
 Manfred Schepers, *Vice-Chair*
 Karin Bergstein
 Brigitte Boone
 Maarten Muller
 Elizabeth Nolan



Inclusive opportunities to connect

October 2023 marked the start of a two-year round-the-world voyage by the Clipper Stad Amsterdam. In addition to the regular crew, a special group of 30 young people from different backgrounds as well as four of our colleagues were on board for the journey's first leg from the Netherlands to Portugal, of which Van Lanschot Kempen was a sponsor. This initiative highlights the importance of inclusiveness and diversity, giving young people the opportunity to connect, develop and discover their talents.

Remuneration report

Remuneration Committee

Key objectives

To advise on the Management Board remuneration policy and its execution, and to prepare the Supervisory Board's decision-making.

Responsibilities

The responsibilities of the Remuneration Committee include:

- Providing advice to the Supervisory Board on:
 - the determination of the policy on remuneration of the Management Board;
 - the total remuneration packages for the members of the Management Board;
 - the remuneration of the members of the Supervisory Board;
- Preparing the annual remuneration report;
- Overseeing remuneration policies and practices, including total variable remuneration paid to Van Lanschot Kempen employees, significant¹ individual variable remuneration, and individual variable remuneration to all identified staff.

The committee held four meetings in 2023.

Composition

Chair

Maarten Muller



Members

Karin Bergstein
Frans Blom

Letter from the Chair of the Remuneration Committee

Dear shareholder,

As Chair of the Remuneration Committee, I'm pleased to present Van Lanschot Kempen's remuneration report. This report is guided by requirements originating from the EU Shareholder Rights Directive (SRD II).

This report includes both a summary of our Management Board and Supervisory Board remuneration policies and our annual report on remuneration, which sets out how our policy was applied during 2023 and how it will be applied in 2024. On 28 May 2020, the annual general meeting (AGM) approved the remuneration policies for the Management Board with a majority of 93.7% of the votes cast, and for the Supervisory Board with 100% of the votes cast. The remuneration policies were reviewed in 2023 and will once again be on the AGM agenda in 2024.

The 2022 remuneration report was approved by the AGM (advisory vote) with a majority of 98.88% of the votes cast. There was no specific follow-up given the outcome of this vote. We did not receive any substantive comments on the 2022 remuneration report. The 2023 remuneration report will be subject to an advisory vote at our AGM on 23 May 2024.

Alignment with our strategic framework

Van Lanschot Kempen is a specialist, independent wealth manager with a banking licence. This leads to specific challenges from a remuneration perspective, especially within the Dutch regulatory context.

We are the second largest wealth manager in the Netherlands and we compete with large financial institutions in our sectors. We strongly believe that our future success requires a robust Management Board with a proven track record in wealth management and related investment banking activities, with knowledge of the risk and compliance challenges associated with this. Experience in digitalisation and advanced analytics is also key. As a consequence, the remuneration of the Management Board members should be such that Van Lanschot Kempen is able to attract and retain the necessary talent, which includes future board members from highly specialist wealth management and technology firms. Moreover, the Management Board's remuneration package must be structured to fit properly within the Dutch context.

Remuneration principles remained unchanged in 2023

We believe in rewarding long-term sustainable performance to help achieve our long-term strategy. This is reflected in our Management Board remuneration policy. Since 2015, this consists of fixed remuneration only (no variable remuneration) and includes a large proportion in depositary receipts for shares (hereinafter: shares), with a five-year lock-up period, in combination with share ownership guidelines.² This creates a strong focus on sustainable long-term value creation.

The remuneration structure for the Management and Supervisory Boards remained unchanged in 2023.

¹ More than 50% of fixed remuneration.

² Management Board members must hold Van Lanschot Kempen shares with a value equal to or above the cash portion of two years' gross salary (for as long as they remain in office). They can gradually meet this requirement over the years.

Total remuneration in 2023

We review total remuneration for the Management Board periodically, taking into account internal and external perspectives. When adopting the Management Board remuneration package, we consider pay ratios within the company and remuneration policies in place across the wider workforce (governed by collective employment conditions). Moreover, the Remuneration Committee takes note of individual Management Board members' views on the amount and structure of their own remuneration.

In line with the Management Board remuneration policy approved by shareholders, the Supervisory Board indexed the fixed remuneration of the members of the Management Board. The indexation was applied on 1 January 2023 at 3.5% and on 1 July 2023 at 0.5%. Compared with the wider workforce (who received a total increase of 5.4%), the Supervisory Board believed it was appropriate to apply a lower indexation percentage to the Management Board.

For more information about the Management Board's remuneration package and pay ratios, see "Remuneration of the Management Board in 2023" on page 105.

Performance management

The Supervisory Board assesses and challenges the performance of the Management Board based on a set of financial and non-financial key performance indicators (KPIs). These KPIs are strongly aligned with the KPIs for the rest of the organisation, and reflect both the interests of its stakeholders and its ambitions as a wealth manager. In assessing the performance of the Management Board, great value is attached to their performance as a team. This is the starting point of the performance assessment, given the company's integrated wealth management model. If the performance of a Management Board member is below par, the Supervisory Board will discuss this with the relevant Board member, and may also decide not to apply any indexation. If the performance is consistently below par, the Supervisory Board may dismiss the responsible Board member (after consulting the general meeting).

Looking ahead to 2024

The current remuneration structure for the Management Board and Supervisory Board will largely stay in place. Further to the review that took place in 2023, a limited number of changes to the existing remuneration policies will be proposed at the 2024 AGM:

Management Board remuneration policy

- The reference group used to benchmark remuneration was reconsidered based on past stakeholder feedback and changes will be proposed at the 2024 AGM. No adjustments are proposed in the corresponding remuneration levels.
- To align the remuneration of the Management Board with shareholder interests, it is proposed to link the remuneration in shares to a fixed percentage of total remuneration, as well as expanding the share ownership guidelines.
- In line with emerging practice, a specific derogation clause is proposed that gives the Supervisory Board the opportunity to temporarily deviate from the policy in predefined exceptional circumstances, when necessary to ensure the viability of the company or to serve its long-term interests and sustainability.

Supervisory Board remuneration policy

- The fee levels for the Supervisory Board are proposed to be updated in order to remain competitive, in light of increased responsibilities and time commitment, and to attract and retain the right talent, both domestic and international.
- An indexation clause is proposed to ensure that the Supervisory Board remuneration policy is future-proof.

Stakeholder engagement

We take stakeholders' views very seriously and welcome an open dialogue on all aspects of remuneration. In preparation for the 2024 AGM, a delegation from the Remuneration Committee of the Supervisory Board consulted with a large cross-section of the company's shareholder base, proxy advisers, the Works Council and various client groups. At these meetings, explanations were given about SRD II; the Management and Supervisory Board remuneration policies; the Supervisory Board's view on rewarding long-term sustainable performance; and the Dutch context, such as the Dutch law on remuneration of financial undertakings, the Dutch Corporate Governance Code and the Dutch Banking Code. The dialogue with our stakeholders was very constructive. Gaining their views on executive pay in general, and Van Lanschot Kempen's remuneration policy in particular, was very valuable.

The Supervisory Board received detailed feedback from each of the meetings, and appreciates that it is important for stakeholders to have a clear understanding of the decisions made around remuneration. We would like to thank all the stakeholders for their valuable input. The feedback was very constructive, and the Supervisory Board will take it into account going forward. Van Lanschot Kempen will continue this broader scope of stakeholder engagement, and will aim to liaise with stakeholders on sensitive matters well before these items are put on the agenda of the AGM. The remuneration policy for the Management and Supervisory Boards will be put to the vote at the AGM in 2024.

Indexation of Management Board remuneration

The 2024 indexation of the fixed remuneration of the Management Board was discussed by the Supervisory Board, in line with the remuneration policy. For the wider workforce – governed by collective employment conditions – an indexation amounting to 3.15% was applied on 1 January 2024. The Supervisory Board believes it is appropriate to apply a lower indexation percentage to the Management Board than to the wider workforce.

The Supervisory Board concluded that the performance of all Management Board members was (at least) on target, and that indexation can be justified by the company's financial performance. The decision was therefore made to index the fixed remuneration of the Management Board on 1 January 2024. Although 2023 performance was strong, an indexation percentage of 1% was chosen to reflect the Management Board's focus on cost control.

's-Hertogenbosch, the Netherlands, 21 February 2024

Remuneration Committee



Maarten Muller, Chair

Our approach to remuneration: rewarding long-term sustainable performance

Our purpose is to preserve and create wealth for our clients and for society in a sustainable way. We build close relationships with our clients so that we can guide them in their financial decisions. Only by putting ourselves in their shoes can we use our collective expertise to present them with fitting solutions and products in support of their long-term goals.

Van Lanschot Kempen is the oldest independent financial institution in the Netherlands, with a heritage dating back almost 300 years. We couple long-standing relationships with a talent for staying one step ahead. That's what makes Van Lanschot Kempen unique: across generations, we've acted decisively and proactively to help our clients move onwards – with a personal and entrepreneurial approach, grounded in clear investment principles. We manage, invest and advise on behalf of the individuals, families and businesses we serve. This is what we aim to capture in our core promise – Onwards together (*Kom verder*) – which applies both to our clients and to each other.

We are an independent, well-capitalised wealth manager with a banking licence. We have a strong specialist position in our chosen markets, combining private banking, investment management and investment banking. We believe our knowledge, experience and personal approach, coupled with our unique combination of activities, are what set us apart.

This view is reflected in our approach to remuneration. The remuneration of the Management Board consists of fixed remuneration only, and includes a large proportion in Van Lanschot Kempen shares (with a five-year lock-up period), creating a strong focus on the long-term continuity of the company and subsequent strong client relations.

We believe in:

Focusing on the long term

Variable remuneration is scrutinised in Dutch society, especially in the financial sector. The use of variable remuneration can lead to a focus on short-term performance. As we believe in rewarding long-term sustainable performance, we pay only fixed remuneration to our Management Board.

Rewarding sustainable performance

We pay out a substantial proportion of fixed remuneration in shares to ensure our Board members focus on long-term, sustainable performance. To maximise this effect, these shares are subject to a five-year lock-up period (during which the shares cannot be sold).

Creating a sense of ownership

We believe in aligning our interests with those of our shareholders through a high level of personal share ownership. Our share ownership guidelines stipulate that Management Board members must hold Van Lanschot Kempen shares with a value equal to or above the cash portion of two years of their gross salary (for as long as they remain in office). If the share price is not performing, the Board members must keep increasing their holdings.

Performance management

The Supervisory Board evaluates both the performance of the Management Board as a whole and that of the individual Management Board members on an annual basis. Performance discussions are held with the individual members. The Management Board also annually evaluates its own functioning as a whole and that of its individual members. If an individual Management Board member underperforms, they are held accountable.

Van Lanschot Kempen has developed a set of KPIs focusing on long-term value creation. These are in line with the company's values and will be reassessed from time to time. The KPIs that are relevant from a strategy and stakeholder perspective are disclosed in the sections about our value creation per type of capital on pages 32-52. These KPIs are applicable to the members of the Management Board.

Our remuneration policy at a glance

The remuneration policy for members of Van Lanschot Kempen's Management Board was approved and adopted by the AGM on 28 May 2020, and applied from that date.

Our remuneration policy aims to ensure a balanced, sustainable and competitive remuneration package. The key features of our remuneration policy are as follows:

	Purpose	Operation
Fixed salary – cash	To reflect the scale and complexity of our company, enabling us to attract and retain the highest calibre talent needed to continue the company's growth	Fixed salary in cash, paid during the year in 12 instalments, taking into account the following factors: <ul style="list-style-type: none"> – Scope of responsibilities; – Business performance, scarcity of talent, economic climate and market conditions; – Developments elsewhere within Van Lanschot Kempen, including pay ratios; – Developments in our external peer groups (which are used for reference purposes only).
Fixed salary – shares	To reflect the scale and complexity of our company, enabling us to attract and retain the highest-calibre talent needed; to align rewards with long-term sustainable performance; and to align the interests of the Management Board with shareholders	Fixed salary in shares, paid in one instalment: <ul style="list-style-type: none"> – A lock-up period of five years applies to these shares.
Indexation	Pay for performance, labour market developments and to compensate for inflationary pressures	The remuneration of the Management Board can be increased annually at the discretion of the Supervisory Board. The indexation is maximised by: i) the general increase granted to the wider workforce; and ii) the derived CPI applicable over the previous year. It will only be applied if: i) the overall performance of the individual Management Board member is (at least) on target; and ii) it can be justified by the financial performance of the company. The indexation is granted fully in cash.
Share ownership guidelines	To align the interests of the Management Board with those of shareholders	Management Board members must hold Van Lanschot Kempen shares with a value equal to or above the cash portion of two years' gross salary (for as long as they remain in office). They can gradually meet this requirement over the years. If the share price is not performing, the Management Board members must keep increasing their holdings.
Pension and disability insurance	To secure income after retirement or in case of disability	<ul style="list-style-type: none"> – The members of the Management Board are responsible for their own pension provision, towards which they receive a fixed cash payment of 30% of their fixed remuneration. This percentage is in line with our reference market. – They also receive a payment of 2.59% of their fixed remuneration for taking out disability insurance. – There are no early retirement schemes for Management Board members. – We monitor external developments regarding alignment between executive pensions and broader employee pension arrangements.

Remuneration of the Management Board in 2023

The Supervisory Board indexed the fixed remuneration of the members of the Management Board in 2023. For the wider workforce an indexation was applied, amounting to 4.4% on 1 January 2023 and 1% on 1 July 2023. These relatively high percentages were a result of the high-inflation environment. The Supervisory Board believed it was appropriate to apply a lower indexation percentage to the Management Board. The decision was therefore made to index the fixed remuneration of the Management Board at 3.5% on 1 January 2023 and 0.5% on 1 July 2023. This was granted fully in cash, in accordance with the Management Board remuneration policy. The remuneration paid to the Management Board in 2023 and 2022 is presented in the table on the following page.

Total remuneration of the individual members of the Management Board (€1,000) ³									
Management Board member	Year	Fixed salary in cash	Fixed salary in shares ⁴	Total fixed salaries	Extra-ordinary items	Pension and disability insurance	Total remuneration	Share-based payment expenses ⁵	Total staff costs
Maarten Edixhoven ⁶	2023	875	388	1,263	34	412	1,709	78	1,787
	2022	830	388	1,217	71	397	1,684	78	1,763
Jeroen Kroes ⁷	2023	504	312	816	–	267	1,083	35	1,118
	2022	158	104	262	–	85	348	24	372
Wendy Winkelhuijzen ⁸	2023	504	312	816	–	267	1,083	35	1,118
	2022	158	104	262	–	85	348	24	372
Arjan Huisman	2023	504	312	816	–	267	1,083	35	1,118
	2022	475	312	787	–	256	1,043	47	1,090
Richard Bruens	2023	504	312	816	–	267	1,083	35	1,118
	2022	475	312	787	–	256	1,043	47	1,090
Erik van Houwelingen	2023	504	312	816	–	267	1,083	35	1,118
	2022	475	312	787	–	256	1,043	47	1,090
Constant Korthout ⁹	2023	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2022	317	208	525	787	171	1,483	23	1,506

Compliance with our remuneration policy

We have continued to ensure that decisions on Management Board remuneration are made in accordance with our policy, as approved by our shareholders and in the context of developments inside and outside Van Lanschot Kempen. The current remuneration policy does not contain room for derogation.

Total remuneration of the Management Board

We review total remuneration for the Management Board periodically, taking into account internal and external considerations.

Internal pay ratios, fairness and wider workforce considerations

When adopting the Management Board remuneration package, we consider pay ratios within the company – attaching importance to the need for a sound pay ratio. The development of the pay ratio is discussed annually with the Works Council.

A comparison of the CEO's remuneration package and the average remuneration¹⁰ of an employee within Van Lanschot Kempen results in a pay ratio of 11:1, the same as in 2022 and in line with the industry benchmark.

As part of the review of Management Board remuneration, we take into account the alignment with remuneration policies in place across the wider workforce. This includes considering the structure of remuneration packages at each level of the business to ensure there is a strong rationale for how these evolve across the different levels of the organisation.

For more detailed information on Management Board remuneration versus remuneration for the wider workforce (as well as company performance), see “Supplementary disclosure related to Management Board remuneration” on page 108.

External considerations

To assess the remuneration levels of the Management Board versus external market levels, we use a well-balanced, focused group of companies, which reflects our talent market for Management Board positions. This serves as one of many checks in the determination of remuneration levels.

We are convinced that market capitalisation is not the deciding factor for attracting talent. Our talent market is much broader than that of our direct competitors. This is evidenced by four of our current Management Board members, who were hired from top-notch larger firms. The relevant market includes both financial services companies and non-financial industry companies, both Dutch and international, and companies that are similar to and larger in size than Van Lanschot Kempen. The relative size of the company versus our competitors drives the need to attract better people than the competition. Prompted by our business strategy, we are willing to pay for the best people in the market. Typically, this talent comes from companies that are larger than ours.

Our external reference market consists of the following types of companies:

- **Specialist wealth management companies:** We are a (highly) specialist company and need to be able to attract specialists to further grow the business. As there are no

³ To be able to make a comparison between 2023 and 2022, the same definition of total remuneration has been used (total fixed salary plus pension and disability insurance). Business expenses have not been included.

⁴ A proportion of fixed salary is paid in the form of Van Lanschot Kempen shares. Maarten Edixhoven received 17,206 shares (2022: 17,041 shares), Jeroen Kroes and Wendy Winkelhuijzen received 13,865 shares (2022: 5,091 shares from 1 September 2022), while the other members of the Management Board each received 13,865 shares (2022: 13,732 shares). The number of shares granted is based on the average share price for the first four trading days in January. For 2023, the average share price amounted to €22.52 in January (2022: €22.74 in January and €20.44 in September for Jeroen Kroes and Wendy Winkelhuijzen). IFRS takes the share price at grant date as the basis for recognition. This price also amounted to €22.52 in 2023 (2022: €22.74).

⁵ Share-based payments have a lock-up period of five years, allowing Van Lanschot Kempen to provide a discount of 18.5% on the shares.

⁶ The extraordinary item in 2023 of €34,000 (2022: €71,000) relates to deferred compensation for lapsed rights to variable remuneration at Maarten Edixhoven's previous employer.

⁷ Jeroen Kroes was appointed as Chief Financial Officer on 1 September 2022.

⁸ Wendy Winkelhuijzen was appointed as Chief Risk Officer on 1 September 2022.

⁹ Constant Korthout stepped down as member of the Management Board on 1 September 2022 and was entitled to a (one-year gross salary) severance payment of €787,000. He received remuneration under the same conditions for the remainder of 2022.

¹⁰ The average employee remuneration is calculated by dividing total staff costs (excluding costs for external hiring, redundancy, mobility, training and other staff costs) by the average number of FTEs working for Van Lanschot Kempen.

other standalone specialist wealth management companies of comparable size in the Netherlands, we look at companies active in western Europe. We take into account standalone companies, broadly comparable in terms of number of employees and type of professional setting.

- **Dutch banks:** Although not all of the country's banks are directly comparable in terms of activities and size, these companies are subject to the same regulatory framework and are part of the same public debate.
- **Other Dutch companies:** Although other banks and specialist wealth management companies are important from a talent market perspective, our talent pool does not only consist of financial services companies. For example, in pursuing our wealth management strategy, professional qualifications are key – including the ability to adapt to technological changes. Because of this, our peer group also consists of other, non-financial Dutch companies – for example, in the technology sector. These companies are larger than ours, reflecting our experience that talent suitable for our Management Board is likely to be attracted from (and lost to) larger companies.

The peer group is in line with requirements as laid down in the Dutch Banking Code. This code prescribes that the peer group should be composed of comparable positions both inside and outside the financial industry, including the relevant international context. The composition of the current peer group is set out in the following table.

Management Board peer group in 2023		
Specialist wealth management companies	Dutch banks	Other Dutch companies
BIL	ABN AMRO	Aegon
Degroef Petercam	ING Groep	ASML
Julius Bär	NIBC Bank	Boskalis Westminster
Lombard Odier	Rabobank	DSM
Quintet		KPN
Vontobel		NN Group Vopak

In preparation for the approval of our remuneration policy at the 2024 AGM, we have reconsidered our Management Board peer group, and decided to make changes that will be disclosed in the explanatory notes to the 2024 AGM agenda.

As for the Management Board's overall total remuneration level, the objective is to remain competitive and to occupy a position below the median of the peer group. When establishing more specific positioning against market data, we take into account that some of the companies are substantially larger than ours. As a result, the current remuneration packages of our Management Board members occupy a position far below the median of the peer group.

Following feedback from stakeholders, in 2019 we asked Willis Towers Watson (WTW) to update the market assessment for the Management Board. No changes were made in the companies selected, but we asked WTW to benchmark one level deeper in the organisation for the larger firms in the peer group (at similar job levels). This means that our CEO was compared with positions that report to the CEO (CEO-1 level); for the other Management Board positions, divisional heads were included that report to CEO-1 level (i.e. CEO-2 level). As these positions do not have formal board responsibilities, a standard board premium (in line with market practice) was applied to the base salary levels. Based on this updated analysis, we found that the CEO and CFO are still placed below median market levels (in the 40th percentile for the CEO and 44th percentile for the CFO), while the other Management Board members are placed at median market levels.

Management Board performance

As indicated in our approach to remuneration, the performance of the Management Board is assessed based on financial and non-financial KPIs. For 2023, the following KPIs (selected from a strategic and stakeholder perspective) were included in the KPIs of the Management Board. For a comprehensive overview of the Management Board KPIs, see the sections about our value creation per type of capital on pages 32-52.

	KPIs	Targets	Performance in 2023	Supervisory Board assessment 2023
Financial	CET 1 ratio	15 + M&A add-on of 2.5%	19.6%	●
	Return on equity (CET 1)	12% through the cycle	14.2%	●
	Cost/income ratio	70%	71.6%	●
Non-financial	Net Promoter Score (NPS)			
	a. Private Clients	20	34	●
	b. Evi van Lanschot	10	0	●
	c. Wholesale & Institutional Clients	20	30	●
	Employer Net Promoter Score (eNPS)	> 10	22	●

● KPI more than achieved ● KPI achieved ● KPI almost achieved ● KPI not achieved ● KPI far from achieved

In addition to these, the members of the Management Board had KPIs regarding the level of operating expenses, run-rate revenue per client segment, active involvement in relevant M&A opportunities and risk appetite.

Supplementary disclosure related to Management Board remuneration

Annual change in Management Board remuneration versus wider workforce and company performance ¹¹	2023	2022	2021	2020	2019	2018
CEO remuneration (€1,000) ¹²	1,709	1,684	1,576	1,499 ¹³	1,538	1,538
Other Management Board members' remuneration (€1,000) ¹²	1,083	1,043	1,019	973 ¹³	994	994
Average employee remuneration (€1,000) ¹⁴	149	148	149	140	131	139
Pay ratio	11:1	11:1	11:1	11:1	12:1	11:1
Underlying net profit (€ million)	130.5	117.8	159.9	51.0	108.8	103.0

Number of shares held by Management Board members in 2023	At 1 January 2023	Bought/awarded	Sold/post-employment	At 31 December 2023
Maarten Edixhoven	25,128	19,541	—	44,669
Jeroen Kroes	19,025	8,591	—	27,616
Wendy Winkelhuijzen	10,742	8,591	—	19,333
Arjan Huisman	72,026	8,591	—	80,617
Richard Bruens	88,375	8,591	—	96,966
Erik van Houwelingen	36,527	8,591	—	45,118
Total	251,823	62,496	—	314,319

At 31 December 2023, the members of the Management Board held no options for shares.

Loans to Management Board members are only granted within the scope of normal operations and in keeping with conditions laid down in the financial services regulations for directors of Van Lanschot Kempen, subject to the approval of the Remuneration Committee.

No advances or guarantees have been granted to members of the Management Board. No impairments or write-offs have occurred on loans granted to Management Board members.

Loans to Management Board members at 31 December 2023 (€1,000)	At 31 December 2023	Repaid in the year	Interest range	Type
Maarten Edixhoven	—	—	—	—
Jeroen Kroes	332	12	1.35%	Mortgage
Wendy Winkelhuijzen	1,461	15	1.85 - 4.61%	Mortgage
	680	—	5.60%	Bridge loan
Arjan Huisman	—	—	—	—
Richard Bruens	2,296	37	1.10 - 1.56%	Mortgage
Erik van Houwelingen	2,290	20	1.35 - 5.21%	Mortgage
Total	7,059	84		

¹¹ The Dutch implementation of SRD II requires disclosure of the compensation of the Supervisory Board members in a way that allows comparison. The members of the Supervisory Board received fixed remuneration during the years covered by the table above, ranging from €76,000 (lowest full-time amount in 2018) to €127,000 (highest full-time amount in 2019). They are not entitled to any variable remuneration. For more information, see "Remuneration of the Supervisory Board in 2023".

¹² Total remuneration awarded. For the 2022 figures: from 1 September, Jeroen Kroes's remuneration and Wendy Winkelhuijzen's remuneration are reported.

¹³ In response to the Covid pandemic, the members of the Management Board decided to take a 10% pay cut on the cash component of their 2020 compensation on a voluntary basis, from 1 May until the end of 2020.

¹⁴ Since 2020, an FTE equals 40 working hours for all employees, instead of 36 hours for some employees, as previously. This adjustment had an impact of around 40 FTEs as of 1 January 2020.

Remuneration of the Supervisory Board in 2023

The remuneration policy for members of the Supervisory Board was adopted by the AGM on 28 May 2020 and applied from that date. The remuneration of the Supervisory Board is summarised in the tables below.

Remuneration of the Supervisory Board	Chair	Vice-Chair	Member
Supervisory Board	€90,000	€70,000	€60,000
Audit Committee	€15,000		€10,000
Risk and Compliance Committee	€15,000		€10,000
Remuneration Committee	€10,000		€7,000
Selection and Nomination Committee	€10,000		€6,000

Remuneration of the Supervisory Board (€1,000)	2023	2022
Frans Blom	117	117
Manfred Schepers	95	95
Bernadette Langius (until 25 May 2023)	33	80
Maarten Muller	82	76
Lex van Overmeire (deceased 4 April 2023)	28	85
Karin Bergstein	92	77
Brigitte Boone	76	76
Elizabeth Nolan (from 25 May 2023)	44	–

No share-based remuneration, loans, advances or guarantees have been granted to the members of the Supervisory Board.

The Supervisory Board peer group is composed of Dutch banks and Dutch listed companies that operate a two-tier board structure. As a specialist wealth manager in the financial sector, Van Lanschot Kempen wants to be able to appoint and retain high-quality Supervisory Board members. The composition of the current peer group is set out in the following table.

Supervisory Board peer group in 2023		
Dutch banks	Dutch companies with a two-tier board structure	
ABN AMRO	Aegon	KPN
ING Groep	Ahold Delhaize	NN Group
NIBC Bank	Akzo Nobel	Philips
Rabobank	ASML Holding	Randstad Holding
	Boskalis Westminster	SBM Offshore
	DSM	Vopak
	Heineken	Wolters Kluwer

In preparation for the approval of our remuneration policy at the 2024 AGM, we have reconsidered our Supervisory Board peer group and decided to make changes.

Remuneration of other employees

We aim to provide a remuneration package for all employees that is competitive, performance-related and fair. Our remuneration policy for other employees is in line with our strategy and purpose, and contributes to sustainable long-term value creation.

Fixed remuneration

Employees' fixed remuneration reflects their relevant work experience and organisational responsibilities. Our job and career framework consistently links the weight of each job to a pay line. The pay lines are based on external market data and are differentiated to ensure we pay competitive salaries across the organisation. The pay lines are fully transparent, promote better pay-for-performance focus, and have been set up with clear guidelines on pay-related decisions and governance.

Variable remuneration

Our variable remuneration policy covers all employees. In 2023, the policy was renewed and updated, taking into account factors such as sustainability and a safe working environment. Each individual variable remuneration grant is subject to meeting the criteria as described in this section.

Our variable remuneration policies comply with all relevant laws and regulations. The average variable remuneration of all Van Lanschot Kempen employees who work (largely) in the Netherlands may not and does not exceed 20% of their fixed remuneration. For a small number of employees who are not directly engaged in providing financial services to consumers, we may grant variable remuneration of up to 100% of fixed remuneration. These deviations require separate approval from the Supervisory Board.

Variable remuneration funding

The Management Board annually establishes a variable remuneration pool, from which individual variable remuneration awards are made. The size of the pool (or the pool funding) depends on achievement of financial and non-financial KPIs, and is subject to Supervisory Board approval. Once the size of the variable remuneration pool has been established, the Management Board decides how the pool will be allocated.

Variable remuneration allocation

The individual allocation of variable remuneration depends on individual and team performance, market competitiveness and special factors.

Individual performance is measured by assessing the achievement of KPIs, as set at the beginning of the year. These indicators can be financial and non-financial, with some departments applying only non-financial criteria. For the departments that use both financial and non-financial indicators, at least 50% of the allocation of any variable remuneration is based on non-financial criteria, such as showing the desired professional behaviour, improving client satisfaction, developing new products or solutions for clients, and improving internal processes, policies or systems. The financial performance indicators include nothing that might encourage irresponsible risk-taking.

Variable remuneration is only awarded if:

- Van Lanschot Kempen's financial position allows;
- It is justified by Van Lanschot Kempen's performance, the relevant client segment and the individual employee;
- Van Lanschot Kempen meets the prevailing buffer requirements under the EU's Capital Requirements Regulation (CRR), the Dutch Financial Supervision Act (Wft) and its implementing legislation;
- The risks taken have been reassessed and no material risks have occurred that were not expected or factored in;

- The employee has received a good performance assessment, has met compliance targets, has not been subject to disciplinary measures, and has not taken any risks that fall outside Van Lanschot Kempen's accepted risk appetite.

Variable remuneration pay-out

Variable remuneration up to €50,000 gross is paid out in cash directly. Above this amount, 50% of any variable remuneration is paid out directly, whereas the other 50% is deferred for a period of four years. Pay-out of the deferral is conditional on Van Lanschot Kempen meeting the prevailing buffer requirements (as mentioned above).

The Management Board may, with the approval of the Supervisory Board, hold or claw back all or part of the pay-out if pay-outs have taken place on the basis of incorrect information, or have been made in conflict with the variable remuneration policy and/or applicable legislation and regulations:

- Deferred, conditional, variable remuneration previously awarded to an employee (or former employee), if payment of the variable remuneration would be considered unfair or unreasonable (hold back);
- Unconditional variable remuneration previously paid to an employee (or former employee). This might occur if, for instance, payment was based on incorrect information about performance or about the conditions on which the variable remuneration depended (claw back).

Remuneration in 2023

Variable remuneration totalling €18.6 million was awarded to employees (including identified staff) over 2023 (2022: €21.5 million). Six people received total annual remuneration of over €1 million in 2023 (2022: six people).

Equal pay

Van Lanschot Kempen operates a merit-based remuneration policy, seeking not to discriminate on the basis of gender, age, nationality, social status or cultural background. We periodically investigate this and, if necessary, make adjustments to equalise pay. In 2023, we further analysed the gender pay gap at different levels in the organisation to determine whether there are any unexplained differences. Our unexplained gender pay gap rose slightly to 3% in 2023, up from 2.7% in 2022 and above our target range of <2%. For more information, see "Reducing the gender pay gap" on page 40.

Matching Share Plan

Our employee participation plan, also known as the Matching Share Plan, offers an attractive investment opportunity in Van Lanschot Kempen, as well as the chance to share in the company's successes. The investment in Van Lanschot Kempen shares that an employee makes – up to a maximum value of €3,500 – is matched by Van Lanschot Kempen one year later. The total amount for which Van Lanschot Kempen shares can be purchased at a discount of 18.5% was increased to €15,000.

Partnership for leadership

The reporting year was the second for the Van Lanschot Kempen Partnership: a long-term participation plan for key senior employees. For more information, see "Van Lanschot Kempen shares" on page 88.

Pensions

Since 2020, all our employees have been participating in Van Lanschot Kempen's collective defined contribution pension plan. Management Board members do not participate in this plan as they receive an individual pension contribution.

Remuneration policy for identified staff

Identified staff are employees whose activities have a material impact on the risk profile of the business. For these employees, performance measurement is the same as for other employees, but additional rules apply for the pay-out of variable remuneration in order to align the interests and risks of the employee with those of the company. On an annual basis, the selection of identified staff is reviewed and approved by the Management and Supervisory Boards.

As a general rule, any pay-out to identified staff is made 50% in cash and 50% in Van Lanschot Kempen shares. As an exception¹⁵ to this, the variable remuneration of identified staff working at Van Lanschot Kempen Investment Management is paid 50% in cash and 50% in a flexible mix of Van Lanschot Kempen shares and investments in funds managed.

A lock-up period of one year applies to the shares that have become unconditional. In all cases, 60% of the award is paid out unconditionally (both the cash part and the non-cash part), whereas 40% is conditionally deferred for a period of four years. Pay-out of the deferral is conditional on a reassessment of the five conditions mentioned for any award of regular variable remuneration. If this reassessment leads to an adjustment of the deferred remuneration, the hold- and/or claw-back system applies.

Remuneration policy governance

The Management Board sets the remuneration policy for employees, based on the advice of several departments: Human Resource Management; Finance, Reporting & Control; Risk Management; and Compliance. These, together with the Internal Audit department, have an important part to play in setting up, adjusting, implementing and reviewing our variable remuneration policy. They advise the Management and Supervisory Boards and report to them on their conclusions.

The Management Board is responsible for implementing the remuneration policy. The Supervisory Board approves the variable remuneration policy, including its general principles, and oversees its implementation. Approval by the Supervisory Board is also required for the variable remuneration pools, any significant¹⁶ individual variable remuneration, and for individual variable remuneration proposed for employees designated as identified staff. The Supervisory Board's Remuneration Committee prepares the Supervisory Board's decision-making on remuneration and advises it in this area.

More information about the remuneration policy for identified staff can be found in our 2023 Pillar 3 disclosure, available on our website from 7 March 2024: [vanlanschotkempen.com/results](https://www.vanlanschotkempen.com/results).

¹⁵ Based on the Alternative Investment Fund Managers Directive (AIFMD) and Undertakings for the Collective Investment in Transferable Securities (UCITS) guidelines on sound remuneration policies.

¹⁶ More than 50% of fixed remuneration.



Meeting financing needs in a challenging economy

In an environment where interest rates have gone up drastically over the past 18 months, both institutional clients and entrepreneurs are facing new challenges when it comes to raising finance for their businesses. Our Debt Advisory team is here to help investment banking clients navigate the process.

Guus de Haan, Head of Debt Advisory, explains: "When clients come to us, we start with their needs: perhaps they want to grow their business, sell part of it off, or acquire another company. And from this starting point, we help them identify their funding needs and then find a solution. We're an independent adviser, which means we don't lend money ourselves, but we have relationships with over 200 lenders in the debt markets, both in the Netherlands and abroad. We can provide advice on structuring the debt and executing the transaction – so that clients get the best terms on the deal."

In 2023, that was more important than ever: interest rates were shifting so fast that the team had to work quickly and nimbly to recalibrate assumptions over time. "We saw clients who knew they needed to raise funding in a different way and even had relationships with banks already – but they weren't benefiting from the most attractive options. We were able to identify financing structures that would lead to better terms and open up more interesting options in the current market."

Guus concludes: "Being part of the Van Lanschot Kempen group has helped broaden our private bankers' role as trusted advisers. Selected entrepreneurs and family businesses are able to benefit from services that would usually only be available to institutional clients. And our bankers can be even more relevant to private clients, by offering them help with financing and strategy. It's a win-win!"

Corporate governance

Van Lanschot Kempen NV is a listed public limited company under Dutch law, governed by a two-tier board. The Management Board is responsible for managing the company, while the Supervisory Board oversees the policies pursued by the Management Board, and the general conduct of affairs at the company and its associated business. The Supervisory Board advises the Management Board on the performance of its duties.

Corporate governance structure

Van Lanschot Kempen is a *structuurvennootschap*. Under Dutch corporate law this means that in addition to the tasks already mentioned, the Supervisory Board is responsible for appointing and dismissing the Management Board and for approving some of its decisions. Both the Management Board and the Supervisory Board report to Van Lanschot Kempen's general meeting.

For the Articles of Association and various other regulations and documents relating to corporate governance, see: vanlanschotkempen.com/en-nl/about-us/who-we-are/governance and vanlanschotkempen.com/management-structure.

Management Board

The Management Board of Van Lanschot Kempen is responsible for the continuity of the company. It focuses on long-term value creation for the company and takes into account stakeholders' interests that are relevant in this context. The Management Board is responsible for the management of the company, and its duties include drawing up and achieving Van Lanschot Kempen's purpose, its strategy and related risk profile, its goals and the pattern of its results, while also attending to the environmental and social aspects of doing business that are relevant to the company. In strategic decisions, the Management Board takes all material environmental and social factors into account. Periodically, with the approval of the Supervisory Board, it determines the financial and non-financial key performance indicators (KPIs) for Van Lanschot Kempen.

The Supervisory Board notifies the general meeting of any proposed appointment of a member of the Management Board. Appointment of a member of the Management Board is subject to the approval of De Nederlandsche Bank (DNB). A member is appointed by the Supervisory Board. The maximum term for appointment or reappointment is four years. The Supervisory Board may dismiss a member of the Management Board at any time, but only after consulting the general meeting.

The Management Board must consist of at least three members, with the actual number set by the Supervisory Board. The composition of the Management Board did not change in 2023. The Management Board currently comprises Maarten Edixhoven (Chair), Jeroen Kroes (Chief Financial Officer – CFO), Wendy Winkelhuijzen (Chief Risk Officer – CRO), Arjan Huisman (Chief Operating Officer – COO), Richard Bruens (responsible for Private Clients Netherlands, Private Clients Belgium and Investment Banking Clients) and Erik van Houwelingen (responsible for Investment Management Clients). On 7 September 2023,

Van Lanschot Kempen announced that Richard Bruens had decided to step down as a member of the Management Board as per 1 June 2024. The Supervisory Board intends to appoint Wendy Winkelhuijzen, currently CRO, as his successor. Since making this announcement, the recruitment and selection process for a new CRO has begun.

The Management Board evaluates its functioning as a whole and that of individual Board members at least once a year. The Supervisory Board discusses, at least once a year, the performance of the Management Board as a whole and its members' performance individually. For more information about the evaluation of the Management Board's performance by the Supervisory Board, see "Report of the Supervisory Board" on page 92.

Supervisory Board

In performing its duties, the Supervisory Board focuses on the interests of the company and its associated business. The members of Van Lanschot Kempen's Supervisory Board are appointed by the general meeting, in accordance with the provisions set out in Article 23 of Van Lanschot Kempen's Articles of Association. Appointment of a member of the Supervisory Board is subject to the approval of DNB. Members of the Supervisory Board are appointed for a term of four years and may be reappointed for one further four-year period. A member of the Supervisory Board may subsequently be reappointed again for a period of two years, and this appointment may be extended by another two years. In the event of reappointment after eight years, the reasons for reappointment should be given in the Report of the Supervisory Board.

A member of the Supervisory Board may only be dismissed by the Enterprise Chamber of the Amsterdam Court of Appeal with due observance of Article 161(2) of Book 2 of the Dutch Civil Code. In addition, the general meeting may pass a motion of no confidence in the Supervisory Board as a whole, in accordance with Article 161(a) of Book 2 of the Dutch Civil Code. Such a resolution results in the immediate dismissal of all members of the Supervisory Board.

The Supervisory Board must have a minimum of three members and a maximum of nine. The Supervisory Board currently has six members: Frans Blom (Chair), Manfred Schepers (Vice-Chair), Karin Bergstein, Brigitte Boone, Maarten Muller and Elizabeth Nolan. To our great sadness, Lex van Overmeire (member of the Supervisory Board and Chair of the Audit Committee) passed away on 4 April 2023. We will publish the profile for this vacancy at the same time as the agenda for the annual general meeting (AGM) in 2024. At the AGM held on 25 May 2023, Elizabeth Nolan was appointed and Frans Blom was reappointed as a member of the Supervisory Board until the closure of the 2027 AGM.

The Supervisory Board has appointed four committees from among its members to prepare the Board's decision-making: the Audit Committee, the Risk and Compliance Committee, the Remuneration Committee, and the Selection and Nomination Committee. These committees advise the Supervisory Board on matters relating to their respective areas of interest. For more information about the committees and their composition, see "Report of the Supervisory Board" on page 92.

The Supervisory Board has drawn up a profile¹ for its size and composition, taking into account the nature and activities of the business associated with Van Lanschot Kempen and its subsidiaries, and the required expertise and background of the members of the Supervisory Board. The Supervisory Board appraises its own performance, that of its committees and that of individual Supervisory Board members, at least once a year without members of the Management Board being present. The Supervisory Board appraises its own performance with independent support once every three years. One of the conclusions from the Supervisory Board's self-assessment is that the composition of the Board complies with the requirements set out in the Board's profile. For more information about the conclusions of the Supervisory Board's self-assessment of its performance in 2023, see "Report of the Supervisory Board" on page 92.

Inclusion and diversity policy

Van Lanschot Kempen has drawn up an inclusion and diversity policy, which is available on our website: vanlanschotkempen.com/inclusion-and-diversity under "Inclusion and diversity policy".

Unlocking the potential of diversity first and foremost requires the creation of an inclusive environment, where the distinctive qualities of each individual are welcomed and valued. We aim for diversity not only in terms of gender, nationality, age, educational background, sexual orientation, gender identity, religion, ethnic background, disability or distance to the labour market, but also across personal experiences, characteristics, socio-economic backgrounds and the different skills that people bring. We recognise the true value of having diverse perspectives at the table, and also realise it takes time to learn and adapt to get there.

We intend to increase – on an annual basis – the number of people working with us with a disability or distance to the labour market, and also with an international background. We have set specific targets with respect to gender diversity based on the Act to achieve a more balanced male/female ratio on management and supervisory boards, which came into force on 1 January 2022. We aim for at least one-third women and one-third men in both our Management and Supervisory Boards, and for at least 30% women and 30% men in senior staff positions. For more information about gender diversity in senior staff positions, the action plan and the inclusion and diversity policy for employees, see "Inclusion and diversity" on page 40.

With regard to the composition of our Management and Supervisory Boards, we aim for a reasonable balance across multiple forms of diversity, but do not find it appropriate to set specific diversity targets across all dimensions. That said, we aim to ensure that the combined profiles of the respective Board members enable them to collectively execute their range of responsibilities and duties towards Van Lanschot Kempen to the best of their abilities, taking into account the nature of the business and its activities.

In implementing our inclusion and diversity policy for the Management and Supervisory Boards, the individual profiles drawn up for vacancies on these Boards take into account the Boards' profiles and the relevant inclusion and diversity criteria and objectives. These profiles form the basis for the recruitment and selection of new members of the Supervisory and Management Boards. These criteria and objectives are also taken into account when evaluating the performance of the Supervisory and Management Boards.

The Supervisory Board meets the objectives of our inclusion and diversity policy, with its diverse composition in terms of gender, age, nationality, characteristics, educational background, personal experiences and skills that each member brings. This composition enables the Supervisory Board as a group to carry out its responsibilities and duties effectively. The following areas of expertise are represented in the Supervisory Board: executive experience, strategy formulation and execution, banking and finance, asset management, clients and markets, audit, financial reporting, risk management, IT, digitalisation, transformation, sustainability (social and environmental), legal, compliance and remuneration. The Supervisory Board currently has six members – of which three are female – and there is one vacancy. This means that 50% of the positions on the Supervisory Board are currently held by women and that the target for at least one-third of its members to be female/male, as included in the inclusion and diversity policy, has been met.

The Supervisory Board has concluded that the composition of the Management Board meets the objectives of our inclusion and diversity policy in most respects. The composition is complementary and there is a sufficient degree of diversity with regard to age, educational background, personal experiences and skills. In terms of gender diversity, the Management Board currently consists of five men and one woman. This means that the target of one-third women has not yet been met, as it stands at 16.7%. The gender diversity in the Management Board has not changed since 2022 because the Board's composition has remained unchanged.

In order to achieve the gender diversity targets for the Management Board, an action plan has been drawn up, the main elements of which are set out below.

Inflow – recruitment measures:

- The final shortlist for Management Board positions should be 50% male and 50% female.
- A clear view must be established on the potential external pipeline for talent that might be suitable for future appointment as a member of the Management Board. For this purpose, specialist headhunters, agencies and/or networks will be used.
- The requirements for profiles to be drawn up for vacancies in the Management Board will take into account "diversity in all its forms," as defined in the inclusion and diversity policy.

¹ The profile can be viewed on vanlanschotkempen.com/management-structure.

Throughflow and retention – promotion and development measures:

- A thorough succession planning process has been set up in order to maintain a clear view of the potential internal pipeline of female talent.
- Initiatives will be further developed to strengthen the internal pipeline of potential female talent, including 360-degree assessments, individual coaching and business programmes.

The elements of the action plan for gender diversity in the Management Board will support us in our efforts to achieve our diversity target for the Management Board. At the AGM to be held on 23 May 2024, we will inform shareholders about our intention to appoint a female CRO as member of the Management Board on 1 June 2024.

Dutch Corporate Governance Code

On 20 December 2022, the revised Dutch Corporate Governance Code 2022² (the Code) was published. It came into force as of the 2023 financial year, and contains principles and best practice provisions that regulate relations between the management board, supervisory board and general meeting/shareholders. The Code aims to define responsibilities for sustainable long-term value creation, risk control, effective management and supervision, remuneration and the relationships with shareholders and stakeholders.

In 2023, we carried out an extensive analysis of the impact of the Code. The by-laws of the Management and Supervisory Boards as well as the terms of reference of the Supervisory Board committees were amended in 2023 in order to comply with the revised Code. We fully complied with the Code in the 2023 reporting year.

Dutch Banking Code

The Dutch Banking Code³ contains principles on sound and ethical business operations, governance, risk policy, audit and remuneration policy. The Banking Code applies to activities performed in, and aimed at, the Netherlands by banks with registered offices in the Netherlands and which hold a banking licence issued by DNB. It therefore applies to Van Lanschot Kempen because we hold a banking licence in the Netherlands.

Van Lanschot Kempen complied with the Banking Code in 2023. An explanation (in Dutch) of how Van Lanschot Kempen applied the Banking Code during the reporting year is provided on our website: vanlanschotkempen.com/en-nl/about-us/who-we-are/governance.

Capital structure and shares

Van Lanschot Kempen's authorised share capital consists of 150 million shares with a nominal value of €1 each, divided into 75 million Class A ordinary shares and 75 million Class C preference shares. Our outstanding capital consisted entirely of Class A ordinary shares on 31 December 2023; a total of 43,039,938 Class A ordinary shares had been issued. There were no outstanding Class C preference shares in 2023.

In 2023, Van Lanschot Kempen acquired the remaining 30% stake in Mercier Vanderlinden. The acquisition was paid for in cash (53%) and newly issued shares (47%) under a lock-up provision until 2030. Van Lanschot Kempen issued 1,678,270 new Class A ordinary shares on 6 April 2023. Depositary receipts for these shares were issued, which have been listed on the official market of Euronext Amsterdam (see "Depositary receipts for shares").

Depositary receipts for shares

Over 99.99% of Class A ordinary shares in issue are held by Stichting Administratiekantoor van gewone aandelen A Van Lanschot Kempen ("Stichting Administratiekantoor"), which has issued depositary receipts for these shares.

The receipts have been listed on the official market of the Euronext Amsterdam stock market since 1999. A depositary receipt can be converted into its underlying share without any restrictions, although administrative costs may be charged. Stichting Administratiekantoor fully complies with Principle 4.5 of the Code, which specifies that "Depositary receipts for shares can be a means of preventing a majority (including a chance majority) of shareholders from controlling the decision-making process as a result of absenteeism at a general meeting. Depositary receipts for shares should not be issued as an anti-takeover protective measure."

Stichting Administratiekantoor grants proxies so that holders of depositary receipts can always exercise their voting rights. In the case of shares for which Stichting Administratiekantoor has not granted proxies to the holders of depositary receipts and for which no voting instructions have been received, Stichting Administratiekantoor's Board decides how the votes are to be cast. Stichting Administratiekantoor exercises the voting rights in the interest of the holders of depositary receipts for shares, taking into account the interest of Van Lanschot Kempen, its associated business and all parties concerned. Its Board has three members and is independent of Van Lanschot Kempen. It appoints its own members, without requiring the approval of Van Lanschot Kempen. Before appointing a member, the Board allows the holders of depositary receipts for shares the opportunity to recommend candidates for appointment as members of the Board. A meeting of holders of depositary receipts takes place at least once every two years. At this meeting, the Board reports on its activities, vacancies in the Board, and candidates the Board intends to appoint as members of the Board. Once every two years, the Board requests the holders of depositary receipts at this meeting to confirm their confidence in the Board. At the meeting that was held on 16 November 2022, holders of depositary receipts confirmed this. The Board reports on its activities annually. This report can be found on page 269.

Stichting preferente aandelen C Van Lanschot Kempen

A call option contract has been agreed between Stichting preferente aandelen C Van Lanschot Kempen ("Stichting preferente aandelen") and Van Lanschot Kempen, under which Stichting preferente aandelen was granted the right to acquire Class C preference shares up to 100% of the value of Van Lanschot Kempen's share capital in issue before the

² The 2022 Dutch Corporate Governance Code can be downloaded from mccg.nl/publicaties/codes/2022/12/20/dutch-corporate-governance-code-2022.

³ The Banking Code can be downloaded from nvb.nl.

exercise of the call option, less one share. A general meeting, at which a proposal to redeem the preference shares will be placed on the agenda, is to be convened within 12 months.

The following circumstances may lead to the issuance of Class C preference shares:

- A concentration of shares or depositary receipts for shares in Van Lanschot Kempen as a result of purchases on the stock market or the purchase of blocks of shares, other than as a pure investment;
- Merger talks that do not lead to an agreement;
- The announcement of a public bid, whether or not in combination with the above circumstances;
- A proposal by a shareholder or holder of depositary receipts for shares to place an item on the agenda that represents a potential threat to Van Lanschot Kempen's continuity, identity and/or independence.

Interests in Van Lanschot Kempen notifiable under Chapter 5.3 of the Financial Supervision Act

Pursuant to the Dutch Financial Supervision Act, shareholders and holders of depositary receipts of Van Lanschot Kempen are required to provide information on their holdings once they cross threshold levels of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. As of the publication date of this report, Van Lanschot Kempen is not aware of any shareholders or holders of depositary receipts with an interest of 3% or more in Van Lanschot Kempen other than Stichting Administratiekantoor, Romij BV, LDDM Holding BV, Janus Henderson Group plc, FMR LLC, MVDP NV and J.B. Meulman. For more information on Van Lanschot Kempen's shareholders, see "Van Lanschot Kempen shares" on page 88. Stichting preferente aandelen has reported a potential interest of 100% in Van Lanschot Kempen under the call option agreement between Stichting preferente aandelen and Van Lanschot Kempen.

In 2023, no transactions took place between Van Lanschot Kempen and any natural person or legal entity holding at least 10% of the shares in Van Lanschot Kempen, and which would be material to Van Lanschot Kempen and/or the person/entity involved.

Rights of shareholders

Since there are exclusively Class A ordinary shares in issue at present, this section only describes the rights of holders of Class A ordinary shares and depositary receipts for Class A ordinary shares.

Dividend

The portion of the profit remaining after addition to the reserves is at the disposal of the general meeting. In the event that a loss is incurred over a year, which cannot be covered by a reserve or by some other means, no profit distribution will occur in subsequent years until such time as this loss has been absorbed. A dividend on ordinary shares can only be paid out when the dividend proposal has been approved by the general meeting. Van Lanschot Kempen checks whether the proposed dividend satisfies the European Central Bank's recommendation on dividend payment policies. For more information on our dividend policy, see "Van Lanschot Kempen shares" on page 88.

Pre-emption rights

When ordinary shares are issued, each existing holder of ordinary shares has a pre-emption right proportionate to the aggregate nominal amount of the existing holding of ordinary shares. Class A ordinary shares are issued to holders of Class A ordinary shares. The same applies to the grant of rights to acquire ordinary shares. Pre-emption rights can be limited or excluded by resolution of the Management Board, any such resolution being subject to the approval of the Supervisory Board. The relevant authority of the Management Board ends as soon as its authority to issue shares expires (see "Share issues").

Shareholders do not have any pre-emption rights on shares issued in exchange for a non-cash contribution. Nor do shareholders have any pre-emption rights on shares or depositary receipts for those shares issued to employees of Van Lanschot Kempen or another group company.

Special rights of shareholders

There are no special statutory control rights attached to shares in Van Lanschot Kempen.

Van Lanschot Kempen signed a shareholder agreement with LDDM Holding BV in 2011. In it, LDDM Holding affirms that it will respect Van Lanschot Kempen's independence. LDDM Holding will not cooperate with the acquisition by a third party of a shareholding in Van Lanschot Kempen exceeding 25% of the issued share capital without the approval of the Management and Supervisory Boards. In the event of any future share issues, Van Lanschot Kempen will give LDDM Holding the opportunity, subject to certain conditions, to keep its relative shareholding in Van Lanschot Kempen at the same level. As long as LDDM Holding retains an interest of at least 7.5% in Van Lanschot Kempen, it has the right to recommend one person for appointment as a member of the Supervisory Board of Van Lanschot Kempen. Maarten Muller currently serves on the Supervisory Board on LDDM Holding's recommendation.

Restrictions on voting rights and deadlines for exercising voting rights

Van Lanschot Kempen has not imposed any restrictions on the exercise of voting rights. In principle, voting rights are exercised at the general meeting by the shareholder or the person authorised by the shareholder to that end. A shareholder is entitled to vote at the general meeting if the shares in question are registered in the shareholder's name on the registration date (see "General meeting"). Holders of depositary receipts for Class A ordinary shares who register on time to attend the general meeting are granted a proxy by Stichting Administratiekantoor. They can use this proxy at the general meeting to exercise the voting rights on the shares held by Stichting Administratiekantoor, and in exchange for which depositary receipts were issued. Proxies will be provided when the depositary receipt holders sign the attendance list prior to the start of the meeting or, in the case of a hybrid meeting, at the moment they log in to the designated platform to attend the virtual meeting. If the depositary receipt holder's right to attend the meeting is to be exercised by a representative authorised in writing, Stichting Administratiekantoor will grant a proxy to the representative. Shareholders and holders of depositary receipts for shares are also offered the opportunity to issue a voting instruction to an independent third party prior to the general meeting. The notice convening the relevant general meeting will state to whom this voting instruction should be sent and what the deadline is for submission.

Share issues

The extent of the Management Board's authority to decide on a share issue (subject to the approval of the Supervisory Board) is determined by a resolution of the general meeting. The duration and granting of this authority are also determined by resolution of the general meeting and may not exceed five years. The Management Board's authority to issue ordinary shares, including the granting of rights to acquire these shares, was extended at the AGM held on 25 May 2023 for a period of 18 months from the date of that meeting. The authority to issue these shares is limited to 10% of the issued capital.

Repurchase of shares

Repurchases of paid-up shares in the company or depositary receipts for such shares, other than for no consideration, may take place if the general meeting has authorised the Management Board to this effect. This authorisation applies for up to a maximum of 18 months. Repurchase occurs pursuant to a decision by the Management Board, subject to Supervisory Board and DNB approval.

The Management Board was authorised at the AGM held on 25 May 2023 to repurchase paid-up ordinary shares in the company or depositary receipts for these shares, by buying such shares on the stock market or otherwise, up to a maximum of 10% of the issued capital at the date of authorisation, subject to Supervisory Board approval. This authority has been granted for a period of 18 months from the date of the meeting.

Transfer of shares and depositary receipts

The Articles of Association and the conditions of administration do not contain any restrictions on the transfer of Class A ordinary shares or depositary receipts for Class A ordinary shares.

Amendment to the Articles of Association

A resolution to amend the Articles of Association of Van Lanschot Kempen may only be adopted based on a proposal by the Management Board that has been approved by the Supervisory Board. If a proposal to amend the Articles of Association is presented to the general meeting, a copy of the proposal will be made available to the shareholders and holders of depositary receipts prior to the meeting.

General meeting

Each voting shareholder and depositary receipt holder is authorised, either in person or through a representative authorised in writing, to attend the general meeting, to address the meeting and to exercise their voting rights. A registration date applies to each general meeting, which is the 28th day prior to that meeting. The registration date determines who qualifies as a voting shareholder or depositary receipt holder for the relevant general meeting. The notice convening the meeting states the registration date, the way in which shareholders and depositary receipt holders can register and how they can exercise their rights, either in person or through a representative authorised in writing.

Shareholders and depositary receipt holders or their representatives are only admitted to the meeting if they have informed Van Lanschot Kempen in writing of their intention to attend, and if this has been done in the manner described in the notice convening the meeting. Access to the meeting is only possible if the relevant shares or depositary

receipts are registered in the name of the shareholder or the depositary receipt holder on the registration date. Representatives must also present a written proxy. A written proxy may be sent electronically. Each share entitles the holder to cast one vote at the general meeting.

The powers of the general meeting include the following:

- Approving decisions of the Management Board to make important changes to the identity or nature of the company or the business;
- Appointing members of the Supervisory Board on the Supervisory Board's recommendation;
- Setting the remuneration policy for the Supervisory Board;
- Passing a motion of no confidence in the Supervisory Board;
- Setting the remuneration policy for the Management Board;
- Approving schemes in the form of shares and/or rights to acquire shares for the Management Board;
- Adopting the financial statements;
- Disposing of the profit remaining after dividend has been distributed to any outstanding Class C preference shares, and after the decision has been made to add all or part of the profit to the reserves;
- Discharging the Management Board;
- Discharging the Supervisory Board;
- Granting the Management Board the authority to issue shares and to limit or exclude pre-emption rights on the issue of shares;
- Granting the Management Board the authority to repurchase the company's own shares;
- Resolving to amend the Articles of Association of Van Lanschot Kempen, to dissolve Van Lanschot Kempen, or to effect a legal merger or demerger of Van Lanschot Kempen, following a proposal to that effect by the Management Board which has been approved by the Supervisory Board.

In addition, the general meeting has an advisory vote with regard to the remuneration report.

Main features of Van Lanschot Kempen's management and control system

Van Lanschot Kempen's management and control system is designed to manage internal and external risks. This includes the management of financial and non-financial reporting risks, to ensure reliable financial and non-financial reporting and financial statements that are prepared in accordance with generally accepted accounting principles, and which comply with the prevailing legislation and regulations.

Van Lanschot Kempen applies the three lines of defence model for the management of risks. The first line of defence is operational management, responsible for day-to-day risk management. The second line of defence is provided by departments such as Financial Risk Management, Non-Financial Risk Management and Compliance, which oversee the first line's risk management activities. The Internal Audit department acts as the third line of defence, providing an independent evaluation of the adequacy of the internal risk management and control systems. The three lines of defence model provides the Management Board with a reasonable degree of certainty as to how the internal risk management and control system is functioning, including the effectiveness of the risk management activities of both the first and second lines. The Internal Audit department is responsible for carrying out operational and IT audits. All of its reports

are submitted to (members of) the Management Board. Management ensures adequate follow-up and prioritisation of actions to improve the internal risk management and control system. Risk Management, Compliance and Internal Audit monitor timely follow-up of the actions, and validate the adequacy of the resolutions implemented. If necessary, supplementary control measures are defined to mitigate risks sufficiently.

The risk & control framework's effectiveness is evaluated by the Risk Management and Compliance departments, while the Internal Audit department also assesses its quality and effectiveness through audit engagements. The results of these evaluations feature in these departments' quarterly reports.

For more detailed information on risk management at Van Lanschot Kempen, see "Risk and capital management" on page 65. The financial statements also include a more detailed explanation of risk management at Van Lanschot Kempen: see "Risk management" on page 144.

Financial reporting risk

The Management Board is responsible for the design and operation of an adequate system of internal control for Van Lanschot Kempen's financial reporting. The system is designed to provide reasonable assurance as to the reliability of financial reporting. The financial statements must be prepared in accordance with generally accepted accounting principles and must comply with the prevailing legislation and regulations.

Van Lanschot Kempen has processes and tools in place to manage financial reporting risks:

- The Accounting Manual, which sets out the principles regarding financial accounting;
- A risk & control framework describing processes and procedures, and setting out primary controls such as authorisations and segregation of duties;
- Periodic management reports and KPI dashboards, accompanied by analysis of financial and non-financial figures and trends;
- Evaluation of the functioning of the internal risk management and control system by the Internal Audit department. The main findings are discussed with the Management Board, the Audit Committee and the Supervisory Board;
- Assessment and approval of the annual report by the Management Board, and discussion of the annual report by the Audit Committee and the Supervisory Board.

In-control statements are provided by the management of the relevant departments. These are based on the risks reported on a quarterly basis, the results of testing procedures for the risk & control framework, the follow-up of the test results and reported risks, and the incidents reported. Risk Management and Compliance evaluated the 2023 in-control statements.

In 2023, the main findings of the Internal Audit department's quarterly reports were discussed with the Management Board and the Audit Committee. The conclusions of the Audit Committee were subsequently shared with the Supervisory Board.

The Supervisory Board was informed about the Management Board's internal control of the organisation, and how it safeguards the integrity of financial information. The subjects considered by the Supervisory Board when assessing the financial statements include the board report and the audit report prepared by the external auditors.

The key audit findings and other observations cited in the independent external auditors' report were discussed with the Management Board and the Audit Committee, and formed part of the organisation's risk management and control. Non-financial information is subject to internal controls and reviews, whereas the sustainability reporting is drawn up in accordance with Global Reporting Initiative (GRI) Standards and Sustainable Finance Disclosure Regulation (SFDR) requirements, and is subject to a limited assurance engagement performed by the independent external auditors.

Statement by the Management Board

In accordance with best practice provision 1.4.3 of the Dutch Corporate Governance Code, the Management Board states that:

- The management report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems related to strategic risks, operational risks, compliance risks and financial reporting risks;
- The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a "going concern" basis;
- The management report states those material risks related to the aforementioned risk types and uncertainties that are relevant to the expectation of the company's continuity for the period of 12 months after the preparation of this report;
- Based on the analysis of in-control statements and the quarterly reports from Risk Management, Compliance and Internal Audit, it is justified to state that the financial statements are free of any material misstatements caused by fraud.

External auditors

PricewaterhouseCoopers Accountants NV (PwC) were reappointed as Van Lanschot Kempen's external auditors for the 2024 financial year at the AGM held on 25 May 2023. PwC's audit plan for 2023, of which the audit risk assessment is an integral part, was discussed in June 2023 at meetings of the Management Board and the Audit Committee.

PwC issued a board report for 2023 in February 2024, outlining their main observations regarding their audit of the 2023 financial statements. The external auditors may be questioned at the AGM in relation to their audit, and will be attending the meeting for this reason. The Management Board and the Audit Committee evaluated the functioning of PwC in January 2024.

Statement by the Management Board

As required by Article 5:25c (2c) of the Financial Supervision Act, each of the undersigned hereby confirms that to the best of their knowledge:

- The 2023 financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Van Lanschot Kempen and its consolidated entities;
- The 2023 Report of the Management Board of Van Lanschot Kempen gives a true and fair view of the position of the company and its consolidated entities on balance sheet date, and of the course of their affairs during the 2023 financial year, and describes the material risks that Van Lanschot Kempen faces.

's-Hertogenbosch, the Netherlands, 21 February 2024

Management Board

Maarten Edixhoven, Chair

Jeroen Kroes

Wendy Winkelhuijzen

Arjan Huisman

Richard Bruens

Erik van Houwelingen

Management Board members



From left to right: Richard Bruens, Wendy Winkelhuijzen, Maarten Edixhoven, Jeroen Kroes, Arjan Huisman, Erik van Houwelingen

Maarten Edixhoven

Chair of the Management Board

Born
1971, male

Nationality
Dutch

Appointed
1 October 2021

Areas of responsibility
Communication, Brand & Corporate Reputation; Internal Audit; Human Resource Management; Legal & Company Secretariat; Strategy, Sustainability & Corporate Development

Total number of board and/or supervisory positions within the meaning of the Capital Requirements Regulation (CRR)
One

Significant supervisory board memberships and/or (board) positions

Women in Financial Services: Member of advisory board
Stichting Het Rijksmuseum: Member of supervisory board

Background

2017–21: Aegon: CEO of Aegon Netherlands and member of management board of Aegon NV
2014–16: Aegon: Director Pension and member of management board of Aegon Netherlands
2010–14: Zwitterleven: CEO and member of management committee of SNS Reaal NV
1995–2010: ING Group: Various positions

Jeroen Kroes

Member of the Management Board, Chief Financial Officer

Born
1973, male

Nationality
Dutch

Appointed
1 September 2022

Areas of responsibility
Finance, Reporting & Control; Treasury; Investor Relations; Asset & Liability Management; Group Performance Analytics; Procurement & Facility Management

Total number of board and/or supervisory positions within the meaning of the CRR
One

Significant supervisory board memberships and/or (board) positions

Amsterdams Klimaat & Energiefonds: Member of investment committee

Background

2013–22: Van Lanschot Kempen: Managing Director of Finance, Reporting & Control
 2013: Van Lanschot: Project leader strategic review project
 2009–12: Kempen & Co: Managing Director of Corporate Finance
 2006–08: Kempen & Co: Director of Corporate Finance
 1996–2005: Kempen & Co: Various positions in corporate finance

Wendy Winkelhuijzen

Member of the Management Board, Chief Risk Officer

Born

1978, female

Nationality

Dutch

Appointed

1 September 2022

Areas of responsibility

Financial Risk Management; Non-Financial Risk Management; Compliance; Credit Approval and Financial Restructuring & Recovery

Total number of board and/or supervisory positions within the meaning of the CRR

Three

Background

2017–22: Van Lanschot Kempen: Managing Director of Strategy & Corporate Development
 2014–17: Van Lanschot Kempen: Investor Relations Manager
 2014: Van Lanschot Kempen: Project Manager Treasury/Financial Control/Financial Risk Management
 2013: Van Lanschot: Senior member strategic review project
 2010: Van Lanschot: Member of Private & Business Banking management team
 2001–09: Kempen & Co: Various positions in corporate finance

Arjan Huisman

Member of the Management Board, Chief Operating Officer

Born

1971, male

Nationality

Dutch

Appointed

6 May 2010

Areas of responsibility

Digital, Advanced Analytics & Technology: Investment Management, Technology & Analytics, Core Banking Applications, Digital Innovation & Analytics, Data Management, IT Platforms & Security; Client Administration & Monitoring

Total number of board and/or supervisory positions within the meaning of the CRR

Two

Background

2008–10: BCG Amsterdam office: Partner and Managing Director
 2004–08: BCG Prague office: Partner and Managing Director
 1995–2004: BCG Amsterdam and Boston offices: Various consulting positions, with a strong focus on financial services

Richard Bruens

Member of the Management Board

Born

1967, male

Nationality

Dutch

Appointed

15 May 2014

Areas of responsibility

Private Clients Netherlands: Regions, Specialties, Semi-institutional, Mass-affluent, Specialists, Client Excellence Centre, Private Clients Switzerland; Private Clients Belgium; Investment Banking Clients

Total number of board and/or supervisory positions within the meaning of the CRR

Three

Significant supervisory board memberships and/or (board) positions

European Merchant Services: Chair of supervisory board
 Topsport Community: Board member

Background

2010–13: ABN AMRO: Global Head of Products & Solutions and Global Head of Private Wealth Management
 2007–08: Renaissance Capital: Member of group managing board
 1991–2007: ABN AMRO: Various managerial positions in the Global Markets division, Managing Director of Investor Relations

Erik van Houwelingen

Member of the Management Board

Born

1965, male

Nationality

Dutch

Appointed

27 May 2021

Areas of responsibility

Investment Management Clients: Business Management
Pre-sales Marketing, Institutional Solutions UK, Wholesale,
Independent Wealth Management Services, Private Clients
Solutions, Institutional Solutions Netherlands, Investment
Strategies, Investment Research & Institutional Portfolios;
Operations: Investment Management Clients Operations,
Securities Operations, Payment Services

**Total number of board and/or supervisory positions within
the meaning of the CRR**

Four

**Significant supervisory board memberships and/or (board)
positions**

Van Lanschot Kempen Investment Management: Chair of
management board
DUFAS: Vice-Chair

Background

2018–20: Dimensional Fund Advisors: Head of Client Group
Europe
2012–18: ABP: Member of board of trustees, Chair of
investment committee and member of risk & balance sheet
committee
2015–18: Achmea Investment Management: Chair of
supervisory board
2008–10: AEGON Asset Management: CEO
1993–2010: AEGON: Various positions

Supervisory Board members



From left to right: Brigitte Boone, Frans Blom, Maarten Muller, Elizabeth Nolan, Manfred Schepers, Karin Bergstein

Frans Blom

Chair of the Supervisory Board

Supervisory Board committees: Audit, Remuneration, Selection and Nomination (Chair)

Born

1962, male

Nationality

Dutch

Appointed

5 October 2018; second term of office expires in 2027

Total number of supervisory board memberships and/or board positions within the meaning of the Capital Requirements Regulation (CRR)

Two

Significant other positions

Boston Consulting Group: Senior adviser
American European Community Association (AECA-NL): Chair
INSEAD: Member of board of directors
INSEAD Alumni Association: President

Previous positions held

Boston Consulting Group: Member of global executive committee

Manfred Schepers

Vice-Chair of the Supervisory Board

Supervisory Board committees: Audit, Risk and Compliance (Chair)

Born

1960, male

Nationality

Dutch

Appointed

18 May 2017; second term of office expires in 2025

Total number of supervisory board memberships and/or board positions within the meaning of the CRR

Two

Significant other positions

Nederlandse Waterschapsbank: Member of supervisory board

Principal position

ILX Management: CEO

Previous positions held

European Bank for Reconstruction and Development: Vice President and Chief Financial Officer

Karin Bergstein

Member of the Supervisory Board

Supervisory Board committees: Audit (Chair), Remuneration, Risk and Compliance

Born

1967, female

Nationality

Dutch

Appointed

28 May 2020; first term of office expires in 2024

Total number of supervisory board memberships and/or board positions within the meaning of the CRR

Five

Significant other positions

BNG Bank: Member of supervisory board
 UMC Groningen: Member of supervisory board
 Chesnara: Non-executive director
 Stichting Continuïteit NN Group: Board member
 Foundation for the holding of preference shares
 Wereldhave: Board member

Previous positions held

a.s.r.: Member of board of directors/COO
 ING Bank Nederland: Member of managing board

Brigitte Boone

Member of the Supervisory Board

Supervisory Board committees: Risk and Compliance, Selection and Nomination

Born

1960, female

Nationality

Belgian

Appointed

22 September 2021; first term of office expires in 2026

Total number of supervisory board memberships and/or board positions within the meaning of the CRR

Eight

Significant other positions

NN Group Belgium: Non-executive director
 Wereldhave Belgium: Non-executive director
 SD Worx: Non-executive director
 WorxInvest: Executive director
 GIMV: Non-executive director
 Imec VZW, Fidimec: Non-executive director

Previous positions held

Fortis Bank: CEO Commercial and Investment Banking, member of management board

Maarten Muller

Member of the Supervisory Board

Supervisory Board committees: Risk and Compliance, Remuneration (Chair), Selection and Nomination

Born

1954, male

Nationality

Dutch

Appointed

31 May 2018; second term of office expires in 2026

Total number of supervisory board memberships and/or board positions within the meaning of the CRR

One

Significant other positions

Stichting Continuïteit TomTom: Chair
 Stichting Vopak: Chair

Previous positions held

Allen & Overy LLP: Partner

Elizabeth Nolan

Member of the Supervisory Board

Supervisory Board committees: Audit, Selection and Nomination

Born

1962, female

Nationality

British

Appointed

25 May 2023; first term of office expires in 2027

Total number of supervisory board memberships and/or board positions within the meaning of the CRR

Two

Significant other positions

State Street Bank International: Vice-Chair of supervisory board

Previous positions held

State Street Bank & Trust Co.: CEO EMEA, global head of operations
 JPMorgan: Head of worldwide securities services EMEA & APAC

Consolidated financial statements

Consolidated statement of financial position

(€1,000)

Consolidated statement of financial position at 31 December		2023	2022
Assets			
Cash and cash equivalents and balances at central banks	1	2,925,317	3,141,785
Due from banks	2	77,501	108,186
Derivatives	3	342,526	549,642
Financial assets at fair value through profit or loss	4	234,593	379,518
Financial assets at fair value through other comprehensive income	5	2,208,514	1,704,938
Loans and advances to the public and private sectors	6	9,161,433	9,363,958
Other financial assets at amortised cost	7	1,201,134	1,088,358
Investments in associates using the equity method	8	110,889	103,265
Property and equipment	9	65,159	69,347
Goodwill and other intangible assets	10	313,049	306,753
Current tax assets	11	634	213
Deferred tax assets	11	10,708	12,965
Other assets	12	184,427	188,984
Total assets		16,835,885	17,017,913
Equity and liabilities			
Due to banks	13	250,504	387,063
Public and private sector liabilities	14	12,573,814	12,726,194
Derivatives	3	245,578	226,503
Financial liabilities at fair value through profit or loss	15	466,672	473,883
Issued debt securities	16	1,473,639	1,342,131
Provisions	17	32,650	32,293
Current tax liabilities	18	2,246	6,277
Deferred tax liabilities	18	21,435	23,369
Other liabilities	19	250,333	246,945
Subordinated loans	20	170,238	170,882
Total liabilities		15,487,108	15,635,540
Issued share capital		43,040	41,362
Treasury shares		-14,243	-15,109
Share premium reserve		211,725	262,658
Other reserves		888,029	914,223
Undistributed profit attributable to shareholders		118,446	77,405
Equity attributable to shareholders		1,246,996	1,280,539
AT1 capital securities		100,000	100,000
Undistributed profit attributable to holders of AT1 capital securities		1,688	1,688
Equity attributable to AT1 capital securities		101,688	101,688
Other non-controlling interests		134	–
Undistributed profit attributable to other non-controlling interests		-40	146
Equity attributable to other non-controlling interests		93	146
Total equity	21	1,348,777	1,382,372
Total equity and liabilities		16,835,885	17,017,913
Contingent liabilities		89,202	97,713
Irrevocable commitments		1,064,802	1,043,724
Contingent liabilities and irrevocable commitments	22	1,154,003	1,141,437

The number beside each item refers to the Notes to the consolidated statement of financial position.

Consolidated statement of income

(€1,000)

Consolidated statement of income		2023	2022
Income from operating activities			
Interest income calculated using the effective interest method		347,237	220,961
Other interest income		179,415	33,206
Interest expense calculated using the effective interest method		183,730	64,730
Other interest expense		146,117	37,816
Net interest income	23	196,805	151,621
Income from associates using the equity method		32,238	16,366
Other income from securities and associates		5,875	-8,536
Income from securities and associates	24	38,113	7,830
Commission income		434,208	415,362
Commission expense		6,895	7,700
Net commission income	25	427,313	407,662
Result on financial transactions	26	1,040	3,633
Net sales		8,475	9,220
Cost of sales		2,374	1,888
Other income	27	6,101	7,332
Total income from operating activities		669,372	578,078
Expenses			
Staff costs	28	328,073	310,631
Other administrative expenses	29	142,112	123,460
Staff costs and other administrative expenses		470,185	434,091
Depreciation and amortisation	30	32,987	31,543
Operating expenses		503,172	465,634
Impairments of financial instruments		2,027	-7,722
Other impairments		–	1,188
Impairments	31	2,027	-6,534
Total expenses		505,199	459,100
Operating profit before tax		164,173	118,979
Income tax	32	39,017	34,678
Net result		125,156	84,301
Of which attributable to shareholders		118,446	77,405
Of which attributable to holders of AT1 capital securities		6,750	6,750
Of which attributable to other non-controlling interests		-40	146
Earnings per ordinary share (€)	33	2.82	1.90
Diluted earnings per ordinary share (€)	34	2.78	1.82
Proposed dividend per ordinary share (€)	21	2.00	1.75

The number beside each item refers to the Notes to the consolidated statement of income.

Consolidated statement of comprehensive income

(€1,000)

Consolidated statement of comprehensive income	2023	2022
Net result (as per consolidated statement of income)	125,156	84,301
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Other comprehensive income through revaluation reserve		
Revaluation of financial assets at fair value through other comprehensive income	11,312	-32,042
Realised gains/losses on financial assets at fair value through other comprehensive income	1,629	2,850
Changes in loss allowance of financial assets at fair value through other comprehensive income	-232	280
Income tax effect	-3,279	7,459
Total other comprehensive income through revaluation reserve	21	-21,452
Other comprehensive income from value changes of derivatives (cash flow hedges)		
Increase in fair value of derivatives directly recognised in equity	878	878
Income tax effect	-227	-227
Total other comprehensive income from value changes of derivatives (cash flow hedges)	21	651
Other comprehensive income from currency translation differences		
Other comprehensive income from currency translation differences	39	-402
Income tax effect	—	—
Total other comprehensive income from currency translation differences	21	-402
Total other comprehensive income to be reclassified in subsequent periods to profit or loss	10,121	-21,204
Other comprehensive income not to be reclassified in subsequent periods to profit or loss		
Change in fair value attributable to change in credit risk of financial liabilities at fair value through profit or loss		
Change in fair value attributable to change in credit risk of financial liabilities at fair value through profit or loss	-8,036	17,288
Income tax effect	2,073	-4,460
Total change in fair value attributable to change in credit risk of financial liabilities at fair value through profit or loss	21	12,828
Remeasurement of defined benefit plans		
Remeasurement of defined benefit plans	3,666	13,017
Income tax effect	-902	-3,341
Total remeasurement of defined benefit plans	21	9,676
Total other comprehensive income not to be reclassified in subsequent periods to profit or loss	-3,199	22,504
Total other comprehensive income	6,922	1,301
Total comprehensive income	132,078	85,602
Of which attributable to shareholders	125,368	78,705
Of which attributable to holders of AT1 capital securities	6,750	6,750
Of which attributable to other non-controlling interests	-40	146

The number beside each item refers to the Notes to the consolidated statement of financial position.

Consolidated statement of changes in equity

(€1,000)

Consolidated statement of changes in equity in 2023									
	Issued share capital	Treasury shares ¹	Share premium reserve ¹	Other reserves ¹	Undistributed profit	Total equity attributable to shareholders	Equity attributable to AT1 capital securities	Equity attributable to other non-controlling interests	Total equity
At 1 January	41,362	-15,109	262,658	914,223	77,405	1,280,539	101,688	146	1,382,372
Net result (as per consolidated statement of income)	–	–	–	–	118,446	118,446	6,750	-40	125,156
Total other comprehensive income	–	–	–	6,922	–	6,922	–	–	6,922
Total comprehensive income	–	–	–	6,922	118,446	125,368	6,750	-40	132,078
Issue of share capital	1,678	–	34,022	–	–	35,700	–	–	35,700
Share plans	–	10,498	–	902	–	11,400	–	–	11,400
Shares to be issued	–	–	–	-35,700	–	-35,700	–	–	-35,700
Profit appropriation	–	–	–	77,405	-77,405	–	–	–	–
Repurchased treasury shares	–	-9,632	–	–	–	-9,632	–	–	-9,632
Dividends/Capital return	-84,954	–	–	-74,324	–	-159,278	-6,750	–	-166,028
To share capital	84,954	–	-84,954	–	–	–	–	–	–
Other changes	–	–	–	-1,400	–	-1,400	–	–	-1,400
Change in non-controlling interests	–	–	–	–	–	–	–	-12	-12
At 31 December	43,040	-14,243	211,725	888,029	118,446	1,246,996	101,688	93	1,348,777

In 2023, 1,678,270 new shares were issued to the amount of €35.7 million, of which €34.0 million in share premium related to the acquisition of the remaining 30% stake in Mercier Vanderlinden by Van Lanschot Kempen.

Consolidated statement of changes in equity in 2022									
	Issued share capital	Treasury shares ¹	Share premium reserve ¹	Other reserves ¹	Undistributed profit	Total equity attributable to shareholders	Equity attributable to AT1 capital securities	Equity attributable to other non-controlling interests	Total equity
At 1 January	41,362	-11,853	323,719	817,333	136,983	1,307,544	101,688	95	1,409,327
Net result (as per consolidated statement of income)	–	–	–	–	77,405	77,405	6,750	146	84,301
Total other comprehensive income	–	–	–	1,301	–	1,301	–	–	1,301
Total comprehensive income	–	–	–	1,301	77,405	78,705	6,750	146	85,602
Share plans	–	10,916	–	1,354	–	12,270	–	–	12,270
Shares to be issued	–	–	–	35,700	–	35,700	–	–	35,700
Profit appropriation	–	–	–	136,983	-136,983	–	–	–	–
Repurchased treasury shares	–	-14,172	–	–	–	-14,172	–	–	-14,172
Dividends/Capital return	-61,076	–	–	-81,425	–	-142,501	-6,750	–	-149,251
To share capital	61,076	–	-61,076	–	–	–	–	–	–
Other changes	–	–	15	2,977	–	2,992	–	–	2,992
Change in non-controlling interests	–	–	–	–	–	–	–	-95	-95
At 31 December	41,362	-15,109	262,658	914,223	77,405	1,280,539	101,688	146	1,382,372

¹ For additional information on the nature and composition of treasury shares, the share premium reserve and other reserves, see Note 21.

Consolidated statement of cash flows

(€1,000)

Consolidated statement of cash flows	2023	2022
Cash flow from operating activities		
Operating profit before tax	164,173	118,979
Adjustments for		
- Depreciation and amortisation	30 32,456	31,644
- Costs of share plans	4,895	4,270
- Results on associates using the equity method	8 -32,214	-16,000
- Valuation results on financial assets at fair value through profit or loss	-6,889	9,931
- Valuation results on financial liabilities at fair value through profit or loss	28,413	-48,922
- Valuation results on derivatives	40,809	99,428
- Impairments	31 2,027	-6,534
- Changes in provisions	16,194	8,540
Cash flow from operating activities	249,863	201,336
Net change in operating assets and liabilities		
- Financial assets/liabilities from trading activities	4,607	11,759
- Due from/to banks	-109,913	-160,898
- Loans and advances to public and private sectors / Public and private sector liabilities	136,552	167,444
- Derivatives	40,819	22,130
- Withdrawals from restructuring provision and other provisions	-12,171	-15,798
- Other assets and liabilities	19,955	43,237
- Income taxes paid	-45,481	-42,858
- Dividends received	6,016	4,372
Total net change in operating assets and liabilities	40,384	29,388
Net cash flow from operating activities	290,246	230,724
Cash flow from investing activities		
Investments and acquisitions		
- Debt instruments	-1,581,831	-1,570,647
- Equity instruments	-7,024	-10,964
- Associates using the equity method	8 -16,110	-21,505
- Property and equipment	9 -17,366	-11,261
- Goodwill and other intangible assets	10 -21,597	—
Divestments, redemptions and sales		
- Debt instruments	1,188,368	874,486
- Equity investments	44,896	96,591
- Associates using the equity method	8 36,231	13,584
- Property and equipment	9 4,400	1,653
Dividends received	8 4,469	3,096
Net cash flow from investing activities of continuing operations	-365,564	-624,967

The number beside each item in the consolidated statement of cash flows refers to the Notes to the consolidated statement of financial position and the Notes to the consolidated statement of income.

Consolidated statement of cash flows (continued)	2023	2022
Cash flow from financing activities		
Share plans	6,505	8,000
Repurchased treasury shares	-9,632	-14,172
Change in non-controlling interests	-12	-96
Redemption of subordinated loans	-113	-113
Receipts of issued debt securities	691,561	500,000
Redemption of issued debt securities	-610,029	-500,000
Receipts on financial liabilities at fair value through profit or loss	138,006	72,607
Redemption of financial liabilities at fair value through profit or loss	-182,119	-92,937
Payment of lease liabilities	-13,326	-11,844
Dividends/Capital return	-166,028	-149,251
Net cash flow from financing activities of continuing operations	-145,188	-187,806
Net change in cash and cash equivalents and balances at central banks	-220,506	-582,047
Cash and cash equivalents and balances at central banks at 1 January ¹	3,139,784	3,721,831
Cash and cash equivalents and balances at central banks at 31 December ¹	2,919,277	3,139,784
Additional disclosure		
Cash flows from interest received	507,013	253,934
Cash flows from interest paid	286,238	81,442

The table below provides a reconciliation of changes in liabilities arising from financing activities.

Reconciliation of liabilities arising from financing activities in 2023	Subordinated loans	Issued debt securities	Financial liabilities at fair value through profit or loss	Total
At 1 January	170,882	1,342,131	473,881	1,986,894
Cash flows	-113	81,532	-44,113	37,305
Non-cash changes				
- Fair value changes	-531	49,976	36,449	85,895
At 31 December	170,238	1,473,639	466,217	2,110,093

Reconciliation of liabilities arising from financing activities in 2022	Subordinated loans	Issued debt securities	Financial liabilities at fair value through profit or loss	Total
At 1 January	171,527	1,418,865	560,421	2,150,813
Cash flows	-113	—	-20,330	-20,443
Non-cash changes				
- Fair value changes	-531	-76,734	-66,210	-143,475
At 31 December	170,882	1,342,131	473,881	1,986,894

¹ Cash and cash equivalents and balances at central banks also includes amounts due from/to banks available on demand; see Note 1.

Summary of significant accounting principles

General

Van Lanschot Kempen NV is an independent specialist wealth manager. Our purpose is to preserve and create wealth for our clients and for society in a sustainable way. Van Lanschot Kempen NV ("Van Lanschot Kempen") has its registered office at Hooze Steenweg 29, 5211 JN 's Hertogenbosch, the Netherlands. Van Lanschot Kempen is a public limited company incorporated under Dutch law and registered under number 16038212 at the Chamber of Commerce. Depositary receipts for Class A ordinary shares are publicly traded on the Euronext markets.

The consolidated financial statements of Van Lanschot Kempen at 31 December 2023 were prepared by the Management Board and approved by the Supervisory Board on 21 February 2024, and will be submitted to the annual general meeting of shareholders for adoption on 23 May 2024.

Basis of preparation

The consolidated financial statements of Van Lanschot Kempen and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and with Part 9, Book 2 of the Dutch Civil Code. Unless stated otherwise, assets and liabilities are measured at historical cost.

Continuity

The Management Board has examined the ability of Van Lanschot Kempen to continue its operations. The Management Board is not aware of any material uncertainties that cast significant doubt on our – i.e. Van Lanschot Kempen's – ability to continue as a going concern. The consolidated financial statements have been prepared on this basis.

Economic context

After a resilient economy in the first half 2023, longer-dated interest rates declined in the second half, while stock prices rallied towards year-end. Inflationary impacts from 2022 continued to trickle through to the rest of the economy, and many collective labour agreements (CLAs) were negotiated at substantial increases. Because energy prices peaked late in 2022, the overall inflation figure for 2023 was almost nil. The ECB has responded with a further tightening of monetary policy. A lot is still unknown about the impact of these and future developments on the private clients, entrepreneurs and family businesses we finance. That said, the impact of current economic circumstances is considered to be limited for Van Lanschot Kempen. In general, we have not experienced major disquiet among our clients, either existing or new.

Van Lanschot Kempen's capital and liquidity positions remain robust and our net result in 2023 amounted to €125.2 million (2022: €84.3 million).

In 2023, the impact on our credit portfolio of the uncertain economic circumstances was limited. This is reflected in a decrease in loss allowance for expected credit losses (ECL) and a lower management overlay at year end. The

management overlay takes into account uncertainties in the economic outlook/macroeconomic climate which are not yet considered to be fully reflected in the model parameters. For more information, see "Risk management", under 3.8, Loss allowance for expected credit losses (including sensitivity analyses we have performed). Developments following the collapse of several banks in the US have also increased our attention to our amortised cost and fair value through other comprehensive income (FVOCI) bond portfolios. The negative revaluation, when measured at fair value, remains limited for both portfolios and we carefully assess the duration of both portfolios in isolation, as well as in the general scope of balance sheet steering. Aside from the impact on our own balance sheet, we've also seen a marked decrease in deal flow in our Investment Banking segment. This led to a loss in this segment in the first half of 2023, but after we took decisive action it made only a marginal impact on the bottom line in the second half of 2023. Especially in the real estate sector, the unprecedented rise in interest rates has led to very seriously diminished deal flow as market participants had to reevaluate their strategies and portfolios. The end of the year was marked by some green shoots and we were able to complete several deals for our clients.

Functional and reporting currency

The consolidated financial statements are denominated in euros, Van Lanschot Kempen's functional and reporting currency. Unless stated otherwise, all amounts are presented in thousands of euros. The totals may not always match the sum of the individual values due to rounding.

Changes in accounting policies

The accounting policies adopted in the preparation of our consolidated financial statements for the year ended 31 December 2023 remain unchanged from the prior year, except for the adoption of new standards and interpretations effective from 1 January 2023.

Changes in published IFRS standards and interpretations

The IFRS standards listed below became effective from 1 January 2023 and have been applied to our financial statements for 2023. The application of these standards had no material impact on Van Lanschot Kempen's equity or result. Application of the amended standards generally entails amendment or expansion of notes.

Definition of Accounting estimates – Amendments to IAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments should provide guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments intend for entities to disclose more useful accounting policy disclosures by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies. In addition, guidance is provided on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 2

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning a liability or decommissioning an asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g. if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

International Tax Reform Pillar Two Model Rules - Amendments to IAS 12

The amendments introduce a mandatory temporary exception from recognition and disclosure of information about deferred taxes arising from the jurisdictional implementation of the Pillar 2 model rules. Entities are required to disclose known or reasonably estimable information on the entity's exposure to Pillar 2 income taxes.

Published IFRS standards and interpretations not yet effective

In addition to the IFRS standards and interpretations referred to above, a number of IFRS standards and interpretations are new or have been amended, and apply to financial statements for periods beginning on or after 1 January 2024. We have not applied the standards outlined below in the 2023 financial statements. Unless stated

otherwise, standards will be applied as soon as they become effective and have been endorsed by the EU.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale-and-leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment is effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively for sale-and-leaseback transactions entered into after initial application of IFRS 16. The amendment is not expected to have a material impact on the results or equity of the company.

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

The amendments clarify the requirements for classifying liabilities as current or non-current. Entities need to consider whether some of the amendments may impact their current practice and covenant testing. We currently apply the exception provided by IAS1.60 and no distinction is made between current and non-current liabilities in the financial statements. The amendments are therefore not expected to have a material impact on the results or equity of the company.

Significant accounting judgements and estimates

We have identified those accounting policies which involve the most complex or subjective decisions or assessments. In the process of applying these accounting policies, we use estimates, assumptions and judgements which can have a significant impact on the amounts recognised in the financial statements. These estimates and assumptions are based on the most recent information available and include the impact of the uncertain economic circumstances caused by developments around the war in Ukraine among other factors. The actual amounts may differ in the future. Where applicable, the impact of the uncertain economic circumstances on assumptions used are explained further in the consolidated financial statements. The most significant estimates and assumptions relate to the determination of significant influence, fair value of financial instruments, acquisitions, impairments of financial assets, and the carrying value of goodwill and other intangible assets.

Determination of significant influence

We have applied critical judgement to determine significant influence in companies in which we hold minority interest smaller than 20%. Our influence on the financial and operating policy decisions at some minority interest is more in line with that in an associate, e.g. veto rights in decisions on the issuance of new shares and decisions on amendments to the Articles of Association. For that reason, we classify these as associates and apply equity accounting instead of IFRS 9 fair value accounting. For further information, see the disclosure on Investments in associates using the equity method.

Determination of fair value

The fair value of financial instruments not traded in an active market is determined on the basis of cash flow, option and other valuation models. These models are based on the market circumstances prevailing at the reporting date.

Estimates mainly relate to future cash flows and discount rates. For the fair value level classification and more details, see "Risk management", under 14, Fair value.

Acquisitions

In the case of acquisitions, it is necessary to determine the fair value of the acquired assets (including any intangible assets and goodwill acquired), as well as of liabilities and obligations not recognised in the statement of financial position. Estimates are used for this, particularly for those items not traded on an active market. Management consideration is also needed to determine the moment of the change of control and thus the moment of consolidation of an acquired entity.

Impairments of financial assets

We recognise a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost or fair value through other comprehensive income (OCI), as well as for financial guarantees and loan commitments. When there has been no significant deterioration in credit risk since initial recognition, ECL is recognised based on a 12-month expected credit losses (Stage 1). When a significant increase in credit risk has occurred, ECL is recognised based on a lifetime expected credit losses (Stage 2). For impaired loans (Stage 3), a lifetime ECL is recognised. The impairments of financial assets are determined as a critical estimate. For more information on deterioration in credit risk, see "Risk management", under 3.8, Loss allowance for expected credit losses.

Impairments of goodwill and other intangible assets

We calculate the recoverable amount for each cash-generating unit (CGU) or group of CGUs as the higher of the fair value of the asset less costs of disposal and its value in use. The value-in-use calculation reflects an estimate of future cash flows, base-case scenario analysis and discount rates. The fair value less costs of disposal calculation uses price-earnings multiples of our peer group and future cash flows are used. Future cash flow estimates are based on our strategic plans and different types of investigation into possible trends. Events and factors that could have a significant impact on these estimates include market expectations, effects of mergers and acquisitions, competitive conditions, client behaviour and changes in client relationships, cost structure, trends in interest rates and risks, and other circumstances specific to the industry and sector. We carried out an annual impairment test on goodwill arising from acquisitions in prior years. For more information on the assumptions used, see Note 10, Goodwill and other intangible assets. In addition, an annual test is carried out for indications of impairment of other intangible assets with a finite useful life.

Other accounting estimates

Impairments of non-financial assets

The recoverable amount of a non-financial asset is the higher of the fair value of the asset less costs to sell and its value in use. This fair value less costs to sell is the price that would be received on the sale of an asset or paid on the transfer of a liability in an orderly transaction between market participants at the valuation date. To determine whether assets are impaired, the individual assets are allocated to the lowest level at which cash flows can be identified (cash-generating units). Non-financial assets that have been subject to impairment, other than goodwill paid, are reviewed annually to determine whether the impairment can be reversed. Non-financial assets, other than goodwill paid, are tested for impairment annually by assessing whether there are any indications that these assets are impaired.

Deferred tax assets

Deferred tax assets are recognised only if it is probable that taxable profits will be realised in the near future against which these temporary differences can be offset. Estimates are used when determining future taxable profits, since these are inherently subject to uncertainty.

Actuarial assumptions for provisions

Pension liabilities are determined using actuarial calculations. These calculations use assumptions regarding elements such as the discount rate, future trends in salaries and returns on investments. These assumptions are subject to estimation uncertainty. See Note 17, Provisions.

Other provisions

Other provisions are determined on the basis of the most recent estimates of the expected costs. The timing of the cash outflow related to these provisions is by nature uncertain, given the unpredictability of the outcome and time required to conclude these claims and obligations. In determining these provisions, where applicable, we take into consideration the opinion of legal experts.

Basis of consolidation

Subsidiaries

The consolidated financial statements of Van Lanschot Kempen comprise the financial statements of Van Lanschot Kempen and its subsidiaries. These have been prepared at 31 December 2023 using accounting policies consistent with those used in the previous year, and their financial year is concurrent with the calendar year.

Subsidiaries (including the consolidated structured entities) are associates in which Van Lanschot Kempen exercises decisive control. Van Lanschot Kempen has decisive control over an entity when it has power over that entity and is exposed to or has rights to variable income from its involvement in the entity, and is able to use its power over the entity to influence the entity's income. The assessment of control is based on the actual relationship between Van Lanschot Kempen and the entity. Factors taken into account include existing and potential voting rights. A right is a material right if its holder is able to exercise that right in practice.

Van Lanschot Kempen has power over an entity if its existing and potential voting rights amount to more than 50%. If those rights amount to less than 50%, Van Lanschot Kempen determines whether it has power over the entity pursuant to contractual agreements. In making this assessment, a distinction is made between substantive and protective rights. Substantive rights are rights which enable the decision-making power of an enterprise to be influenced directly and which give Van Lanschot Kempen decisive control over an entity. Examples include the right to appoint and dismiss members of the Management Board, and to set the level of their remuneration. Protective rights are rights which protect the interests of an entity in another entity, but which do not directly confer decision-making powers. Protective rights do not give Van Lanschot Kempen decisive control over an entity. When acquiring non-controlling interests, Van Lanschot Kempen in principle includes only protective rights in the contractual agreement. These are rights of approval which enable Van Lanschot Kempen to protect its minority position without acquiring decision-making power. Examples of protective rights are rights of approval in respect of the issue of shares and effecting significant acquisitions.

Intra-group transactions are eliminated in the consolidation process. Subsidiaries are consolidated from the date of incorporation or acquisition, being the date on which Van Lanschot Kempen acquires control, and are consolidated until the date that such control ceases.

We consolidate interests in investment funds if we have power over the investment fund and are exposed to or have rights to variable income stemming from our involvement and are able to use our power over the investment fund to influence the variable income. The assessment of control is based on the actual relationship between Van Lanschot Kempen and the investment fund. Van Lanschot Kempen takes into account its interest for its own account and its own role, or that of one of its group companies, as fund manager.

In the case of subsidiaries not fully controlled by Van Lanschot Kempen, the non-controlling interest in equity is presented separately in the consolidated statement of financial position as a component of total equity. The profit or loss for the reporting period that can be attributed to the non-controlling interest is disclosed separately.

Acquisitions

Acquisitions are recognised using the acquisition method. Accordingly, the cost of an acquisition is allocated to the fair value of the acquired assets (inclusive of any intangible assets not previously recognised in the statement of financial position), liabilities and obligations not recognised in the statement of financial position.

Goodwill, being the difference between the cost of the acquisition (including assumed debts) and our interest in the fair value of acquired assets, liabilities and obligations not recognised in the statement of financial position at the acquisition date, is capitalised as an intangible asset. If this difference is negative (negative goodwill), it is taken directly to the statement of income. Goodwill is not amortised. For more information on its valuation, see Note 10, Goodwill and other intangible assets.

A non-controlling interest in the company acquired is recognised at the fair value prevailing on the acquisition date or at the proportionate share in the identifiable assets and liabilities of the company acquired. Results of companies acquired are disclosed in the statement of income from the date at which control is obtained.

Adjustments to the fair value of acquired assets and liabilities at the acquisition date which are identified within 12 months of the acquisition may lead to adjustment of goodwill. Adjustments identified after expiry of one year are disclosed in the statement of income.

On disposal of group companies, the difference between the sale proceeds and the acquisition cost (including goodwill) is included in the statement of income together with any unrealised gain or loss.

Summary of material accounting policies

Foreign currencies

Functional currency

Items in the statement of financial position pertaining to each group company are stated in the currency of the economic environment in which the entity operates (i.e. the functional currency).

Group companies

The assets, liabilities, income and expenses of group companies that use a functional currency other than the reporting currency are translated as follows:

- Assets and liabilities are translated using the closing exchange rate at the reporting date;
- Income and expenses are translated using the rate prevailing on the transaction date;
- Remaining exchange-related gains or losses are recognised as a separate component of equity.

Upon consolidation, exchange-related gains or losses arising from monetary items forming part of a net investment in foreign subsidiaries are recognised in equity. Exchange-related gains or losses on borrowings and other items designated as hedging instruments for such investments are also recognised in equity.

Transactions and line items

On initial recognition, transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction date. Translation differences arising on the settlement of such transactions or on the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income, except where they are recognised in equity as qualifying cash flow hedges or qualifying net investment hedges in foreign subsidiaries.

In general, translation differences in the statement of income are included in the result on financial transactions. Translation differences on non-monetary items measured at fair value through profit or loss are reported as part of the fair value gain or loss. Non-monetary items are translated into the reporting currency at the same time as the determination of their fair value. By translation on the reporting date, currency translation differences on non-monetary items measured at fair value through equity are included in the revaluation reserve in equity.

Non-monetary items not measured at fair value are translated at the exchange rate prevailing on the original transaction date.

Recognition of financial assets in the statement of financial position

Purchases of financial assets designated at fair value through profit or loss whose value is subject to change, or financial assets at fair value through other comprehensive income, or other financial assets at amortised costs, which are settled according to standard market conventions, are recognised on the transaction date, i.e. the date on which we undertake to purchase or sell the asset concerned. Loans and advances are recognised on the settlement date, i.e. the date on which we receive the asset.

Derecognition of financial assets and liabilities in the statement of financial position

Financial assets are derecognised when:

- Our rights to the cash flows from the asset expire;
- We have retained the right to receive the cash flows from an asset, but have an obligation to pay these in full to a third party under a special agreement;
- We have transferred our rights to the cash flows from the asset and have transferred substantially all the risks and rewards;
- We have not transferred substantially all the risks and rewards but have transferred control over the asset.

If we have transferred our rights to the cash flows from an asset, but have not transferred substantially all the risks and rewards of the asset and have not transferred control, the asset is recognised as long as we have continued involvement in the asset.

A financial liability is derecognised as soon as the obligation under the liability is discharged, cancelled or expired.

Special purpose entities

We have placed parts of our loan portfolio in special purpose entities (SPEs), which comprise only covered bond companies. If we have effective control over an SPE, it is consolidated. We have control over an entity when we have power over that entity and are exposed to or have rights to variable income from our involvement in the entity and are able to use our power over the entity to influence the entity's income.

The accounting principles followed by Van Lanschot Kempen are applied when consolidating SPEs.

Transfers of financial assets

All or a part of a financial asset is transferred if:

- The contractual rights to receive the cash flows from that financial asset are transferred; or
- The contractual rights to receive the cash flows from that financial asset are retained, but a contractual obligation is assumed to pay the cash flows to one or more recipients under an arrangement.

Derivatives

A derivative is initially recognised at fair value on the effective date of the contract. After initial recognition, the derivative is subsequently remeasured at fair value and changes in value are taken to the statement of income under Result on financial transactions. Fair values are based on stock exchange prices, cash flow models, or option and other valuation models.

Hedge accounting

We use derivatives, such as interest rate swaps, to hedge our exposure to interest rate risks. The carrying amount of assets and liabilities which are hedged through fair value hedging and which would otherwise be recognised at cost is adjusted for changes in the fair value that can be attributed to the hedged risks. Any gains or losses arising from changes in the fair value of derivatives not relating to the hedged risks are taken directly to the statement of income.

At the inception of a hedge transaction, we formally designate and document the hedge relationship and the financial risk management objective when entering into the hedge transaction. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how we will assess the hedging instrument's effectiveness in offsetting the exposure to risks.

Hedges that qualify for hedge accounting are recognised as follows:

Fair value hedges

Fair value hedges are hedges of the exposure to changes in the fair value of an asset or liability arising as a result of interest rate changes. Changes in the value of the hedging instrument are taken to the statement of income.

Any change in the fair value of the hedged item is also recognised in the statement of income, in so far as the hedging instrument has been effective in the preceding period.

A hedge relationship ends if the hedging instrument is sold, expires or is exercised, or if the hedging transaction no longer meets the criteria for hedge accounting, with the remaining value adjustment of the hedged item amortised through profit or loss until the end of its term.

We apply micro fair value hedge accounting and macro fair value hedge accounting.

Micro fair value hedges

From 1 January 2022, we have applied hedge accounting for micro fair value hedges based on IFRS 9. A fair value hedge is classified as a micro fair value hedge when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. Debt securities at fair value through other comprehensive income and issued debt securities are hedged for interest rate risk in a micro fair value hedge. Effectiveness is assessed and documented on a monthly basis in order to determine that the hedge has been highly effective throughout the financial reporting periods for which it was intended. If necessary, adjustments are made to the hedge relationship.

Macro fair value hedges

We apply macro fair value hedges for fixed rate mortgages. A portfolio of mortgages is identified comprising homogeneous loans based on their contractual interest rates, maturity and other risk characteristics. Mortgages within the identified portfolio are allocated into repricing term buckets based on expected repricing dates rather than contractual repricing dates. The hedging instruments are designated appropriately to those repricing term buckets.

Such hedges are considered to be effective if we may expect, both upon inception and during the term of the hedge, that changes in the fair value or cash flows of the hedged item will be almost fully offset by changes in the fair value or cash flows of the hedging instrument, in so far as they relate to the hedged risk, and the actual outcome is within a range of 80-125%. Effectiveness is assessed and documented on a monthly basis in order to determine that the hedge has been highly effective throughout the financial reporting periods for which it was intended. We apply the EU carve-out on portfolio fair value hedges.

Cash flow hedges

Cash flow hedges are hedges of the exposure to fluctuations in the cash flow of an asset, liability or future transaction arising as a result of interest rate changes and/or inflation. The portion of the gain or loss on the hedging instrument that has been determined to be an effective hedge is recognised directly in equity until the hedged item affects the statement of income, while the ineffective portion is recognised in the statement of income.

If the hedging instrument expires or is sold, or if it can no longer be designated as a hedge, accumulated gains and losses remain in equity until the expected future transaction is taken to the statement of income. If the expected future transaction is no longer likely to take place, the accumulated result is transferred directly from equity to the statement of income.

Embedded derivatives

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

If the hybrid contract contains a host that is not an asset, the embedded derivatives are separated from the host contract and treated as separate derivatives when:

- The economic characteristics are not closely related to those of the host contract;
- A separate instrument with the same terms would meet the definition of a derivative;
- The hybrid contract is not measured at fair value through profit or loss.

Day 1 profit

Discrepancies between the transaction price and the fair value may arise if valuation techniques are applied at the time of the transaction. Such a discrepancy is referred to as a Day 1 profit. Any resulting profit or loss is recognised directly in the statement of income if the valuation method is based on observable inputs in an active market. In the event of unobservable inputs, the gain or loss is amortised over the term of the transaction.

Netting of financial assets and liabilities

Financial assets and liabilities are netted and presented in the consolidated financial statements at the net amount when we have a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. See 3.7, Risk management.

Statement of financial position

Cash and cash equivalents and balances at central banks

Cash and cash equivalents and balances at central banks comprise, at nominal value, cash in hand and deposits with a term of less than three months, investments readily convertible into a known amount of cash with an insignificant risk of value changes, balances at central banks and balances withdrawable on demand at other banks in respect of which the risk of value changes is insignificant. The amount due from De Nederlandsche Bank (DNB) arising from the minimum reserve requirement is also included in this item, as well as the irrevocable payment commitments cash collateral regarding the Single Resolution Fund.

Due from banks

Amounts due from banks are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Derivatives

Derivatives are carried at fair value. The positive and negative values of derivatives are shown separately on the face of the statement of financial position on the assets side and the liabilities side, respectively. The values of derivatives with a positive and negative value, concluded with the same counterparty, are only netted if the cash flows are settled on a net basis and this is permitted under law. Changes in the value of derivatives are taken directly to the line item Result on financial transactions. If the hedge is completely effective, the net impact on the statement of income is nil. The difference, in so far as this remains within the ranges set, reflects ineffectiveness and is taken to the statement of income.

Derivatives include:

- *The fair value of derivatives held for trading*
Derivatives held for trading include transactions for own account whereby the aim is to actively sell them in the short term. Client option positions whereby offsetting market transactions are conducted for all option positions held by our clients on a one-on-one basis are also included in this item;
- *Economic hedges*
Economic hedges are derivatives used to manage risks without applying hedge accounting;
- *Structured product derivatives*
Structured product derivatives are instruments to hedge structured products sold to clients, without application of hedge accounting;
- *Derivatives with application of hedge accounting*
These are derivatives used as hedging instruments in the application of hedge accounting.

Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss (FVPL). Additionally, any instrument for which the contractual cash flow characteristics are not solely payments of principal and interest (SPPI) are measured at FVPL. No restrictions are set for sales within the fair value through profit or loss portfolio. Interest earned on these assets is recognised as interest income under Other interest income. All other realised and unrealised gains and losses on remeasuring debt instruments at fair value are recognised under Result on financial transactions. All realised and unrealised gains and losses on remeasuring equity instruments at fair value are recognised under Income from securities and associates.

Financial assets at fair value through profit or loss include financial assets from trading activities. These are transactions for our own account whereby the aim is to actively sell these instruments in the short term. Financial assets from trading activities consist of the trading portfolio of both equity instruments and debt instruments. The financial assets from trading activities are recognised at fair value with effect from the trade date and value adjustments are taken to the statement of income under Result on financial transactions.

Financial assets at fair value through other comprehensive income

A debt instrument that is held within the hold to collect and sell business model and meets the SPPI test is measured at fair value, with fair value adjustments recognised in Other comprehensive income unless the asset is designated at fair value through profit or loss. Sales as a result of managing everyday liquidity needs, maintaining a particular interest yield profile on the secondary market, or to match the duration and sales required by regulators, are consistent with the objective of the hold to collect and sell portfolio.

Under FVOCI, a financial asset is measured at its fair value and changes in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of income and recognised in Result on financial transactions. Interest income from these financial assets is included in Interest income using the effective interest method.

Loans and advances to the public and private sectors

Loans and advances to the public and private sectors are initially recognised at fair value plus transaction costs directly attributable to the acquisition of the financial asset, and are subsequently amortised using the effective interest rate method less any allowance for impairment. The loss allowance for expected credit losses is recognised in the statement of income.

Other financial assets at amortised cost

A debt instrument that is held within the hold to collect business model and meets the SPPI test is measured at amortised cost unless the asset is designated at fair value through profit or loss. Under this measurement category, the financial asset is initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, and subsequently recognised at amortised cost less the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any impairment allowance. The impairment is recognised in the statement of income. Interest income from these financial assets is included in Interest income using the effective interest rate method.

Investments in associates using the equity method

These investments have been designated by management as transactions held indefinitely, and as a result of the acquired control can be classified as investments in associates using the equity method. These are investments in entities where we have significant influence but not control. If there is a change in the equity of the associate, we recognise our share in this change and include it in Other comprehensive income. This also applies to results of associates recognised in our statement of income.

In the first year of investment, investments classified as investments in associates using the equity method are recognised at cost, and where applicable are adjusted for any changes in the value of the associate's individual receivables

and payables occurring after the acquisition, measured using the policies applied by Van Lanschot Kempen.

The recoverable amount of the investments in associates using the equity method is determined each quarter. The valuation methods applied to assess the carrying value are the capitalisation method (peer group analysis), the discounted cash flow method and the disclosed net asset value method. An impairment is recognised if the recoverable amount is lower than the carrying amount.

The capitalisation method determines the value of a business by multiplying the operating profit (EBIT) and the operating profit before depreciation and amortisation (EBITDA) by a multiplier factor derived from similar listed companies (the peer group), if applicable also taking account of a discount for poor liquidity and minority shareholding. EBIT and EBITDA are adjusted for one-off items where applicable.

The discounted cash flow method calculates the enterprise value by discounting the forecast operational cash flows at a discount rate for the planning period and a final value based on the extrapolation of the operating profit.

The discount rate is determined on the basis of the discount rate of listed companies with a high degree of similarity and on the specific characteristics of the company. If applicable, the discounted cash flow method takes account of a discount for poor liquidity and minority shareholdings.

The company's net debt is then deducted from the value resulting from the capitalisation method and/or discounted cash flow method and multiplied by the share in the capital structure in order to derive the shareholder value from the enterprise value.

The disclosed net asset value method determines the value of a company based on the statement of financial position.

If our share in the associate's losses is equal to or exceeds our interest in the associate, no further losses are recognised unless we have assumed obligations or made payments for these associates.

Property and equipment

Property and equipment comprise buildings in own use, right-of-use assets, operation system software and information technology, communication and safety equipment, renovation & refurbishment, and furniture and fixtures. Property and equipment are initially carried at cost and subsequently measured at historical cost less accumulated depreciation and accumulated impairments. The carrying value includes the costs for replacement of part of the existing property as soon as these costs are incurred, but excludes day-to-day servicing costs. Depreciation is calculated on a straight-line basis over the useful life of the asset.

Lease contracts which we entered into as a lessee are classified as right-of-use assets. Right-of-use assets are presented as part of Property and equipment in the statement of financial position and are measured at cost, comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;

- Any initial direct costs;
- Restoration costs.

Depreciation is applied using the same method as for wholly-owned tangible assets.

The recoverable amount of individual property items within the different CGUs or group of CGUs is determined every year, irrespective of whether there is any indication of impairment, and more often if market conditions so dictate. The recoverable amount is the higher of the fair value less costs to sell or the value in use. The fair value less costs to sell is determined by an independent surveyor. If the fair value less costs to sell is below the carrying amount, the value in use is determined. This value is calculated using the value-in-use method. If the value in use is also below the carrying amount, an impairment is recognised for the difference between the carrying amount and the higher of the fair value less costs to sell and the value in use.

Estimated useful life of property and equipment (years)

Buildings	25-40
Right-of-use assets	1-10
Operating system software and IT	3-5
Communication equipment	5
Safety equipment	15
Renovation & refurbishment	10-15
Furniture and fixtures	5-10

Operating system software expenses are capitalised if they are identifiable, if there is a likelihood that future economic benefits will flow to Van Lanschot Kempen and if costs can be measured reliably.

Goodwill and other intangible assets

Goodwill represents the difference between the fair value of the acquired assets (including intangible assets) and liabilities, and the purchase price paid (excluding acquisition costs). Goodwill paid is included in the financial statements at cost less any accumulated impairment losses. Goodwill paid is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying value may be impaired. An impairment is calculated based on the difference between the carrying value and the recoverable amount of the CGU to which the goodwill relates. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal uses price-earnings multiples for our peer group and estimated future cash flows. The value in use is determined by discounting the future equity cash flows generated by each CGU or group of CGUs to their net present value using a cost of equity for each CGU or group of CGUs. If the recoverable amount of a CGU is lower than its carrying amount, goodwill is impaired. The impairment is first applied in full to the goodwill and then pro rata to the individual assets.

Other intangible assets with a finite useful life, such as client relationships, brand names and application software, are capitalised at cost and amortised on a straight-line basis over their respective useful lives. For acquired intangible assets, an annual useful life test is conducted to assess indications of impairment. For client relationships, changes in AuM

volumes are assessed. For acquired brand names and application software, the future continuation of these intangible assets are evaluated.

Estimated useful life of intangible assets (years)	
Client relationships	5-20
Brand names	5-20
Application software	3-5

Tax assets and liabilities

Tax assets and liabilities are stated at face value. Current and deferred tax assets and liabilities are offset if they relate to the same tax authority, concern the same type of tax, if it is permitted under law to offset these tax positions and if the tax positions are expected to be settled simultaneously.

Deferred taxes are recognised on the face of the statement of financial position if the valuation of an asset or liability temporarily differs from the valuation for tax purposes. Deferred taxes are calculated using the tax rates prevailing on the reporting date. Deferred tax assets are recognised only if it is probable that taxable profits will be realised in the near future against which these temporary differences can be offset.

Deferred tax assets and liabilities are assessed at every reporting date and derecognised to the extent necessary. This derecognition will be reversed if it is probable that sufficient taxable profits will be available.

Changes in the value of investments at fair value through other comprehensive income and movements in the value of derivatives forming part of a cash flow hedge are recognised in equity net of deferred tax. Deferred tax assets and liabilities cease to be recognised when these movements in value are realised. Current tax is taken to the statement of income on realisation of the movement in value.

Other assets

Other assets comprise interest receivables, commission receivables and other receivables, and are carried at the lower of cost or the recoverable amount. This recoverable amount is the estimated selling or settlement price in the ordinary course of business less the relevant variable costs to sell. The recoverable amount less the relevant variable costs to sell is based on the appraisal value as determined by an independent surveyor if applicable. Other assets are initially recognised at fair value excluding transaction costs. After initial recognition, they are recognised at amortised cost using the effective interest method.

Due to banks

Amounts due to banks are initially recognised at fair value excluding transaction costs. After their initial recognition, they are recognised at amortised cost using the effective interest method.

Public and private sector liabilities

Public and private sector liabilities are initially recognised at fair value excluding transaction costs. After their initial recognition, they are recognised at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial instruments which management believes should be recognised at fair value through profit or loss based on one of the following reasons:

- Designation eliminates or significantly reduces inconsistencies in measurement and recognition which would otherwise arise as a result of liabilities being valued or income and expenses being recognised under different accounting policies; or
- The contract in which the financial instrument is included contains one or more embedded derivatives and the entire contract is recognised at fair value through profit or loss. This is only permitted if the embedded derivative has significant influence on the contractually agreed cash flows.

The valuation takes account of our own credit risk. Own credit risk is recognised in equity under the line item Other reserves. See also Note 21, Total equity. The remaining amount of change in the fair value of the financial liabilities at fair value is recognised in Result on financial transactions and Net interest income for the interest charges on medium term notes.

Financial liabilities at fair value through profit or loss include financial liabilities from trading activities. These are transactions for own account whereby the aim is to repurchase these instruments in the short term. These instruments are stated at fair value, with movements in value recognised in the statement of income under Result on financial transactions. This line item comprises short positions on the trading portfolio in both equity instruments and debt instruments. Recognition is from the date on which the contract is concluded.

Issued debt securities

Issued debt securities are initially recognised at fair value excluding transaction costs. After initial recognition, issued debt securities are carried at amortised cost using the effective interest method. Repurchase of our own debt securities is offset in the consolidated financial statements against the liability; the difference between the cost and the carrying amount based on the remaining term is taken to the statement of income.

Provisions

A provision is a liability of uncertain timing or amount. A provision is included in the statement of financial position if we have an obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made. Provisions are discounted if the time value of money for the liability has a material effect. The most material types of provisions are the provision for pensions, provisions for long-service benefits and restructuring provisions.

Provision for pensions

We operate defined benefit plans and defined contribution plans. Under defined contribution plans, contributions to pension providers are taken to the statement of income as staff costs. We have no further payment obligations with respect to defined contribution plans once the contributions have been paid.

A defined benefit plan is a pension plan which defines the amount of pension benefit that an employee will receive on retirement. Factors such as age, years of service and salary

are taken into account when determining the amounts to be paid. The provision for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

Differences between the expected and actual return on plan assets, actuarial gains and losses and changes in the effect of the asset ceiling are recognised directly in equity; net interest is recognised under Other interest expense in the statement of income.

Provisions for long-service benefits

Employees receive a bonus to mark a long-service anniversary of 25 and 40 years. The obligation is calculated on an actuarial basis.

Restructuring provision

A provision for restructuring is recognised only if the recognition criteria are met. We have a constructive obligation if we have a detailed formal restructuring plan identifying at least the business or part of the business concerned, the principal locations affected, the number of employees affected, a detailed estimate of the expenditure to be undertaken and a suitable timeframe. Employees are also notified of the main features of the plan.

Other liabilities

Other liabilities are initially recognised at fair value excluding transaction costs. After their initial recognition, they are recognised at amortised cost using the effective interest method.

Lease liabilities are presented in the statement of financial position as part of Other liabilities. Interest payments and amortisation in the year are charged to the statement of income on a straight-line basis over the term of the lease, and disclosed within the statement of income.

Lease liabilities consist of interest and amortisation payments and are initially measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

Subordinated loans

Subordinated loans are initially recognised at fair value excluding transaction costs. After initial recognition, they are carried at amortised cost. Purchases of our own subordinated loans are offset against the liability in the consolidated financial statements. The difference between cost and the carrying amount based on the remaining term is taken to the statement of income.

Equity

Direct costs of new share issues are deducted from equity, taking account of taxes.

If we purchase treasury shares, the purchase price, including direct transaction costs after tax, is deducted from equity. Treasury shares that we purchase do not qualify for profit or dividend and are not included in the calculation of earnings per share.

Obligations not recognised in the statement of financial position

This includes obligations that represent a potential credit risk and where it is either not probable that it will lead to an outflow of resources or that a reliable estimate can be made. For the other obligations not recognised in the statement of

financial position, see "Commitments" in the supplementary notes.

Contingent assets and liabilities and irrevocable commitments

Contingent liabilities are carried at the contract value and relate in particular to guarantees and irrevocable letters of credit. This item consists of unused overdraft facilities, sale and repurchase commitments, irrevocable payment commitments for the Single Resolution Fund (SRF) and all other obligations resulting from irrevocable commitments that could give rise to loans.

Statement of income

General

Revenue is recognised when it is likely that the economic benefits will flow to Van Lanschot Kempen and the revenue can be measured reliably. Costs are allocated as far as possible to the period in which the services were rendered or to the relevant proceeds.

Net interest income

This item consists of income earned on lending and costs of borrowing, derivatives, related commission, and other income/expense similar to interest. The amortisation of remaining value adjustments on mortgage portfolios of fair value hedges which expired in the past is presented under Interest income.

Interest income and interest expense are recognised in the statement of income on an accrual basis, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated cash flows over the life of the financial instrument, or a shorter period when appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, we take into account all contractual terms of the financial instrument (for example early repayment) but not future losses due to uncollectible amounts.

Negative interest paid is recognised under Interest income, and negative interest received is recognised under Interest expense.

Income from securities and associates

All dividends received from investments in equity instruments are recognised directly in the statement of income under Other income from securities and associates when they are made payable. Our share in the results of equity-valued associates is recognised under Income from securities and associates using the equity method. Dividends received are deducted from the carrying amount of the equity-valued associate. Due to the fact that these investments in associates using the equity method are part of our investment strategy, we present income from these as part of our operating activities. This line item also includes results realised on the sale of associates using the equity method, which are recognised upon closing of the transaction.

Net commission income

This item comprises the income, other than income similar to interest, earned on wealth management services provided to third parties. It also includes fees charged to managed investment funds. Commission paid to third parties is accounted for as commission expense. We receive

commission for the wide range of services we provide to clients. This can be divided into commission on a transaction basis and periodic commission charged to the client during the year.

Commission on a transaction basis

Commission income on a transaction basis is recognised in the periods in which we provide the services. Transaction commission for which we only provide a service on the transaction date (e.g. commission on buying and selling shares) is taken directly to the statement of income. Transaction commission for which we have to provide a service in the future (e.g. commission on structured products) forms part of the amortised cost and is recognised in the statement of income over the expected term of the instrument.

Periodic commission

Periodic commission (e.g. management fees) is recognised in the statement of income in the period in which the services are provided.

Result on financial transactions

Result on securities trading includes realised and unrealised value differences on gains and losses on financial instruments relating to the securities trading portfolio. Exchange and price gains and losses on trading in other financial instruments are recognised under Result on foreign currency trading. Gains and losses due to ineffectiveness in hedge accounting are recognised under Unrealised gains/losses on derivatives under hedge accounting. When financial assets at fair value through OCI are derecognised, the cumulative gain or loss is reclassified to Realised gains or losses on financial assets at fair value through other comprehensive income. Result on economic hedges includes realised and unrealised gains and losses on derivatives that are not included in a hedge accounting model. Result on financial instruments at fair value through profit or loss comprises unrealised value differences and interest expenses on financial liabilities at fair value through profit or loss with the exception of the interest charges on medium term notes, which are recognised under Net interest income.

Other income

Other income comprises income from categories not listed above, for example income resulting from the consolidation of non-banking subsidiaries.

Staff costs

Staff costs comprise wages and salaries, pension and early retirement costs, other social security costs and other staff costs such as remuneration in the form of share-based employee benefits.

Share-based payments

Employees may be eligible to receive remuneration in the form of share-based payments. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the equity instruments are granted. The fair value is determined based on the share price on the grant date, taking into account the discounted value of expected dividends over the vesting period. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, in the period in which the employee's performance criteria are fulfilled, ending on the date on which the employee becomes fully entitled to the award (the vesting date).

Partnership plan and partnership investment incentive

The partnership plan is a participation plan that allows key senior staff to contribute to and participate in the success of Van Lanschot Kempen. Its purpose is to anchor leadership more broadly in our organisation, to further encourage ownership and entrepreneurial spirit, and to create more long-term alignment with our shareholders and clients. Partners' contributions remain in the partnership during their full tenure as a partner. Partners receive a discount of 18.5% as their interest is subject to a lock-up period of five years. This discount is accounted for as an equity-settled share-based payment, and it is recognised immediately as an expense, with a corresponding increase in equity.

The purpose of the partnership investment incentive is to enhance return perspectives. If awarded, a partnership investment incentive will apply with respect to the contributions made in the relevant contribution round for five financial years and will be calculated at the end of each of those years in accordance with the partnership investment incentive formula. Since the entitlement to the partnership investment incentive for a financial year is subject to continued service until the end of the financial year and the actual performance achieved, the estimated cost is recognised over the relevant vesting period.

The partnership investment incentive will be paid to partners in two components: 70% in Van Lanschot Kempen shares and 30% in cash. The portion settled in shares is accounted for as an equity-settled share-based payment and the portion settled in cash is accounted for as a long-term employee benefit.

Other administrative expenses

Other administrative expenses are allocated to the period in which the products and services are delivered.

Depreciation and amortisation

Depreciation and amortisation costs are determined on the basis of estimated useful life and charged to the statement of income.

Impairments

This item comprises the balance of the required impairments and reversals of such impairments, including those on financial instruments, on investments in associates using the equity method, on property and equipment, and on goodwill and other intangible assets.

Income tax

Tax on operating profit is recognised in the statement of income in accordance with applicable tax law in the jurisdictions in which we operate. Tax effects of any losses incurred in certain jurisdictions are recognised as assets when it is probable that sufficient future profits will be available in the relevant jurisdiction against which these losses can be offset.

Earnings per ordinary share

Earnings per ordinary share are calculated by dividing the profit for the year available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per ordinary share are calculated by dividing the profit available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for possible dilution as a result of, for example, outstanding option rights.

Statement of cash flows

The statement of cash flows is prepared using the indirect method. It distinguishes between cash flows from operating, investing and financing activities. Cash flows from operating activities include net changes in loans and advances, deposits from/with banks, public and private sector liabilities, and dividends received from investments in equity instruments. Investing activities include acquisition, redemption and sales of debt instruments, equity investments, associates using the equity method, property and equipment, goodwill and other intangible assets, and dividend received from investments in associates using the equity method. Financing activities include issues and repayments of share plans, debt instruments and issued debt securities, and dividends and capital returns paid to shareholders. Cash and cash equivalents comprise, at face value, all cash in hand, balances at central banks and balances withdrawable on demand at other banks. Investing and financing transactions that do not require the use of cash or cash equivalents are excluded from the statement of cash flows.

Segment information

The different operating segments form the basis for our primary segmentation. An operating segment is a business unit that can earn revenues and incur expenses and whose operating results are regularly reviewed by management or the chief operating decision maker and for which discrete financial information is available. Additional information is reported geographically based on where the business activities are located. Intra-segment transactions are conducted on commercial terms and market conditions (at arm's length).

Risk management

1. Risk, capital management and compliance

Our front-office functions are essential in delivering services to our clients. The risk management function – which comprises Compliance, Financial Risk Management and Non-Financial Risk Management – supports the front office, clients and other stakeholders in ensuring that the risks taken by Van Lanschot Kempen are controlled and comply with our risk appetite and legal requirements. This section describes our risk appetite, the organisational and governance arrangements that are in place regarding risk management, and the three lines of defence principle. After describing these general arrangements, the section continues with credit risk, market risk, settlement risk, credit valuation adjustment (CVA) risk, strategic risk, interest rate risk, liquidity risk, securitisation risk, climate change and sustainability risk, operational risk, compliance risk, financial reporting risk and assets at fair value.

1.1 Risk appetite

Solid capital and liquidity ratios are essential prerequisites for a successful proposition to our clients and the financial stability of Van Lanschot Kempen in general. This is reflected in our risk appetite statement. We aim to have a simple and transparent balance sheet.

We have a robust risk appetite framework in place. Every year, the Management Board assesses and updates the risk appetite statement, which translates our risk appetite into strategic limits. The risk appetite statement is then submitted to the Supervisory Board for review and approval. Quarterly risk appetite reports serve as important discussion documents for the continuous review of our risk profile.

1.2 Organisation of risk, capital management and compliance

The purpose of our risk management framework is to identify and analyse risks at an early stage, as well as to mitigate and monitor those risks. Adequate internal control procedures and reporting systems, including the application of standards and limits, are key elements of our risk management framework.

The organisation of our risk management framework is based on the three lines of defence principle. Day-to-day responsibility for risk control lies with the front office and/or operational departments (the first line of defence), including Internal Control and Finance, Reporting & Control.

Compliance, Financial Risk Management and Non-Financial Risk Management form the second line of defence for financial and non-financial risks. These departments are responsible for initiating risk policies and the supervision of controls within Van Lanschot Kempen.

Internal Audit forms the third line of defence and is responsible for performing independent audits on activities of the first and second line. The department reports to the Chair of the Management Board and to the Chair of the Audit Committee. The three lines of defence set-up creates a clear, balanced and appropriate division of tasks, powers and responsibilities, and ensures independent and effective operation of the risk management function.

Financial Risk Management and Asset & Liability Management (ALM) stand at the core of capital management. We actively manage our capital base to cover risks inherent to our business and meet the capital adequacy requirements of De Nederlandsche Bank (DNB). The adequacy of our capital is monitored by using the rules and ratios established by the Basel Committee on Banking Supervision as transposed into EU law through the Capital Requirements Regulation (CRR). This legal framework also forms the basis for supervision by DNB through the Capital Requirements Directive (CRD) and the Financial Supervision Act (Wft). Over the reporting period, we fully complied with all capital requirements. Both external and internal capital adequacy targets are taken into account, and the central focus is on safeguarding our financial solidity and stability. Each year, a capital and funding plan is prepared for capital management purposes.

Table 1.2 Risk, capital management and compliance framework

Supervision 1.2.1	Supervisory Board			
	– Risk and Compliance Committee			
	– Audit Committee			
Risk, capital management and compliance 1.2.2	Management Board			
	– Group Risk Committee			
	– Credit Risk Committee			
	– Market Risk Committee			
	– Asset & Liability Committee			
	– Sustainability Board			
	– Compliance & Operational Risk Committee			
Implementation and review 1.2.3	Financial Risk Management, Non-Financial Risk Management, and Compliance	Internal Audit	Asset & Liability Management	Finance, Reporting & Control
Execution 1.2.4	Client Management & Origination	Investment Strategies & Solutions	Treasury	Credit Approval and Financial Restructuring & Recovery

1.2.1 Supervision

The Supervisory Board oversees the risks and capital requirements in relation to the group's operations and portfolio composition.

The Risk and Compliance Committee focuses on all identified risks in the group's business activities, as well as the risk management framework. Compliance risks and matters regarding duty of care are also discussed in this committee, which also prepares decision-making by the Supervisory Board on risk matters.

The Audit Committee is tasked with advising the Supervisory Board on financial reporting, internal and external audits.

1.2.2 Risk, capital management and compliance

The Management Board is responsible for developing and executing Van Lanschot Kempen's strategy. This includes our capital and funding plan, which is based on a number of risk, capital management and compliance policies.

The primary objective of our capital management is to ensure that we comply with external and internal capital requirements in order to support our businesses and to create value for our stakeholders. We manage our capital structure by taking into account changes in economic conditions and the risk characteristics of our activities. To maintain and/or manage our capital structure, we may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities. These adjustments are under constant review by the Management Board. Lastly, requests or demands by our supervisors DNB and/or ECB can also influence capital management.

The Management Board also bears responsibility for ensuring the proper operation of the processes that safeguard the group's liquidity and capital position. In addition, it is required to provide information to the Supervisory Board, which in turn assesses the risk appetite of the group. To ensure the various risk types are managed properly, the Management Board has set up the following risk and compliance committees:

Group Risk Committee

The Group Risk Committee, discusses group-wide risk management themes. The committee brings together, discusses and monitors the various risk types on an integrated level. The committee sets the annual risk appetite statement and discusses the risk appetite report and emerging trends in the risk profile. Other areas covered include recovery and resolution planning.

The committee includes all members of the Management Board. The CRO chairs this committee, with other members representing Financial Risk Management, Non-Financial Risk Management and Compliance.

Credit Risk Committee

The Credit Risk Committee sets and adjusts the group's overall credit risk policy and translates this into acceptance and portfolio management policies. In executing its tasks, the committee bears in mind our strategic objectives and the guiding principles informing the risk appetite statement. The committee is also responsible for all IRB and IFRS models.

This committee includes the CRO and the Management Board member responsible for Client Management & Origination. The CRO chairs this committee; other members represent Financial Risk Management, Private Clients and Credit Approval and Financial Restructuring & Recovery.

Market Risk Committee

The Market Risk Committee focuses on all market risks within Van Lanschot Kempen. Market risk is the risk of loss as a result of changes in market variables, including interest rates (excluding interest rate risk in the banking book), exchange rates and equity prices. It also considers variables not directly observable in the market, such as volatility and correlations, which also influence the value of certain financial instruments. Market risks at Investment Banking Clients arise from securities trading to facilitate our clients (mainly equities and equity derivatives). Van Lanschot Kempen is exposed to a certain amount of market risk (mainly foreign exchange and structured products activities) through its treasury activities. Our foreign exchange risk is limited, as transactions involving currency exchanges are offset in the market within very tight limits. Van Lanschot Kempen is also exposed to market risk as a result of management book investments.

This committee includes the CRO and the CFO. The CRO chairs the committee, with other members representing Financial Risk Management, Investment Banking, Trading & Sales and Treasury.

Asset & Liability Committee

The Asset & Liability Committee (ALCO) is responsible for managing risks that result from mismatches between assets and liabilities (interest rate and liquidity risks), as well as the capital position of the bank. ALCO's main task is to oversee the asset and liability management process. The committee sets policies on interest rate risk in the banking book¹, liquidity and funding risk, funds transfer pricing and capitalisation, and it monitors the development of the balance sheet and balance-sheet projections.

This committee includes the Chair of the Management Board, the CRO, the CFO and the Management Board member responsible for Client Management & Origination. The CFO chairs the committee, with other members representing ALM, Treasury, Financial Risk Management and Finance Reporting & Control.

Compliance & Operational Risk Committee

The Compliance & Operational Risk Committee is responsible for the implementation and execution of our compliance and operational risk management policies. The committee assesses compliance and operational risks, and ensures remedial actions are taken where required. The committee also challenges and approves the annual plans of the Non-Financial Risk Management and Compliance departments. Among other matters, the root causes of major operational risk incidents are discussed in this committee.

¹ The banking book comprises all assets not held for trading under the regulatory definition.

This committee includes the Chair of the Management Board, the CRO, the CFO, the Management Board member responsible for Private Banking and Investment Banking clients, the Board member responsible for Investment Management clients, and the General Counsel/Company Secretary. The CRO chairs this committee, with other members representing Non-Financial Risk Management, Compliance and Financial Risk Management. The Head of Internal Audit has a standing invitation to attend.

Sustainability Board

The Sustainability board is responsible for driving and implementing the sustainability strategy for Van Lanschot Kempen and is accountable for embedding sustainability-related goals in our own organisation, our balance sheet and our investments. In addition, the Sustainability Board is the risk owner for all sustainability-related risks within Van Lanschot Kempen and responsible for all sustainability-related policies, KPI setting, risk appetite setting and sustainability monitoring.

The Sustainability Board is chaired by the CEO, with the Management Board member responsible for Investment Management clients and other members representing Private Clients, Financial Risk Management, Compliance, Strategy, IT and Procurement.

Second-line departments (FRM, NFRM and Compliance) take the lead in preparing the meetings of the committees described above, with the exception of ALCO, where Asset & Liability Management is in charge, and the Sustainability Board, where the Corporate Sustainability Centre is in charge. We also have a number of committees that form part of the first line of defence and that cover specific risk-related topics, such as the Credit Committee and Client Management & Origination's Product Approval & Review Committee.

1.2.3 Implementation and review of risk, capital management and compliance policies

Implementation and monitoring of our risk and capital policies is carried out by Financial Risk Management, Non-Financial Risk Management, ALM and Finance, Reporting & Control. In addition, Compliance carries out the implementation, monitoring and/or review of compliance policies.

Financial Risk Management is responsible for:

- Second-line monitoring and management of all risks relating to the statement of financial position at group level, including modelling, measuring, managing and reporting on our credit, market, interest rate, liquidity and strategic risks;
- The risk appetite process;
- Preparing, developing and maintaining policy documents;
- Issuing daily market risk reports;
- Proactively and reactively providing advice on managing risks;
- Raising risk awareness among staff in order to improve their ability to strike a sound balance between risk and return.

Non-Financial Risk Management is responsible for:

- Business continuity management;
- Information security (second-line monitoring);
- Preparing, developing and maintaining policy documents;
- Proactively and reactively providing advice on managing risks;

- Raising risk awareness among staff in order to improve their ability to strike a sound balance between risk and return.

Financial Risk Management and ALM are responsible for:

- Preparing ICAAP and ILAAP documentation as well as the recovery plan.

Finance, Reporting & Control is responsible for the financial accounting and business control function. Through its various reports, Finance, Reporting & Control fulfils an important role in challenging the businesses. These reports include monthly management reports and cost control reports, and are used to monitor the progress of business plans.

Compliance has both an advisory and a monitoring role with respect to compliance with applicable laws, rules, regulations, internal policies and procedures, and industry standards relevant for Van Lanschot Kempen. As compliance risks are part of Van Lanschot Kempen's overall risk governance, Compliance as an independent function is involved in and supports the management of compliance risks by identifying, assessing, monitoring and reporting on such risks. Compliance risks include risks such as personal data integrity, financial crime, business conduct and client protection risks.

Internal Audit periodically reviews parts of the design and effectiveness of the risk organisation and the execution of our risk, capital management and compliance policies in accordance with their annual audit plan. The applicable policies form the starting point for the independent review by Internal Audit. Processes, infrastructure, organisation and systems are audited based on these policies in order to determine whether the organisation adequately executes its risk, capital management and compliance policies.

1.2.4 Execution of risk, capital management and compliance policies

Client Management & Origination (CMO) and Investment Strategies & Solutions (ISS) prepare their own business plans. On the basis of these plans, current and future risks are assessed, including expected capital and liquidity requirements. These assessments serve as input for the various risk committees.

1.3 Capital requirements

The standards set by the Basel Committee on Banking Supervision, and translated into law and regulations (CRR and CRD, Wft), apply to all Dutch banks. The Basel framework consists of three pillars:

- Pillar 1 stipulates capital requirements for credit, market and operational risk.
- Pillar 2 requires banks to have internal processes for risk management and to calculate the capital requirements needed to address all risks that are not included in Pillar 1. The Supervisory Review and Evaluation Process (SREP) is also part of Pillar 2.
- Pillar 3 sets out requirements for disclosure of information about the institution's risk profile to external stakeholders.

Our website provides Pillar 3 disclosures (unaudited) including a detailed breakdown of our portfolio of loans to companies and institutions. Meanwhile, our remuneration policy is explained both in a remuneration section of this annual report and a Pillar 3 disclosure (unaudited), both also on our website.

1.4 Individual risks

The following sections detail the individual risk types to which we are exposed. They therefore cover a combination of Pillar 1 and Pillar 2 capital requirements. The risk types covered are:

- Strategic risk (Section 2);
- Credit risk (Section 3);
- Market risk (Section 4);
- Settlement risk (Section 5);
- CVA risk (Section 6);
- Interest rate risk (Section 7);
- Liquidity risk (Section 8);
- Securitisation risk (Section 9);
- Climate change and sustainability risks (Section 10);
- Operational risk (Section 11);
- Compliance risk (Section 12);
- Financial reporting risk (Section 13).

2. Strategic risk

Strategic risk can be defined as the threat to our results or equity arising from a failure to respond (adequately) to changes in external factors or from incorrect strategic decisions. External factors include the actions of competitors, clients, potential market entrants and public authorities. Strategic risk is not inherently undesirable, since there can also be an upside to taking these risks. We take a forward-looking approach to strategic risk, keep a close eye on external developments and set our strategic priorities accordingly. Our strategy puts a strong focus on organic and inorganic growth to profit from economies of scale. Existing risk management practices and measures are assessed regularly to ensure that possible new risks that may arise from changes in strategic direction or in the business environment are addressed adequately.

3. Credit risk

Credit risk is defined as the risk that a counterparty or client is no longer able to fulfil its obligations. Our credit risk policies focus on the counterparty risks associated with lending to private clients and SMEs. Strict selection criteria for new clients and active credit management for existing clients are applied to safeguard the quality of the loan portfolio. Our lending activities are required to be in line with stated objectives, and individual assessments are used to ascertain this.

As well as from lending activities, credit risk also arises from:

- Investment activities;
- International payment transactions and cash management;
- FX and hedging activities;
- Settlement risk.

Our investment activities relate to the management of our liquidity buffer and equity investments. For the liquidity buffer, a limit framework is in place to manage and monitor associated credit risks.

Counterparty credit risk with respect to financial institutions arises from international payment transactions, cash management, FX and hedging activities. Some of these activities also involve settlement risk. For derivatives transactions, counterparty credit risk is mitigated by daily margining.

We apply a strict policy when determining and monitoring country and counterparty (financial institutions) limits. The

country limits serve as a cross limit for financial institutions, meaning that the counterparty risks in respect of financial institutions in one country are limited by the relevant country limit, as the country limit is usually lower than the aggregate of the individual counterparty limits.

Limits on financial institutions and countries are determined using a number of hard criteria such as external ratings, BIS ratios, capital ratios, country of origin and gross domestic product (for countries). Limits can also be adjusted and withdrawn on a daily basis.

3.1 Loans and advances

3.1.1 Credit acceptance

Our loan approval policy focuses on maintaining a high-quality loan portfolio. The credit risk concentration mainly lies within our Private Clients segment in the Netherlands. Loan reviews and the authority to approve loans are delegated to a limited number of teams, mainly our Credit Approval team.

The authority to approve large loans rests with the Credit Committee, which comprises representatives of the relevant divisions as well as members of the Management Board.

The mid- and back-office for nearly all residential mortgage loans is carried out by a third party. A service level agreement (SLA) is in place to ensure adequate control of the operational risks, including the outsourcing risk.

The acceptance process is not outsourced, with the exception of our white label loans – residential mortgages offered by a third party. The acceptance and management of credit risks has been outsourced to this third party, within our strict guidelines and in accordance with prevailing legal requirements.

New loan requests are assessed to determine if they are in line with our strategy and policies, and we adopt a conservative approach to granting them.

3.1.2 Credit management – policy and processes

To achieve and attain a high-quality loan portfolio, strict credit management is required. Credit management is carried out at both individual loan and portfolio level. At the individual loan level, explicit attention is devoted to the management of unauthorised overdrafts and accounts past due. Loans with an elevated risk profile are subjected to a risk check. In addition, a portion of the portfolio is regularly reviewed and the credit risk of individual clients is scrutinised as part of this review. The frequency of reviews varies according to the individual borrower's risk profile, but they take place at least annually. In addition to financial analyses, reviews take account of future developments in a client's situation (partly in the light of relevant macroeconomic trends).

A deterioration in a client's risk profile may lead to closer supervision, an adjusted rating, corrective measures (such as requiring additional collateral or increasing the frequency of financial reporting), involvement of the Credit Approval and Financial Restructuring & Recovery department or a combination of these measures. It may also lead to a stage transfer under IFRS 9 – see Section 3.8.

At portfolio level, credit risks are monitored on a monthly basis. In addition, several early warning indicators are used to

draw up a watch list, which is discussed bi-monthly. A detailed credit risk report and any relevant developments or expected developments are discussed in the Credit Risk Committee on a quarterly basis. Any negative trend identified in the risk profile of a particular client segment, sector or loan type, can lead to the adjustment of the relevant lending policy. Trends in sectors where there is a concentration risk are monitored particularly closely.

If the review, risk check, payment arrears or external signals point to an increased risk of discontinuity, the Financial Restructuring & Recovery team is involved in the credit management process. An estimate is made of the probability of continuity. Depending on the seriousness and magnitude of the problem, either monitoring or intensive supervision is applied. If there are objective indicators of impairment the Financial Restructuring & Recovery team draws up an impairment proposal. The Impairment Committee determines the impairment for the whole credit portfolio on a quarterly basis.

Active management of past due loans enables potential problem loans to be identified at an early stage. If an individual assessment identifies an increased risk, the Financial Restructuring & Recovery team will supervise the client. Increased credit risk occurs in situations including the following:

- If clients fail to meet their payment obligations;
- If clients report difficulties in meeting future payments, e.g. because of a divorce, unemployment etc.;
- In the event of a default (see Section 3.1.3);
- For business clients, in the event of a significant decrease in turnover, breach of one or more covenants, a debt service coverage ratio < 1, etc.

The primary goal of the Financial Restructuring & Recovery team is to migrate clients back to accounts with regular status (i.e. not under the supervision of Financial Restructuring & Recovery) by reducing their credit risk. The aim is to do this in accordance with the loan agreements made with these clients, but forbearance measures are applied if necessary. For more information on forborne exposures, see Section 3.2.

3.1.3 Credit risk measurement

We have developed internal models for measuring and monitoring credit risk for the majority of the loan portfolio. Some of these internal models are also used to determine the required capital that has to be set aside for absorbing unexpected credit losses. For this reason, the models, the use of these models and the model governance have to adhere to strict requirements set out in the CRR.

The CRR distinguishes three approaches for determining the required capital for credit risk: the standardised approach (SA), the foundation internal ratings-based (F-IRB) approach, and the advanced internal ratings-based (A-IRB) approach. We use SA and A-IRB for our loan portfolios.

The standardised approach prescribes a set of rules for determining the required capital based on various characteristics such as client type, loan type, collateral type, and external rating. Under A-IRB, banks are allowed to use own estimates for probability of default (PD), exposure at default (EAD) and loss given default (LGD). PD is defined as the likelihood that a client will default within one year, the EAD is defined as the bank's expected exposure at the time a client defaults, and the LGD is the expected loss percentage

in the event that a client defaults. As a result, A-IRB is more risk-sensitive than SA.

We have approval from DNB to determine and report the required regulatory capital for our residential mortgage exposures portfolio using the A-IRB approach. Our models are captured by our model governance framework.

As part of this, the performance of our A-IRB models is periodically monitored, and these models are also periodically validated against independent models.

The PD model is mostly based on behavioural aspects of the client and the LGD models on the underlying collateral. For the capital calculations a so-called downturn LGD is applied, i.e. the expected loss at default during an economic downturn. Estimation of the EAD is based on the limit and credit utilisation.

The SA method has been used for capital calculations in all our other retail and non-retail portfolios.

IRB equity portfolio

The IRB equity portfolio includes our positions in equities in the investment portfolio, subordinated receivables, non-controlling interests and shareholdings which appear on Van Lanschot Kempen's company statement of financial position. We use the simple risk-weighted method to calculate the risk-weighted assets for positions in shares.

In this method, a specific risk weighting (190%, 290% or 370%) is assigned to each position, based on a number of characteristics. A risk weighting of 250% is applied for significant investments in financial institutions that are not deducted from equity because they fall below the regulatory threshold. Positions taken in shares and subordinated loans of wholly owned subsidiaries are excluded from IRB. These are reported using the SA method.

Other loans and advances

The risk-weighted assets of other portfolios, such as the debt securities in our investment portfolio managed by the Treasury department (i.e. excluding retail, non-retail and equity), are calculated on the basis of the SA method.

Definition of default and credit-impaired assets

Our definition of default is informed by EBA guidelines. Most notably, the materiality threshold complies with the uniform European standard. A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows:

- A breach of contract such as a more than 90 days past due event with a materiality of more than €100 and more than 1% of total credit obligation (retail exposures) or more than €500 and more than 1% of total credit obligation for non-retail exposures;
- Significant financial difficulty of the issuer or the borrower and an inability to meet future payments;
- Concession(s) granted to the borrower that the lender would not otherwise consider, relating to the borrower's financial difficulties (forbearance);
- A growing likelihood that the borrower will enter bankruptcy or other financial restructuring;
- The disappearance of an active market for that financial asset because of financial market difficulties;
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit loss.

It may not always be possible to identify a single discrete event; instead the combined effect of several events may have caused financial assets to become impaired. All impaired assets are also classified as defaulted by Van Lanschot Kempen under CRR rules. Van Lanschot Kempen has implemented one definition that serves for all its different purposes.

3.2 Forborne exposures

A loan is considered forborne if the borrower is unable to meet their contractual obligations towards the bank and the bank decides to make a concession to the client by modifying the terms and conditions of the loan agreement. The objective of this modification is to enable the borrower to meet the renewed obligations, and it would not have been offered if those circumstances had not arisen. Forbearance actions may include one or more of the following measures:

- Amendment of the original terms and conditions of the loan agreement that the client cannot meet due to financial difficulties, with a view to restoring the client's payment capacity;
- Full or partial refinancing of a forborne exposure.

The purpose of the measures taken in forbearance situations is to maximise the chance of restoring the borrower's payment capacity and to minimise the risk of losses due to having to write off all or part of the loan. Measures must offer the client an appropriate and sustainable solution, enabling them to comply with the original obligations arising from the credit agreement in due course.

Applying forbearance measures is exclusively reserved for the Financial Restructuring & Recovery team, which pursues a policy based on general principles and translates this to the specific situation of the individual client. Given the nature of these loans, the Financial Restructuring & Recovery team carries out intensive credit management. Before any new arrangements are agreed, a detailed analysis is made of the client, their financial situation and the likelihood of income recovery. The outcome of this analysis may have consequences for the client's review frequency and the size of any loan loss provision to be made. If the client qualifies for appropriate forbearance measures, a proposal will be drawn up and submitted to the competent assessor(s) for approval. If a forbearance measure is granted, the client is classified as a non-performing exposure.

In practice, forbearance measures do not always have the desired effect – i.e. the recovery of the client's payment capacity or an end to the process of declining payment capacity. This may, for example, be the result of a further deterioration in the client's financial circumstances or the failure of those circumstances to improve as expected. Such cases are reanalysed and a strategy is redefined. However, the principle is explicitly maintained that the forbearance measure must be appropriate, sustainable and effective. Any new arrangements agreed with the borrower must also meet these strict criteria.

A forbearance situation ends when the non-performing status has no longer been applied to the loan for a probation period of two years. The non-performing status must last a minimum of one year starting from the last forbearance measure. Moreover, the client must have made significant and regular payments of interest and/or principal during at least half of the probation period. During the two-year probation period, no payments by the borrower may be in arrears for more than 30 days. If this condition is not met, the probation period will start again from the date the client is no longer in arrears for more than 30 days.

The recording and monitoring of loans which are subject to forbearance is carried out by the Financial Restructuring & Recovery team. Each quarter, and where appropriate more frequently for specific loans, an individual assessment is carried out of forborne exposures which are in default, in relation to any provision made. In addition to this quarterly assessment (as part of the provisioning process), these loans are subject to extensive credit risk management, the intensity and frequency of which will as far as possible match the specific circumstances of the loan.

Tables 3.2.A through 3.2.C show the total volume of forborne exposures. We apply several types of forbearance measures (see Table 3.2.A).

Following the decision to apply such a measure, a loan remains under the supervision of the Financial Restructuring & Recovery team until the forbearance situation has ended.

Table 3.2.A Types of forborne exposure	31/12/2023	31/12/2022
Total	26,210	27,667
Capitalisation of arrears/interest	–	430
Refinancing or new loans	1,881	2,954
Interest payment only	–	488
Reduction of repayments	7,619	9,320
Deferred payment of financing costs	741	417
Extension of loan term	2,548	11,593
Reduction in interest rate	3,747	2,466
Sale by agreement/assisted sale	1,041	–
Other alteration of contract conditions/covenants	8,364	–
Partial or total debt forgiveness	268	–

Tables 3.2.B and 3.2.C provide an insight into the underlying collateral of forborne loans. This breakdown is based on the collateral used under Basel regulations, with the exception of commercial real estate, for which collateral is based on

market values. The value in the Total primary collateral column is the lower of the subscription value or the value of the collateral.

Table 3.2.B Forborne exposures by collateral at 31/12/2023

	Balance outstanding	Mortgage collateral	Commercial real estate	Financial collateral	Total primary collateral	Secondary collateral and unsecured loans
Total	26,210	2,368	16,596	2,044	21,008	5,202
Mortgage loans	2,368	2,368	–	–	2,368	–
Current accounts	5,550	–	–	2,044	2,044	3,505
Loans	18,293	–	16,596	–	16,596	1,697

Table 3.2.C Forborne exposures by collateral at 31/12/2022

	Balance outstanding	Mortgage collateral	Commercial real estate	Financial collateral	Total primary collateral	Secondary collateral and unsecured loans
Total	27,667	2,531	8,874	9,711	21,116	6,551
Mortgage loans	2,531	2,531	–	–	2,531	–
Current accounts	14,598	–	–	9,711	9,711	4,887
Loans	10,538	–	8,874	–	8,874	1,664

Write-off policy

We write off loans as soon as there is sufficient certainty about the loss after the sale of collateral and after exploring other redress opportunities.

3.3 Breakdown of the loan portfolio

We adopt a cautious approach to granting unsecured loans. Our loan book mainly consists of loans to Private Clients such as loans secured by residential real estate, a number of

commercial real estate loans and Lombard loans. The remainder of the loan portfolio comprises consumer loans and customised financing for private banking clients. Mortgage loans also include Kempen Dutch Inflation Fund, a fund that invests in leasehold contracts primarily in connection with Dutch residential real estate to create an investment in long-term inflation-linked cash flows.

Table 3.3 Breakdown of loan portfolio by entity excluding impairments

	31/12/2023		31/12/2022	
	Limit	Utilisation	Limit	Utilisation
Total	9,672,400	9,199,580	9,788,935	9,403,957
Van Lanschot Kempen	9,136,786	8,810,598	9,261,440	8,973,764
Kempen Dutch Inflation Fund	132,786	132,786	163,062	163,062
Other	402,828	256,196	364,433	267,131

3.4 Collateral

In general, collateral can be used for all current and future amounts owed by a debtor. In addition to residential mortgage collateral and guarantees provided by governments and credit institutions, commercial real estate, financial

collateral, receivables, stocks and inventories may serve as collateral.

Tables 3.4.A and 3.4.B provide insight into the underlying collateral of the loan portfolio.

Table 3.4.A Loans and advances to the public and private sectors by collateral at 31/12/2023

	Balance outstanding	Mortgage collateral	Commercial real estate	Financial collateral	Other	Total collateralised loans	Unsecured loans
Total	9,303,365	7,401,403	109,032	631,503	273,668	8,415,607	887,758
Mortgage loans	6,851,876	6,760,199	7,310	842	1,929	6,770,280	81,596
Loans	1,790,128	537,152	95,411	361,308	268,136	1,262,007	528,121
Current accounts	409,293	67,725	6,311	134,203	3,604	211,843	197,450
Securities-backed loans and settlement receivables	248,976	36,327	–	135,150	–	171,477	77,499
Subordinated loans	3,092	–	–	–	–	–	3,092

Table 3.4.B Loans and advances to the public and private sectors by collateral at 31/12/2022

	Balance outstanding	Mortgage collateral	Commercial real estate	Financial collateral	Other	Total collateralised loans	Unsecured loans
Total	9,594,137	7,516,452	149,649	725,364	300,562	8,692,026	902,111
Mortgage loans	6,938,851	6,869,041	8,262	1,003	468	6,878,774	60,077
Loans	1,819,385	511,050	133,392	328,645	297,263	1,270,350	549,035
Current accounts	572,801	99,767	7,995	217,252	2,831	327,844	244,956
Securities-backed loans and settlement receivables	263,101	36,595	–	178,463	–	215,058	48,043

Tables 3.4.A and 3.4.B have been drawn up on the basis of the definitions contained in the Basel regulations. The balance outstanding is the carrying amount excluding value adjustments for fair value hedge accounting. The collateral value is the lower of the balance outstanding of the related loan or the value of the collateral itself.

The category Other mainly comprises loans for which collateral has been pledged in the form of operating assets, inventories and receivables, as well as collateral which for technical reasons is not directly linked to a specific loan. The total amount of unsecured loans is small.

The loan-to-value (LTV) of our mortgage loans is based on indexed foreclosure values, in line with generally accepted standards for LTV determination. The weighted average LTV at year-end 2023 was 64% (2022: 63%).

3.5 Concentration within the loan portfolio

About 92% (2022: 91%) of our loan portfolio consists of loans to our private wealth clients. For the credit risk in this portfolio, see Section 3.8, Loss allowance for expected credit losses. We aim for a diversified loan portfolio, reflecting our risk appetite. We have set limits for concentrations in individual sectors.

3.5.1 Individual loan concentrations

The ten largest loans to individual clients other than financial institutions totalled €179 million at year-end 2023, compared with a total loan portfolio of €7.8 billion (2022: €227 million; total loan portfolio €8.1 billion). In this calculation, Lombard loans secured by non-single stock are excluded.

3.5.2 Geographical concentrations

In line with our strategy, the majority of lending takes place in the Netherlands. The geographical breakdown is based on client locations.

Table 3.5.2 Loans and advances to the public and private sectors by geographical area

	31/12/2023	31/12/2022
Total	9,161,433	9,363,958
Netherlands	8,486,270	8,654,618
Belgium	464,301	472,882
Other	210,862	236,459

3.6 Encumbered and unencumbered assets

Certain items in the statement of financial position are classified as encumbered. Tables 3.6.A and 3.6.B provide insight into the financial assets treated as encumbered. These tables have been drawn up on the basis of carrying value.

Encumbered assets

Pledged as collateral:

- Cash pledged to a counterparty bank or central clearing party as security for obligations stemming from derivatives (CSA contracts);
- Investments in debt instruments pledged to DNB or counterparty banks in the context of payments, repo transactions or securities and derivatives clearing purposes;
- Mortgage loans and receivables that act as a guarantee for debt instruments which have been placed with institutional investors in the form of covered bonds or have been pledged as collateral to DNB, e.g. for transaction settlements.

Other:

- Statutory reserve deposits with central banks;
- Reserve accounts of the covered bond entities to which we have no access.

Unencumbered assets

Eligible as collateral:

- Investments in debt instruments which appear on the ECB eligible list of marketable assets but are not classified as encumbered at the reporting date;
- Mortgage loans and advances on underlying debt instruments which are held by us and which appear on the ECB eligible list of marketable assets but are not classified as encumbered at the reporting date.

Table 3.6.A Encumbered and unencumbered assets	Encumbered assets		Unencumbered assets		31/12/2023
	Pledged as collateral	Other	Eligible as collateral	Not eligible as collateral	Total
Total	2,081,098	129,779	3,237,799	10,359,817	15,808,493
Cash and cash equivalents and balances at central banks	–	123,637	–	2,801,681	2,925,318
Due from banks	41,948	6,142	–	29,411	77,501
Financial assets at fair value through profit or loss	–	–	130,245	104,348	234,593
Financial assets at fair value through other comprehensive income	20,428	–	1,785,096	402,990	2,208,514
Loans and advances to the public and private sectors	1,830,000	–	525,000	6,806,433	9,161,433
Other financial assets at amortised cost	188,722	–	797,458	214,954	1,201,134

Table 3.6.B Encumbered and unencumbered assets	Encumbered assets		Unencumbered assets		31/12/2022
	Pledged as collateral	Other	Eligible as collateral	Not eligible as collateral	Total
Total	1,932,706	137,549	2,718,923	10,997,565	15,786,744
Cash and cash equivalents and balances at central banks	–	128,940	–	3,012,845	3,141,785
Due from banks	46,463	8,610	–	53,113	108,186
Financial assets at fair value through profit or loss	54,799	–	175,828	148,891	379,518
Financial assets at fair value through other comprehensive income	62,298	–	1,332,544	310,096	1,704,938
Loans and advances to the public and private sectors	1,696,010	–	382,600	7,285,348	9,363,958
Other financial assets at amortised cost	73,136	–	827,951	187,272	1,088,358

3.7 Netting of financial assets and liabilities

Tables 3.7.A and 3.7.B show the netting of financial assets and liabilities. The right to net derivatives is laid down in a master netting agreement per counterparty. For information about the netting criteria, see “Summary of significant accounting principles”.

Table 3.7.A Netting of financial assets and liabilities 31/12/2023					
	Gross	Gross in the statement of financial position	Net in the statement of financial position	Related amounts not netted in the statement of financial position	Net
Derivatives (assets)	882,882	540,356	342,526	126,341	216,185
Derivatives (liabilities)	785,934	540,356	245,578	126,341	119,237

Table 3.7.B Netting of financial assets and liabilities 31/12/2022					
	Gross	Gross in the statement of financial position	Net in the statement of financial position	Related amounts not netted in the statement of financial position	Net
Derivatives (assets)	816,045	266,403	549,642	98,302	451,340
Derivatives (liabilities)	492,906	266,403	226,503	98,302	128,201

3.8 Loss allowance for expected credit losses

Under the IFRS 9 standard, we recognise a loss allowance for ECL on financial assets measured at amortised cost or fair value through other comprehensive income, as well as for financial guarantees and loan commitments. When there is no significant deterioration in credit risk since initial recognition,

ECL is recognised based on a 12-month expected credit losses (Stage 1). When a significant increase in credit risk has occurred, ECL is recognised based on a lifetime ECL (Stage 2). For impaired loans (Stage 3), a lifetime ECL is recognised.

3.8.1 Expected loss measurement

We measure expected credit losses by using a sophisticated approach and an alternative approach. For the sophisticated approach we use models to calculate the ECL, governed by a model governance framework. Under this framework, the performance of the models is periodically monitored, and these models are also periodically validated. In 2023, the following IFRS 9 models were validated: exposure at default (EAD) model, loss given no cure (LGN) model and the macro economic variables (MEV) generator. Every quarter, the models are subject to performance monitoring. If models are performing outside the agreed threshold, recalibration or ultimately redevelopment will follow. In recent years, several recalibrations have been carried out; no redevelopment has yet been necessary.

In both approaches, ECL reflects an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and verifiable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Both approaches calculate a 12-month and a lifetime ECL for the exposures of all three stages.

After the risk stage determination in the stage calculation, the relevant ECL is assigned:

- 12-month ECL for Stage 1;
- Lifetime ECL for Stage 2 and Stage 3.

The key elements of the ECL calculation are the probability of default (PD), exposure at default (EAD), cure rate (CR), and loss given non-cure (LGN). LGN is an estimate of the loss arising in the event of a default without cure occurring at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

In addition to these four key elements, we incorporate forward-looking information for the sophisticated approach.

We identify macroeconomic variables and consider three macroeconomic scenarios in calculating ECL:

- A base-case scenario;
- An upside scenario;
- A downside scenario.

These scenarios are associated with different PDs, EADs and LGNs. In the process of building the PD, cure rate and LGN models for IFRS, we included several macroeconomic risk drivers in the long list of risk drivers. Those determined as best-performing during modelling were selected to be part of the model. The macroeconomic scenarios are generated based on inputs from CPB Netherlands' Bureau for Economic Policy Analysis, DNB, ECB and Van Lanschot Kempen's economic experts. The reported ECL (12-month or lifetime, depending on the stage) is a weighted ECL average per macroeconomic scenario. The table below shows the macroeconomic variables used for the sophisticated approach. However, we believe our models do not fully incorporate the unique current economic environment. To address the uncertain economic environment, we have applied a management overlay (see Section 3.8.7).

Model	Macroeconomic variables
PD calibration	<ul style="list-style-type: none"> - Gross domestic product (GDP) - Volume of exports (EXP)
Cure rate	<ul style="list-style-type: none"> - Residential real estate price (RREP) - Volume of exports (EXP)
LGN	<ul style="list-style-type: none"> - Gross domestic product (GDP) - Residential real estate price (RREP) - Unemployment (UNEMP)
EAD	n/a

3.8.2 Significant deterioration in credit risk

To determine the deterioration in credit risk of a financial instrument since initial recognition, we compare the risk of default at the reporting date with the risk of default on initial recognition.

To calculate the lifetime probability of default (LPD) at origination and the LPD at reporting date, we use four PD models: private individuals, small and medium-sized enterprises, corporates, and commercial real estate. If the increase in LPD exceeds the designated threshold, the exposure is transferred to Stage 2 and the lifetime ECL is calculated.

A backstop is applied and financial instruments that are materially overdrawn and more than 30 days past due are transferred from Stage 1 to Stage 2. If the financial instrument is credit-impaired, it is transferred to Stage 3.

3.8.3 Financial instruments following the sophisticated approach

For the majority of financial instruments included in the line item Loans and advances to the public and private sectors, including mortgage loans, loans, current accounts, subordinated loans and financial guarantees and loan commitments, we apply a sophisticated approach to calculate expected credit losses (ECL). This approach uses an umbrella model that combines the following sub-models:

- Various models that provide the expected flow of exposures to the default state;
- A PD calibration model giving the flow from performing to default;
- A full prepayment model and amortisation model giving the outflow from the portfolio of an entire exposure due to prepayment or contract expiration;
- A migration model providing flows from performing rating classes to other performing rating classes;
- A cure rate model giving the flow from default to performing classes and the non-cure state;
- Various product-level models that give the expected exposure at the moment a client goes into default;
- An amortisation model showing the contractual payments during the lifetime of a product and the part of the exposure flowing out of the portfolio due to partial prepayments;
- An EAD model giving the exposure as a function of the limit or outstanding amount just before default;
- A product-level model evaluating the part of EAD that may be lost – the loss given loss (LGL) model;
- A discount factor to discount the loss from the moment of default to the moment of reporting.

3.8.4 Financial instruments following the alternative approach

We apply an alternative approach for cash and cash equivalents, due from banks, debt instruments at amortised cost, debt instruments at fair value through other comprehensive income, and loans and securities-backed loans issued by the Belgian branch and Van Lanschot Kempen (Schweiz) AG. The alternative approach comprises an investments model and a foreign loan model.

3.8.5 Investments model

The investments model is applied to calculate the ECL for cash and cash equivalents, due from banks, debt instruments at amortised cost, and debt instruments at fair value through other comprehensive income. These financial instruments all have a low risk profile. All such exposures are assigned to Stage 1 as long as their external rating is investment grade. We use a simplified model to calculate 12-month ECL, using publicly available data for PD and LGD based on external ratings. If financial assets are downgraded below investment grade, these assets will be sold.

3.8.6 Foreign loans model

For the loans and securities-backed loans issued by the Belgian branch and Van Lanschot Kempen (Schweiz) AG, we have developed a foreign loans model. These two portfolios fall outside the scope of the A-IRB models and no requirements on historical data have been set. The foreign loans model calculates ECL as the sum of future exposure discounted at the effective interest rate at recognition for non-revolving products and the current effective interest rate for revolving products. In 2023, we recalibrated the Belgian foreign loan sub-model.

3.8.7 Management overlay

The continued economic uncertainty, further exacerbated by geopolitical unrest, is, in our view, still not fully captured by the IFRS 9 models, and so we have kept our general management overlay in place. Our models are based on observable data (days past due on loans, number of loans in default, etc.), which do not show signs of stress. Neither do external data such as provisions for other Dutch banks – which have clients with lower financial buffers on average – nor Dutch unemployment rates indicate economic headwinds. As a result, we consider our models to be correct given that these are bound by observable data – resulting in the need for an overlay. This overlay applies to all loan portfolios and exposures included in the scope of our sophisticated approach IFRS 9 framework. It focuses on PD-specific adjustments, since we believe a more general overlay will materialise mostly in the probability of client default. The overlay consists of two adjustments. First, one of the PD model risk drivers, the amount of arrears, has changed from 12-month moving average to point-in-time to reflect recent arrears behaviour. Second, it is reasonable to assume that discretionary income could be impacted and result in increased arrears. Also, borrowers subject to an interest rate reset could face significantly higher financing costs. Based on expert judgement, we shocked the PD for the entire portfolio. In addition, we have made an adjustment to the methodology for determining the weights of the economic scenarios. Until 2023, this was part of the management overlay. From the end of 2023, we incorporated this into our regular IFRS 9 models, thereby removing it from the management overlay. The weights of the economic scenarios are determined every quarter by our Investment Strategy Research department.

The management overlay resulted in a provision of €3.4 million (2022: €5.2 million). A lower management overlay is logical in light of the recent more positive information for the economy, which has reduced the chances of a severe recession. Even after incorporating this overlay, the net impact on our credit portfolio was relatively limited. This is reflected in the relatively small increase in ECL.

3.8.8 Loss allowances

The table below shows the ECL loss allowances and the corresponding book values (including revocable and irrevocable commitments), categorised by balance sheet line item and ECL by stage.

Table 3.8.A Loss allowance for expected credit losses	31/12/2023		31/12/2022	
	Carrying value (excluding impairments)	Expected credit losses	Carrying value (excluding impairments)	Expected credit losses
Total	16,766,183	40,767	16,588,712	42,532
Cash and cash equivalents and balances at central banks	2,925,318	0	3,141,785	–
Due from banks	77,501	–	108,186	1
Financial assets at fair value through other comprehensive income	2,208,514	280	1,704,938	49
Loans and advances to the public and private sectors	9,525,767	38,146	9,691,633	39,999
Other financial assets at amortised cost	1,201,267	133	1,088,408	49
Financial guarantees and loan commitments	827,816	2,207	853,762	2,435

The table below shows total loss allowances recognised by IFRS 9 stage. The total change in Stage 3 amounted to an increase of €0.8 million (2022: decrease of €15.5 million); of this amount, €5.6 million (2022: €2.0 million) is related to write-offs and €6.4 million (2022: releases of €13.5 million) to additions of loss allowances at Stage 3.

Table 3.8.B Loss allowance recognised by IFRS 9 stage	31/12/2023	31/12/2022	Write-offs	Change in provision	Total change
Stage 1	5,701	6,861	–	-1,160	-1,160
Stage 2	7,338	8,735	–	-1,397	-1,397
Stage 3	27,729	26,936	-5,618	6,411	793
Total	40,767	42,532	-5,618	3,854	-1,765

The table below shows the IFRS 9 stage and coverage ratios for loss allowances recognised in the loan portfolio, categorised by ECL stage.

Table 3.8.C IFRS 9 stage and coverage ratio by ECL stage (€ million)	As at 31 December 2023				As at 31 December 2022			
	Loan portfolio	Provision	Coverage ratio	Stage ratio	Loan portfolio	Provision	Coverage ratio	Stage ratio
Stage 1	7,760	4.3	0.1%	84.4%	8,057	6.1	0.1%	85.7%
Stage 2	1,314	6.1	0.5%	14.3%	1,241	7.0	0.6%	13.2%
Stage 3	126	27.7	22.0%	1.4%	106	26.9	25.4%	1.1%
Total	9,200	38.1	0.4%		9,404	40.0	0.4%	

Stage 1

Model-based Stage 1 provisions on loans decreased by €1.8 million to €4.3 million, partly explained by slightly lower Stage 1 exposures. However, the main driver was the adjustment of the model for Belgian Lombard loans. The coverage ratio remained stable.

Stage 2

Stage 2 provisions went down from €7.0 million to €6.1 million in 2023, with the Stage 2 exposure adding €73 million. The decrease in provisions was mainly caused by the release of the management overlay in Stage 2. The coverage ratio decreased slightly compared with 2022.

Stage 3

The baseline for Stage 3 provisions is determined by the Financial Restructuring & Recovery team, with limited IFRS 9 model adjustments. In 2023, Stage 3 provisions rose slightly to €27.7 million. This was due to a release of provisions on the resolution of some specific impaired exposures and write-offs, offset by increased provisioning on existing impaired loans and new defaults. The total impaired exposure advanced to €126 million, while the coverage ratio decreased slightly compared with 2022.

Loss allowances for ECL change over time for several reasons: the credit risk of financial instruments may significantly increase or decrease, financial instruments may become credit-impaired, or new financial assets may be purchased. The following tables explain the changes in the loss allowances during the year and the loss allowance recognised in the statement of income.

Table 3.8.D Changes in loss allowance for Financial assets at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
At 1 January 2023	49	—	—	49
Additions or releases without transfer	-13	—	—	-13
Financial assets originated or purchased	245	—	—	245
Total balance excluding write-offs	280	—	—	280
At 31 December 2023	280	—	—	280

Table 3.8.E Changes in loss allowance for Financial assets at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
At 1 January 2022	328	—	—	328
Additions or releases without transfer	-335	—	—	-335
Financial assets originated or purchased	55	—	—	55
Total balance excluding write-offs	49	—	—	49
At 31 December 2022	49	—	—	49

Table 3.8.F Changes in loss allowance for expected credit losses of Loans and advances to the public and private sectors	Stage 1	Stage 2	Stage 3	Total
At 1 January 2023	6,098	6,974	26,927	39,998
Additions or releases without transfer	-2,608	-2,305	-1,517	-6,430
Transfer to Stage 1	260	-4,166	-1,843	-5,749
Transfer to Stage 2	-485	5,870	—	5,385
Transfer to Stage 3	-24	-266	9,745	9,455
Financial assets originated or purchased	1,105	—	—	1,105
Total balance excluding write-offs	4,346	6,107	33,312	43,765
Amounts written off	—	—	-5,618	-5,618
At 31 December 2023	4,346	6,107	27,694	38,146

Table 3.8.G Changes in loss allowance for expected credit losses of Loans and advances to the public and private sectors	Stage 1	Stage 2	Stage 3	Total
At 1 January 2022	3,593	3,477	42,383	49,452
Additions or releases without transfer	1,202	3,411	-16,202	-11,589
Transfer to Stage 1	864	-8,378	-736	-8,250
Transfer to Stage 2	-620	8,550	-972	6,959
Transfer to Stage 3	-479	-86	4,503	3,938
Financial assets originated or purchased	1,538	—	—	1,538
Total balance excluding write-offs	6,098	6,974	28,976	42,048
Amounts written off	—	—	-2,049	-2,049
At 31 December 2022	6,098	6,974	26,927	39,998

Table 3.8.H Changes in impairments of Other financial assets at amortised cost	Stage 1	Stage 2	Stage 3	Total
At 1 January 2023	49	—	—	49
Additions or releases without transfer	67	—	—	67
Financial assets originated or purchased	17	—	—	17
Total balance excluding write-offs	133	—	—	133
At 31 December 2023	133	—	—	133

Table 3.8.I Changes in impairments of Other financial assets at amortised cost	Stage 1	Stage 2	Stage 3	Total
At 1 January 2022	8	—	—	8
Additions or releases without transfer	-3	—	—	-3
Financial assets originated or purchased	44	—	—	44
Total balance excluding write-offs	49	—	—	49
At 31 December 2022	49	—	—	49

Table 3.8.J Changes in impairments of Financial guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
At 1 January 2023	664	1,761	10	2,435
Additions or releases without transfer	268	-530	10	-253
Transfer to Stage 1	5	-84	—	-78
Transfer to Stage 2	-8	85	—	76
Transfer to Stage 3	—	-1	15	14
Financial assets originated or purchased	13	—	—	13
Total balance excluding write-offs	942	1,230	35	2,207
At 31 December 2023	942	1,230	35	2,207

Table 3.8.K Changes in impairments of Financial guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
At 1 January 2022	722	1,041	21	1,784
Additions or releases without transfer	411	1,150	-10	1,551
Transfer to Stage 1	30	-437	-340	-747
Transfer to Stage 2	-33	158	-11	114
Transfer to Stage 3	-475	-151	350	-276
Financial assets originated or purchased	9	—	—	9
Total balance excluding write-offs	664	1,761	10	2,435
At 31 December 2022	664	1,761	10	2,435

All financial instruments included in the line items Cash and cash equivalents, Due from banks, and Debt instruments at amortised cost are classified in Stage 1, and no transfers have taken place.

3.8.9 Credit quality

Van Lanschot Kempen allocates each exposure to a credit risk grade based on a variety of data that are determined to be predictive of the risk of default. Credit risk grades are defined

using qualitative (applying experienced credit judgement) and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

We use internally developed rating pools for the line items Loans and advances to the public and private sectors and Financial guarantees and loan commitments.

Credit grade	Description
Investment grade	Non-credit-impaired financial assets that are not placed under the supervision of the Financial Restructuring & Recovery team, internal rating pool 1
Standard monitoring	Non-credit-impaired financial assets that are not placed under the supervision of the Financial Restructuring & Recovery team, internal rating pools 2 to 4
Special monitoring	Non-credit-impaired financial assets that are placed under the supervision of the Financial Restructuring & Recovery team
Default	Credit-impaired financial assets

All financial instruments under the line items Cash and cash equivalents, Due from banks, Debt instruments at amortised cost and Debt instruments at fair value through other comprehensive income are investment grade, which means their external rating is at least BBB-. We use external ratings for these line items.

The credit quality of the line items Loans and advances to the public and private sectors and Financial guarantees and loan commitments is shown in the tables below. Assessment of credit quality is based on our internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Table 3.8.L Credit quality of Loans and advances to the public and private sectors 31/12/2023	Stage 1	Stage 2	Stage 3	Total
Credit grade				
Investment grade (AAA to BBB-)	6,337,169	—	—	6,337,169
Standard monitoring (BB+ to B-)	1,634,816	1,478,121	—	3,112,937
Special monitoring (CCC to C)	—	90,814	20,312	111,126
Default (DDD to D)	—	—	106,468	106,468
Gross carrying amount	7,971,984	1,568,935	126,779	9,667,699
Loss allowance	4,345	6,108	27,694	38,146
Carrying amount	7,967,640	1,562,828	99,085	9,629,553

Table 3.8.M Credit quality of Loans and advances to the public and private sectors 31/12/2022	Stage 1	Stage 2	Stage 3	Total
Credit grade				
Investment grade (AAA to BBB-)	6,390,315	—	—	6,390,315
Standard monitoring (BB+ to B-)	2,007,080	1,393,965	—	3,401,045
Special monitoring (CCC to C)	3,482	57,747	—	61,229
Default (DDD to D)	—	—	109,221	109,221
Gross carrying amount	8,400,877	1,451,712	109,221	9,961,810
Loss allowance	6,098	6,974	26,926	39,998
Carrying amount	8,394,779	1,444,738	82,295	9,921,812

Table 3.8.N Credit quality of Financial guarantees and loan commitments 31/12/2023	Stage 1	Stage 2	Stage 3	Total
Credit grade				
Investment grade (AAA to BBB-)	663,322	—	—	663,322
Standard monitoring (BB+ to B-)	27,897	133,083	—	160,980
Special monitoring (CCC to C)	—	79	153	232
Default (DDD to D)	—	—	3,282	3,282
Gross carrying amount	691,219	133,163	3,435	827,816
Loss allowance	942	1,230	35	2,207
Carrying amount	690,277	131,932	3,400	825,609

Table 3.8.O Credit quality of Financial guarantees and loan commitments 31/12/2022	Stage 1	Stage 2	Stage 3	Total
Credit grade				
Investment grade (AAA to BBB-)	634,825	—	—	634,825
Standard monitoring (BB+ to B-)	41,098	174,019	—	215,117
Special monitoring (CCC to C)	21	540	—	561
Default (DDD to D)	—	—	3,258	3,258
Gross carrying amount	675,944	174,559	3,258	853,761
Loss allowance	664	1,761	10	2,435
Carrying amount	675,280	172,798	3,248	851,326

3.8.10 Macroeconomic variables

We incorporate forward-looking information for the sophisticated approach. We use macroeconomic variables and consider three macroeconomic scenarios in calculating ECL: a base-case scenario, an upside scenario, and a downside scenario. The weightings of the scenarios were 10% for the upside scenario, 40% for the downside scenario and 50% for the base-case scenario as at 31 December 2022.

In 2023, we made an adjustment to the methodology for determining the weights of the economic scenarios. The dynamic weighting of macroeconomic scenarios was part of the management overlay, but is now included in the regular IFRS 9 models. At the end of 2023, the weightings were 10% for the upside scenario, 20% for the downside scenario and 70% for the base-case scenario.

The table below shows the macroeconomic variables used for the sophisticated approach.

Table 3.8.P Macroeconomic variables	As at 31 December 2023			As at 31 December 2022		
	2023	2024	2025	2022	2023	2024
Gross domestic product						
Base-case scenario	0.13%	0.33%	1.03%	4.27%	0.87%	1.67%
Upside scenario	2.98%	3.18%	3.88%	6.92%	3.52%	4.32%
Downside scenario	-2.83%	-2.63%	-1.93%	1.34%	-2.06%	-1.26%
Volume of exports						
Base-case scenario	-0.85%	0.05%	2.35%	4.64%	2.64%	2.74%
Upside scenario	4.35%	5.25%	7.55%	9.67%	7.67%	7.77%
Downside scenario	-6.25%	-5.35%	-3.05%	-0.94%	-2.94%	-2.84%
Total investments						
Base-case scenario	2.67%	0.17%	0.17%	2.69%	1.39%	1.39%
Upside scenario	9.63%	7.13%	7.13%	9.72%	8.42%	8.42%
Downside scenario	-4.57%	-7.07%	-7.07%	-5.10%	-6.40%	-6.40%
Private consumption						
Base-case scenario	0.23%	0.43%	0.93%	5.89%	-0.21%	1.89%
Upside scenario	3.68%	3.88%	4.38%	9.17%	3.07%	5.17%
Downside scenario	-3.35%	-3.15%	-2.65%	2.26%	-3.84%	-1.74%
Residential real estate price						
Base-case scenario	-3.26%	0.44%	2.04%	14.01%	-2.99%	-3.19%
Upside scenario	0.87%	4.57%	6.17%	17.98%	0.98%	0.78%
Downside scenario	-7.55%	-3.85%	-2.25%	9.61%	-7.39%	-7.59%
Government consumption						
Base-case scenario	2.51%	3.11%	2.41%	0.01%	3.41%	3.01%
Upside scenario	3.03%	3.63%	2.93%	0.36%	3.76%	3.36%
Downside scenario	1.96%	2.56%	1.86%	-0.38%	3.02%	2.62%

For the portfolios that fall under the scope of IFRS 9, we perform a scenario analysis to calculate the sensitivity of the ECL to macroeconomic variables. The main economic drivers of the ECL are gross domestic product (GDP), volume of exports (EXP), total investments (TI), private consumption (PC), residential real estate price (RREP) and government consumption (GC). In the table below, ECLs are shown per stage and per scenario.

Table 3.8.Q Sensitivity analysis as at 31 December 2023	Stage 1	Stage 2	Stage 3	Total	Change
Probability-weighted	5,701	7,338	27,729	40,767	
Base-case scenario	5,538	7,172	27,663	40,373	-394
Upside scenario	3,994	5,811	26,504	36,308	-4,459
Downside scenario	7,124	8,682	28,571	44,377	3,610

3.9 Collateral credit-impaired financial instruments

In general, collateral can be used for all current and future amounts owed by a debtor. In addition to residential mortgage collateral and guarantees provided by governments and credit institutions, commercial real estate, financial collateral, receivables, stocks and inventories may serve as collateral. The majority of collateral is not directly linked to a specific financing arrangement.

For credit-impaired financial instruments, the Financial Restructuring & Recovery team determines the liquidation or recovery value of the available collateral, based on the most recent valuation reports and applying the applicable haircuts.

The table below shows the collateral for financial instruments considered credit-impaired.

Table 3.8.R Collateral for credit-impaired instruments as at 31 December 2023	Gross exposure	Impairment	Carrying amount	Value of collateral
Loans and advances to public and private sectors	126,700	27,780	98,920	199,999
Financial guarantees and loan commitments	3,282	34	3,248	5,234

No impairment is recognised for credit-impaired financial instruments if the collateral is sufficient to cover the outstanding obligation. The total carrying amount of credit-impaired financial instruments for which there is no impairment recognised is €31.7 million (2022: €41.1 million).

4. Market risk

Market risk is the risk of loss as a result of changes in market variables, including interest rates, exchange rates and share prices. Other variables not directly observable in the market, such as volatility, long-term dividend expectations and correlations, can also influence the value of financial instruments. The market risk to which we are exposed can be divided into three components. Firstly, the market risk to which Van Lanschot Kempen Treasury is exposed in respect of its structured products activities (part of the Other activities operating segment) and services to clients. Secondly, market risk stemming from trading activities in institutional securities, which is concentrated in the Investment Banking Clients operating segment. Lastly, exposure to market risks is also generated by investments in Van Lanschot Kempen's management book of €79.1 million (2022: €118.8 million). These investments provide seed capital for newly launched Van Lanschot Kempen funds and allow us to co-invest with our clients.

4.1 Trading activities in securities

Our trading activities in securities mainly comprise equities, equity derivatives and interest rate derivatives. Equities are concentrated in the Investment Banking Clients operating segment (equity brokerage) while equity derivatives and interest rate derivatives are concentrated in Van Lanschot Kempen Treasury (structured products activities). In response to the higher interest rate environment, we have seen a shift among our clients from complex equity structured notes to simpler structured notes.

Table 4.1 Trading activities VaR	2023		2022	
	Derivatives-related	Share-related	Derivatives-related	Share-related
At 31 December	32	70	82	118
Highest VaR	275	288	280	311
Lowest VaR	9	39	42	66
Average VaR	114	157	152	156

4.2 Market risk due to foreign exchange positions

To a limited degree, treasury activities (mainly foreign exchange exposure, comprising client transactions and own positions) result in positions exposed to market risks. The Treasury department is part of the Other activities operating segment. The majority of transactions and positions in the statement of financial position are denominated in euros. Exchange rate risk is managed within the required limits and an authorisation structure applies.

A governance structure has been created to facilitate effective risk management. This is based on the three lines of defence model, where the first line has direct insights in the live risk exposures and is responsible for staying within the set limits, the second line monitors daily to ensure that limits are respected, and Internal Audit performs periodic audits on the policies and procedures set by Risk Management and evaluates effectiveness and completeness. The risks are managed using value at risk (VaR) limits as well as gross and net limits. Daily stress tests provide information about changes in portfolio values in extreme market conditions and complement the VaR calculation.

The VaR for the trading portfolios is computed daily, based on a one-day time horizon with a 97.5% confidence level on one year of historical data.

Other risks relating to derivatives, such as stock market changes and volatility, and interest rate changes (delta, vega and rho respectively) are embedded in our structured notes. These risks are separately monitored on a daily basis or more frequently if necessary.

Separate limits are in place for all risk drivers. VaR and other relevant risk parameters are reported to senior management (including two Management Board members) on a daily basis. The embedded derivatives sold to our clients are hedged by Van Lanschot Kempen. The majority of the complex market risks (exotic risks) are hedged on a back-to-back basis. The non-exotic risks and limited exotic risks due to secondary market trading are hedged via the macro-hedging strategy. This means that the complex derivatives sold to clients are broken down into individual risk drivers (i.e. delta exposure on S&P500 or Euro Stoxx 50). The total macro exposure per risk driver is calculated and this is hedged by using relatively simple (mostly listed) options. All risk drivers have limits both on an individual as well as on an aggregate level and we monitor them daily and/or intra-day. This highly granular view of limits results in limited basis risks.

Foreign exchange positions are shown in Table 4.2.B and include all cash, forward and option positions of the entities in scope of consolidation.

Table 4.2.A Exchange rate risk of treasury trading activities (total gross nominal foreign exchange position translated to euros)	2023	2022
At 31 December	245	-294
Highest position	780	798
Lowest position	-4,646	-3,118
Average position	-126	367

Table 4.2.B Foreign exchange positions	2023	2022
Total	592	502
US dollar	216	-94
Danish krone	103	146
Singapore dollar	101	87
Canadian dollar	45	204
Hong Kong dollar	36	305
Pound sterling	31	-687
Swiss franc	8	155
New Zealand dollar	5	22
Australian dollar	-29	144
Other	77	220

The capital requirement for exchange rate risk was €0.1 million at year-end 2023 (2022: €0.1 million). This amounts to 7% of the net open positions in each currency (2022: 5%). Under the Basel IV rule set, which will take effect as of 2025, our capital requirements for exchange rate risk amounted to €0.3 million at year-end 2023 (2022: €0.3 million).

Credit spread risk in the banking book (CSRBB) is the risk of volatility in earnings and/or equity, caused by spread movements of the yield on banking book instruments that are classified at fair value, versus the swap curve.

For Van Lanschot Kempen, CSRBB is mainly concentrated in the investment and liquidity portfolios. CSRBB limits have been imposed on these portfolios, which are monitored by ALCO on a monthly basis.

4.3 Market risk capitalisation

We use the maturity method to calculate the capital adequacy requirement in respect of the general risk on debt instruments in the trading portfolio. Share-related instruments are share instruments included under Financial assets from trading activities (see Table 4.3).

Table 4.3 Market risk	31/12/2023		31/12/2022	
	Risk weighting	Capital adequacy requirement	Risk weighting	Capital adequacy requirement
Total	170,930	13,674	203,308	16,265
Interest-related instruments	120,287	9,623	155,210	12,417
Share-related instruments	49,943	3,995	46,756	3,741
Currency-related instruments	700	56	1,342	107

Weighting and requirements

We use the standardised approach for all types of market risk. The market risk of interest rate derivatives is included under Interest-related instruments; the market risk of share-related derivatives is included under Share-related instruments; and the market risk of currency derivatives is included under Currency-related instruments.

5. Settlement risk

We are required to hold capital for financial transactions that are not settled within five days of the agreed deadline, if the difference between the agreed settlement price and the price at the reporting date could lead to a loss. Settlement risk is monitored and managed on a daily basis.

At year-end 2023, financial transactions totalling €9.1 million (2022: €11.0 million) had to be reported in the context of settlement risk.

6. CVA risk

Under the CRR, account must also be taken of the risk-weighted assets in relation to CVA, which must be adequate to cover the risk of a deterioration in the creditworthiness of the counterparty in a derivatives transaction (bilateral or centrally cleared). This CVA capital adequacy requirement is additional to requirements applying to the risk-weighted assets in relation to the "regular" default risk of a counterparty. We use the standardised method to calculate the capital requirement for CVA.

7. Interest rate risk

Interest rate risk in the banking book (IRRBB) is the exposure to adverse market interest rate movements, arising from banking book activities. Adverse interest rate movements may impact a bank's current and/or future earnings, capital and market value. Responsibility for IRRBB management has been delegated by the Management Board to ALCO.

Interest rate risks in non-banking book items are managed as part of market risk.

Our main source of interest rate risk is the maturity mismatch between assets and liabilities. In general, assets have longer interest rate maturities than liabilities, contractually as well as behaviourally. We model client behaviour with respect to the prepayment patterns of mortgages and loans and the interest rate risk profiles of savings and current accounts. When modelling this, model risk arises because actually observed client behaviour may deviate from assumptions. Differences between assumed and actually observed client behaviour could have a material adverse impact on future results.

We manage interest rate risk from both a long- and a short-term perspective. The short-term interest rate risk is addressed mainly from a net interest income perspective (delta net interest income, or Δ NII). This involves an analysis of the interest income under a number of market interest rate scenarios, relative to the baseline scenario in which interest rates are expected to develop based on forward rates.

In 2023, all Δ NII scenarios remained within risk appetite limits. By year-end 2023, the most adverse scenario was a scenario in which short term interest rates come down again. The Δ NII for this scenario was -6.6% at the end of 2023 (end of 2022: -4.5%, in a scenario in which interest rates would flatten). Table 7.A shows the interest rate risk metrics.

Table 7.A Interest rate risk metrics	31/12/2023	31/12/2022
Delta net interest income (Δ NII)	-6.6%	-4.5%
Delta economic value of equity (Δ EVE)	-5.3%	-8.4%

We address long-term interest rate risk by means of the economic value approach, which looks at how movements in interest rates impact the value of the bank's assets and liabilities. The rule-of-thumb metric for economic value analysis is duration of equity, which indicates the net impact of parallel interest rate changes on economic value, assuming a linear relationship between these parameters.

Although we use duration of equity as a rule of thumb for economic value sensitivity, we also calculate economic value changes under various scenarios. In doing so, all interest rate cash flows are replotted and revalued at shocked interest rate curves and we use coupon rates that are stripped from margins. In 2023, all delta economic value of equity (Δ EVE) scenarios remained within risk appetite limits. By year-end 2023, the most adverse scenario was an instant upwards shock of 200 basis points. The Δ EVE for this scenario was -5.3% at the end of 2023 (end of 2022: -8.4%).

We aim to neutralise the impact of differences in accounting classifications on interest rate steering. Hence, we mostly hedge the interest rate risk in fair value through profit or loss items in the banking book on a back-to-back basis, by means of interest rate swaps. By doing so, we make sure that Result on financial transactions – to the extent that it arises from banking book items – is only impacted by market changes in credit spreads over the swap curve and that there is no net impact from changes in the swap curve itself. For this reason, the Δ NII scenarios we use to assess our interest rate risk profile do not affect the Result on financial transactions.

We use hedge accounting to offset changes in the market value of derivatives that are used for hedging portfolios classified at amortised cost or at fair value through other comprehensive income.

8. Liquidity risk

The main objective of our liquidity risk management is to ensure that we are able to maintain or generate sufficient cash resources to meet our payment obligations in full as they come due, on acceptable terms. One of the key elements of our approach towards liquidity risk management is to maintain stakeholder confidence in the bank's solidity at all times.

The main source of liquidity risk that we are exposed to relates to the share of client deposits in our funding base. Although client deposits have proven to be relatively price-inelastic and sticky over time, the withdrawable nature of such deposits poses potential outflow risks, especially for those deposits not covered by the deposit guarantee scheme (DGS).

The roll-over risk with respect to maturing capital market funding is less substantial for us, since our client deposit base comfortably funds our entire loan book. To still obtain a certain degree of diversification in our funding mix, we have covered bond programmes in place.

To manage liquidity risks, we use a forward-looking liquidity risk management framework that enables the comprehensive measurement, evaluation and calibration of indicators related to liquidity risk. The framework consists of the risk appetite statement, the liquidity buffer, monitoring and reporting, forecasting, funding planning and contingency planning.

Limits for liquidity risk are revised on an annual basis as part of the risk appetite limit structure. Limits set include, but are not limited to, levels of the liquidity coverage ratio, the net stable funding ratio and stress test survival periods, which are reported to ALCO on a monthly basis. In addition to the regular monthly liquidity reporting, the liquidity buffer and client deposit flows are monitored in the weekly liquidity report. This report includes metrics that have been identified as early warning indicators for possible liquidity stress. The liquidity buffer is the main defensive element against liquidity risk, and the quality and size of the buffer are monitored frequently, along with inflows and outflows in the client deposit base.

Finally, each year we outline our capital and funding planning for a three-year horizon, both under regular circumstances in the capital and funding plan, and under potential future stress or emergency situations in the liquidity contingency plan, complemented by the recovery plan.

Part of our liquidity and funding planning is scenario analysis, of which stress testing is a key element. By means of stress testing, we assess our resilience to a variety of adverse liquidity events – Van Lanschot Kempen-specific events, system-wide events, and a combination of these two.

8.1 Contractual maturity

Tables 8.1.A and 8.1.B show the assets and liabilities based on their remaining contractual terms to maturity at the reporting date, without taking behavioural aspects into account. These amounts correspond with the amounts included in the consolidated statement of financial position. Items with no maturity, such as equity instruments, assets and liabilities classified as held for sale, and provisions are presented separately.

Derivative liabilities are included on a net basis if cash flows are settled net. For other derivative liabilities the contractual gross cash flow payable is included.

As savings and current accounts do not have fixed terms, the balances of non-maturing instruments are presented within the withdrawable on demand category.

Due from banks and amounts due to banks include collateral delivered and received related to derivatives transactions. Allocation of this collateral over the maturity buckets is conducted in accordance with the maturity classification of the derivative contracts.

Table 8.1.A Contractual maturity of assets and liabilities at 31/12/2023

	Withdrawable on demand	< 3 months	3 to 12 months	1 to 5 years	More than 5 years	Subtotal	Maturity not applicable	Total
Assets								
Cash and cash equivalents and balances at central banks	2,925,317	—	—	—	—	2,925,317	—	2,925,317
Due from banks	23,348	3,849	1,240	43,022	6,043	77,501	—	77,501
Derivatives	—	12,213	35,092	77,910	217,311	342,526	—	342,526
Financial assets at fair value through profit or loss	77,167	—	—	132,374	—	209,541	25,052	234,593
Financial assets at fair value through other comprehensive income	—	95,179	111,667	1,201,120	800,548	2,208,514	—	2,208,514
Loans and advances to the public and private sectors	632,067	61,524	84,642	637,404	7,745,796	9,161,433	—	9,161,433
Other financial assets at amortised cost	—	—	56,451	1,000,493	144,190	1,201,134	—	1,201,134
Investments in associates using the equity method	—	—	—	—	—	—	110,889	110,889
Other assets ¹	—	125,436	59,718	41,718	5,002	231,874	342,103	573,977
Total assets	3,657,899	298,202	348,810	3,134,041	8,918,889	16,357,840	478,044	16,835,885
Total assets excluding derivatives	3,657,899	285,988	313,718	3,056,131	8,701,578	16,015,315	478,044	16,493,359
Equity and liabilities								
Due to banks	29,388	—	102,230	118,046	840	250,504	—	250,504
Public and private sector liabilities	9,136,974	2,447,651	699,545	160,950	128,694	12,573,814	—	12,573,814
Derivatives	—	14,860	26,178	144,017	60,522	245,578	—	245,578
Financial liabilities at fair value through profit or loss	—	22,414	88,208	331,811	24,239	466,672	—	466,672
Issued debt securities	—	—	—	1,473,639	—	1,473,639	—	1,473,639
Lease liabilities	—	24	732	32,558	5,292	38,606	—	38,606
Other liabilities ²	—	108,076	127,332	—	—	235,408	32,650	268,058
Subordinated loans	—	16,034	—	—	154,205	170,238	—	170,238
Equity	—	—	—	—	—	—	1,348,777	1,348,777
Total equity and liabilities	9,166,362	2,609,059	1,044,225	2,261,020	373,791	15,454,457	1,381,428	16,835,885
Total equity and liabilities excluding derivatives	9,166,362	2,594,199	1,018,046	2,117,003	313,269	15,208,880	1,381,428	16,590,307
On-balance gap	-5,508,463	-2,310,858	-695,415	873,021	8,545,098	903,383	-903,383	—

¹ Includes Property and equipment, Goodwill and other intangible assets, Current tax assets, Deferred tax assets and Other assets as presented in the consolidated statement of financial position.

² Includes Provision, Current tax liabilities, Deferred tax liabilities and Other liabilities as presented in the consolidated statement of financial position.

Table 8.1.B Contractual maturity of assets and liabilities at 31/12/2022

	Withdrawable on demand	< 3 months	3 to 12 months	1 to 5 years	More than 5 years	Subtotal	Maturity not applicable	Total
Assets								
Cash and cash equivalents and balances at central banks	3,141,785	–	–	–	–	3,141,785	–	3,141,785
Due from banks	22,057	30,159	363	48,655	6,953	108,186	–	108,186
Derivatives	–	13,656	49,078	106,491	380,417	549,642	–	549,642
Financial assets at fair value through profit or loss	109,889	71,843	160,759	308	–	342,799	36,720	379,518
Financial assets at fair value through other comprehensive income	–	83,394	153,090	1,316,014	152,441	1,704,938	–	1,704,938
Loans and advances to the public and private sectors	799,659	46,712	88,837	588,290	7,840,461	9,363,958	–	9,363,958
Other financial assets at amortised cost	–	–	99,351	766,456	222,551	1,088,358	–	1,088,358
Investments in associates using the equity method	–	–	–	–	–	–	103,265	103,265
Other assets ¹	–	117,545	71,910	38,189	11,020	238,664	339,597	578,262
Total assets	4,073,390	363,309	623,388	2,864,402	8,613,842	16,538,331	479,582	17,017,913
Total assets excluding derivatives	4,073,390	349,653	574,309	2,757,911	8,233,425	15,988,688	479,582	16,468,270
Equity and liabilities								
Due to banks	24,058	–	201,438	160,837	730	387,063	–	387,063
Public and private sector liabilities	11,465,723	561,975	424,167	106,234	168,095	12,726,194	–	12,726,194
Derivatives	–	15,805	67,400	116,027	27,272	226,503	–	226,503
Financial liabilities at fair value through profit or loss	–	24,708	72,113	322,638	54,424	473,883	–	473,883
Issued debt securities	–	411,737	–	451,181	479,213	1,342,131	–	1,342,131
Lease liabilities	–	37	487	26,706	11,843	39,073	–	39,073
Other liabilities ²	–	75,175	162,342	–	–	237,517	32,293	269,811
Subordinated loans	–	–	–	16,298	154,584	170,882	–	170,882
Equity	–	–	–	–	–	–	1,382,372	1,382,372
Total equity and liabilities	11,489,781	1,089,437	927,948	1,199,920	896,161	15,603,247	1,414,666	17,017,913
Total equity and liabilities excluding derivatives	11,489,781	1,073,632	860,548	1,083,893	868,889	15,376,744	1,414,666	16,791,410
On-balance gap	-7,416,392	-726,128	-304,560	1,664,482	7,717,681	935,083	-935,084	–

The assets comprise many long-term mortgage loans while the liabilities are made up of many short-term deposits. This results in a gap between the Withdrawable on demand and More than five years columns. Potential liquidity risks are addressed by means of monthly stress tests – discussed monthly in ALCO – that test the bank's resilience to a variety of adverse liquidity events and take behavioural aspects into account.

For each transaction we have guaranteed, the maximum guaranteed amount is included in the relevant term bucket under which the bank first has the right to terminate the transaction. For each obligation arising from an irrevocable commitment, the committed amount is classified in the relevant term bucket under which we first have the right to withdraw the commitment.

¹ Includes Property and equipment, Goodwill and other intangible assets, Current tax assets, Deferred tax assets and Other assets as presented in the consolidated statement of financial position.

² Includes Provision, Current tax liabilities, Deferred tax liabilities and Other liabilities as presented in the consolidated statement of financial position.

8.2 Contractual maturities of undiscounted cash flow of financial liabilities

Tables 8.2.A and 8.2.B show liabilities by maturity based on contractual, undiscounted cash flows and including related future cash flows, such as interest payments. Repayments

which are subject to notice are treated as if notice were to be given immediately. However, we expect that many clients will not request repayment at the earliest possible date, and the tables below do not reflect the expected cash flows as indicated by our deposit retention history.

Table 8.2.A Contractual maturities of undiscounted cash flow of liabilities at 31/12/2023

	Withdrawable on demand	< 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Due to banks	23,269	6,120	106,680	118,046	840	254,954
Public and private sector liabilities	9,153,065	2,442,877	730,461	200,111	143,603	12,670,118
Derivatives	65,705	16,119	37,476	106,247	20,030	245,578
Financial liabilities at fair value through profit or loss	—	32,694	98,630	381,615	25,716	538,655
Issued debt securities	—	16,875	17,500	1,598,125	—	1,632,500
Subordinated loans	—	17,235	6,410	103,641	114,888	242,174
Total undiscounted liabilities	9,242,039	2,531,919	997,158	2,507,784	305,079	15,583,979

Table 8.2.B Contractual maturities of undiscounted cash flow of liabilities at 31/12/2022

	Withdrawable on demand	< 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Due to banks	15,052	9,006	201,438	160,837	730	387,063
Public and private sector liabilities	11,473,179	556,061	441,313	164,912	169,387	12,804,852
Derivatives	106,085	17,627	34,404	66,597	1,792	226,503
Financial liabilities at fair value through profit or loss	—	25,526	81,415	360,762	63,633	531,335
Issued debt securities	—	435,840	—	567,500	512,500	1,515,840
Subordinated loans	—	2,166	12,775	121,240	192,445	328,626
Total undiscounted liabilities	11,594,315	1,046,225	771,345	1,441,847	940,487	15,794,220

9. Securitisation risk

We treat securitisation as an asset class in our investment portfolio. We are not party to any synthetic securitisations and have no trading position in securitisation transactions.

Funding

We do not structure securitisations for other entities and have no outstanding securitisation transactions in which we act as a sponsor, seller and/or servicer.

Investments

Part of our liquidity investment portfolio is invested in residential mortgage-backed securities (RMBS). We invest only in the most senior and AAA-rated RMBS tranches. If they comply with the simple, transparent and standardised (STS) requirements, these securitisations qualify as high-quality liquid assets. All our RMBS investments are ECB eligible, meaning that they have at least two ratings from an external credit assessment institution (ECAI).

As the investments are part of the liquidity buffer, they can be used as collateral, in repo transactions, or sold if necessary. The holdings in RMBS represent a minor share of the total investment portfolio.

Risk exposures within the investment portfolio

The credit risks of the investments are not hedged. Our investment portfolio as a whole is monitored by the Treasury department and the Credit Approval team on a daily basis. The portfolio is monitored on nominal limits as well as on credit risk limits.

Management

Interest rate risk is limited, as RMBS are typically floating-rate notes. Interest rate risk is monitored at balance sheet level and includes the investment portfolio. We use the SEC-ERBA methodology to calculate the total risk exposure of RMBS investments.

10. Climate change and sustainability risks

Sustainability risks relate to environmental, social and governance (ESG) themes. As these are relatively new types of risk, we are still developing policies and frameworks, and are collecting data to manage them. Currently, the most measurable ESG risks are climate-related, and these are discussed in more detail in this section. Climate change risk reflects the physical and/or transitional impacts of a change in the climate on Van Lanschot Kempen's financial position and/or reputation. Based on the factors as discussed below, we conclude that no impairments as a result of sustainability risks are necessary. However, sustainability risks could very well lead to a combination of financial, reputational and legal problems in the long term if not addressed proactively. Our approach to managing climate risks includes aligning our organisation with the ECB's expectations as set out in its

guidance on climate-related and environmental risks. The risk to our activities posed by climate change is periodically assessed.

Climate change risks are addressed and managed via our sustainability risk policy. This policy assures that risks are assessed from an integrated/holistic perspective, taking all risk drivers and activities into account. Starting from 2023, we have made significant improvements by putting a formal framework in place (part of this sustainability risk policy) to both identify potential climate risks and to assess the materiality of these risks. This has resulted in increased granularity of our risk analyses to provide further insight into our risk profile, as reflected in the table below. Sustainability risks have an effect on our on- and off-balance sheet activities.

Table 10 Balance sheet based on sustainability criteria (€ million)		31/12/2023	31/12/2022
1	Cash at central banks	2,820	3,049
2	Sovereign, semi-sovereign, supranational and agency bonds	1,584	1,224
3	Covered bonds and RMBS	1,941	1,737
4	Corporate bonds	–	33
5	Residential mortgages	7,018	7,033
6	Family business & entrepreneurs	594	871
7	Lombard loans	724	738
8	Real estate loans	325	353
9	Other loans	500	368
10	Van Lanschot Kempen's management book	79	119
11	Equity trading activities	13	17
12	Structured product activities	37	49
13	Other items	1,200	1,427
Total assets		16,836	17,018

On-balance sheet activities

1. We believe that the sustainability risks of our central bank exposures are limited. Our main exposure is via DNB. DNB has exposure to national commercial banks via their investments in relatively safe assets and is backed by a sovereign entity. The risks run by DNB and the Eurosystem at large are mitigated by the fact that the Eurosystem can correct unacceptable risks by changing supervisory rules. Moreover, DNB, as a monetary authority, is able to accept temporarily negative equity positions, so even large losses arising from a sustainability risk event can be absorbed.
2. Our (semi-)sovereign, supranational and agency debt holdings are mainly from issuers in the European Union, Canada and Belgium. Their debt has a minimum credit rating of AA-, making these issuers capable of withstanding major costs as a result of physical or transitional risks. Also, by signing the Paris Agreement, these issuers' countries have committed to build resilience against the consequences of climate change – e.g. rising sea levels – thereby reducing local physical climate risks.
3. Our covered bonds and RMBS holdings are all rated AAA. The majority of the financial assets backed by mortgages are located in the Netherlands and France. Currently, no loan level data is available to calculate the specific ESG risks on these positions. For our RMBS instruments – where we have direct exposure to the underlying pool of mortgages – some general analytics are available. The geographical

distribution of the mortgage pools does not materially differ from the total issuers mortgage pool, thereby reducing the physical risks. Moreover, there is a substantial credit enhancement present in the RMBS transactions, which ranges from 4.0% to 55.2%, and the average LTVs range from 44.3% to 75.6%. The RMBS instruments in the lower range of the credit enhancement are also in the lower range of LTVs. Covered bonds give additional protection through dual recourse, as the underlying mortgage pool will only be resorted to if the issuing bank defaults. What's more, the mortgage pool is continuously monitored and, if needed, adapted to meet the criteria of the asset cover test. Physical concentration is also taken into account. In our opinion the mortgage-backed financial assets we have invested in are thus capable of withstanding costs arising from physical or transitional risks.

4. Corporate bonds are potentially significantly prone to climate risks when the issuing corporation is heavily impacted by changes in climate and policies (for example fossil fuel companies). Currently we do not hold any corporate bonds.
5. Residential mortgages represent our most concentrated position in terms of (potential) sustainability risks. Given the geographical characteristics of the Netherlands, we are mainly exposed to physical risks related to fluvial and pluvial flooding and the effect of drought on the stability of

building foundations (pole rot and changes in surface level). Regarding fluvial and pluvial flooding, we combine highly detailed data on flooding risk in the Netherlands (probability of flood and, if a flood event takes place, the distribution of potential water levels) and specific characteristics of the collateral (house/apartment) to quantify the potential impact on collateral valuations. Based on internally defined flooding scenarios we determine our exposure to flooding risk. The limited average LTV increase as a result of flood damage, given the low probability of such an event, implies that actual projected losses are expected to be manageable. At the same time, given our solid capital position, a temporary increase in regulatory capital (as a result of lower collateral valuations after a flood, which directly impact capital under IRB) is also manageable. We have also carried out a similar analysis on the effect of drought on the stability of building foundations, again using highly detailed data on the risk of pole rot and changes in building surfaces to calculate potential economic risk as well as the effect on our capital. Given the limited number of houses on timber supports and the limited impact in terms of changes in foundation stability, these factors are seen as manageable.

Our residential mortgage portfolio is also prone to transitional risks which could impact the value of the collateral in future due to rising energy prices and/or renovation costs to meet future legislation on energy efficiency/emissions. Using the characteristics of the collateral (building year, size, current energy label, etc.), we determined the renovation costs needed to improve the energy efficiency of the collateral. We then deducted these renovation costs from the current market value of the collateral to derive a stressed market value as a result of transition risk (we assume non-renovated collateral will be worth less in the future). Given the limited renovation costs, our low average LTV and the on average significant assets of our clients, the transition risks are limited and non-material. In addition, the IFRS provision for defaulted mortgages (IFRS 9, Stage 3) is determined per individual credit file by the Financial Restructuring & Recovery team. If there are significant climate risks relating to defaulted loans, those risks are taken into consideration when the IFRS 9 provision is determined.

6. Family business & entrepreneurial loans mostly comprise niche lending to health care specialists and to business professionals such as main audit and law firm partners. These business professionals have limited direct exposure to climate and environmental risks. The same holds for healthcare specialists, such as pharmacists, general practitioners and veterinarians. Based on the limited exposures and non-impacted sectors, the sustainability risks are limited and non-material. If loans are in default, the IFRS provision for Stage 3 is determined per individual credit file by the Financial Restructuring & Recovery team. If there are significant climate risks relating to our Stage 3 loans, those risks are taken into consideration when the IFRS 9 provision is determined.

7. For our Lombard loans, there are several general risk protection features in place to limit credit losses. We only allow loans up to 70% of the pledged investment portfolio and apply a client-specific limit based on their financial situation. When the 70% threshold is reached, securities will be automatically sold to lower the loan amount and thereby the risk level. In addition, the underlying

investment portfolio must be well diversified in order to limit downside risk. The probability that a climate-related event will have such a severe impact on a well-diversified client portfolio that the LTV increases above 100% is deemed very limited.

8. Our real estate loans comprise both residential and commercial properties and are quite limited in size, at €342 million. Van Lanschot Kempen's exposure to commercial mortgages is limited, due to the run-off of our corporate banking activities. Lending policies regarding office buildings and rental properties have been updated to reflect more stringent rules on the energy efficiency of the collateral. For office buildings, a minimum energy label C is required from 2023 onwards and for residential rental properties, a minimum label of D is required for new loans. Given the limited exposure, we conclude that there is no material climate risk to our real estate loan portfolio.

9. Other loans mostly consists of current account assets and the remainder of the corporate banking loans. Given the generally short-term nature of the current account assets and limited size and nature of our corporate banking loans, the climate risk is deemed immaterial.

10. Van Lanschot Kempen's investments include our co-investments in Van Lanschot Kempen investment funds via our own management book, amounting to a total position of €79.1 million, which we invest in accordance with our sustainable investment policies. For the positions in our management book we assess sustainability risks via three defined stress scenarios. Losses resulting from this stress test are limited and well within our current trading limits. We deem these risks to be immaterial.

11. Equity brokerage is aimed at agency trading with the purpose of client facilitation. In the process of facilitating trades for clients, residual equity positions can be (temporarily) held on our own accounts. If these positions become too large, they will be hedged with financial instruments such as derivatives. Given the nature of the trading book (short holding positions, daily position management), we have limited exposure to climate risks. For the equity positions in our trading book, we assess sustainability risks via three defined stress scenarios. Losses resulting from this stress test are limited and well within our current trading limits. We thus deem these risks to be immaterial.

12. The Structured Products activities revolve around issuing medium-term notes (mostly Van Lanschot Kempen notes) combined with a derivative. In most cases, this derivative is associated with a well-diversified equity index (for example the EuroStoxx50 or the S&P 500 index), and this generally results in less exposure to climate risk than more concentrated equity positions in specific single stocks. Additionally, nearly all market risk present at the Structured Products desk is hedged (largely back-to-back), resulting in very limited exposures to climate risks that can materialise through financial market movements. We conclude that these risks do not pose a material risk.

13. Other items comprise various relatively small items, with no large concentrations, and hence no material risk.

Off-balance sheet activities

In our investment management process, the physical and transitional impacts of climate change are taken into account when investments are made or external asset managers are selected. On both a quantitative and qualitative basis, Risk Management measures and analyses the sustainability risks related to our investment management activities. All sustainability-related policy for our assets under management (AuM) are defined by the Sustainability Investment Council and approved by the Sustainability Board.

Compliance, legal and operational risks associated with climate change and sustainability risks

For our own organisation, physical climate risks are defined as the risk of flooding, drought and other natural hazards that could put the regular execution of our operations at risk. This type of risk is included in our business continuity stress-testing methodology among several scenarios that could lead to a prolonged disruption of facility usage. From a transition climate risk perspective, the most prominent risk for our organisation is the risk of non-compliance with changes in regulatory requirements, which could result in regulatory fines or lawsuits due to sustainability misrepresentation ("greenwashing"). The mitigation of this risk is implemented through our three lines of defence approach.

11. Operational risk

Operational risks are potential losses that result from inadequate or failed internal processes, systems, inadequate or incorrect human actions, external events and fraud. Operational risk also includes cybercrime & information security risk, which is defined as the risk that the confidentiality, integrity and/or availability of Van Lanschot Kempen's information assets is compromised by internal failure of IT equipment, resulting in financial or reputational damage, and/or regulatory sanctions. Within Van Lanschot Kempen, operational losses are classified using operational loss event types as set out in the Basel framework.

We have created a range of instruments for identifying, evaluating, monitoring and managing operational risks to support the bank's management in their roles as risk owners.

- **Operational risk appetite:** This appetite defines the level of – quantitative and qualitative – operational risk we are willing to accept. Exceeding this appetite requires the attention of the Management Board and will lead to additional mitigation measures as and when necessary.
- **Risk identification and assessment** via risk and control self-assessments and scenario analysis:
 - **Risk and control self-assessment** is a tool that allows line managers to systematically identify and assess risks so that steps can be taken to manage any risks outside the risk appetite. Risk and control self-assessments are carried out, at tactical (department) level, on the most important value chains of the organisation and on our most important programmes and projects. These assessments are re-performed periodically in order to reassess and update the existing operational risk level.
 - **Scenario analyses** are used to assess low frequency but high-impact risks. The results of these analyses are used to provide insight into the adequacy of the Pillar 1 capital requirement vis-à-vis the operational risk profile.

- **Risk response:** Management is responsible for deciding how to treat risk, and whether to mitigate, accept or transfer (insure) it:
 - **Action tracking:** Action tracking is used to track progress made in the delivery of actions to mitigate identified risks, arising from risk and control self-assessments, failing controls, analysis of incidents or complaints, findings by Internal Audit and external regulators, and other relevant events.
 - **Control effectiveness monitoring:** To ensure that the most important risks (key risks) are mitigated sufficiently, key controls have been defined; these are assessed on a regular basis to determine their effectiveness.
 - **Risk insurance:** To protect the organisation against major operational risk-related losses, we have taken out insurance policies that cover claims and losses resulting from the services offered. Broadly speaking, these policies are a combination of fraud and professional liability insurance, directors' liability insurance and various other liability and accident insurance policies.
 - **Risk acceptance:** If a risk is assessed to be outside of the risk appetite and it is not possible or economically viable to lower the risk, the risk can be accepted at Management Board level.
- **Risk monitoring:**
 - **Incident management:** Risks that materialise through an incident are registered in our incidents database via the incident management process. For severe incidents, root cause analyses are carried out. The incidents database allows the systematic recording and analysis of losses resulting from operational risks. It contains information about losses incurred as a result of operational risks in prior years and the current year and forms the foundation of Van Lanschot Kempen's operational risk management measurement system. A total of 97 incidents (2022: 88 incidents) entailing a loss of more than €1,000 were logged in the database in 2023, resulting in a total loss of €0.8 million (2022: €1.2 million).
 - **Risk measurement:** This is based on key risk indicators (early warnings), which highlight trends and/or provide prospective information about operational risks.
 - **Risk meetings:** Periodic meetings with risk owners are held to monitor the development of the risk profile in relation to the risk appetite.

Information risk

Information risk relates to the protection of client and corporate information. Both automated and manual information processing are carried out. Taking the right measures on the basis of targeted risk analyses of business and IT processes ensures that both our client data and our corporate data are adequately protected and access to this data is ensured.

Third-party risk

In line with our strategy, we outsource certain processes to carefully selected third parties. From an operational risk perspective, this means replacing processing and transaction risks with third-party risk, which is defined as follows: the risk of failing to manage third-party relationships and risk appropriately. A comprehensive risk control framework is in place to handle third-party risk. Contracts containing access

and audit rights as well as independent assurance on third-party performance are included in this framework.

Fraud risk

The main mitigants for fraud risk are strong processes with checks and balances (i.e. the four-eyes principle) and access control. Internal fraud risk is defined as the risk of unexpected financial, material or reputational loss as the result of the fraudulent actions of people internal to the organisation. Incidents such as internal fraud cases are dealt with in accordance with the incident management procedure, which requires a root cause analysis to be conducted, and adequate follow-up to prevent reoccurrence. In 2023, no internal fraud event was identified nor any attempt to commit internal fraud. No investigation of any person regarding internal fraud therefore needed to be conducted.

External fraud risk is defined as fraud attempted or perpetrated against the organisation by an external party (i.e. a party without a direct relationship to Van Lanschot Kempen) without the involvement of an employee or affiliate of the organisation. We recognise that there is an increasing trend of external fraud risk in both attempts and total impact and we are continuously improving our capabilities for detecting, stopping or recovering external fraud attempts.

Business continuity management

Business continuity analyses are carried out as part of our business continuity management process in order to gain insight into critical processes and the resources needed to ensure continuity of service and address potential threats. Embedding business continuity management in the organisation is essential to give the bank sufficient resilience against the impact of an incident or disaster. Business continuity thus has universal scope within the bank; it comprises policies, standards and procedures aimed at safeguarding critical processes or enabling a restart within a specified timeframe in the event of a disaster. The objective is to keep any financial, reputational and/or other material damage to a minimum, both for us and for our clients. Procedures are tested on a regular basis, with tests of fallback procedures and crisis governance carried out every year. Furthermore, crisis management teams and crisis support teams are trained regularly in crisis management techniques, and practise using case studies.

12. Compliance risk

When operating in financial markets, it is important that we conduct our business activities in accordance with the expectations of our clients, employees, shareholders and supervisory authorities. We also follow high ethical standards, in alignment with our shared values, code of conduct and risk appetite, and within the boundaries of applicable laws, rules, regulations, internal policies, procedures and industry standards relevant for our business. Van Lanschot Kempen has established a compliance framework to manage compliance risks appropriately, to ensure business operations adhere to laws, rules and regulations, and to make sure we act in the best interests of our clients. The compliance framework applies across the entire organisation, including international locations.

Compliance risk can be described as the threat posed to our organisation's financial, organisational or reputational standing resulting from violations of regulatory requirements, industry standards or internal policies and procedures. Non-compliance with these requirements could

potentially result in reputational damage, claims from clients or other stakeholders, enforcement actions from legal and supervisory authorities, fines and other liabilities, even the potential loss of licence, which could negatively impact our business, results and profitability, and the financial sector as a whole.

In addition, the regulatory landscape governing the financial sector is becoming more dynamic, and complex, while regulators are also becoming more critical. Being compliant with applicable laws and regulations and continuing to stay abreast of new emerging trends is resources-intensive.

Financial crime risks

As a gatekeeper of the financial system, we face the potential risk of being accidentally involved in illegal activities related to financial and economic crimes, such as money laundering, tax evasion and financing of terrorism. As a result, we may face reputational damage, fines, or other sanctions from regulators, which could significantly impact our organisation.

Client protection risks

To make sure that we act in the best interest of our clients, a thorough product governance process is conducted when offering, developing, or distributing (new) financial products and services. This also relates to marketing and communication materials. Our organisation is mainly exposed to the risk of claims from clients, shareholders or other stakeholders who might feel treated unfairly because of information or advice received or because products or services have not met their expectations.

Business conduct risks

Business conduct risks refer to the potential of our organisation's actions to negatively impact the financial markets, clients, or other stakeholders, including society as a whole. Adverse effects on market stability, market abuse or misconduct by employees could negatively impact our organisation and result in reputational damage, fines or enforcement actions by legal and supervisory authorities. It is crucial that we maintain and safeguard the integrity of the financial system and conduct our business in line with applicable laws and regulations. Business conduct risks are managed by having proper policies and processes in place, as well as promoting ethical behaviour and responsible business conduct among employees.

Personal data integrity risks

Personal data integrity risks relate to data privacy, data retention and adherence to the General Data Protection Regulation (GDPR). We operate a personal data integrity programme to protect the data of clients and employees, to support the organisation in its obligations and to foster awareness, as well as to establish internal policies, advise on data privacy matters and monitor compliance with data privacy laws.

13. Financial reporting risk

The Management Board is responsible for designing and implementing an adequate system of internal control for our financial reporting. The system is designed to provide reasonable assurance as to the reliability of financial reporting and that the financial statements are prepared in accordance with generally accepted accounting principles and applicable legislation and regulations.

We have the following tools in place to manage financial reporting risks:

- Periodic management reports and KPI dashboards, accompanied by analysis of financial and non-financial figures and trends;
- A risk and control framework describing processes and procedures, and setting out primary controls such as authorisations and segregation of duties;
- The findings from the review of the operational effectiveness of the internal control system by Internal Audit, which are discussed with the Management Board, the Audit Committee and the Supervisory Board;
- The Van Lanschot Kempen Accounting Manual, which sets out the principles we pursue with respect to financial accounting;
- Assessment and approval of the annual report by the Management Board and discussion of this by the Audit Committee and by the Supervisory Board.

The management teams of the relevant divisions have provided the Management Board with in-control statements on the extent of internal control, based on the results of testing procedures for the risk and control framework, the risks reported on a quarterly basis, the follow-up of these risks, and the incidents reported. Risk Management and Compliance have evaluated these statements and verified that the business is in control. As well as mitigating reporting risk, in-control statements are a key cornerstone of the organisation's operational resilience.

14. Fair value

14.1 Financial assets at fair value through profit or loss

A portion of the financial instruments are measured at fair value in the statement of financial position. Tables 14.1.A and 14.1.B provide a breakdown of these instruments into three levels. The fair value is based either on quoted prices in active markets, inputs other than quoted prices that are observable in the market, or inputs based on data not observable in the market.

We have developed a policy on the criteria for allocating financial instruments recognised in the statement of financial position at fair value to each of the three levels. A review is carried out at the end of each reporting period to determine whether any changes have taken place in the hierarchy between the levels.

Level 1: Quoted prices in active markets

The fair value of financial instruments traded in an active market is based on the price at the reporting date (market price). The bid price is applied for financial assets and the offer price for financial liabilities. Since these instruments are traded in an active market, their prices adequately reflect current and frequent market transactions between unrelated parties.

Level 2: Inputs observable in the markets

The fair value of financial instruments not traded in an active market (e.g. over-the-counter financial derivatives) is established using cash flow and option valuation models. Using estimates, we make assumptions based on the market conditions (observable data) at the reporting date.

The estimated present value of future cash flows is used to determine the fair value of the other financial instruments. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. The discount rate is the same as the market interest rate at the reporting date for a similar instrument subject to the same conditions, taking into account collateral furnished under credit support annexes (CSAs).

The fair value of forward currency contracts is calculated by reference to forward exchange rates at the reporting date. This is subsequently discounted to determine the present value.

Estimates and judgements made are based on past experience as well as other factors, including expectations with respect to future events that could reasonably occur given current circumstances. Estimates and judgements are assessed on an ongoing basis.

Level 3: Significance of unobservable market data

The financial instruments in this category are assessed on an individual basis. Their valuation is based on the best estimate of management by reference to the most recent prices, prices of similar instruments and, to a not insignificant extent, information not observable in the market. Unobservable inputs may include volatility, correlation, seasonality and credit spreads.

A valuation technique is used in which at least one input that has a significant effect on the instrument's valuation is not based on observable market data. Valuation techniques used include:

- The net asset value method;
- Discounted cash flow projections based on reliable estimates of future cash flows;
- The option model.

A significant effect on the instrument's valuation is considered to be present when the unobservable input accounts for at least 10% of the total instrument's fair value and exceeds a threshold of €50,000. The effect of fair value adjustments on the instrument's valuation is included in the assessment.

Table 14.1.A Financial instruments at fair value at 31/12/2023	Level 1	Level 2	Level 3	Total
Assets				
Derivatives (FVPL)	36,829	303,097	2,600	342,526
Financial assets at fair value through profit or loss	198,435	28,197	7,960	234,593
Financial assets at fair value through other comprehensive income	2,208,514	–	–	2,208,514
Total assets	2,443,778	331,294	10,561	2,785,633
Liabilities				
Derivatives (FVPL)	36,764	206,013	2,800	245,578
Financial liabilities at fair value through profit or loss	455	466,217	–	466,672
Total liabilities	37,219	672,230	2,800	712,249

Table 14.1.B Financial instruments at fair value at 31/12/2022	Level 1	Level 2	Level 3	Total
Assets				
Derivatives (FVPL)	35,623	513,611	408	549,642
Financial assets at fair value through profit or loss	316,620	54,320	8,579	379,519
Financial assets at fair value through other comprehensive income	1,704,938	–	–	1,704,938
Total assets	2,057,181	567,931	8,987	2,634,099
Liabilities				
Derivatives (FVPL)	35,614	182,648	8,241	226,503
Financial liabilities at fair value through profit or loss	2	421,323	52,559	473,884
Total liabilities	35,616	603,971	60,800	700,387

Transfers of financial assets or liabilities between levels

We have developed a policy document for the fair value hierarchy. This divides the variables used into observable and unobservable market inputs. If the unobservable input variables are significant, the instrument is classified as Level 3. An unobservable input variable is significant if the change in the fair value due to the application of the variable is greater than the threshold values. Our policy is to recognise transfers into and out of fair value hierarchy levels at the end of the reporting period.

In 2023, our valuation technique remained unchanged, with non-observable input variables being assessed on significance. As a result of this assessment, some financial instruments included in Derivatives (liabilities) and in Financial liabilities at fair value through profit or loss have been transferred from Level 2 to Level 3 and vice versa.

The Derivatives receivables and payables and Financial liabilities at fair value through profit or loss were transferred to Level 2 as a result of the input variables' correlation and seasonality; the shorter remaining term to maturity of these financial instruments meant that these input variables qualified as non-significant, justifying a transfer to Level 2. In the case of Derivatives (assets), there were no transfers from Level 2 to Level 3 and vice versa. In the case of Financial liabilities at fair value through profit or loss, it involved transfers of €43.0 million from Level 3 to Level 2, there where no transfers from Level 2 to 3. The transfer of Derivatives (liabilities) includes a €3.8 million shift from Level 3 to Level 2.

Breakdown of movements in financial assets and liabilities classified under Level 3

Tables 14.1.C and 14.1.D provide a breakdown of the movements in all financial assets and liabilities classified as Level 3 items and recognised at fair value in the statement of financial position.

Table 14.1.C Breakdown of changes in financial assets less liabilities classified as Level 3 in 2023

	At 1 January	To statement of income	To equity ²	Issues	Settlements	Transfers	At 31 December
Assets							
Derivatives (FVPL)	408	–	–	2,600	-395	-13	2,600
Financial assets at fair value through profit or loss	8,579	26	–	230	-799	-76	7,960
Total assets	8,987	26	–	2,830	-1,194	-89	10,561
Liabilities							
Derivatives (FVPL)	8,241	-1,883	–	2,541	-2,327	-3,772	2,800
Financial liabilities at fair value through profit or loss	52,559	2,027	–	–	-11,578	-43,008	–
Total liabilities	60,801	144	–	2,541	-13,905	-46,780	2,800
Total assets less liabilities	-51,813	-117	–	289	12,711	46,691	7,761

Table 14.1.D Breakdown of changes in financial assets less liabilities classified as Level 3 in 2022

	At 1 January	To statement of income	To equity ²	Issues	Settlements	Transfers	At 31 December
Assets							
Derivatives (FVPL)	225	–	–	408	-225	–	408
Financial assets at fair value through profit or loss	28,796	377	–	–	-20,595	–	8,579
Total assets	29,021	377	–	408	-20,820	–	8,987
Liabilities							
Derivatives (FVPL)	743	5,499	–	-192	1,151	1,039	8,241
Financial liabilities at fair value through profit or loss	56,019	-7,713	–	8,094	-3,840	–	52,559
Total liabilities	56,762	-2,214	–	7,902	-2,689	1,039	60,801
Total assets less liabilities	-27,741	2,591	–	-7,494	-18,131	-1,039	-51,813

Table 14.1.E Fair value changes recognised in profit or loss of financial instruments classified as Level 3

	2023			2022		
	Realised	Unrealised	Total	Realised	Unrealised	Total
Income from securities and associates	-2	-92	-94	–	250	250
Result on financial transactions	–	-23	-23	–	2,342	2,342
Total	-2	-115	-117	–	2,591	2,591

² The changes in value recognised in equity are included in the statement of comprehensive income as Revaluation of financial assets at fair value through other comprehensive income.

Table 14.1.F Notes on valuation inputs and relationships to fair value using unobservable market inputs (Level 3)						
	Fair value		Significant unobservable inputs	Range of inputs (probability-weighted average) ³		Relationships of unobservable inputs to fair value ⁴
	31/12/2023	31/12/2022		31/12/2023	31/12/2022	
Assets						
Derivatives						
Structured product derivatives						
- Equity swaps	2,600	408	Volatility	15.5% - 21.9% (17.7%)	16.0% - 24.7% (20.2%)	Changed volatility (6.4 percentage points) would decrease fair value by €3.0m
			Correlation	-14.4% - 19.4% (1.0%)	-19.9% - 23.6% (4.4%)	Changed correlation (48.6 percentage points) would decrease fair value by €0.2m
			Dividend	1.1% - 3.4% (2.3%)	0.9% - 5.8% (4.1%)	Changed dividend (2.4 percentage points) would decrease fair value by €0.3m
Financial assets at fair value through profit or loss						
Debt instruments: company cumprefs (shareholdings) (FVPL mandatory)	1,124	1,623	Interest rates	6% - 10% (8%)	6% - 10% (8%)	Changed interest rate (1.0 percentage points) would decrease the fair value by €0.0m
			Discount rates	6% - 10% (8%)	6% - 10% (8%)	Changed discount rate (1.0 percentage points) would decrease the fair value by €0.0m
Shares, unlisted	6,836	6,956	Most recent published net asset values of the underlying assets	n/a	n/a	n/a
			Cost or lower market value	n/a	n/a	n/a
			Multiple analyses of comparable companies less a discount for illiquidity and company size based on EVCA guidelines	n/a	n/a	n/a
			Most recently known share price	n/a	n/a	n/a
			EBITA	n/a	n/a	n/a
			Issue or transfer price	n/a	n/a	n/a
			Market price on final trading day	n/a	n/a	n/a
			Face value less provisions	n/a	n/a	n/a
Total assets	10,561	8,987				

³ When no range of the significant unobservable input used in the valuation of the asset/liability applies, this is indicated by "n/a".

⁴ When there is no relationship of the unobservable input with the fair value of the asset/liability, this is indicated by "n/a".

Table 14.1.F Notes on valuation inputs and relationships to fair value using unobservable market inputs (Level 3) (continued)

	Fair value		Significant unobservable inputs	Range of inputs (probability-weighted average) ⁵		Relationships of unobservable inputs to fair value ⁶
	31/12/2023	31/12/2022		31/12/2023	31/12/2022	
Liabilities						
Derivatives						
Structured product derivatives						
- Equity swaps	2,800	8,241	Volatility	13.8% - 19.6% (17.3%)	16.0% - 26.3% (21.4%)	Changed volatility (5.8 percentage points) would increase fair value by €3.0m
			Correlation	-20.1% - 25.8% (1.9%)	-19.9% - 25.6% (5.3%)	Changed correlation (45.9 percentage points) would increase fair value by €0.1m
			Dividend	2.9% - 6.1% (3.5%)	0.9% - 5.8% (3.4%)	Changed dividend (3.2 percentage points) would increase fair value by €0.8m
Financial liabilities at fair value through profit or loss						
Structured debt instruments	—	52,559	Volatility	n/a	n/a	n/a
			Correlation	n/a	n/a	n/a
Other financial liabilities at fair value through profit or loss	—	2,126	Volatility	n/a	n/a	n/a
			Correlation	n/a	n/a	n/a
Total liabilities	2,800	62,927				

⁵ When no range of the significant unobservable input used in the valuation of the asset/liability applies, this is indicated by "n/a".

⁶ When there is no relationship of the unobservable input with the fair value of the asset/liability, this is indicated by "n/a".

14.2 Financial instruments at amortised cost

Table 14.2 shows the carrying amount and fair value of financial instruments at amortised cost, with the exception of line items Cash and cash equivalents and balances at central banks, Other assets and Other liabilities. For these financial instruments the carrying amount is a reasonable approximation of the fair value.

The value of financial instruments at amortised cost is taken as the amount for which the instrument could be exchanged in a commercial transaction between willing parties, other than in a forced or liquidation sale. If there is an active market, we use the market value to determine the fair value. For financial instruments for which no market prices are available, the fair values shown in Table 14.2 are estimated on the basis of the present value or using other estimation or valuation methods.

Table 14.2 Financial instruments at amortised cost							
	31/12/2023		31/12/2022				
	Fair value	Carrying amount	Fair value	Carrying amount	Level	Valuation method	Significant observable and unobservable market inputs
Assets							
Due from banks	77,296	77,501	107,613	108,186	2	Discounted cash flows using applicable money market rates	Interest rate and discount rate
Loans and advances to the public and private sectors	8,602,008	9,161,433	8,799,384	9,363,958	3	Discounted cash flows using current market fees for comparable loans and taking into account the creditworthiness of the counterparty	Interest rate, discount rate and counterparty credit risk
Other financial assets at amortised cost	1,198,442	1,201,134	1,056,539	1,088,358	1	Quoted prices in active markets	-
Total assets	9,877,746	10,440,068	9,963,537	10,560,503			
Liabilities							
Due to banks	252,367	250,504	386,985	387,063	2	Discounted cash flows using applicable money market rates for liabilities	Interest rate and discount rate
Public and private sector liabilities	12,401,813	12,573,814	12,771,653	12,726,194	3	Discounted cash flows using applicable money market rates for liabilities with a comparable term to maturity ⁷	Interest rate, discount rate and own credit risk
Issued debt securities	1,472,220	1,473,639	1,346,005	1,342,131	1	Quoted prices in active markets	Interest rate and discount rate
Subordinated loans	181,194	170,238	172,073	170,882	3	Discounted cash flows using applicable money market rates for debt instruments with a comparable term to maturity, taking account of own credit risk	Interest rate, discount rate and own credit risk
Total liabilities	14,307,595	14,468,194	14,676,716	14,626,270			

⁷ The fair values of client deposits without contractual maturities (non-maturing deposits or NMDs) are approximated by the "economic values" that we calculate for these products as part of our interest rate risk management. We gauge their interest rate sensitivity (duration) by means of replicating portfolios, in which NMDs are "invested" in fixed income instruments (swaps) with various interest rate maturities. To arrive at economic values, we discount these replicating portfolio investments' cash flows at current market interest rates (swap rates).

Notes to the consolidated statement of financial position

At 31 December (€1,000)

1. Cash and cash equivalents and balances at central banks

Cash and cash equivalents and balances at central banks	2023	2022
Total	2,925,317	3,141,785
Cash	29	28
Balances at central banks	2,696,603	2,919,928
Statutory reserve deposits at central banks	123,637	128,940
Amounts due from banks	105,050	92,888
Impairments	0	0

Statutory reserve deposits comprise balances at central banks within the scope of the minimum reserves requirement. The balances at central banks also include irrevocable payment commitments (IPC) cash collateral regarding the Single Resolution Fund. The IPC cash collateral amounted to €7.1 million at year-end 2023 (2022: €5.4 million). The amount of IPC made in the reporting year amounted to €1.7 million (2022: €1.2 million). We cannot use these balances in our day-to-day operations. See "Summary of material accounting policies" for our other accounting policies on cash and cash equivalents and balances at central banks.

Reconciliation with consolidated statement of cash flows	2023	2022	Changes
Cash and cash equivalents	2,925,317	3,141,785	-216,467
Due from banks, available on demand	23,348	22,057	1,291
Due to banks, available on demand	-29,388	-24,058	-5,330
Due from/to banks, available on demand, net	-6,041	-2,001	-4,040
Total	2,919,277	3,139,784	-220,507

2. Due from banks

Due from banks	2023	2022
Total	77,501	108,186
Deposits	48,111	80,087
Receivables arising from unsettled securities transactions	23,348	22,057
Loans and advances	6,043	6,043
Impairments	0	-1

Deposits include a total of €41.9 million (2022: €46.5 million) serving as collateral for liabilities arising from derivatives transactions.

3. Derivatives

Derivatives at 31 December 2023	Asset	Liability	Contract amount
Total	342,526	245,578	7,732,684
Derivatives used for trading purposes			
Currency derivatives	77	71	8,156
Equity derivatives	37	—	3,611
Client option positions	36,751	36,692	493,559
Total derivatives used for trading purposes	36,866	36,764	505,325
Derivatives used for hedge accounting purposes			
Derivatives: fair value hedge accounting	77,752	90,534	3,323,035
Derivatives: portfolio fair value hedge accounting	189,487	72,718	2,819,250
Total derivatives used for hedge accounting purposes	267,239	163,252	6,142,285
Other derivatives			
Economic hedges	3,864	9,120	50,000
Structured product derivatives	34,557	36,441	1,035,074
Total other derivatives	38,421	45,561	1,085,074

Derivatives at 31 December 2022	Asset	Liability	Contract amount
Total	549,642	226,503	6,228,097
Derivatives used for trading purposes			
Currency derivatives	209	200	19,892
Client option positions	35,414	35,414	411,113
Total derivatives used for trading purposes	35,623	35,614	431,005
Derivatives used for hedge accounting purposes			
Derivatives: fair value hedge accounting	112,674	75,979	2,748,028
Derivatives: portfolio fair value hedge accounting	341,739	5,950	1,934,500
Derivatives: cash flow hedge accounting	—	—	—
Total derivatives used for hedge accounting purposes	454,413	81,929	4,682,528
Other derivatives			
Economic hedges	12,761	16,663	50,000
Structured product derivatives	46,846	92,298	1,064,564
Total other derivatives	59,607	108,961	1,114,564

We use derivatives for both trading and hedging purposes.

Note 3, Derivatives, shows both the positive and negative market values of the derivatives, as well as their notional values.

The following types of interest rate derivatives are used:

- Interest rate swaps;
- Interest rate options.

The following types of currency derivatives are used:

- Currency options;
- FX forwards.

The following types of equity derivatives are used:

- Equity forwards;
- Futures;
- Long and short structured product options;
- Equity swaps.

We use interest rate swaps as hedging instruments in our hedge accounting.

Ineffectiveness of derivatives for hedge accounting purposes	2023		2022	
	Fair value	Ineffective	Fair value	Ineffective
Total	103,987	-1,834	372,484	9,346
Fair value hedge accounting model	-12,782	-1,333	36,695	824
Portfolio fair value hedge accounting model	116,769	-501	335,789	8,522

The total ineffectiveness of fair value hedges at year-end 2023 was -€1.8 million (2022: €9.3 million), comprising €160.5 million in negative value changes in hedging instruments (2022: €358.3 million positive) and positive changes in the value of the hedged items of €158.6 million (2022: €348.9 million negative).

4. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss	2023	2022
Total	234,593	379,518
Debt instruments		
Financial assets from trading activities (FVPL)		
Structured debt instruments	2,129	2,283
Financial assets at fair value through profit or loss		
Government and government-guaranteed bonds	20,542	97,385
Sovereign, supranationals and agencies (SSA) bonds	39,671	133,242
Covered bonds	70,032	–
Puttable investment funds	77,167	109,889
Company cumprefs (shareholdings) (FVPL mandatory)	1,124	1,623
Total debt instruments	210,665	344,422
Equity instruments		
Financial assets from trading activities (FVPL)		
Shares, listed	12,769	16,768
Shares, unlisted	13	15
Financial assets at fair value through profit or loss		
Shares, unlisted (FVPL mandatory)	11,146	18,313
Total equity instruments	23,928	35,096

With the exception of company cumulative preference shares (shareholdings) and equity instruments, all financial assets at fair value through profit or loss are designated at fair value through profit or loss, as this significantly reduces inconsistency in measurement or recognition. Company cumprefs (shareholdings) and equity instruments are mandatorily measured at fair value because they do not meet the SPPI test. The maximum credit risk to which we were exposed in the reporting period is equal to the carrying amount. Our investments in covered bonds are collateralised by mortgages.

Changes in financial assets at fair value through profit or loss ¹	2023	2022
At 1 January	360,452	299,126
Purchases	188,643	216,896
Sales	-51,531	-100,963
Redemptions	-285,141	-44,891
Value changes	7,023	-9,882
Other changes	235	166
At 31 December	219,681	360,452

5. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income	2023		2022	
	Fair value	Face value	Fair value	Face value
Total	2,208,514	2,260,442	1,704,938	1,817,086
Debt instruments				
Government and government-guaranteed bonds	397,979	406,400	148,969	157,900
Sovereign, supranationals and agencies (SSA) bonds	726,492	754,723	408,229	456,223
Banks and financial institutions, listed	8,678	9,500	30,253	32,500
Covered bonds	802,136	817,755	803,547	857,128
Residential mortgage-backed securities	273,229	272,064	280,686	279,835
Companies, listed	–	–	33,253	33,500
Total debt instruments	2,208,514	2,260,442	1,704,938	1,817,086

Changes in face value of Financial assets at fair value through other comprehensive income	2023	2022
At 1 January	1,817,086	2,095,915
Additions or releases without transfer	-791,975	-564,129
Financial assets originated or purchased	1,235,332	285,300
At 31 December	2,260,442	1,817,086

Changes in Financial assets at fair value through other comprehensive income	2023	2022
At 1 January	1,704,938	2,130,327
Purchases	1,183,449	286,231
Sales	-597,510	-215,276
Redemptions	-205,098	-361,450
Value changes	119,117	-129,333
Other changes	3,619	-5,561
At 31 December	2,208,514	1,704,938

The changes in loss allowance for financial assets at fair value through other comprehensive income is recognised in Other comprehensive income and does not reduce the carrying amount of the financial asset.

¹ This table excludes the changes in Financial assets from trading activities (FVPL).

6. Loans and advances to the public and private sectors

Loans and advances to the public and private sectors	2023	2022
Total	9,161,433	9,363,958
Mortgage loans	6,857,894	6,943,497
Loans	1,806,940	1,839,139
Current accounts	424,604	588,399
Securities-backed loans and settlement claims	248,981	263,101
Subordinated loans	3,092	–
Value adjustments fair value hedge accounting	-141,932	-230,179
Loss allowance for expected credit losses	-38,146	-39,999

Van Lanschot Kempen has invested in a fund managed by AEGON AM. The fund was set up to facilitate unitholders to hold the investment to the end of the term of the underlying mortgages and provide them with the cash flows (solely contractual repayment of principal amount and interest cash flows) resulting from the underlying investments.

The investment is accounted for as a financial debt instrument under IFRS 9 (at amortised cost) and recognised under Loans.

The increase in Value adjustments fair value hedge accounting is mainly due to falling interest rates and is offset by the decreased value of interest rate swaps.

Loss allowance for expected credit losses	2023	2022
Total	-38,146	-39,999
Mortgage loans	-6,017	-4,646
Current accounts	-15,317	-15,598
Other loans and advances	-16,812	-19,754

Loss allowance for expected credit losses on Loans and advances to the public and private sectors amounted to €38.1 million at year-end 2023 (2022: €40.0 million).

For more information, see "Risk management", under 3.8, Loss allowance for expected credit losses.

Changes in gross carrying amount of Loans and advances to the public and private sectors	Stage 1	Stage 2	Stage 3	Total
At 1 January 2023	8,179,087	1,403,325	109,221	9,691,633
Additions or releases without transfer	-1,989,748	240,480	-8,680	-1,757,949
Transfer to Stage 1	2,240,625	-2,247,179	-7,030	-13,584
Transfer to Stage 2	-2,192,283	2,193,077	-5,741	-4,947
Transfer to Stage 3	-23,857	-20,767	44,629	4
Financial assets originated or purchased	1,758,160	–	–	1,758,160
Amounts written off	–	–	-5,618	-5,618
At 31 December 2023	7,971,984	1,568,936	126,779	9,667,699

Changes in gross carrying amount of Loans and advances to the public and private sectors	Stage 1	Stage 2	Stage 3	Total
At 1 January 2022	8,311,593	793,029	162,207	9,266,829
Additions or releases without transfer	-984,056	-484,111	-55,432	-1,523,599
Transfer to Stage 1	1,079,761	-1,080,845	-18,909	-19,993
Transfer to Stage 2	-2,173,811	2,190,348	-19,766	-3,229
Transfer to Stage 3	-27,844	-15,096	43,170	230
Financial assets originated or purchased	1,973,444	–	–	1,973,444
Amounts written off	–	–	-2,049	-2,049
At 1 January 2022	8,179,087	1,403,325	109,221	9,691,633

See "Risk management", under 3, Credit risk for more information about Loans and advances to the public and private sectors.

7. Other financial assets at amortised cost

Other financial assets at amortised cost	2023		2022	
	Carrying amount	Face value	Carrying amount	Face value
Total	1,201,134	1,217,831	1,088,358	1,110,081
Debt instruments				
Government and government-guaranteed bonds	91,102	93,268	160,701	163,768
Sovereign, supranationals and agencies (SSA) bonds	308,385	315,663	275,318	284,413
Banks and financial institutions, listed	5,988	6,000	–	–
Covered bonds	779,291	786,400	652,388	661,900
Residential mortgage-backed securities	16,500	16,500	–	–
Impairments	-133	–	-49	–

Changes in face value of Other financial assets at amortised cost	2023	2022
At 1 January	1,110,081	254,500
Additions or releases without transfer	-100,000	-259,020
Financial assets originated or purchased	207,750	1,114,601
At 31 December	1,217,831	1,110,081

Changes in Other financial assets at amortised cost	2023	2022
At 1 January	1,088,358	257,399
Purchases	207,031	1,090,574
Redemptions	-100,000	-259,020
Impairments	-133	-49
Other changes	5,878	-546
At 31 December	1,201,134	1,088,358

8. Investments in associates using the equity method

Changes in associates using the equity method	2023	2022
At 1 January	103,265	82,441
Acquisitions and contributions	16,110	21,505
Sales and repayments	-36,153	-13,743
Income from associates	32,214	16,000
Dividend received	-4,469	-3,096
Other changes	-78	158
At 31 December	110,890	103,265

All associates valued using the equity method are unlisted investments. In 2023, we sold the associate Movares Group BV at a gain. See also Note 24, Income from securities and associates.

9. Property and equipment

Property and equipment	2023	2022
Total	65,159	69,347
Buildings	19,326	22,499
Right-of-use – buildings	30,139	29,405
Right-of-use – transport equipment	5,966	7,097
IT, operating system software and communications equipment	4,573	4,758
Other assets	4,117	4,037
Work in progress	1,038	1,551

Lease liabilities amounted to €38.6 million at year-end 2023 (2022: €39.1 million) and are included in Other liabilities.

Changes in property and equipment in 2023	Buildings	Right-of-use – buildings	Right-of-use – transport equipment	IT, operating system software and communications equipment	Other assets	Work in progress	Total
At 1 January	22,499	29,405	7,097	4,758	4,037	1,551	69,347
Additions	2,726	9,835	2,668	2,025	626	–	17,879
Disposals	-3,935	–	-464	–	–	–	-4,400
Capitalisation of investments	–	–	–	–	–	-513	-513
Depreciation	-1,963	-9,101	-3,334	-2,209	-546	–	-17,154
At 31 December	19,326	30,139	5,966	4,573	4,117	1,038	65,159
Historical cost	36,485	41,820	9,300	17,918	9,014	1,038	115,574
Accumulated depreciation and impairments	-17,159	-11,680	-3,334	-13,344	-4,897	–	-50,415
Net carrying amount at 31 December	19,326	30,139	5,966	4,573	4,117	1,038	65,159

Changes in property and equipment in 2022	Buildings	Right-of-use – buildings	Right-of-use – transport equipment	IT, operating system software and communications equipment	Other assets	Work in progress	Total
At 1 January	24,968	36,759	7,409	3,464	4,380	484	77,463
Additions	2,402	945	2,909	3,692	246	1,067	11,260
Disposals	-1,633	–	–	-20	–	–	-1,653
Depreciation	-1,987	-8,362	-3,220	-2,378	-589	–	-16,536
Impairments	-1,252	64	–	–	–	–	-1,188
At 31 December	22,499	29,405	7,097	4,758	4,037	1,551	69,347
Historical cost	45,672	40,164	12,396	17,116	10,164	1,551	127,063
Accumulated depreciation and impairments	-23,173	-10,758	-5,299	-12,359	-6,128	–	-57,716
Net carrying amount at 31 December	22,499	29,405	7,097	4,758	4,037	1,551	69,347

10. Goodwill and other intangible assets

Goodwill and other intangible assets	2023	2022
Total	313,049	306,753
Goodwill	179,363	176,761
Other intangible assets	133,685	129,992

The carrying amounts of goodwill arising from acquisitions and other intangible assets are presented in the table above.

Changes in goodwill and other intangible assets in 2023	Goodwill	Client relationships	Brand names	Carbon credits	Application software	Total
At 1 January	176,761	122,957	6,901	–	134	306,753
Additions	2,603	10,846	1,087	1,597	5,465	21,597
Amortisation	–	-12,669	-1,935	-40	-658	-15,302
At 31 December	179,363	121,134	6,054	1,557	4,941	313,049
Historical cost	179,363	174,185	21,897	1,597	6,515	383,557
Accumulated amortisation and impairments	–	-53,051	-15,843	-40	-1,574	-70,508
Net carrying amount at 31 December	179,363	121,134	6,054	1,557	4,941	313,049

Changes in goodwill and other intangible assets in 2022	Goodwill	Client relationships	Brand names	Carbon credits	Application software	Total
At 1 January	176,761	135,549	8,764	–	787	321,861
Amortisation	–	-12,593	-1,863	–	-653	-15,109
At 31 December	176,761	122,957	6,901	–	134	306,753
Historical cost	176,761	163,337	20,810	–	1,576	362,484
Accumulated amortisation and impairments	–	-40,380	-13,908	–	-1,442	-55,730
Net carrying amount at 31 December	176,761	122,957	6,901	–	134	306,753

The additions to Goodwill, Client relationships, Brand names and Application software are due to the acquisition of Robeco's online investment platform in 2023; see "Business combinations in 2023".

We have defined five CGUs, namely Private Clients, Wholesale & Institutional Clients, Investment Banking Clients, Non-strategic investments, and Other. These correspond to our operating segments (see "Segment information") except for CGU Non-strategic investments. Segment Other is split between the CGUs Other and Non-strategic investments.

The performance of the Private Clients segment was strong in 2023, mainly due to higher net interest margins and increased net commission income. The Wholesale & Institutional Clients segment had a negative result in 2023, despite net AuM inflows and positive market performance. In 2023, we took a series of additional measures to further accelerate profitable growth. As part of this, we simplified the segment's organisational structure and structurally reduced costs. The projected financial results do not indicate a trigger for impairment. The difficult market conditions put corporate finance results at Investment Banking Clients under pressure. This segment struggled in 2023 due to difficult market circumstances, in line with other market participants. However, sentiment showed some sign of improvement in the last quarter of 2023 and we anticipate a further recovery from 2024 onwards.

Allocation of goodwill to CGUs (based on segments)	2023	2022
Total	179,363	176,761
Private Clients	122,040	119,437
Wholesale & Institutional Clients	16,031	16,031
Investment Banking Clients	41,293	41,293

Methodology

In line with IFRS, the recoverable amount is determined as the higher of the fair value less costs of disposal (FVLCO) and value in use (ViU). We carried out our annual impairment test on goodwill arising from acquisitions in prior years. To determine whether an impairment is necessary, the recoverable amount of each CGU or group of CGUs is compared with its carrying amount. The value in use calculation uses equity cash flow projections for each CGU or group of CGUs for a five-year period. These projections are based on the current year and on the financial estimates for the years 2024 until 2027 used by management in its strategic forecast at the end of 2023. For the period after the explicit projections per CGU or group of CGUs, the growth rate is set at the long-term market growth rate of 2.0%. This growth rate applies to all CGUs, as in the long term all CGUs will be impacted by the same economic market developments. The rate is based on our own projections and on wealth management market projections by market experts.

Change in accounting estimate

In previous years, only the value in use was used to calculate the recoverable amount. For CGU Investment Banking Clients, the fair value less costs of disposal analysis was also applied this year.

The market price at valuation date of our peer group within the Investment Banking segment and their average earnings for a five-year reference period (2021–25) are used to calculate the price-earnings (PE) multiple. The recoverable amount is calculated using the median price-earnings ratio and the average earnings of CGU Investment Banking Clients over a five-year period, including projections for 2023, 2024 and 2025 based on management's strategic forecast.

Management has compared the main assumptions with market forecasts and expectations. Cash flow estimates are based on our strategic plans and on potential future trends. Events and factors that could have a significant impact on the estimates include stock and bond market developments, effects of mergers and acquisitions, competitive conditions, client behaviour and changes in client relationships, cost structure, trends in inflation, interest rates and risks, and other circumstances specific to the industry and sector. Equity cash flows are discounted using a cost of equity for each CGU or group of CGUs that reflects the risk-free interest rate, supplemented with a surcharge for the market risk exposure of the CGU or group of CGUs, and a small-firm premium.

CGU	Method used for recoverable amount	Discount rate after tax %		PE multiple	
		2023	2022	2023	2022
Private Clients	ViU	11.1	9.7	n/a	n/a
Wholesale & Institutional Clients	ViU	13.2	12.1	n/a	n/a
Investment Banking Clients	FVLCO	n/a	11.5	14.9	n/a

The impairment test performed in 2023 did not result in goodwill impairments. The discounted cash flow model uses one base-case scenario. For the CGUs with allocated goodwill, a sensitivity analysis was also carried out on the base-case scenario with particular attention on changes in long-term growth, the discount rate and the long-term EBIT margin.

The recoverable amount of CGU Investment Banking Clients is sensitive to projected earnings and the PE multiple. A decrease of 10% in projected cash flows or a reduction of the PE multiple of 1 percentage point are considered reasonable possible changes in key assumptions. The analysis is captured in the sensitivity tables below and supports our conclusion that no impairment is needed.

In addition, an annual test is carried out for indications of impairment of other intangible assets with a finite useful life. The acquired brand names are still active and no objective indication for impairment was apparent at year-end 2023. For the line item Client relationships, changes in the AuM volume are assessed. The useful life tests carried out in 2023 provided no indication of a need for further examination. Consequently, no impairment is recognised for other intangible assets.

Sensitivity analysis value in use method	Change required in each key assumption for headroom to equal zero, in percentage points			Headroom with terminal growth rate at 0%
	Headroom	Net profit margin	Cost of equity	
Private Clients	677,836	-18.3%	9.4%	571,084
Wholesale & Institutional Clients	123,125	-18.8%	19.5%	104,529

Sensitivity analysis fair value less costs of disposal	Headroom	Headroom with -10% projected earnings for 2024 and 2025	Adjusted PE multiple for headroom to equal zero
Investment Banking Clients	36,726	33,905	9.1

Expected amortisation of intangible assets	2024	2025	2026	2027	2028	2029–43
Total	16,023	13,712	13,710	12,396	11,301	67,639

11. Tax assets

Tax assets	2023	2022
Total	11,342	13,178
Current tax assets	634	213
Deferred tax assets	10,708	12,965

Changes in deferred taxes in 2023	At 1 January	Through statement of income	To equity	Tax rate adjustments	At 31 December
Deferred tax assets					
Employee benefits	5,453	1,002	-902	—	5,553
Property and equipment	2,512	19	—	—	2,531
Lease liabilities	9,889	-584	—	—	9,304
Derivatives	2,666	—	-227	—	2,439
Loss available for set-off	1,140	-1,006	—	—	134
Commission	68	-43	—	—	26
Investment portfolio	6,785	—	-3,279	—	3,506
Other	-2,225	-424	2,073	—	-576
Total deferred tax assets before offsetting	26,288	-1,037	-2,334	—	22,917
Offsetting deferred tax assets					-12,211
Total deferred tax assets after offsetting					10,708
Deferred tax liabilities					
Right-of-use assets – buildings	6,964	-303	—	—	6,661
Right-of-use assets – transport equipment	1,705	-175	—	—	1,530
Intangible assets	27,862	-2,570	—	—	25,291
Other	163	—	—	—	163
Total deferred tax liabilities before offsetting	36,695	-3,048	—	—	33,646
Offsetting deferred tax liabilities					-12,211
Total deferred tax liabilities after offsetting					21,435

The €1.0 million Loss available for set-off – related to €4.1 million losses incurred by Van Lanschot Kempen Investment Management (UK) Ltd recognised at 1 January 2023 – has been released to take account of unforeseeable future taxable profit. The recognised part of the losses of our non-strategic subsidiary Allshare BV amounts to €0.5 million.

The non-current portion of deferred tax assets that is expected to be recovered or settled after more than 12 months amounted to €22.9 million (2022: €26.1 million). See Note 32, Income tax, for more information.

Changes in deferred taxes in 2022	At 1 January	Through statement of income	To equity	Tax rate adjustments	At 31 December
Deferred tax assets					
Employee benefits	9,504	-721	-3,341	12	5,453
Property and equipment	2,729	-216	—	—	2,512
Lease liabilities	11,867	-1,978	—	—	9,889
Derivatives	2,892	—	-227	—	2,666
Loss available for set-off	3,047	-1,860	—	-47	1,140
Commission	111	-43	—	—	68
Investment portfolio	—	—	6,785	—	6,785
Other	2,021	214	-4,460	—	-2,225
Total deferred tax assets before offsetting	32,172	-4,605	-1,243	-35	26,288
Offsetting deferred tax assets					-13,325
Total deferred tax assets after offsetting					12,964
Deferred tax liabilities					
Right-of-use assets – buildings	9,303	-2,339	—	—	6,964
Right-of-use assets – transport equipment	1,905	-200	—	—	1,705
Intangible assets	31,242	-3,380	—	—	27,862
Investment portfolio	674	—	-674	—	—
Other	333	-170	—	—	163
Total deferred tax liabilities before offsetting	43,458	-6,089	-674	—	36,695
Offsetting deferred tax liabilities					-13,325
Total deferred tax liabilities after offsetting					23,369
Unrecognised losses				2023	2022
Total unrecognised losses				17,942	9,649

Unrecognised losses are losses for which it is not probable that future taxable profit will be available against which the unused tax losses can be offset.

Unrecognised tax losses relate to carry-forward losses of Van Lanschot Kempen Investment Management (UK) Ltd, amounting to €13 million, and to our non-strategic subsidiary Allshare BV, amounting to €5 million. As neither the United Kingdom nor the Netherlands observe any time limit for offsetting losses, these tax losses can be carried forward indefinitely.

12. Other assets

Other assets	2023	2022
Total	184,427	188,984
Interest receivable	36,153	17,541
Commission receivable	74,640	76,925
Transitory items	14,619	23,052
Other	59,015	71,466

The line item Other comprises amounts receivable such as debtors, short-term receivables related to solicitor escrow accounts and to the investment in the fund managed by AEGON AM, and suspense accounts.

13. Due to banks

Due to banks	2023	2022
Total	250,504	387,063
Deposits	221,116	363,005
Payables arising from unsettled securities transactions	6,120	9,006
Loans and advances drawn	23,269	15,052

Deposits mainly refer to cash collateral related to derivatives transactions.

14. Public and private sector liabilities

Public and private sector liabilities	2023	2022
Total	12,573,814	12,726,194
Savings	5,056,634	4,411,735
Deposits	3,196,201	1,029,207
Current accounts	3,977,921	6,907,520
Other client assets	344,334	380,138
Value adjustments fair value hedge accounting	-1,277	-2,406

15. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss	2023	2022
Total	466,672	473,883
Debt instruments		
Financial liabilities at fair value through profit or loss		
Unstructured debt instruments	27,911	29,184
Structured debt instruments	438,306	442,570
Other financial liabilities at fair value through profit or loss	–	2,126
Total debt instruments	466,217	473,881
Equity instruments		
Financial liabilities from trading activities		
Shares, listed	455	2
Total equity instruments	455	2

All financial liabilities at fair value through profit or loss, except for Other financial liabilities at fair value through profit or loss, are designated at fair value through profit or loss on initial recognition because this significantly reduces inconsistency in measurement or recognition.

We have issued debt instruments which are managed on the basis of fair value. Management believes that valuation at fair value through profit or loss applies, as this largely eliminates or reduces inconsistencies in valuation and disclosure, and performance is assessed on the basis of fair value.

The cumulative change in the fair value of Financial liabilities at fair value through profit or loss which can be allocated to the changes in own credit risk amounted to a total negative of €2.7 million (2022: negative €10.7 million). This is caused by a decline in the credit spread across the entire curve

compared with 2022, coupled with a shorter average duration of the portfolio due to rising equity markets (resulting in shorter average expected maturities for trigger notes).

16. Issued debt securities

Issued debt securities	2023	2022
Total	1,473,639	1,342,131
Covered bonds	1,495,525	1,413,719
Value adjustments fair value hedge accounting	-21,887	-71,589

Issued debt securities comprise debt instruments with interest rates that are either fixed or variable, in so far as not subordinated. Of these debt securities, €299.8 million became payable on demand in 2023 (2022: €481.3 million).

In 2023, a bond of €500 million was repaid and a new soft bullet covered bond of €500 million was issued. Also, the existing retained covered bond of €300 million was increased to €500 million in 2023 with no impact on the

carrying amount of the issued debt securities. In 2022, a bond of €500 million was redeemed and a new bond of €500 million was issued.

Face value versus carrying amount

The value adjustment of debt securities as a result of hedge accounting is recognised under the line item Issued debt securities.

Face value versus carrying amount of issued debt securities at 31/12/2023	Face value	Value adjustments fair value hedge accounting	Premium/discount	Carrying amount
Total	1,500,000	-21,887	-4,475	1,473,639
Covered bond	1,500,000	-21,887	-4,475	1,473,639

Face value versus carrying amount of issued debt securities at 31/12/2022	Face value	Value adjustments fair value hedge accounting	Premium/discount	Carrying amount
Total	1,417,400	-71,589	-3,681	1,342,131
Covered bond	1,417,400	-71,589	-3,681	1,342,131

17. Provisions

Provisions	2023	2022
Total	32,650	32,293
Provision for pensions	23,051	23,105
Provision for long-service benefits	3,007	2,617
Provision for restructuring	2,156	390
Provision for financial guarantees and loan commitments	2,207	2,435
Other provisions	2,229	3,746

We operate a number of employee schemes under which participants receive payments or benefits after they retire. Specifically, there is a pension scheme and a discount scheme for mortgage interest rates, as well as a long-service benefits scheme.

The following defined benefit schemes were valued for the purpose of the 2023 financial statements:

- Van Lanschot Kempen employees were eligible for discounted mortgage interest rates. Entitlement to this discount continues beyond retirement from active service. This plan was closed to new entrants after 2015.
- The long-service benefits depend on the number of years of service.

- Both a defined contribution scheme and a defined benefit scheme are in place for employees working at the Belgian branch. The pensionable salary for the defined benefit scheme is taken as the average basic salary over the last five years of service. The pension capital is insured with UKZT (Uitgesteld Kapitaal Zonder Tegenverzekering). The accompanying term life assurance is funded from risk premiums. The defined contribution pension plans have been set up according to the Belgian method of defined contributions but do not fulfil all the criteria of a defined contribution pension plan according to IAS 19. For this reason, the defined contribution pension plans are treated as a defined benefit plan in the consolidated financial statements.

- Until year-end 2019, former Kempen & Co operated an average salary scheme under which 1.875% of the pensionable salary – salary less state pension offset, with an annual ceiling of €41,232 – was accrued for each year of service and which was based on a retirement age of 68. The surviving dependants' pension was insured on a risk basis.
- The pension plan of Van Lanschot Kempen (Schweiz) AG has been set up according to the Swiss method of defined contributions but does not fulfil all the criteria of a defined contribution pension plan according to IAS 19. For this reason, the Swiss pension plan is treated as defined benefit plan in the consolidated financial statements.

Only within our Kempen pension scheme, plan assets fund the obligations (i.e. the scheme is funded). The other schemes are unfunded; payments in any year are made directly by Van Lanschot Kempen.

The pension schemes have been placed with insurers and a pension institution, which are responsible for the pension administration, risk insurance and communication of legal

documents to employees who are scheme members. Decisions on and changes to pension scheme content are taken by an internal pensions committee. Where applicable, in the Netherlands the Works Council is consulted for its advice and/or approval.

Van Lanschot Kempen's pension schemes were adjusted and replaced from 1 January 2020 by a single new plan. The new scheme is an individual defined contribution scheme. The former Van Lanschot scheme is classified as a collective defined contribution scheme, and the change of scheme has no impact from an accounting perspective. Because there is still an obligation to pay guarantee costs and to provide indexation on the accrued pension benefits, the remainder of the provision (€27.9 million) stays on the balance sheet. As it has no legally enforceable right to use the surplus in plan assets for settling the obligations for indexation and guarantee costs, Van Lanschot Kempen applies an asset ceiling to the relevant assets in the pension scheme.

Defined benefit obligations are calculated using the projected unit credit method.

Obligations/assets included in the statement of financial position by scheme at 31/12/2023	Pensions	Employee discounts	Long-service benefits
Defined benefit obligations	168,056	53	3,007
Fair value of plan assets	145,005	–	–
Surplus/deficit	-23,051	-53	-3,007
Obligation at year-end	-23,051	-53	-3,007

Obligations/assets included in the statement of financial position by scheme at 31/12/2022	Pensions	Employee discounts	Long-service benefits
Defined benefit obligations	162,144	53	2,617
Fair value of plan assets	139,039	–	–
Surplus/deficit	-23,105	-53	-2,617
Obligation at year-end	-23,105	-53	-2,617

Changes in defined benefit obligations for pension scheme	2023	2022
Defined benefit obligations at 1 January	162,144	248,435
Current service costs	2,893	2,610
Interest costs	5,869	2,744
Members' contributions	413	368
Gross benefits	-4,672	-3,171
Transfers	-564	-501
Remeasurements arising from changes in financial assumptions	2,312	-91,099
Remeasurements arising from changes in demographic assumptions	-501	-5
Experience adjustments	-435	2,275
Effect of foreign exchange rates	597	488
Defined benefit obligations at 31 December	168,056	162,144

At 31 December 2023, the weighted average duration of the defined benefit obligation was 18 years (2022: 21 years).

Changes in defined benefit obligations for early retirement scheme	2023	2022
Defined benefit obligations at 1 January	–	17
Current service costs	–	-17
Defined benefit obligations at 31 December	–	–

Changes in defined benefit obligations for long-service benefits scheme	2023	2022
Defined benefit obligations at 1 January	2,617	3,515
Current service costs	158	237
Interest costs	94	26
Financial assumptions	147	-760
Gross benefits	-281	-197
Experience adjustments	272	-204
Defined benefit obligations at 31 December	3,007	2,617

Changes in fair value of pension plan assets	2023	2022
Fair value at 1 January	139,039	209,841
Expected return on plan assets	5,076	2,373
Financial assumptions	1,125	-73,578
Employer's contribution	4,170	3,383
Gross benefits	-4,389	-2,917
Transfers	-564	-501
Effect of foreign exchange rates	548	438
Fair value at 31 December	145,005	139,039
Actual return on plan assets	6,201	-71,205

Current service costs of pension scheme included in statement of income	2023	2022
Current service costs	2,893	2,610
Net interest income	5,869	2,744
Expected return on plan assets	-5,076	-2,373
Net costs	3,686	2,981

Current service costs of early retirement included in statement of income	2023	2022
Current service costs	–	-17
Net costs	–	-17

Current service costs of long-service benefits scheme included in statement of income	2023	2022
Current service costs	158	237
Net interest income	94	26
Financial assumptions	147	-760
Net costs	399	-497

The assets in Van Lanschot Kempen's pension plan are funded through contracts with insurance companies. Consequently, the asset value in the measurement of the pension liability is based on these insurance contracts.

At each reporting date, an asset/liability matching study is carried out by the pension fund's asset manager, in which the consequences of the strategic investment policies are analysed. The strategic investment policies pursued by the pension fund are bound by the maximum investment risk.

The maximum investment risk is linked to a strategic asset mix comprising 73% of fixed income and 27% of equity income investments, with a duration match of 75%. A bandwidth of 5% is in place. The other investment category

consists of funds managed by an external pension fund manager. The most significant actuarial assumptions made at the reporting date are as follows:

Assumptions	2023	2022
Actuarial interest rate pension	1.70% - 3.60%	1.90% - 3.80%
Actuarial interest rate employee discounts	0.0%	0.0%
Actuarial interest rate long-service benefits	3.00% - 3.00%	3.60% - 3.60%
Expected return on investments	1.70% - 3.60%	1.90% - 3.80%
Price inflation	2.25% - 2.10%	2.10% - 2.30%
General salary increase	1.00% - 2.10%	1.00% - 2.10%
Retirement age	65-68 years	65-68 years

The mortality rate is based on publicly available mortality tables for the relevant countries. For the calculations at 31 December 2023, the following mortality tables were used:

- Kempen's former pension plans: the mortality tables as published by the Dutch Association of Actuaries (Prognosetafel AG2020);
- Belgian branch: the mortality table as published by the Institute of Actuaries in Belgium (MR/FR) with an age correction of -3 years.
- Van Lanschot Kempen (Schweiz) AG: the mortality table as published by BVG (BVG 2020 GT).

For Kempen's former pension plans, a rise of ten basis points in the actuarial interest rate will lead to a decrease of 1.8% in the pension obligations and will have no effect on the current service costs in the statement of income, as no future contributions will be made due to the change in pension scheme.

For the Belgian branch, a reduction of 25 basis points in the actuarial interest rate will lead to an increase of 1.6% in the pension obligations and a rise of 25 basis points in the actuarial interest rate will lead to a decrease of 1.6% in the pension obligations.

For Van Lanschot Kempen (Schweiz) AG, a reduction of 50 basis points in the actuarial interest rate will lead to an increase of 8.1% in the pension obligations and a rise of 50 basis points in the actuarial interest rate will lead to a decrease of 7.1% in the pension obligations.

History of changes in pension scheme gains and losses	2023	2022	2021	2020	2019
Defined benefit obligations	168,056	162,144	248,435	300,791	266,206
Fair value of plan assets	145,005	139,039	209,841	251,792	226,411
Surplus/deficit	-23,051	-23,105	-38,594	-48,999	-39,795
Actuarial gains/losses on obligations	1,376	-88,829	-50,011	33,456	43,929
Actuarial gains/losses on investments	1,125	-73,578	-40,351	21,894	36,625

Expected contributions for 2024	Pension obligations	Employee discounts	Long-service benefits scheme
Total	3,156	2	195
Expected employer's contributions	2,726	2	195
Expected employees' contributions	430	—	—

Provision for restructuring	2023	2022
At 1 January	390	1,743
Withdrawals	-1,802	-1,874
Additions	3,568	521
At 31 December	2,156	390

Provision for interest rate derivatives recovery framework	2023	2022
At 1 January	—	160
Withdrawals	—	-6,220
Release	—	-3,819
Additions	—	9,879
At 31 December	—	—

Provision for financial guarantees and loan commitments	2023	2022
At 1 January	2,435	1,784
Withdrawals	-228	—
Additions	—	651
At 31 December	2,207	2,435

Other provisions	2023	2022
At 1 January	3,746	6,757
Withdrawals	-1,280	-1,430
Release	-463	-2,732
Additions	226	1,151
At 31 December	2,229	3,746

Other provisions include provisions made for various legal claims and defined benefit obligations for employee discount schemes.

An amount of €0.4 million (2022: €1.6 million) has an expected maturity of one year or longer.

18. Tax liabilities

Tax liabilities	2023	2022
Total	23,681	29,646
Current tax liabilities	2,246	6,277
Deferred tax liabilities	21,435	23,369

For changes in deferred tax liabilities, see Note 11, Tax assets. See Note 32, Income tax, for more information.

19. Other liabilities

Other liabilities	2023	2022
Total	250,333	246,945
Interest payable	73,526	30,943
Other accruals and deferred income	43,529	45,565
Lease liabilities	38,606	39,073
Other	94,672	131,363

Other liabilities comprise lease liabilities, income received to be credited to future periods and amounts payable such as accrued interest, payables, suspense accounts and unsettled items.

The line item Other decreased mainly due to the settlement of a transaction in cash of €40.8 million, related to the acquisition of the remaining 30% stake in Mercier Vanderlinden by Van Lanschot Kempen in the first half of 2023.

Payments not included in lease liability measurement	2023	2022
Total	1,214	725
Leases of low-value assets	123	153
Variable lease payments	1,091	572

Interest expense on leases amounted to €0.8 million in 2023 (2022: €0.4 million) and is recognised in the statement of income under line item Other interest expense in Note 23, Net interest income.

20. Subordinated loans

Subordinated loans	2023	2022
Total	170,238	170,882
Certificates of indebtedness	154,205	154,584
Other subordinated loans	15,996	16,109
Value adjustments fair value hedge accounting	38	189

Amortised cost versus carrying amount

The value adjustment of subordinated loans used as hedged items is recognised under Subordinated loans.

Amortised cost versus carrying amount subordinated loans at 31/12/2023	Amortised cost	Value adjustments fair value hedge accounting	Premium/discount	Carrying amount
Total	165,996	38	4,205	170,238
Inflation-linked subordinated bond 08/33	25,000	—	582	25,582
Inflation-linked subordinated bond 08/38	25,000	—	1,030	26,030
Inflation-linked subordinated bond 08/43	50,000	—	2,710	52,710
2.000% subordinated bond 03/32	50,000	—	-117	49,883
Other subordinated loans	15,996	38	—	16,034

Amortised cost versus carrying amount subordinated loans at 31/12/2022	Amortised cost	Value adjustments fair value hedge accounting	Premium/discount	Carrying amount
Total	166,109	189	4,584	170,882
Inflation-linked subordinated bond 08/33	25,000	—	706	25,706
Inflation-linked subordinated bond 08/38	25,000	—	1,137	26,137
Inflation-linked subordinated bond 08/43	50,000	—	2,895	52,895
2.000% subordinated bond 03/32	50,000	—	-154	49,846
Other subordinated loans	16,109	189	—	16,298

The average coupon on the other subordinated loans in 2023 was 6.03% (2022: 6.03%).

21. Total equity

Total equity	31/12/2023		31/12/2022	
Total	1,348,777		1,382,372	
Equity attributable to shareholders				
Issued share capital	43,040		41,362	
Treasury shares	-14,243		-15,109	
Share premium reserve	211,725		262,658	
Revaluation reserve	-10,083		-19,513	
Actuarial results on defined benefit schemes	-26,759		-29,523	
Currency translation reserve	1,026		987	
Cash flow hedge reserve	-7,015		-7,666	
Own credit risk reserve	1,989		7,952	
Retained earnings	928,870		961,987	
Other reserves	888,029		914,223	
Undistributed profit (attributable to shareholders)	118,446		77,405	
Total equity attributable to shareholders	1,246,996		1,280,539	
Equity attributable to AT1 capital securities				
AT1 capital securities	100,000		100,000	
Undistributed profit attributable to AT1 capital securities	1,688		1,688	
Total equity attributable to AT1 capital securities	101,688		101,688	
Equity attributable to other non-controlling interests				
Other non-controlling interests	134		–	
Undistributed profit attributable to other non-controlling interests	-40		146	
Total equity attributable to other non-controlling interests	93		146	

Share capital	31/12/2023		31/12/2022	
	Number	Nominal value	Number	Nominal value
Class A ordinary shares	43,039,938	43,040	41,361,668	41,362
Unissued shares	106,960,062	106,960	108,638,332	108,638
Authorised capital	150,000,000	150,000	150,000,000	150,000

Changes in share capital	2023		2022	
	Number	Nominal value	Number	Nominal value
At 1 January	41,361,668	41,362	41,361,668	41,362
Shares issued	1,678,270	1,678	–	–
Capital increase	–	–	–	–
Capital return	–	–	–	–
At 31 December	43,039,938	43,040	41,361,668	41,362

In 2023, 1,678,270 new shares were issued to the amount of €35.7 million, related to the acquisition of the remaining 30% stake in Mercier Vanderlinden by Van Lanschot Kempen.

At an extraordinary general meeting of shareholders in 's Hertogenbosch on 5 October 2023, our shareholders approved the return of capital in the amount of €2.00 per share, as announced on 24 August 2023. The capital return paid on 21 December 2023 amounted to €85.0 million and was charged to the share premium reserve available for distribution.

All shares were paid up in cash. During the financial year, Van Lanschot Kempen conditionally granted 27,191 depositary receipts for Class A ordinary shares. Van Lanschot Kempen holds 562,852 depositary receipts for Class A ordinary shares to meet open positions (2022: 644,350). For more information on share-based payments, see Note 28, Staff costs.

Awards of unconditional shares and depositary receipts to staff are linked to performance and employment contracts. For more information about share schemes for staff and the Management Board, see page 102.

Changes in reserves in 2023	Revaluation reserve financial assets at fair value through other comprehensive income	Actuarial results on defined benefit schemes	Currency translation reserve	Cash flow hedge reserve	Own credit risk reserve	Retained earnings	Total
At 1 January	-19,513	-29,523	987	-7,666	7,952	961,987	914,223
Net changes in fair value	9,430	—	—	651	—	—	10,082
Value change own credit risk	—	—	—	—	-5,963	—	-5,963
Profit appropriation	—	—	—	—	—	77,405	77,405
Dividend	—	—	—	—	—	-74,324	-74,324
Share plans	—	—	—	—	—	902	902
Actuarial results	—	2,764	—	—	—	—	2,764
Other changes	—	—	39	—	—	-37,100	-37,061
At 31 December	-10,083	-26,759	1,026	-7,015	1,989	928,871	888,029
Tax effects	-3,279	-902	—	-227	2,073	—	-2,334

Changes in reserves in 2022	Revaluation reserve financial assets at fair value through other comprehensive income	Actuarial results on defined benefit schemes	Currency translation reserve	Cash flow hedge reserve	Own credit risk reserve	Retained earnings	Total
At 1 January	1,939	-39,199	1,389	-8,318	-4,876	866,397	817,333
Net changes in fair value	-21,452	—	—	651	—	—	-20,801
Value change own credit risk	—	—	—	—	12,828	—	12,828
Profit appropriation	—	—	—	—	—	136,983	136,983
Dividend	—	—	—	—	—	-81,425	-81,425
Share plans	—	—	—	—	—	12,271	12,271
Actuarial results	—	9,676	—	—	—	—	9,676
Other changes	—	—	-402	—	—	27,761	27,359
At 31 December	-19,513	-29,523	987	-7,666	7,952	961,987	914,223
Tax effects	7,459	-3,341	—	-227	-4,460	—	-569

The proposed dividend for 2023 has been set at €2.00 per ordinary share (2022: €1.75 per ordinary share). At the AGM to be held on 23 May 2024, shareholders will be invited to approve the distribution of the dividend.

Nature and purpose of other reserves

Treasury shares: This includes the cost price of treasury shares kept by Van Lanschot Kempen for shares awarded to staff under current remuneration and equity schemes.

Share premium reserve: This includes amounts paid to Van Lanschot Kempen by shareholders above the nominal value of purchased shares.

Revaluation reserve: This includes changes in the fair value of FVOCI investments.

Actuarial results on defined benefit schemes: This includes actuarial gains and losses on revaluation of investments and defined benefit obligations. The actuarial gains and losses related to a shortfall in minimum performance on defined

contribution plan assets, required under Belgian and Swiss law, are also included.

Currency translation reserve: This reserve (which is not available for free distribution) includes currency exchange differences resulting from the valuation of investments in group companies at the prevailing exchange rate in so far as the currency rate risk is not hedged.

Cash flow hedge reserve: This includes the share in the gain or loss on hedging instruments in cash flow hedges that have been designated as an effective hedge.

Own credit risk reserve: This includes the changes in Van Lanschot Kempen's own credit risk of financial liabilities at fair value through profit or loss.

Retained earnings: This includes past profits added to equity and changes in connection with the share scheme, as well as the settlement of shares related to the Mercier Vanderlinden transaction in 2022 and 2023.

22. Contingent liabilities and irrevocable commitments

Contingent liabilities and irrevocable commitments	2023	2022
Total	1,154,003	1,141,437
Guarantees, etc.	89,202	97,713
Unused credit facilities	1,029,612	998,019
Other irrevocable commitments	35,190	45,706

For several group companies, guarantees of €254.1 million (2022: €304.1 million) have been issued. It is uncertain whether, when and how much of these contingent liabilities will be claimed.

The following tables show the contingent items (contingent liabilities and irrevocable commitments) based on their remaining contractual terms to maturity at the reporting date.

For each transaction that we have guaranteed, the maximum guaranteed amount is included in the relevant term bucket.

For each obligation arising from an irrevocable commitment, the committed amount is classified in the relevant term bucket.

Contractual maturity of contingent items at 31/12/2023						
	Withdrawable on demand	< 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Total	74,169	37,336	21,642	9,454	1,011,402	1,154,003
Guarantees	2,807	1,691	20,481	6,239	57,984	89,202
Unused credit facilities	71,362	35,645	1,161	1,915	919,528	1,029,612
Other irrevocable commitments	—	—	—	1,300	33,890	35,190

Contractual maturity of contingent items at 31/12/2022						
	Withdrawable on demand	< 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Total	16,143	95,163	14,747	24,492	990,892	1,141,437
Guarantees	271	5,333	11,083	21,061	59,965	97,713
Unused credit facilities	15,872	89,830	3,664	2,131	886,521	998,019
Other irrevocable commitments	—	—	—	1,300	44,406	45,706

Notes to the consolidated statement of income

(€1,000)

23. Net interest income

Net interest income	2023	2022
Total interest income	526,651	254,167
Interest income on cash equivalents	2,403	560
Interest income on balances at central banks	62,836	13,804
Interest income on banks, and public and private sectors	225,488	194,033
Interest income on financial assets at fair value through other comprehensive income	21,617	2,010
Interest income on other financial assets at amortised cost	34,892	10,554
Interest income calculated using the effective interest method	347,237	220,961
Interest income on financial assets at fair value through profit or loss	3,233	757
Interest income on derivatives	162,714	19,543
Other interest income	13,468	12,906
Other interest income	179,415	33,206
Total interest expense	329,847	102,545
Interest expense on balances at central banks	–	7,217
Interest expense on banks, and public and private sectors	141,909	24,358
Interest expense on issued debt securities	31,191	16,667
Interest expense on subordinated loans	10,631	16,487
Interest expense calculated using the effective interest method	183,730	64,730
Interest expense on derivatives	119,435	24,936
Other interest expense	26,682	12,880
Other interest expense	146,117	37,816
Net interest income	196,805	151,621

In 2023, net interest income was €45.2 million higher than in 2022. The changed interest rate environment during 2022 and 2023 had a positive effect on our net interest income. The interest rate on what were predominantly deposits at central banks, variable-rate loans and mortgages, including interest rate swaps, rose more sharply than the rates on client savings accounts and deposits.

The interest income on balances at central banks consists of the interest received on overnight deposits at DNB as well as the negative interest paid in 2022 on the TLTRO III loan recognised under Due to banks. The loan was repaid in December 2022.

The interest result on loans subject to impairment was €2.0 million (2022: €1.0 million).

From 1 January 2023, the interest charges related to the medium term notes (€19.1 million; 2022: €2.8 million) are reported under Other interest expense. This provides enhanced insight into the figures in accordance with IAS 1. Previously, this was reported under Result on financial transactions. Comparative figures have not been restated.

24. Income from securities and associates

Income from securities and associates	2023	2022
Total	38,113	7,830
Income from associates using the equity method	9,089	8,942
Realised result of associates using the equity method	23,149	7,424
Realised and unrealised gains/losses on investments at fair value through profit or loss	5,375	-8,300
Other gains/losses on sales	500	-236

Income from securities and associates increased by €30.3 million, mainly due to the sale of our 33.3% interest in Movares Group BV in November 2023 with a gain of €23.1 million, and to higher Realised and unrealised gains on investments at fair value through profit or loss, reflecting a positive market performance.

25. Net commission income

Net commission income	2023	2022
Total	427,313	407,662
Securities commissions	28,445	23,371
Management commissions	361,256	326,956
Cash transactions and funds transfer commissions	5,929	5,896
Corporate Finance and Equity Capital Markets commissions	25,853	44,598
Other commissions	5,830	6,841

Securities and management commissions were up by €39.4 million compared with 2022, mainly due to strong AuM growth.

26. Result on financial transactions

Result on financial transactions	2023	2022
Total	1,040	3,633
Gains/losses on securities trading	1,657	-127
Gains/losses on currency trading	7,600	11,002
Gains/losses on derivatives under hedge accounting	-1,834	9,346
Realised gains/losses on financial assets at fair value through other comprehensive income	-1,629	-2,850
Gains/losses on economic hedges/hedge accounting not applied	31,165	-35,140
Gains/losses on financial assets and liabilities at fair value through profit or loss	-35,919	21,402

Compared with 2022, Result on financial transactions was down by €2.6 million. This was mainly driven by three items. First, a negative result of €3.4 million on futures that are used to hedge co-investments in own products in 2023, compared with a positive result in 2022 of €11.5 million. Second, ineffectiveness in our hedge accounting model resulted in a loss of €1.8 million (2022: gain of €9.3 million). This was partly offset as 2022 included an expense of €18.7 million, related to the acquisition of the remaining 30% stake in Mercier Vanderlinden by Van Lanschot Kempen.

From 1 January 2023, the interest charges related to the medium term notes are reclassified from Gains/losses on financial assets and liabilities at fair value through profit or loss to Other interest expenses. Comparative figures have not been restated. See also Note 23, Net interest expense.

27. Other income

Other income	2023	2022
Total	6,101	7,332
Net sales	8,475	9,220
Cost of sales	-2,374	-1,888

Other income comprises net sales and cost of sales from non-strategic investments arising from debt conversion. In certain cases, where a company has not been able to repay a corporate loan granted by Van Lanschot Kempen, the loan has been converted into a shareholding, thus giving the company time to recover.

28. Staff costs

Staff costs	2023	2022
Total	328,073	310,631
Salaries and wages	242,402	228,706
Pension costs for defined contribution schemes	30,031	26,740
Pension costs for defined benefit schemes	2,582	2,638
Other social security costs	26,905	23,625
Share-based payments for variable remuneration	6,660	6,158
Other staff costs	19,493	22,764

In 2023, share-based payments added €4.0 million to equity (2022: €3.3 million). Of the total expenses arising from share-based payments, €2.7 million is included in Salaries and wages (2022: €2.6 million). IFRS 2 expenses totalled €8.6 million at year-end 2023 (2022: €7.7 million). Pension

costs for defined contribution schemes include €1.7 million for Management Board members (2022: €1.5 million).

The number of staff at year-end 2023 was 2,112 (2022: 1,967). The average number of staff in full-time equivalents was 1,901 (2022: 1,765), as shown below:

Average number of staff (FTEs) during the year	2023	2022
Total	1,901	1,765
Netherlands	1,653	1,519
Belgium	172	173
Other	75	73

Conditional depositary receipts for shares are granted to staff both under the variable remuneration policy for identified staff and the long-term share plan (LTP).

Conditional depositary receipts for shares granted to staff (excluding Management Board)	2023	2022
At 1 January	98,040	92,541
Granted	27,191	49,640
Vested	-34,509	-41,479
Forfeited rights	-2,589	-2,662
At 31 December	88,133	98,040

The fair value is determined based on the volume-weighted day price for depositary receipts for Class A ordinary shares on the second trading day after release of Van Lanschot Kempen's annual figures. The fair value is equal to the share price less the discounted value of expected dividends during the vesting period. Depositary receipts granted in 2023 had a weighted average fair value of €18.97 (2022: €16.89).

In 2023, 10,472 conditional depositary receipts for shares were granted under the LTP to a number of senior managers other than members of the Management Board (2022: 14,003).

Long-term share plan

The long-term share plan allows us to award variable remuneration to certain key employees, including identified staff. It offers a special type of variable remuneration in which the total variable pay takes the form of depositary receipts for Class A Van Lanschot Kempen shares.

For the LTP, 60% of the Van Lanschot Kempen shares are awarded immediately and unconditionally, while 40% are awarded conditionally over a period of three years for LTP plans before 2023. For LTP plans from 2023 onwards, 40% are awarded conditionally over a period of four years.

Conditional depositary receipts for shares will vest if:

- (i) Van Lanschot Kempen's financial position allows this in the year of vesting;
- (ii) Risks have been reviewed and no material, unforeseen risks have occurred;
- (iii) The individual has not left the company in the three- or four-year period.

Conditional variable remuneration can be revised down if so prompted by risks and performances identified later (malus).

Employees do not receive any dividends during the vesting period. If an employee ceases to be employed by Van Lanschot Kempen within this period, their rights will be forfeited, except in limited circumstances judged on an individual basis.

A proportion (around 50%) of the conditionally awarded depositary receipts is used to pay income tax.

29. Other administrative expenses

Other administrative expenses	2023	2022
Total	142,112	123,460
Accommodation expenses	12,230	9,544
Marketing and communication	12,200	8,758
Office expenses	3,844	4,224
IT expenses	43,062	37,371
External independent auditors' fees	4,749	4,632
Consultancy fees	18,344	13,852
Travel and hotel fees	4,008	3,187
Information providers' fees	17,869	17,672
External service provider charges	11,106	10,066
Other	14,701	14,153

Consultancy fees relate to advisory services (business consultancy, tax) and the implementation and maintenance of software and hardware.

Fees charged by our external independent auditor and their network of offices are presented including VAT and can be broken down as follows :

Fees charged by external independent auditors in 2023	PwC Accountants NV	Other PwC network firms	Total
Total	3,586	1,024	4,610
Audit of the financial statements	2,741	1,024	3,765
Other audit services	299	—	299
Tax services	—	—	—
Other non-audit services	546	—	546

Fees charged by external independent auditors in 2022	PwC Accountants NV	Other PwC network firms	Total
Total	3,453	861	4,314
Audit of the financial statements	2,565	861	3,427
Other audit services	405	—	405
Tax services	—	—	—
Other non-audit services	483	—	483

This is a summary of the services rendered by our external independent auditor PricewaterhouseCoopers Accountants NV and its network:

- Financial statements audit;
- Financial statements audit for funds managed by Van Lanschot Kempen Investment Management NV;
- Statutory audit of controlled and related entities;
- Audit of the regulatory returns to be submitted to De Nederlandsche Bank;
- ISAE 3402 type II engagement in respect of (semi-) institutional clients administering asset management services of Van Lanschot Kempen NV and Van Lanschot Kempen Investment Management NV;
- Non-audit assurance engagements on safeguarding client assets and non-financial information;
- Agreed-upon procedures regarding interest rate risk;
- Review procedures on the condensed consolidated report in the context of Article 26.2 of Capital Requirements Regulation No. 575/2013 as of 31 December 2023;

- Non-audit assurance engagement cost price models for the Dutch Authority for the Financial Markets (AFM);
- Comfort and consent letters issued as part of funding transactions and based on Dutch Accounting Standard 3850N;
- DGS ISAE 3402 Type II.

30. Depreciation and amortisation

Depreciation and amortisation	2023	2022
Total	32,987	31,543
Buildings	1,963	1,987
Right-of-use assets - buildings	9,101	8,362
Right-of-use assets - transport equipment	3,334	3,220
IT, operating system software and communications equipment	2,209	2,378
Application software	658	653
Intangible assets arising from acquisitions	14,604	14,447
Other depreciation and amortisation	1,117	495

31. Impairments

Impairments	2023	2022
Total	2,027	-6,534
Cash and cash equivalents and balances at central banks	0	0
Due from banks	-1	1
Financial assets at fair value through other comprehensive income	232	-279
Loans and advances to the public and private sectors	1,756	-6,832
Other financial assets at amortised cost	84	42
Financial guarantees and loan commitments	-44	-654
Impairments of financial instruments	2,027	-7,722
Property and equipment	—	1,188
Other impairments	—	1,188

The impairment charges relating to the financial instruments were up on 2022, mainly due to an increased need for provisioning for new impaired loans, partly offset by a fall in the management overlay. For more information on impairments related to financial instruments, see "Risk management", under 3.8, Loss allowance for expected credit losses.

Property and equipment includes impairments on office buildings whose estimated realisable values are below their carrying amounts.

32. Income tax

Income tax	2023	2022
Operating profit before tax	164,173	118,979
Total gross result	164,173	118,979
Prevailing tax rate in the Netherlands (in %)	25.8	25.8
Tax	39,017	34,678
Total tax	39,017	34,678
Expected tax on the basis of the prevailing tax rate in the Netherlands	42,357	30,696
Increase/decrease in tax payable due to:		
Non-deductible interest	2,110	527
Tax-free income from securities and associates	-8,399	3,022
Non-deductible costs	2,412	2,663
Non-deductible losses	1,167	669
Adjustments to taxes for prior financial years	-481	-892
Impact of foreign tax rate differences	-521	-203
Addition/(release) deferred tax assets	6	-98
Other changes	366	-1,706
Total increase/decrease	-3,339	3,982
Total tax	39,017	34,678

This tax amount consists of the tax expense for the financial year on the operating result as disclosed in the statement of income, also allowing for any tax relief facilities. Changes in the effective tax rate were mainly due to the equity holding exemption and non-deductible expenses.

In December 2022, EU member states adopted the EU Directive on minimum taxation (Pillar 2). Under this directive, multinational companies are subject to a minimum effective tax rate of 15% in every jurisdiction where they have an entity. If the effective tax rate is lower than 15%, a top-up tax is applied to reach a 15% effective tax burden.

Companies with a global turnover exceeding €750 million in at least two of the four reporting years immediately preceding the reporting year fall within the scope of Pillar 2. As of 2024, the Minimum Tax Act, in which Pillar 2 is formalised, will be effective in the Netherlands. Our consolidated revenues in the 2020–22 period were below €750 million; in 2023 they ended up above that figure. Hence, neither the mandatory recognition and disclosure exception in IAS 12.4A nor the disclosure requirements in IAS 12.88A-88D apply to us at this point.

Key income tax components	2023	2022
Total	39,017	34,678
Income tax	42,099	44,312
Income/expense from foreign tax rate differences	521	203
Income/expense from changes in deferred tax assets	-1,037	-4,640
Income/expense from changes in deferred tax liabilities	-3,048	-6,089
Income/expense from prior-year adjustments	481	892

The breakdown of deferred tax assets and liabilities through the statement of income is as follows:

Deferred tax assets	2023	2022
Total	-1,037	-4,640
Employee benefits	1,002	-709
Commissions	-43	-43
Property and equipment	19	-216
Lease liabilities	-584	-1,978
Tax-loss carry-forwards	-1,006	-1,907
Other	-424	214

Deferred tax liabilities	2023	2022
Total	-3,048	-6,089
Property and equipment	-477	-2,539
Intangible assets	-2,570	-3,380
Other	—	-170

33. Earnings per ordinary share

Earnings per ordinary share	2023	2022
Net result	125,156	84,301
Share of AT1 capital securities	-6,750	-6,750
Share of other non-controlling interests	40	-146
Net result for calculation of earnings per share	118,446	77,405
Weighted average number of ordinary shares in issue	41,969,250	40,706,137
Earnings per ordinary share (€)	2.82	1.90
Proposed dividend per ordinary share (€)	2.00	1.75

To calculate earnings per ordinary share, the number of ordinary shares consists solely of the weighted average number of shares in issue, ignoring any treasury shares held by the company.

34. Diluted earnings per ordinary share

Diluted earnings per ordinary share	2023	2022
Net result for calculation of diluted earnings per share	118,446	77,405
Weighted average number of ordinary shares in issue	41,969,250	40,706,137
Potential shares ¹	590,989	1,821,443
Weighted average number of ordinary shares in issue, fully diluted	42,560,239	42,527,580
Diluted earnings per ordinary share (€)	2.78	1.82

Diluted earnings per ordinary share are calculated the same way as earnings per share, but taking into account the number of shares that could potentially cause dilution. Diluted earnings per ordinary share reflect the weighted average number of ordinary shares that would be in issue upon conversion into ordinary shares of all potential shares.

¹ Potential shares include shares issued in the year in which these are entitled to full dividend.

Business combinations in 2023

On 2 February 2023, we announced a strategic partnership with Robeco. This acquisition is in line with our strategy and enables us to further grow our online investment proposition by expanding our asset management activities and distribution activities (execution only) for Dutch retail customers. The assets acquired included Robeco's client relationships, brand name and Robeco's online investment platform, which have been joined with Evi van Lanschot. On 3 July 2023, Van Lanschot Kempen announced the completion of this transaction. We included Robeco's online investment platform in our statement of financial position as at 1 July 2023, as part of our Private Clients segment.

At year-end 2023, both platforms had a combined €6.4 billion in AuM held for around 150,000 clients. The transaction had a negative impact on Van Lanschot Kempen's CET 1 ratio of 0.4 percentage points. A two-year integration path is anticipated, and is expected to involve one-off costs of between €8 million and €11 million. The combined platform is expected to break even by 2025 and to start making a positive contribution to Van Lanschot Kempen's net profit thereafter.

The table below sets out the allocation of the acquisition price to the fair value of the acquired assets (including any identifiable intangible assets) and liabilities at the acquisition date. The identifiable intangible assets reflect the acquired client relationships, brand name and IT platform. The goodwill is attributable to the future profitability of the acquired business in anticipation of synergies achieved from the business combination.

Robeco's online investment platform (€ million)	Fair value of acquisition	Carrying amount of acquisition
Intangible assets	17.4	–
Total identifiable assets	17.4	–
Total identifiable liabilities	–	–
Total net assets	17.4	–
Goodwill	2.6	
Cash consideration	20.0	

Related parties

(€1,000)

In the normal course of business, we enter into various related party transactions. Parties are considered related if one party exercises control or has significant influence over the other party regarding financial or operating decisions. Parties related to us include our key management personnel, Supervisory Board members, our subsidiaries, affiliates and parties with significant influence in Van Lanschot Kempen. These transactions are conducted at arm's length.

The Management Board comprises our key management personnel and is responsible for implementing our strategy and managing our activities (see "Management Board members").

Management and Supervisory Board remuneration	2023	2022
Fixed salary, amount in cash	3,396	2,888
Fixed salary, amount in shares	1,947	1,739
Extraordinary items ¹	34	858
Fixed payment for pension and disability insurance costs	1,747	1,508
Supervisory board fee in cash ²	567	606
Total remuneration	7,691	7,599
Share-based payment expenses	253	291
Total staff cost	7,944	7,890

For transactions with key management personnel, see "Remuneration of the Management and Supervisory Boards".

Affiliates	2023		2022	
	Income	Expenses	Income	Expenses
Stichting Pensioenfonds F. van Lanschot	968	—	985	—

Parties with significant influence in Van Lanschot Kempen

On the basis of regulatory guidelines, entities with a shareholding of at least 5% in Van Lanschot Kempen are parties with significant influence in Van Lanschot Kempen.

The table below shows the year-end income and expenditure relating to these parties in the statement of income and the statement of financial position.

Parties with significant influence in Van Lanschot Kempen in 2023				
	Income	Expenses	Amount receivable	Amount payable
Stichting Administratiekantoor van gewone aandelen A Van Lanschot Kempen	—	—	—	61
Romij BV	—	—	—	—
LDDM Holding BV	3	2	—	1,917
Janus Henderson Group plc	—	—	—	—

Van Lanschot Kempen did not grant any loans or guarantees to parties with significant influence in Van Lanschot Kempen in either 2023 or 2022.

¹The extraordinary item in 2023 of €34,000 (2022: €71,000) relates to deferred compensation for lapsed rights to variable remuneration at Maarten Edixhoven's previous employer. Constant Korthout stepped down as member of the Management Board on 1 September 2022 and was entitled to a (one-year gross salary) severance payment of €787,000. He received remuneration under the same conditions for the remainder of 2022.

²We have changed the presentation by including the Supervisory Board fee in cash. Comparative figures have been adjusted.

Parties with significant influence in Van Lanschot Kempen in 2022				
	Income	Expenses	Amount receivable	Amount payable
Stichting Administratiekantoor van gewone aandelen A Van Lanschot Kempen	—	—	—	61
Romij BV	—	—	—	—
LDDM Holding BV	12	—	—	1,343
Janus Henderson Group plc	—	—	—	—

List of shareholders

Based on the requirements of Section 5.3 of the Dutch Financial Supervision Act, the following notifications have been recorded in the major interests register held by the Dutch Authority for the Financial Markets (AFM). The percentages reflect the number of shares on the register on the dates listed. This list includes the notifications until 31 December 2023.

Shareholder	Notification date	Interest
Stichting Administratiekantoor van gewone aandelen A Van Lanschot Kempen	24 May 2013	97.30%

Depository receipt holders	Notification date	Interest
Romij BV	31 March 2022	10.05%
LDDM Holding BV	3 June 2014	9.76%
Janus Henderson Group plc	17 October 2016	5.60%
FMR LCC	7 July 2016	4.99%
MVDP NV	5 April 2023	3.90%
J.B. Meulman	15 September 2021	3.02%

Disclosure is required once a shareholder's interest reaches or exceeds certain threshold values, and it should be noted that current stakes of listed shareholders and/or depository receipt holders may have changed since notification date. Stichting Administratiekantoor van gewone aandelen A Van Lanschot Kempen currently holds more than 99.99% of the Class A ordinary shares.

For transactions in associates, see "Disclosures of interest in other entities".

Disclosure of interests in other entities

Key judgements and assumptions

We rely on key judgements and assumptions when determining control and significant influence. We have included these under the headings "Basis of consolidation" and "Summary of material accounting policies".

Interests in subsidiaries

The consolidated statement of financial position and statement of income comprise subsidiaries and entities in which Van Lanschot Kempen has control, but exclude the names of relatively minor subsidiaries and entities.

Subsidiaries (%)	2023	2022
Van Lanschot Kempen (Schweiz) AG (before 2 October 2023: F. van Lanschot Bankiers (Schweiz) AG)	100	100
Kempen Dutch Inflation Fund I NV	100	100
Van Lanschot Kempen Investment Management NV	100	100
Van Lanschot Kempen Bewaarder NV	100	100
Van Lanschot Kempen AM NL BV	100	100
Van Lanschot Kempen (USA) Inc.	100	100
Van Lanschot Kempen Participaties BV (before 29 September 2023: Van Lanschot Participaties BV)	100	100
Beheermaatschappij "Orthenstraat" BV	100	100
Sapphire Investments BV	100	100
Quion 17 BV	100	100
Efima Hypotheken BV	100	100
LansOG Beheer BV	100	100
Hof Hoorneman NV	100	100
St. Custodian Van Lanschot Kempen Partnership ¹	–	–
Mercier Vanderlinden Asset Management NV	100	100

Consolidated structured entities controlled by Van Lanschot Kempen

In the consolidated statement of financial position, we consolidate structured entities. These are designed in such a way that the voting rights are not the dominant factor in deciding who controls the entity, and the relevant activities are governed by contractual arrangements. Van Lanschot Kempen is exposed to substantially all of the risk of the structured entity and thereby controls it. Therefore, these structured entities do not qualify as a transfer of financial assets and are not derecognised from our statement of financial position.

We consolidate the following structured entities:

- Van Lanschot Conditional Pass-Through Covered Bond Company BV;
- Van Lanschot Conditional Pass-Through Covered Bond Company 2 BV;
- Van Lanschot Kempen SB Covered Bond Company BV.

Public Conditional Pass-Through (CPT) Covered Bond programme

Van Lanschot Kempen established a CPT programme in March 2015, out of which Van Lanschot Kempen has issued publicly placed bonds since. Investors have a dual recourse claim: initially against Van Lanschot Kempen, and, in the event of the bank's failure, against a pool of cover assets. One of the outstanding CPT Covered Bonds matured in the first half of 2023, while we were able to transfer the last outstanding CPT to the Soft Bullet Covered Bond (SBCB) programme. This means the CPT programme no longer has any bonds outstanding and will be discontinued (initiated in December 2023). We expect to complete this operation in March 2024.

Retained Conditional Pass-Through (CPT) Covered Bond programme

Van Lanschot Kempen established a retained CPT programme in July 2019. In September 2019, the bank launched the first bond of €300 million (maturity of five years, coupon of 0.4%). This bond was increased by €200 million to €500 million in June 2023. All bonds were retained.

¹ Van Lanschot Kempen can exercise indirect control via its partners participating in the partnership plan.

Public Soft Bullet Covered Bond (SBCB) programme

Van Lanschot Kempen established a soft bullet covered bond programme in March 2022. In June 2022, the bank launched the first bond of €500 million (maturity of five and a half years, coupon of 2.5%). A second bond was issued in May 2023 (maturity of three years, coupon of 3.5%). Finally, in October 2023 a bond was transferred from the CPT to the SBCB programme. All bonds were placed with institutional investors.

The table below shows the total amounts of the mortgage loans involved in each covered bond programme.

Structured entities (€1,000)	31/12/2023		31/12/2022	
	Fair value	Carrying amount	Fair value	Carrying amount
Total	2,471,899	2,700,817	2,063,721	2,296,648
Public Conditional Pass-Through Covered Bond programme	–	–	1,123,293	1,259,599
Retained Conditional Pass-Through Covered Bond programme	546,070	604,964	317,479	352,870
Public Soft Bullet Covered Bond programme	1,925,829	2,095,853	622,949	684,179

Van Lanschot Kempen provides no financial or other support to the covered bond entities, and has no intention of providing such support.

Van Lanschot Kempen has no other interests in non-consolidated structured entities such as commitments, guarantees, provisions, derivatives or other obligations. The maximum exposure to non-consolidated structured entities is equal to the acquisition cost and amounted to €276.3 million at 31 December 2023 (2022: €285.7 million).

Non-consolidated structured entities

Residential mortgage-backed securities are classified as financial assets at fair value through other comprehensive income or other financial assets at amortised cost. These investments are structured entities. We do not consolidate these because Van Lanschot Kempen is not substantially exposed to all of the risk of the structured entity. The table below shows Van Lanschot Kempen's investments in non-consolidated structured entities and the total income from these investments. The Investments column shows the carrying value as recognised in the consolidated statement of financial position.

Van Lanschot Kempen is not required to provide financial or other support to non-consolidated structured entities, and has no intention of providing such support.

Non-consolidated structured entities 2023 (€1,000)					
	Interest income	Impairment	Comprehensive income	Total income	Investments
Total	2,473	-17	1,982	4,438	289,729
Residential mortgage-backed securities	2,473	-17	1,982	4,438	289,729

Non-consolidated structured entities 2022 (€1,000)					
	Interest income	Impairment	Comprehensive income	Total income	Investments
Total	848	–	-963	-116	280,686
Residential mortgage-backed securities	848	–	-963	-116	280,686

Non-controlling interests

The consolidated statement of financial position and statement of income include a number of non-controlling interests; a list of non-controlling interests in Van Lanschot Kempen subsidiaries is provided below.

Non-controlling interests (€1,000)	31/12/2023	31/12/2022
Total	93	146
Consolidated investment funds	93	146

Van Lanschot Kempen's minority interests are recognised under non-controlling interests as part of equity.

Changes in non-controlling interests (€1,000)	2023			2022		
	Non-controlling interests	Undistributed profit attributable to non-controlling interests	Total	Non-controlling interests	Undistributed profit attributable to non-controlling interests	Total
At 1 January	—	146	146	-10	74	64
Profit appropriation	146	-146	—	74	-74	—
Dividend	—	—	—	-76	—	-76
Result for the reporting period	—	-40	-40	—	146	146
Other changes	-12	—	-12	12	—	12
At 31 December	134	-40	93	—	146	146

Consolidated investments

The table below provides aggregated information on consolidated investments.

Financial information consolidated investments (€1,000)	2023	2022
Total assets	151	191
Total liabilities	33	18
Equity attributable to shareholders	25	35
Equity attributable to non-controlling interests	93	138
Total income from operating activities	-43	215
Total expenses	8	33
Taxes	—	—
Net income	-50	182
Of which attributable to shareholders	-10	36
Of which attributable to non-controlling interests	-40	146

Associates

Investments in associates using the equity method

As part of our investment policy, we invest in medium-sized companies in the Netherlands, only holding minority interests. These investments are classified as investments in associates using the equity method.

The table below shows the largest investments in associates based on the carrying amount.

In 2023, our interest in Movares Group BV (33.3%) was sold; see Note 24, Income from securities and associates.

Name	Activities	Head office	Interest
Bolster Investments Coöperatief UA	Bolster is a long-term investor specialising in taking minority shareholdings of 20-50% in private companies and pursuing a flexible, long-term investment horizon, allowing its companies' portfolios to achieve their long-term growth potential.	Amsterdam	29.75%
Bolster Investments II Coöperatief UA	Bolster II is a long-term investor specialising in taking minority shareholdings of 20-50% in private companies and pursuing a flexible, long-term investment horizon, allowing its companies' portfolios to achieve their long-term growth potential.	Amsterdam	22.00%
Langosta BV	Langosta participates in financing companies.	Amsterdam	47.74%
OGD Beheer BV	OGD provides ICT services to medium-sized and large companies, public and semi-public and non-profit organisations. Its services include service management, outsourcing, software development and ICT training.	Delft	31.30%
Ploeger Oxbo Holding BV	Ploeger Oxbo develops, manufactures and sells a wide range of specialist harvesting equipment to customers across the world.	Roosendaal	11.83%
Tecnotion Investment BV	Tecnotion designs, produces and sells linear motors across the world, to the semiconductor, electronics, LCD, automotive and robotics industries among other sectors.	Almelo	38.65%

Aggregated financial information of associates for which Van Lanschot Kempen applies the equity method (€1,000)	2023		2022	
	Associates, equity method	Attributable to Van Lanschot Kempen	Associates, equity method	Attributable to Van Lanschot Kempen
Total	350,759	103,987	320,447	95,573
Current assets	250,307	40,274	237,848	45,211
Non-current assets	498,891	96,628	430,152	92,431
Current liabilities	-103,565	-18,540	-117,679	-24,818
Non-current liabilities	-294,874	-40,252	-229,874	-34,056
Goodwill		18,221		10,090
Impairments		–		–
Other		7,656		6,715
Other financial information				
Dividend received		4,469		3,096
Income from operational activities		13,020		11,064
Share of net income		32,214		16,000
Unrecognised share of losses		117		117
Comprehensive income		–		–

The table below shows the income and expenses that we report for associates using the equity method in the statement of income and the positions included in the statement of financial position, as well as guarantees issued at year-end in respect of these entities.

Transactions with Investments in associates using the equity method (€1,000)	2023	2022
Income	–	9
Amount payable	4,003	3,035
Guarantees	25,655	36,490

Loans granted to entities in which we exercise significant influence but do not have decisive control are granted on market terms and secured on collateral provided. No impairments were applied to the receivables in either 2023 or 2022.

The table below shows Van Lanschot Kempen Participaties' financial impact on the consolidated statement of financial position and statement of income. The table does not include information about controlling interests.

Van Lanschot Kempen Participaties

Investments using the equity method held by Van Lanschot Kempen Participaties are managed by Bolster Investment Partners. Van Lanschot Kempen Participaties invests in a portfolio of equity funds. In addition, one of the portfolio companies issued cumulative preference shares. Moreover, a subordinated loan has been issued to one of the portfolio companies.

Van Lanschot Kempen Participaties at 31/12/2023 (€1,000)						
Investment activity	Item	Carrying value	Interest	Income from securities and associates	Impairments	Total
Direct investment	Investment in associates using the equity method	34,590	–	28,273	–	28,273
Shareholdings	Financial assets at fair value through profit or loss	1,124	120	–	–	120
Subordinated loans	Loans and advances to the public and private sectors	3,092	–	–	–	–
Fund investment	Financial assets at fair value through profit or loss	449	–	59	–	59
Total		39,255	120	28,332	–	28,452

Joint ventures in which Van Lanschot Kempen is a partner

We have no joint ventures.

Commitments

IT and other contracts

Van Lanschot Kempen has entered into several IT contracts, e.g. for hiring services and capacity, and for licensing and maintenance of our systems. Our future contractual payment commitments for IT contracts amount to €46.3 million (2022: €30.8 million) and exclusively consist of intangible asset expenditures.

Early termination of these contracts could result in additional costs. Potential exit fees are linked to the remaining term of the contracts.

Future payments for IT and other contracts (€1,000)	2023	2022
Total	128,150	96,176
Within 1 year	48,187	36,139
1 to 5 years	69,783	60,037
More than 5 years	10,180	–

The increase in Future payments for IT and other contracts was mainly due to higher IT contracts.

Lease agreement

Van Lanschot Kempen Investment Management UK (Ltd) entered into a long-term lease agreement on 25 September 2023 which will run from 28 November 2023 until 31 October 2031. Van Lanschot Kempen NV co-signed the lease agreement, guaranteeing the obligations arising from it. The total obligation until the end of the contract amounts to £3 million.

Segment information

As a specialist wealth manager, we serve the entire spectrum of client groups, ranging from private clients to institutional investors and corporates. Key to our strategy is the ability to adapt quickly to changing client needs and market circumstances.

Private Clients

Private Clients offers private clients and entrepreneurs a broad range of products in the private banking market, while also focusing on business professionals and executives, healthcare professionals, family businesses, foundations and associations. The activities of Evi van Lanschot, Van Lanschot Kempen's online investment platform (including the online investment platform it acquired from Robeco), are integrated in this segment and specifically target mass affluent individuals and millennials.

Wholesale & Institutional Clients

Wholesale & Institutional Clients focuses on a range of investment strategies and offers fiduciary services to clients such as banks, wealth managers, family offices, pension funds and insurers.

Investment Banking Clients

Investment Banking Clients offers specialist services including equities research and trading, mergers & acquisitions services, capital market transactions and debt advisory services to corporate and institutional investors.

Other

These comprise activities in the fields of interest rate, market and liquidity risk management, structured products activities, and staff departments, as well as the activities of Van Lanschot Kempen Participaties/Bolster and consolidated investments.

Operating segments in 2023 (€ million)	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Statement of income					
Net interest income	185.0	0.4	-0.3	11.7	196.8
Income from securities and associates	—	—	0.5	37.6	38.1
Net commission income	306.4	79.2	36.7	5.0	427.3
Result on financial transactions	1.3	0.1	1.6	-2.0	1.0
Other income	—	—	—	6.1	6.1
Total income from operating activities	492.7	79.7	38.6	58.4	669.4
Staff costs	111.5	10.4	23.0	183.2	328.1
Other administrative expenses	72.3	11.1	8.5	50.2	142.1
Allocated expenses	125.8	60.4	11.2	-197.5	—
Depreciation and amortisation	15.5	0.5	0.3	16.7	33.0
Impairments	1.6	—	—	0.4	2.0
Total expenses	326.8	82.4	42.9	53.1	505.2
Operating result before tax	165.9	-2.7	-4.4	5.3	164.2

Operating segments in 2022 (€ million)	Private Clients	Wholesale & Institutional Clients	Investment Banking Clients	Other	Total
Statement of income					
Net interest income	144.7	0.0	0.0	7.0	151.6
Income from securities and associates	—	—	0.0	7.9	7.8
Net commission income	270.4	78.4	55.9	2.9	407.7
Result on financial transactions	-15.5	-0.2	-0.9	20.3	3.6
Other income	—	—	—	7.3	7.3
Total income from operating activities	399.6	78.2	54.9	45.4	578.1
Staff costs	99.3	10.5	26.0	174.8	310.6
Other administrative expenses	57.8	8.8	8.3	48.5	123.5
Allocated expenses	118.0	56.0	10.5	-184.5	—
Depreciation and amortisation	14.8	0.7	0.3	15.6	31.5
Impairments	-7.5	—	—	0.9	-6.5
Total expenses	282.5	76.0	45.2	55.4	459.1
Operating result before tax	117.1	2.2	9.7	-10.0	119.0

The tables below give additional information on the geographical spread of income from operations.

Geographical segments in 2023 (€ million)	Netherlands	Belgium	Other	Total
Statement of income				
Total income from operating activities	548.5	92.5	28.4	669.4
Of which income from other segments	-20.5	23.0	-2.6	—
Statement of financial position				
Due from banks	49.1	—	—	49.1
Investments in associates using the equity method	110.9	—	—	110.9
Total non-current assets¹	160.0	—	—	160.0

Geographical segments in 2022 (€ million)	Netherlands	Belgium	Other	Total
Statement of income				
Total income from operating activities	476.9	76.1	25.1	578.1
Of which income from other segments	-1.7	1.0	0.7	—
Statement of financial position				
Due from banks	55.6	—	—	55.6
Investments in associates using the equity method	103.3	—	—	103.3
Total non-current assets¹	158.9	—	—	158.9

Country-by-country reporting on a consolidated basis at 31 December 2023							
Country	Name of subsidiary	Nature of activities	Average number of staff (FTEs)	Total income from operating activities (€ million)	Operating result before tax (€ million)	Income tax (€ million)	Government subsidies (€ million)
Total			1,901	669.4	164.2	-39.0	—
Netherlands	VLK NV	Wealth management	1,653	548.5	134.2	-28.3	—
Belgium	VLK NV branch Mercier Vanderlinden Asset Management NV	Wealth management	172	92.5	29.0	-8.3	—
Switzerland	Van Lanschot Kempen (Schweiz) AG (formerly: F. van Lanschot Bankiers (Schweiz) AG)	Wealth management	36	17.9	4.8	-1.0	—
United Kingdom	VLK Investment Management (UK) Ltd	Asset management	33	5.8	-4.7	-1.1	—
United States	VLK (USA) Inc.	Securities trading and research distribution	4	3.5	0.7	-0.2	—
France	VLK Investment Management NV branch	Asset management	2	0.7	0.0	0.0	—
Sweden	VLK NV cross-border activity	Investment banking	1	0.5	0.0	0.0	—

¹ Other than financial instruments, deferred tax assets and post-employment assets.

Country-by-country reporting on a consolidated basis at 31 December 2022							
Country	Name of subsidiary	Nature of activities	Average number of staff (FTEs)	Total income from operating activities (€ million)	Operating result before tax (€ million)	Income tax (€ million)	Government subsidies (€ million)
Total			1,765	578.1	119.0	-34.7	–
Netherlands	VLK NV	Wealth management	1,519	476.9	100.4	-28.1	–
Belgium	VLK NV branch Mercier Vanderlinden Asset Management NV	Wealth management	173	76.1	20.5	-5.9	–
Switzerland	F. van Lanschot Bankiers (Schweiz) AG	Wealth management	35	14.7	2.3	-0.5	–
United Kingdom	VLK Investment Management (UK) Ltd	Asset management	31	6.1	-4.7	-0.1	–
United States	VLK (USA) Inc.	Securities trading and research distribution	4	2.9	0.4	-0.1	–
France	VLK Investment Management NV branch	Asset management	2	0.8	0.0	0.0	–
Sweden	VLK NV cross-border activity	Investment banking	1	0.5	0.0	0.0	–

Profit appropriation

If the annual general meeting of shareholders approves the dividend proposal as included in these financial statements (see note Note 33, Earnings per ordinary share), the appropriation of net result will be as follows:

Profit appropriation (€1,000)	2023	2022
Total	118,446	77,405
Addition to reserves	33,492	3,213
Dividend on Class A ordinary shares	84,954	74,192

Remuneration of the Management and Supervisory Boards

For further details of remuneration received in 2023, see “Remuneration report” on page 102.

Total remuneration of the individual members of the Management Board (€1,000) ¹									
Management Board member	Year	Fixed salary amount in cash	Fixed salary amount in shares ²	Total fixed salaries	Extra-ordinary items	Pension and disability insurance	Total remuneration	Share-based payment expenses ³	Total staff cost
Maarten Edixhoven ⁴	2023	875	388	1,263	34	412	1,709	78	1,787
	2022	830	388	1,217	71	397	1,684	78	1,763
Jeroen Kroes ⁵	2023	504	312	816	–	267	1,083	35	1,118
	2022	158	104	262	–	85	348	24	372
Wendy Winkelhuijzen ⁶	2023	504	312	816	–	267	1,083	35	1,118
	2022	158	104	262	–	85	348	24	372
Arjan Huisman	2023	504	312	816	–	267	1,083	35	1,118
	2022	475	312	787	–	256	1,043	47	1,090
Richard Bruens	2023	504	312	816	–	267	1,083	35	1,118
	2022	475	312	787	–	256	1,043	47	1,090
Erik van Houwelingen	2023	504	312	816	–	267	1,083	35	1,118
	2022	475	312	787	–	256	1,043	47	1,090
Constant Korthout ⁷	2023	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2022	317	208	525	787	171	1,483	23	1,506

¹ To be able to make a comparison between 2023 and 2022, the same definition of total remuneration has been used (total fixed salary plus pension and disability insurance). Business expenses have not been included.

² A proportion of fixed salary is paid in the form of Van Lanschot Kempen shares. Maarten Edixhoven received 17,206 shares (2022: 17,041 shares), Jeroen Kroes and Wendy Winkelhuijzen received 13,865 shares (2022: 5,091 shares from 1 September 2022), while the other members of the Management Board each received 13,865 shares (2022: 13,732 shares). The number of shares granted is based on the average share price for the first four trading days in January. For 2023, the average share price amounted to €22.52 in January (2022: €22.74 in January and €20.44 in September for Jeroen Kroes and Wendy Winkelhuijzen). IFRS takes the share price at grant date as the basis for recognition. This price was €22.52 in 2023 (2022: €22.74).

³ Share-based payments have a lock-up period of five years, allowing Van Lanschot Kempen to provide a discount of 18.5% on the shares.

⁴ The extraordinary item in 2023 of €34,000 (2022: €71,000) relates to deferred compensation for lapsed rights to variable remuneration at Maarten Edixhoven's previous employer.

⁵ Jeroen Kroes was appointed CFO on 1 September 2022.

⁶ Wendy Winkelhuijzen was appointed CRO on 1 September 2022.

⁷ Constant Korthout stepped down as member of the Management Board on 1 September 2022 and was entitled to a (one-year gross salary) severance payment of €787,000. He received remuneration under the same conditions for the remainder of 2022.

Number of depositary receipts for shares held by Management Board members in 2023				
	At 1 January	Bought/awarded	Sold/post-employment	At 31 December
Maarten Edixhoven	25,128	19,541	–	44,669
Jeroen Kroes	19,025	8,591	–	27,616
Wendy Winkelhuijzen	10,742	8,591	–	19,333
Arjan Huisman	72,026	8,591	–	80,617
Richard Bruens	88,375	8,591	–	96,966
Erik van Houwelingen	36,527	8,591	–	45,118
Total	251,823	62,496	–	314,319

Loans to Management Board members at 31 December 2023 (€1,000)				
	At 31 December	Repaid in the year	Interest range	Type
Maarten Edixhoven	–	–	–	–
Jeroen Kroes	332	12	1.35%	Mortgage
Wendy Winkelhuijzen	1,461	15	1.85 - 4.61%	Mortgage
	680	–	5.60%	Bridge loan
Arjan Huisman	–	–	–	–
Richard Bruens	2,296	37	1.10 - 1.56%	Mortgage
Erik van Houwelingen	2,290	20	1.35 - 5.21%	Mortgage
Total	7,059	84		

Loans to Management Board members at 31 December 2022 (€1,000)				
	At 31 December	Repaid in the year	Interest range	Type
Maarten Edixhoven	–	–	–	–
Jeroen Kroes	343	7	1.35%	Mortgage
Wendy Winkelhuijzen	381	14	1.85 - 2.05%	Mortgage
Arjan Huisman	–	–	–	–
Richard Bruens	2,333	36	1.10 - 1.56%	Mortgage
Erik van Houwelingen	1,995	20	1.45 - 2.10%	Mortgage
Total	5,052	77		

No advances or guarantees have been granted to members of the Management Board. No impairments or write-offs have occurred on loans granted to Management Board members.

Remuneration of the Supervisory Board (€1,000)	2023	2022
Frans Blom	117	117
Manfred Schepers	95	95
Bernadette Langius (until 25 May 2023)	33	80
Maarten Muller	82	76
Lex van Overmeire (deceased 4 April 2023)	28	85
Karin Bergstein	92	77
Brigitte Boone	76	76
Elizabeth Nolan (from 25 May 2023)	44	–
Total	567	606

No loans or advances had been granted to members of the Supervisory Board at 31 December 2023 and 31 December 2022.

The company and its subsidiaries only grant personal loans, guarantees etc. to Supervisory Board members as part of normal operations and in keeping with conditions laid down in financial services regulations. Any such loans or guarantees are subject to the approval of the Supervisory Board. Loans are not forgiven.

Events after the reporting period

On 21 December 2023, we announced the intended acquisition by Van Lanschot Kempen of the Belgian investment adviser Accuro NV ("Accuro"). The transaction is expected to be completed in 2024, subject to regulatory approval. The intended acquisition is expected to result in a negative 0.4 percentage point impact on our CET 1 ratio.

On 1 January 2024, the legal merger between Mercier Vanderlinden Asset Management and Van Lanschot Kempen (the acquiring entity) became effective. As a result of this merger, Mercier Vanderlinden Asset Management ceased to exist as a legal entity. Van Lanschot Belgium's trade name changed to Mercier Van Lanschot as from 1 January 2024.

On 22 January 2024, we launched and priced €100 million of Additional Tier 1 (AT1) notes with a fixed coupon of 8.875%. The notes are listed on Euronext Amsterdam. Settlement of these notes took place on 29 January 2024, and we intend to call our 2019-issued AT1 notes at the first call date of 1 April 2024.

Company financial statements

Company statement of financial position

(€1,000)

Company statement of financial position at 31 December Before profit appropriation		2023	2022
Assets			
Cash and cash equivalents and balances at central banks	1	2,812,997	3,032,415
Government paper eligible for central bank refinancing	2	509,623	407,056
Due from banks	3	255,087	210,186
Loans and advances to the public and private sectors	4	8,984,652	9,193,697
Debt instruments	5	3,034,744	2,621,028
Equity instruments	6	15,242	19,211
Investments in group companies	7	355,633	328,841
Investments in associates using the net asset value method	8	76,299	63,091
Goodwill and other intangible assets	9	225,151	210,673
Property and equipment	10	59,490	67,328
Other assets	11	59,064	74,489
Derivatives	12	339,604	544,561
Accrued assets	11	99,215	75,873
Total assets		16,826,802	16,848,450
Liabilities			
Due to banks	13	791,097	947,170
Public and private sector liabilities	14	12,073,202	12,051,519
Issued debt securities	15	1,940,310	1,816,014
Other liabilities	16	121,335	164,178
Derivatives	12	242,662	221,476
Accrued liabilities	16	104,336	64,374
Provisions	17	34,943	30,319
Subordinated loans	18	170,238	170,882
Total liabilities		15,478,124	15,465,934
Issued share capital		43,040	41,362
Treasury shares		-14,243	-15,109
Share premium reserve		211,725	262,658
Revaluation reserve		-10,083	-19,513
Reserves required by law		41,029	44,795
Other reserves		857,076	888,838
Undistributed profit attributable to shareholders		118,446	77,799
Equity attributable to shareholders		1,246,991	1,280,829
AT1 capital securities		100,000	100,000
Undistributed profit attributable to holders of AT1 capital securities		1,688	1,688
Equity attributable to AT1 capital securities		101,688	101,688
Total equity	19	1,348,678	1,382,517
Total equity and liabilities		16,826,802	16,848,450
Contingent liabilities		310,721	370,299
Irrevocable commitments		1,062,047	1,041,299
Contingent liabilities and irrevocable commitments	20	1,372,768	1,411,597

The number beside each item refers to the Notes to the company statement of financial position.

Company statement of income

(€1,000)

Company statement of income		2023	2022
Income from operating activities			
Interest income		514,029	244,421
Interest expense		332,018	107,051
Net interest income	22	182,011	137,370
Income from associates using the net asset value method		3,941	6,269
Other income from securities and group companies		97,784	52,403
Income from securities and subsidiaries	23	101,725	58,673
Commission income		204,841	239,007
Commission expense		5,553	6,406
Net commission income	24	199,289	232,601
Result on financial transactions	25	3,374	-7,325
Total income from operating activities		486,398	421,318
Expenses			
Staff costs	26	256,248	239,675
Other administrative expenses	27	66,753	61,934
Staff costs and other administrative expenses		323,001	301,609
Depreciation and amortisation	28	24,171	22,150
Operating expenses		347,173	323,759
Impairments of financial instruments		1,892	-7,547
Other impairments		–	1,252
Impairments	29	1,892	-6,295
Total expenses		349,065	317,464
Operating profit before tax		137,333	103,854
Income tax	30	12,137	19,305
Net result		125,196	84,549
Of which attributable to shareholders		118,446	77,799
Of which attributable to holders of AT1 capital securities		6,750	6,750

The number beside each item refers to the Notes to the company statement of income.

Company statement of changes in equity

Before profit appropriation (€1,000)

Company statement of changes in equity in 2023								
	Issued share capital	Treasury shares	Share premium reserve	Other reserves	Undistributed profit	Total equity attributable to shareholders	Equity attributable to AT1 capital securities	Total equity
At 1 January	41,362	-15,109	262,658	914,120	77,799	1,280,829	101,688	1,382,517
Net profit (as per company statement of income)	—	—	—	—	118,446	118,446	6,750	125,196
Total other comprehensive income	—	—	—	6,922	—	6,922	—	6,922
Total comprehensive income	—	—	—	6,922	118,446	125,368	6,750	132,118
Issue of share capital	1,678	—	34,022	—	—	35,700	—	35,700
Share plans	—	10,498	—	902	—	11,400	—	11,400
Shares to be issued	—	—	—	-35,700	—	-35,700	—	-35,700
Profit appropriation	—	—	—	77,799	-77,799	—	—	—
Repurchased treasury shares	—	-9,632	—	—	—	-9,632	—	-9,632
To reserves required by law	—	—	—	-3,766	—	-3,766	—	-3,766
Dividends/Capital return	-84,954	—	—	-74,324	—	-159,278	-6,750	-166,028
To share capital	84,954	—	-84,954	—	—	—	—	—
Other changes	—	—	—	2,069	—	2,069	—	2,069
At 31 December	43,040	-14,243	211,725	888,023	118,446	1,246,991	101,688	1,348,678

In 2023, 1,678,270 new shares were issued to the amount of €35.7 million, of which €34.0 million in share premium related to the acquisition of the remaining 30% stake in Mercier Vanderlinden by Van Lanschot Kempen.

Company statement of changes in equity in 2022								
	Issued share capital	Treasury shares	Share premium reserve	Other reserves	Undistributed profit	Total equity attributable to shareholders	Equity attributable to AT1 capital securities	Total equity
At 1 January	41,362	-11,853	323,719	817,333	136,983	1,307,544	101,688	1,409,232
Net profit (as per company statement of income)	—	—	—	—	77,799	77,799	6,750	84,549
Total other comprehensive income	—	—	—	1,927	—	1,927	—	1,927
Total comprehensive income	—	—	—	1,927	77,799	79,726	6,750	86,476
Share plans	—	10,916	—	1,354	—	12,270	—	12,270
Shares to be issued	—	—	—	35,700	—	35,700	—	35,700
Profit appropriation	—	—	—	136,983	-136,983	—	—	—
Repurchased treasury shares	—	-14,172	—	—	—	-14,172	—	-14,172
To reserves required by law	—	—	—	8,690	—	8,690	—	8,690
Dividends/Capital return	-61,076	—	—	-81,425	—	-142,501	-6,750	-149,251
To share capital	61,076	—	-61,076	—	—	—	—	—
Other changes	—	—	15	-6,442	—	-6,427	—	-6,427
At 31 December	41,362	-15,109	262,658	914,120	77,799	1,280,829	101,688	1,382,517

Company financial statements: basis of preparation

The company financial statements of Van Lanschot Kempen NV ("Van Lanschot Kempen") have been prepared in accordance with the legal requirements as set out in Part 9, Book 2 of the Dutch Civil Code.

We have taken the option offered in Article 362 (8), Book 2 of the Dutch Civil Code to apply the same accounting principles of recognition, measurement and determination of results in the company financial statements as used for the preparation of the consolidated financial statements (including the accounting principles for the presentation of financial instruments as equity or liabilities). The line items Investments in group companies and Investments in associates are exceptions to this general rule; these are accounted for using the net asset value method.

The company financial statements are denominated in euros, Van Lanschot Kempen's functional and reporting currency. All amounts are in thousands of euros unless otherwise stated. The totals may not always match because rounding is applied.

Notes to the company statement of financial position

At 31 December (€1,000)

1. Cash and cash equivalents and balances at central banks

Cash and cash equivalents and balances at central banks	2023	2022
Total	2,812,997	3,032,415
Balances at central banks	2,627,674	2,856,560
Statutory reserve deposits at central banks	121,417	126,543
Amounts due from banks	63,907	49,312
Impairments	0	0

Statutory reserve deposits at central banks comprise balances at central banks within the scope of the minimum reserve requirement. The balances at central banks also include irrevocable payment commitments (IPC) cash collateral regarding the Single Resolution Fund. The IPC cash collateral amounted to €7.1 million at year-end 2023 (2022: €5.4 million). The amount of IPC made in the reporting year amounted to €1.7 million (2022: €1.2 million). We cannot use these balances in our day-to-day operations. See "Summary of material accounting policies" for our other accounting policies on cash and cash equivalents.

2. Government paper eligible for central bank refinancing

Government paper eligible for central bank refinancing	2023		2022	
	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost
Total	509,623	495,741	407,056	419,176
Government paper at fair value	418,521	405,230	246,354	258,897
Government paper at amortised cost	91,102	90,511	160,701	160,279

Changes in government paper eligible for central bank refinancing	2023	2022
At 1 January	407,056	555,851
Purchases	470,278	252,527
Sales	-103,071	-122,604
Redemptions	-282,789	-282,406
Amortisation of premiums/discounts on debt instruments	-6,234	-658
Value changes to equity	24,325	4,375
Value changes to profit and loss	60	-30
At 31 December	509,623	407,056

The nominal value of government paper eligible for central bank refinancing amounted to €520 million in 2023 (2022: €341 million), while cumulative revaluation amounted to €13.1 million (2022: -€11.2 million). Accumulated amortisation and impairments were nil (2022: nil). In 2023, €457.7 million of government paper eligible for central bank refinancing will be repayable on demand (2022: €163.8 million). In 2023 and 2022, we held no government paper eligible for central bank refinancing with an original maturity of less than two years.

The carrying amount of government paper serving as collateral to financial institutions amounted to €114 million (2022: €113 million) and to nil for group companies (2022: nil). We do not have free access to these debt instruments.

3. Due from banks

Due from banks	2023	2022
Total	255,087	210,186
Repayable on demand	23,348	22,057
Other receivables	231,739	188,130
Impairments	0	-1

The line item Other receivables comprises deposits to the value of €41.9 million (2022: €46.4 million) serving as collateral for obligations arising from derivatives transactions and are not repayable on demand.

Due from banks includes €183.7 million from group companies (2022: €110.6 million).

4. Loans and advances to the public and private sectors

Loans and advances to the public and private sectors	2023	2022
Total	8,984,652	9,193,697
Mortgage loans	6,400,611	6,477,167
Loans	2,235,223	2,293,402
Current accounts	547,805	761,226
Securities-backed loans and settlement receivables	16,387	6,937
Value adjustment fair value hedge accounting	-181,419	-305,899
Loss allowance for expected credit losses	-33,955	-39,137

The credit risk in the company financial statements is similar to that described in the consolidated financial statements. For more information, see "Risk management", subsection 3, Credit risk.

in-depth review of the criteria and the way in which we determine loss allowance for expected credit losses and the write-down of loans and advances to the public and private sectors.

Please refer to the consolidated financial statements' "Summary of significant accounting principles" for a more

Loans and advances to the public and private sectors include €556.0 million from group companies (2022: €631.6 million).

5. Debt instruments

Debt instruments	2023		2022	
	Carrying amount	Purchase price	Carrying amount	Purchase price
Total	3,034,744	3,123,278	2,621,028	2,818,379
Debt instruments at fair value	1,924,713	2,018,995	1,693,371	1,891,995
Debt instruments at amortised cost	1,110,032	1,104,283	927,657	926,384

Changes in debt instruments	2023	2022
At 1 January	2,621,028	1,905,420
Purchases	1,101,820	1,329,708
Sales	-494,439	-92,423
Redemptions	-307,450	-382,956
Amortisation of premiums/discounts on debt instruments	15,917	-5,289
Value changes to equity	94,792	-133,708
Value changes to statement of income	-2,964	-620
Other changes	6,040	896
At 31 December	3,034,744	2,621,028

The cumulative revaluation amounted to -€19.8 million in 2023 (2022: -€114.6 million). Accumulated amortisation and impairment was nil (2022: nil). The nominal value of these debt instruments amounted to €3.1 billion in 2023 (2022: €2.7 billion). Debt instruments from group companies were nil (2022: nil).

In 2023, debt instruments serving as collateral to DNB amounted to €4 million (2022: nil). The carrying amount of debt instruments serving as collateral to financial institutions amounted to €91 million (2022: €74 million) and to nil for group companies (2022: nil). These debt instruments are not freely available to us.

6. Equity instruments

Equity instruments	2023		2022	
	Fair value	Purchase price	Fair value	Purchase price
Total	15,242	10,784	19,211	14,638
Listed shares	12,769	8,433	16,783	12,453
Unlisted shares	2,473	2,351	2,428	2,185

Changes in equity instruments	2023	2022
At 1 January	19,211	31,980
Purchases	384	220
Sales	-6,051	-12,870
Value changes to statement of income	1,639	-117
Other changes	59	–
At 31 December	15,242	19,211

We purchased 16% of the listed and unlisted shares (2022: 13%), with the intention to hold them for an indefinite period.

7. Investments in group companies

Investments in group companies	2023	2022
Total	355,633	328,841
Subsidiaries – credit institutions	32,798	26,698
Other subsidiaries	322,834	302,144

Investments in group companies are measured in accordance with the net asset value method, with the share in the profit of these interests recognised under Other income from securities and group companies in the company statement of income.

Changes in investments in group companies	2023	2022
At 1 January	328,841	361,725
Share of profit	97,238	51,742
Revaluations	1,375	2,257
Dividend received	-70,619	-88,403
Other changes	-1,203	1,520
At 31 December	355,633	328,841

Accumulated impairments stood at nil (2022: nil).

Name	Head office	Consolidated interest
Van Lanschot Kempen (Schweiz) AG (before 2 October 2023: F. van Lanschot Bankiers (Schweiz) AG)	Zürich	100%
Van Lanschot Kempen Investment Management NV	Amsterdam	100%
Van Lanschot Kempen Bewaarder NV	Amsterdam	100%
Van Lanschot Kempen AM NL BV	Amsterdam	100%
Van Lanschot Kempen (USA) Inc.	East Hanover, New Jersey	100%
Van Lanschot Kempen Participaties BV (before 29 September 2023: Van Lanschot Participaties BV)	s-Hertogenbosch	100%
Beheermaatschappij "Orthenstraat" BV	s-Hertogenbosch	100%
Kempen Dutch Inflation Fund I NV	Amsterdam	100%
Sapphire Investments BV	Amsterdam	100%
Quion 17 BV	Capelle aan den IJssel	100%
Efima Hypotheken BV	s-Hertogenbosch	100%
LansOG Beheer BV	s-Hertogenbosch	100%
Hof Hoorneman NV	Amsterdam	100%
Mercier Vanderlinden Asset Management NV	Antwerp	100%

Entities in which Van Lanschot Kempen exercises control:

- Van Lanschot Conditional Pass-Through Covered Bond Company BV;
- Van Lanschot Conditional Pass-Through Covered Bond Company 2 BV;
- Van Lanschot Kempen SB Covered Bond Company BV.

All investments in group companies are unlisted holdings.

8. Investments in associates using the net asset value method

Investments in associates using the net asset value method	2023	2022
Total	76,299	63,091
Investments in associates	76,299	63,091

Investments in associates are measured in accordance with the net asset value method, with the share in the profit of these interests recognised under Income from associates using the net asset value method in the company statement of income.

Changes in investments in associates	2023	2022
At 1 January	63,091	51,333
Purchases	10,835	10,864
Sales	-1,568	-5,375
Share of profit/(loss)	3,941	6,269
At 31 December	76,299	63,091

Accumulated impairments stood at nil (2022: nil).

Name	Head office	Interest
Bolster Investments Coöperatief UA	Amsterdam	29.75%
Bolster Investments II Coöperatief UA	Amsterdam	22.00%

Bolster Investments Coöperatief UA and Bolster Investments II Coöperatief UA are unlisted investments.

9. Goodwill and other intangible assets

Goodwill and other intangible assets	2023	2022
Total	225,151	210,673
Goodwill	179,363	176,761
Brand names	3,314	3,066
Other intangible assets	42,474	30,846

The goodwill shown above represents goodwill arising from acquisitions. For the impairment test, this goodwill is allocated to the relevant cash-generating units. In 2023, the impairment test did not result in a goodwill impairment. Additional information on the impairment test is included in

Note 10, Goodwill and other intangible assets, in the consolidated financial statements. Other intangible assets relate to client relationships and application software. Based on the useful life tests carried out in 2023, we concluded that no other intangible assets are impaired.

Changes in goodwill and other intangible assets in 2023	Goodwill	Brand names	Other intangible assets	Total
At 1 January	176,761	3,066	30,846	210,673
Additions	2,603	1,087	17,908	21,597
Amortisation	—	-839	-6,280	-7,119
At 31 December	179,363	3,314	42,474	225,151
Historical cost	179,363	16,417	75,208	270,988
Accumulated amortisation and impairments	—	-13,103	-32,734	-45,837
Net carrying amount at 31 December	179,363	3,314	42,474	225,151

Changes in goodwill and other intangible assets in 2022	Goodwill	Brand names	Other intangible assets	Total
At 1 January	176,761	3,832	36,720	217,313
Amortisation	—	-767	-5,873	-6,640
At 31 December	176,761	3,066	30,846	210,673
Historical cost	176,761	15,330	57,826	249,917
Accumulated amortisation and impairments	—	-12,264	-26,980	-39,244
Net carrying amount at 31 December	176,761	3,066	30,846	210,673

10. Property and equipment

Property and equipment	2023	2022
Total	59,490	67,328
Buildings	19,040	22,221
Right-of-use – buildings	25,472	28,880
Right-of-use – transport equipment	5,966	6,633
Other property and equipment	7,996	8,043
Work in progress	1,016	1,551

Changes in property and equipment in 2023	Buildings	Right-of-use – buildings	Right-of-use – transport equipment	Other property and equipment	Work in progress	Total
At 1 January	22,221	28,880	6,633	8,043	1,551	67,328
Additions	2,671	5,358	2,668	2,448	–	13,143
Disposals	-3,935	–	–	–	-535	-4,470
Depreciation	-1,916	-8,766	-3,334	-2,494	–	-16,511
At 31 December	19,040	25,472	5,966	7,996	1,016	59,490
Historical cost	35,785	34,238	9,300	24,299	1,016	104,639
Accumulated depreciation and impairments	-16,745	-8,766	-3,334	-16,303	–	-45,149
Net carrying amount at 31 December	19,040	25,472	5,966	7,996	1,016	59,490

Changes in property and equipment in 2022	Buildings	Right-of-use – buildings	Right-of-use – transport equipment	Other property and equipment	Work in progress	Total
At 1 January	22,979	35,799	7,409	7,007	484	73,677
Additions	2,402	924	2,444	3,764	1,067	10,602
Disposals	–	–	–	-20	–	-20
Depreciation	-1,909	-7,843	-3,220	-2,708	–	-15,679
Impairments	-1,252	–	–	–	–	-1,252
At 31 December	22,222	28,880	6,633	8,043	1,551	67,328
Historical cost	45,089	37,060	11,932	24,668	1,551	120,299
Accumulated depreciation and impairments	-22,868	-8,179	-5,299	-16,625	–	-52,971
Net carrying amount at 31 December	22,221	28,880	6,633	8,043	1,551	67,328

The line item Buildings comprises real estate in own use.

We have entered into lease contracts for buildings – including service fees and rent for any parking spaces – as well as car lease contracts. These contracts are recognised as right-of-use assets.

Other property and equipment comprises information technology, furniture and fixtures, and communications and safety equipment.

For more information about property and equipment, see the consolidated financial statements “Summary of significant accounting principles”.

11. Other assets and accrued assets

Other assets relate to current tax assets (2023: €0.6 million; 2022: -€0.1 million), deferred tax assets (2023: €11.4 million; 2022: €12.6 million) and amounts receivable, such as debtors, suspense accounts and intercompany assets.

Accrued assets relate to interest receivables, commission receivables and transitory items.

All current receivables fall due in less than one year. The fair value of the receivables approximates the carrying amount due to their short-term nature and the fact that provisions for bad debt are recognised, where necessary.

12. Derivatives

Derivatives			
At 31 December 2023	Asset	Liability	Contract amount
Total	339,604	242,662	7,696,011
Derivatives used for trading purposes	33,944	33,849	468,653
Derivatives used for hedge accounting purposes	267,239	163,252	6,142,285
Other derivatives	38,420	45,561	1,085,074
At 31 December 2022	Asset	Liability	Contract amount
Total	544,561	221,476	6,159,689
Derivatives used for trading purposes	30,587	30,587	362,597
Derivatives used for hedge accounting purposes	454,413	81,929	4,682,528
Other derivatives	59,562	108,961	1,114,564

We use derivatives for both trading and hedging purposes. This note shows both the positive and negative market values of the derivatives, as well as their notional values.

The following types of derivatives are used: interest rate, currency and equity derivatives, as well as forward contracts.

13. Due to banks

Due to banks	2023	2022
Total	791,097	947,170
Liabilities withdrawable on demand	461,949	414,091
Other liabilities	329,148	533,079

Due to banks includes €541.1 million from group companies (2022: €560.5 million).

14. Public and private sector liabilities

Public and private sector liabilities	2023	2022
Total	12,073,202	12,051,519
Savings		
Savings withdrawable on demand	2,659,079	2,465,595
Savings not withdrawable on demand	738,958	131,455
Total savings	3,398,037	2,597,050
Other public and private sector liabilities		
Other public and private sector liabilities withdrawable on demand	6,677,757	8,459,778
Other public and private sector liabilities not withdrawable on demand	1,997,407	994,692
Total other public and private sector liabilities	8,675,164	9,454,470

Savings include all deposit and savings accounts held by private individuals and not-for-profit organisations.

Public and private sector liabilities include €157.2 million from group companies (2022: €42.4 million).

15. Issued debt securities

Issued debt securities	2023	2022
Total	1,940,310	1,816,014
Issued debt securities at fair value, listed	482	82,275
Issued debt securities at fair value, unlisted	466,189	391,608
Issued debt securities at amortised cost, listed	1,473,639	1,342,131

Changes in issued debt securities	2023	2022
At 1 January	1,816,014	1,979,339
Purchases	829,567	572,607
Sales	-5,687	-9,527
Redemptions	-786,461	-583,410
Amortisation of premiums/discounts on debt instruments	-794	-132
Revaluations	87,672	-142,864
At 31 December	1,940,310	1,816,014

This item only consists of debt instruments with rates of interest that are either fixed or variable. In 2023, bonds of €610 million were redeemed and new bonds of €692 million were issued. In 2024, €110.6 million of these debt securities will mature (2023: €508.6 million). The discount on issued debt securities amounted to €4.5 million (2022: €3.7 million) and is included in the item's carrying value.

16. Other liabilities and accrued liabilities

Other liabilities relate to lease liabilities, tax liabilities and amounts payable such as creditors, accruals and intercompany liabilities.

Lease liabilities stood at €34.8 million (2022: €39.0 million). Payments not included in the lease liability measurement amounted to €1.2 million (2022: €0.7 million).

Accrued liabilities relate to interest payable and other accruals.

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term nature.

Van Lanschot Kempen NV forms a corporate income tax group with Beheermaatschappij "Orthenstraat" BV, Langosta BV, Van Lanschot Kempen Participaties BV, Efima Hypotheken BV, Van Lanschot Kempen Investment Management NV, Van Lanschot Kempen AM NL BV, Kempen Dutch Inflation Fund I NV, Quion 17 BV, Sapphire Investments BV, LansOG Beheer BV, Hof Hoorneman NV and Hof Hoorneman Fund Management NV. Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the corporate income tax group.

17. Provisions

Provisions	2023	2022
Total	34,943	30,319
Pension provision	22,400	22,149
Other provisions	12,543	8,170

The pension provision is a long-term obligation on behalf of employees in our entities and branches. We operate both defined benefit and defined contribution schemes. For more information about these schemes, see Note 17, Provisions, in the consolidated financial statements.

Other provisions comprise provisions taken for restructuring, the jubilee benefits scheme, interest rates, employee discounts, financial guarantees and loan commitments, and all other provisions. Of these other provisions, €2.0 million relates to legal claims, of which 18% are long-term (2022: 56%) and 82% short-term (2022: 44%). For more information about other provisions, see Note 17, Provisions, in the consolidated financial statements.

18. Subordinated loans

Subordinated loans	2023	2022
Total	170,238	170,882
Inflation-linked subordinated bond 08/33	25,582	25,706
Inflation-linked subordinated bond 08/38	26,030	26,137
Inflation-linked subordinated bond 08/43	52,710	52,895
2.000% subordinated bond 03/32	49,883	49,846
Other subordinated loans	16,034	16,298

Changes in subordinated loans	2023	2022
At 1 January	170,882	171,527
Redemptions	-113	-113
Amortisation of premiums/discounts on debt instruments	-416	-416
Other changes	-115	-115
At 31 December	170,238	170,882

Subordinated loans provide solvency capital for Van Lanschot Kempen. Holders of our subordinated loans have a position in our capital structure between senior claims and share capital. This implies that, in the event of liquidation or bankruptcy, a holder of a subordinated bond will only be repaid after all senior claims have been settled.

Depending on the instrument's terms and conditions, early repayment (at its nominal amount) may take place at the optional redemption date and all subsequent interest payment dates.

Interest expenses on subordinated loans amounted to €10.6 million (2022: €16.5 million).

19. Total equity

Total equity	2023	2022
Total	1,348,678	1,382,517
Equity attributable to shareholders		
Issued share capital	43,040	41,362
Treasury shares	-14,243	-15,109
Share premium reserve	211,725	262,658
Revaluation reserve	-10,083	-19,513
Actuarial results on defined benefit pension scheme	-26,759	-29,523
Cash flow hedge reserve	-7,015	-7,666
Own credit risk reserve	1,989	7,952
Reserves required by law	41,029	44,795
Freely available reserves	888,861	918,075
Other reserves	888,023	914,120
Undistributed profit attributable to shareholder	118,446	77,799
Total equity attributable to shareholders	1,246,991	1,280,829
Equity attributable to AT1 capital securities		
AT1 capital securities	100,000	100,000
Undistributed profit attributable to AT1 capital securities	1,688	1,688
Total equity attributable to AT1 capital securities	101,688	101,688

The reserves required by law comprise a reserve in the amount of the share in the positive income from associates of €37.1 million (2022: €41.2 million), a reserve for currency translation differences on associates and subsidiaries of €1.0 million (2022: €1.0 million) and a reserve required under the Articles of Association from subsidiaries of €2.9 million (2022: €2.6 million).

Tax effects on changes in the revaluation reserves amounted to €3.3 million positive in 2023 (2022: €7.5 million negative).

Liability capital comprises equity and subordinated loans, which are accounted for under non-current liabilities. At year-end 2023, this liability capital amounted to €1,417 million (2022: €1,453 million).

Distributable items	2023		2022	
Other reserves		888,023		914,120
Revaluation reserve	-10,083		-19,513	
Actuarial results on defined benefit pension scheme	-26,759		-29,523	
Cash flow hedge reserve	-7,015		-7,666	
Own credit risk reserve	1,989		7,952	
Reserves required by law	41,029		44,795	
Freely available reserves		888,861		918,075
Share premium reserve		211,725		262,658
Total distributable items		1,100,586		1,180,733

20. Contingent liabilities and irrevocable commitments

Contingent liabilities and irrevocable commitments	2023	2022
Total	1,372,768	1,411,597
Guarantees, etc	310,721	370,299
Unused credit facilities	1,028,613	997,529
Other irrevocable commitments	33,435	43,770

At year-end 2023, issued guarantees for a number of group companies amounted to €229.3 million (2022: €276.9million).

21. Other notes to the statement of financial position

Contractual maturity of assets and liabilities

The tables below show the assets and liabilities based on their remaining contractual terms to maturity at the reporting date, without taking behavioural aspects into account. These amounts reconcile with the values presented in the company statement of financial position.

Contractual maturity of assets and liabilities at 31/12/2023						
	Withdrawable on demand	< 3 months	≥ 3 months < 1 years	≥ 1 years < 5 years	≥ 5 years	Total
Assets						
Due from banks	23,348	156,916	28,416	40,364	6,043	255,087
Loans and advances to the public and private sectors	873,915	61,505	81,660	614,328	7,353,244	8,984,652
Total assets	897,262	218,421	110,076	654,692	7,359,287	9,239,739
Liabilities						
Due to banks	361,949	179,876	130,386	118,046	840	791,097
Public and private sector liabilities	8,842,846	2,270,543	671,389	159,730	128,693	12,073,202
Issued debt securities	—	22,414	88,208	1,805,449	24,239	1,940,310
Subordinated loans	—	16,034	—	—	154,205	170,238
Total liabilities	9,204,796	2,488,867	889,983	2,083,225	307,977	14,974,847

Contractual maturity of assets and liabilities at 31/12/2022						
	Withdrawable on demand	< 3 months	≥ 3 months < 1 years	≥ 1 years < 5 years	≥ 5 years	Total
Assets						
Due from banks	22,094	114,810	21,280	45,050	6,953	210,186
Loans and advances to the public and private sectors	1,103,319	46,707	67,880	570,628	7,405,164	9,193,697
Total assets	1,125,413	161,517	89,160	615,678	7,412,116	9,403,884
Liabilities						
Due to banks	414,091	136,130	235,382	160,837	730	947,170
Public and private sector liabilities	10,932,786	455,860	390,225	104,555	168,093	12,051,519
Issued debt securities	—	436,445	72,113	773,818	533,638	1,816,014
Subordinated loans	—	—	—	16,298	154,584	170,882
Total liabilities	11,346,877	1,028,435	697,721	1,055,509	857,045	14,985,586

Financial instruments measured at fair value

The tables below show financial instruments designated at fair value through profit or loss. For a review of valuation models and techniques and for information about these instruments, see "Risk management", Section 14, Fair value.

Financial instruments at fair value at 31/12/2023				
Item	Fair value determination using listed market prices	Fair value determination using observable market inputs	Fair value determination using non-observable market inputs	Total
Assets				
Government paper eligible for central bank refinancing	418,521	–	–	418,521
Debt instruments	1,922,584	2,129	–	1,924,713
Equity instruments	12,769	–	2,473	15,242
Derivatives (receivables)	33,944	303,059	2,600	339,604
Total assets	2,387,818	305,188	5,073	2,698,080
Liabilities				
Issued debt securities	455	466,217	–	466,672
Derivatives (liabilities)	33,849	206,013	2,800	242,662
Total liabilities	34,304	672,230	2,800	709,334

Financial instruments at fair value at 31/12/2022				
Item	Fair value determination using listed market prices	Fair value determination using observable market inputs	Fair value determination using non-observable market inputs	Total
Assets				
Government paper eligible for central bank refinancing	246,354	–	–	246,354
Debt instruments	1,691,088	2,283	–	1,693,371
Equity instruments	16,768	–	2,443	19,211
Derivatives (receivables)	30,587	513,566	408	544,561
Total assets	1,984,797	515,849	2,851	2,503,498
Liabilities				
Issued debt securities	2	419,195	54,686	473,883
Derivatives (liabilities)	30,587	182,648	8,241	221,476
Total liabilities	30,589	601,843	62,927	695,359

The table below shows value changes recognised in profit or loss and in the revaluation reserve of financial instruments designated at fair value.

Value changes of financial instruments designated at fair value						
Item	2023			2022		
	Value changes recognised in profit or loss	Value changes to revaluation reserve	Total value changes	Value changes recognised in profit or loss	Value changes to revaluation reserve	Total value changes
Government paper eligible for central bank refinancing	60	24,325	24,385	-30	1,914	1,884
Debt instruments	-2,964	94,792	91,827	-620	-125,995	-126,615
Equity instruments	1,639	–	1,639	-117	–	-117
Derivatives	32,818	–	32,818	-36,651	–	-36,651
Issued debt securities	-38,858	–	-38,858	39,746	–	39,746
Total	-7,306	119,117	111,811	2,328	-124,081	-121,753

Financial instruments at amortised cost

The table below shows the nominal and fair values of financial instruments at amortised cost, with the exception of financial instruments where the nominal value is a reasonable approximation of the fair value. This includes positions arising from group companies. The fair value of financial instruments at amortised cost is taken as the amount for which the instrument could be exchanged in a

commercial transaction between willing parties, other than in a forced or liquidation sale. If there is an active market, we use the market value to determine the fair value. For financial instruments for which no market prices are available, the fair values shown in the table are estimated on the basis of the present value or other estimation or valuation methods.

Financial instruments at amortised cost						
	2023		2022		Valued using	Valuation method
	Fair value	Carrying amount	Fair value	Carrying amount		
Assets						
Government paper eligible for central bank refinancing	91,977	91,102	157,214	160,701	Listed market prices	Listed market prices
Due from banks	253,385	255,087	208,257	210,186	Observable market inputs	Discounted cash flows using applicable money market rates
Loans and advances to the public and private sectors	8,460,994	8,984,652	8,670,181	9,193,697	Unobservable market inputs	Discounted cash flows using current market fees for comparable loans and taking into account the creditworthiness of the counterparty
Debt instruments						
– Other debt instruments at amortised cost	1,106,465	1,110,032	899,325	927,657	Listed market prices	Listed market prices
Total assets	9,912,820	10,440,872	9,934,977	10,492,242		
Liabilities						
Due to banks	787,161	791,097	947,990	947,170	Observable market inputs	Discounted cash flows using applicable money market rates for liabilities
Public and private sector liabilities	11,909,980	12,073,202	12,096,978	12,051,519	Observable market inputs	Discounted cash flows using applicable money market rates for liabilities with a comparable term to maturity, taking account of own credit risk ¹
Issued debt securities	1,472,220	1,473,639	1,346,005	1,342,131	Listed market prices	Quoted prices in active markets
Subordinated loans	181,194	170,238	172,073	170,882	Unobservable market inputs	Discounted cash flows using applicable money market rates for liabilities with a comparable term to maturity, taking account of own credit risk
Total liabilities	14,350,555	14,508,175	14,563,046	14,511,703		

Commitments not recognised in the statement of financial position

Van Lanschot Kempen has entered into several IT contracts, e.g. for hiring services and capacity, and for licensing and maintenance of our systems. Our future contractual payment commitments for IT contracts amount to €46.3 million (2022: €30.8 million), of which €18.1 million (2022: €13.1 million) within one year and €18.0 million (2022: €17.7 million) between one and five years and €10.2 million (2022: nil) more than five years.

Van Lanschot Kempen has issued 403 statements pursuant to Article 403, Book 2, of the Dutch Civil Code for the following entities:

- Efima Hypotheken BV;
- Beheermaatschappij "Orthenstraat" BV;
- Van Lanschot Kempen Participaties BV.

¹ The fair values of client deposits without contractual maturities (non-maturing deposits or NMDs) are approximated by the "economic values" that we calculate for these products as part of our interest rate risk management. We gauge their interest rate sensitivity (duration) by means of replicating portfolios, in which NMDs are "invested" in fixed income instruments (swaps) with various interest rate maturities. To arrive at economic values, we discount these replicating portfolio investments' cash flows at current market interest rates (swap rates).

Notes to the company statement of income

(€1,000)

22. Net interest income

Net interest income	2023	2022
Total interest income	514,029	244,421
Interest income on cash and cash equivalents	2,403	560
Interest income on balances at central banks	62,836	13,804
Interest income on public and private sectors	213,189	184,433
Interest income on derivatives	162,714	19,543
Other interest income	72,886	26,081
Total interest expense	332,018	107,051
Interest expense on balances at central banks	–	7,217
Interest expense on public and private sectors	142,410	25,338
Interest expense on issued debt securities	31,191	16,667
Interest expense on subordinated loans	10,631	16,487
Interest expense on derivatives	119,435	24,936
Other interest expense	28,351	16,406
Net interest income	182,011	137,370

Total interest income includes €9.5 million from group companies (2022: €15.5 million). Total interest expense from group companies amounted to €2.4 million (2022: €4.8 million).

From 1 January 2023, the interest charges related to the medium term notes (€19.1 million; 2022: €2.8 million) are reported under Other interest expense. This provides enhanced insight into the figures in accordance with IAS 1. Previously, this was reported under Result on financial transactions. Comparative figures have not been restated.

23. Income from securities and subsidiaries

This item includes the income realised by associates and by securities, and other income related to securities and group companies. The income from investments in group companies of 97.8 million (2022: €52.4 million) is included in Other income from securities and group companies.

24. Net commission income

Net commission income	2023	2022
Total	199,289	232,601
Securities commissions	30,634	19,058
Management commissions	132,686	156,943
Cash transactions and funds transfer commissions	5,920	5,882
Corporate Finance and Equity Capital Markets commissions	25,125	44,281
Other commissions	4,924	6,435

25. Result on financial transactions

Result on financial transactions	2023	2022
Total	3,374	-7,325
Gains/losses on securities trading	1,657	-127
Gains/losses on currency trading	6,446	10,901
Gains/losses on derivatives under hedge accounting	-1,834	9,346
Realised gains/losses on debt instruments	-1,629	-2,850
Gains/losses on economic hedges – hedge accounting not applied	34,652	-45,998
Gains/losses on financial assets and liabilities at fair value through profit or loss	-35,919	21,402

From 1 January 2023, the interest charges related to the medium term notes are reclassified from Gains/losses on financial assets and liabilities at fair value through profit or loss to Other interest expenses. Comparative figures have not been restated. See also Note 22, Net interest income.

26. Staff costs

The number of staff at year-end 2023 was 1,766 (2022: 1,628). The average number of staff in full-time equivalents (FTEs) was 1,564 (2022: 1,452). Of these, 205 were employed outside the Netherlands (2022: 204).

Staff costs	2023	2022
Total	256,248	239,675
Salaries and wages	186,554	173,702
Pension costs	27,418	24,312
Other social security costs	21,442	18,431
Other staff costs	20,835	23,231

27. Other administrative expenses

Other administrative expenses comprise IT expenses, accommodation expenses, costs of marketing and communication, consultancy fees, office expenses and other administrative expenses.

For more information about the independent external auditors' fees, see Note 29, Other administrative expenses, in the consolidated financial statements.

28. Depreciation and amortisation

This item includes the depreciation and amortisation on buildings, IT, operating system software and communications equipment, application software, intangible assets arising from acquisitions such as client relationships and brand names, results on disposals of property and equipment, and other depreciation and amortisation.

29. Impairments

This item comprises the recognised impairments on financial instruments and other impairments and reversals of such impairments.

30. Income tax

This item consists of the income tax expense for the financial year on the operating result as recognised in the statement of income, also allowing for any tax relief facilities. We have applied currently existing tax rules to determine the tax amount. The effective tax rate amounts to 8.8% (2022: 18.3%). Changes in the effective tax rate were mainly due to the equity holding exemption and non-deductible expenses. The tax effect due to the deduction of coupon payments on our AT1 instruments is included in Other changes.

Income tax	2023	2022
Operating profit before tax	137,333	103,854
Prevailing tax rate in the Netherlands (in %)	25.8	25.8
Expected tax	35,432	26,794
Increase/decrease in tax expense due to:		
Tax-free interest	2,110	527
Tax-free income from securities and subsidiaries	-25,945	-7,302
Non-deductible costs	2,014	2,164
Adjustments to taxes for prior financial years	-192	-856
Impact of foreign tax differences	-109	-65
Other changes	-1,173	-1,958
	-23,295	-7,489
Total tax	12,137	19,305

Events after the reporting period

On 21 December 2023, we announced the intended acquisition by Van Lanschot Kempen of the Belgian investment adviser Accuro NV ("Accuro"). The transaction is expected to be completed in 2024, subject to regulatory approval. The intended acquisition is expected to result in a negative 0.4 percentage point impact on our CET 1 ratio.

On 1 January 2024, the legal merger between Mercier Vanderlinden Asset Management and Van Lanschot Kempen (the acquiring entity) became effective. As a result of this merger, Mercier Vanderlinden Asset Management ceased to exist as a legal entity. Van Lanschot Belgium's trade name changed to Mercier Van Lanschot as from 1 January 2024.

On 22 January 2024, we launched and priced €100 million of Additional Tier 1 (AT1) notes with a fixed coupon of 8.875%. The notes are listed on Euronext Amsterdam. Settlement of these notes took place on 29 January 2024, and we intend to call our 2019-issued AT1 notes at the first call date of 1 April 2024.

's-Hertogenbosch, 21 February 2024

Supervisory Board

- Frans Blom, *Chair*
- Manfred Schepers, *Vice-Chair*
- Karin Bergstein
- Brigitte Boone
- Maarten Muller
- Elizabeth Nolan

Management Board

- Maarten Edixhoven, *Chair*
- Jeroen Kroes
- Wendy Winkelhuijzen
- Arjan Huisman
- Richard Bruens
- Erik van Houwelingen

Other information



Independent auditor's report

To: the general meeting and the supervisory board of Van Lanschot Kempen N.V.

Report on the audit of the financial statements 2023

Our opinion

In our opinion:

- the consolidated financial statements of Van Lanschot Kempen N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Van Lanschot Kempen N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023 of Van Lanschot Kempen N.V., 's-Hertogenbosch. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the following statements for 2023: the consolidated statement of income, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes to the financial statements, including material accounting policy information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2023;
- the company statement of income for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

NLE00024350.1.1

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Van Lanschot Kempen N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

Van Lanschot Kempen N.V. is an independent wealth manager whose purpose is the preservation and creation of wealth, in a sustainable way, for its clients and the society it serves. The Group operates its business through the client segments 'Private Clients', 'Wholesale & Institutional Clients', and 'Investment Banking Clients'. The Group is comprised of several components and therefore we have considered and assessed the group audit scope, including the acquisition of Robeco's online investment platform, and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the estimates impacted by physical and transition climate-related risks. In the section 'Summary of significant accounting principles', subsection 'Significant accounting judgements and estimates' of the financial statements, the Group describes areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the impairment allowances of loans and advances to the public and private sectors, the determination of the fair value of level 2 and 3 financial instruments, and the recognition and measurement of goodwill, we considered these matters as key audit matters as set out in the section 'Key audit matters' of this report.



Furthermore, we identified the 'reliability and continuity of IT systems' as a key audit matter following the implicit significance of the reliability and continuity of information to the Group's operational, regulatory and financial reporting processes. Also, IT change initiatives (such as the implementation of digital solutions, moving infrastructure and applications to the cloud and the realisation of a more integrated IT environment across the Group) bring inherent operational and reputational risks that could also have a direct and indirect impact on the business and financial reporting processes of the Group. Since these change initiatives affect systems, (outsourcing) processes and the effectiveness of controls, they also affect the financial statements and consequently our audit.

In the section 'Climate change and sustainability risks' in the financial statements and the sections 'Risk and capital management' and 'Value creation' in the directors' report, the management board explains the possible effects of climate change and the impact on the financial position, as well as the Group's targets and KPIs for further reducing its carbon footprint. We discussed the Group's assessment and governance thereof with management and evaluated the potential impact on the financial position including the underlying assumptions and estimates, most prominently in the valuation of the mortgage portfolio. The impact of climate change is not considered a separate key audit matter, also given the non-material impact on Van Lanschot Kempen's financial position.

Other areas of focus, which were not considered as key audit matters, were, amongst others, the assessment of compliance with laws and regulations and our procedures in response to the risk of fraud and the strategic partnership with Robeco and the related acquisition of assets (client relationships, brand name and Robeco's online investment platform).

We ensured that the audit teams at both group and component level included the appropriate skills and competences that are needed for the audit of a wealth management organisation with banking operations and a Dutch banking license. We also involved experts and specialists in the areas of: IT, accounting and valuation of financial instruments, hedge accounting, impairment assessment of goodwill, employee benefits and actuarial expertise, real estate valuation, taxation and sustainability.



The outline of our audit approach was as follows:



Materiality

- Overall materiality: €8.2 million (2022: €5.8 million).

Audit scope

- We conducted audit work at three locations (Van Lanschot Kempen N.V., Van Lanschot Kempen Belgium Branch, Mercier Vanderlinden Asset Management N.V.). The group engagement team conducted audit work on the Dutch components in scope.
- (Virtual) site visits were conducted to two countries: Belgium and the United Kingdom.
- Audit coverage: 94% of consolidated income from operating activities, 97% of consolidated total assets and 91% of consolidated profit before tax.

Key audit matters

- Impairment allowances of loans and advances to the public and private sectors.
- Recognition and measurement of goodwill.
- Fair value measurement of level 2 and 3 financial instruments.
- Reliability and continuity of IT systems.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€8.2 million (2022: €5.8 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 5% of profit before tax from continuing operations ('PbT'). In contrast to prior years, we did not apply a three-year weighted average approach for this year in determining materiality, given lesser volatility in PbT in recent years. We note that as a result, applying a three-year weighted average approach in comparison to applying current year PbT results in similar materiality levels.
Rationale for benchmark applied	We used profit before tax as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that profit before tax is an important metric for users of the financial statements to evaluate the financial performance of the Group.



Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €2.0 million and €8.0 million.
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We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €410,000 (2022: €290,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Van Lanschot Kempen N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Van Lanschot Kempen N.V.

We tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work on the financial statements to enable us to provide an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

We subjected four components to audits of their complete financial information, being Van Lanschot Kempen N.V., Van Lanschot Kempen Investment Management N.V., Van Lanschot Belgium Branch and Mercier Vanderlinden Asset Management N.V. as those components are individually financially significant to the Group. We further subjected three components to specific risk-focused audit procedures being Van Lanschot Kempen Participaties B.V., Quion 17 B.V. and Kempen Dutch Inflation Fund I N.V. as these include significant or higher risk areas.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Income from operating activities	94%
Total assets	97%
Profit before tax	91%

None of the remaining components represented more than 5% of total Group income from operating activities, total Group assets or total Group profit before tax. For those remaining components we performed, among other procedures, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work for the group entities; Van Lanschot Kempen N.V., Van Lanschot Kempen Investment Management N.V., Van Lanschot Participaties B.V., Quion 17 B.V. and Kempen Dutch Inflation Fund I N.V. For the components Van Lanschot Belgium Branch and Mercier Vanderlinden Asset Management N.V. we used component auditors to perform the audit work.



Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in scope of our audit. These instructions included amongst others, our risk analysis, materiality, the scope of the work and reporting requirements. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had regular interaction with each of the in-scope component audit teams both during the year and upon conclusion of their work. During this interaction, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, that could be of relevance for the audit of the consolidated financial statements.

The group engagement team visits the component teams and local management on a rotational basis. In the current year, the group audit team visited both Belgian components given the relevance of these components to the consolidated financial statements, both in terms of business as well as financial contribution.

The group engagement team performed the audit work on the Group consolidation, financial statement disclosures and a number of more complex items such as: the measurement of derivative financial instruments, hedge accounting, the recognition and measurement of goodwill and other intangible assets (including the purchase price allocation of the Robeco transaction), as well as the impairment allowances of loans and advances to the public and private sector.

Van Lanschot Kempen N.V. has outsourced various parts of its services to third parties amongst which: payment services, mortgage administration services and parts of its IT software management. In our assessment related to these service providers, we evaluated the design and tested the operating effectiveness of the internal controls in place at Van Lanschot Kempen N.V. over these outsourced services. Furthermore, where available, we evaluated the ISAE 3402 type 2 assurance reports issued by independent auditors and/or we performed additional substantive audit procedures ourselves.

By performing the procedures outlined above at the components, combined with additional procedures exercised at Group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Group and its environment and the components of the internal control system. This included the management board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes.

We refer to section 'Risk and capital management – Internal fraud' of the directors' report for management's fraud risk assessment in which the management board reflects on this fraud risk assessment.



We evaluated the design and relevant aspects of the Group's system of internal control and in particular the fraud risk assessment, as well as amongst others the code of conduct, whistle-blower procedures, incident registration and the Group's Systematic Integrity Risk Analysis (SIRA). We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We performed inquiries of a selection of members of the management board and senior management to evaluate their fraud awareness, the Group (internal) control environment in relation to fraud, the 'tone at the top' and entity-level controls.

We asked members of the management board as well as risk management, compliance and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated, discussed, and assessed fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

<i>Identified fraud risks</i>	<i>Our audit work and observations</i>
<p><i>The risk of management override of controls</i></p> <p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls.</p> <p>In this respect, specific consideration may be given to:</p> <ul style="list-style-type: none"> • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • possible management bias in management estimates; and • significant transactions, if any, outside the normal course of business for the Group. 	<p>We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries, making estimates, managing, and monitoring acquisitions and projects. We also paid specific attention to the access safeguards in the IT systems and the possibility that these lead to violations of the segregation of duties.</p> <p>We have selected journal entries based on risk criteria and conducted specific audit activities for these entries. These procedures include, amongst others, inspection of the entries to source documentation.</p> <p>We also performed fraud-related specific audit work on important estimates of management. In this context, we paid specific attention to the following estimates:</p> <ul style="list-style-type: none"> • the measurement of the loans and advances to the public and private sector and corresponding loan-loss provisions; • the recognition and measurement of goodwill; and • the measurement of level 2 and 3 financial instruments. <p>For an overview of audit procedures performed, including those related to fraud or error, we refer to the section 'Key audit matters'.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.</p>



Identified fraud risks

In assessing the fraud risk and discussing and evaluating the interrelation between incentive/pressure, opportunity, and rationalisation, we consider: 1. authenticity of documentation, 2. validity of respective data used, and 3. accuracy of calculations made in relation to management's estimates as an important cornerstone of our fraud-related specific audit work.

We also considered the risk of management override of controls in relation to our audit work on IT systems and environment.

Our audit work and observations

The risk of fraud in revenue recognition (commission income)

As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions or assertions give rise to the risk of fraud in revenue recognition.

The risk of fraud in revenue recognition for Van Lanschot Kempen N.V. is identified for the accuracy and cut-off risk of the commission income stream, primarily due to the diversity in calculations and agreements in place. This income stream may be characterised as:

- a high level of relatively smaller transactions with differing levels of automation.
- Individual (larger) transactional generated fee income driven by specific underlying contractual agreements.

Consequently, we identified a fraud risk related to this revenue stream.

We assessed the design and tested the operating effectiveness of the internal control measures related to revenue recognition. This includes both automated controls (e.g. system calculations and segregation of duties in the core applications) and (IT-dependent) manual controls (e.g. monthly reconciliations). We also paid specific attention to the access safeguards in the relevant IT systems and the possibility that these could lead to breaches of the segregation of duties.

For the relevant components of commission income, we designed substantive procedures that comprise for example: an independent recalculation based on the underlying net asset value of the assets under management and contractual conditions, testing of a sample of transactions with reconciliation to underlying supporting documentation (e.g. contract, invoices, bank statements) also covering the cut-off risk.

As part of our journal entry testing, we have run queries to identify higher risk journal entries, specifically on the commission income streams, based on pre-defined risk criteria (for example unusual account combinations) and we assessed their appropriateness through the substantiation with supporting evidence.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition.

We incorporated an element of unpredictability in our audit. We obtained and assessed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.



Audit approach going concern

As disclosed in section 'Continuity' in the financial statements, the management board performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks).

Our procedures to evaluate the management board's going concern assessment included, amongst others:

- considering whether the management board's going concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the management board regarding the management board's most important assumptions underlying its going concern assessment. Amongst others, we took into consideration capital and liquidity position, financial performance and -outlook and current macroeconomic context and uncertainties.
- as the Group is a wealth management organisation with banking operations and a Dutch banking license, we evaluated, as also stated above, the developments in respect of funding, liquidity and solvency of the Group and, where applicable, assessed these in light of the prudential requirements imposed by the Dutch Central Bank;
- evaluating management's 2024 budget and capital funding plan 2024–2026, current developments in the industry and all other relevant information of which we are aware as a result of our audit; and
- performing inquiries of management as to their knowledge of going-concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to the management board's assumptions and judgements used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.



Key audit matter
Impairment allowances of loans and advances to the public and private sectors

See note 6 to the consolidated financial statements for the disclosures of loans and advances to the public and private sectors including impairment allowances, the section 'Impairments of financial assets' of the summary of significant accounting principles and subsection 3.8 of the 'Risk Management' section containing the disclosures in view of credit risk including the implications of the current macroeconomic environment and outlook and related uncertainties.

As at 31 December 2023, the gross loans and advances to the public and private sectors amount to €9,200 million (2022: €9,404 million). The impairment allowances amount to €38.1 million as at 31 December 2023 (2022: €40.0 million).

In accordance with the requirements of IFRS 9 'Financial instruments', the Group applies a three-stage expected credit loss impairment model. The Group determines loan impairments in stage 1 (allowance equal to twelve-month expected credit loss), and stage 2 (amount equal to the life-time expected credit loss) on a modelled basis. For stage 3 exposures, a case-by-case impairment allowance is determined.

Model methodology and inputs (stage 1 and 2)

For the modelled loan impairment allowance, the Group utilises the point-in-time probability of default (PD), the loss-given default (LGD), loss-given non-cure (LGN) and the exposure at default (EAD) models for the majority of its loan portfolio. The critical data as input for these models are derived from the core banking systems. Macroeconomic variables and global macroeconomic scenarios are incorporated as assumptions with the probability of the scenarios being weighted. In case specific macroeconomic aspects are not appropriately covered by the models due to inherent model limitations, a management model overlay is considered.

Our audit work and observations
Control design and operating effectiveness

We evaluated the design and tested the operating effectiveness of relevant controls, which included:

- the loan origination process;
- the internal credit risk management process to assess the loan quality classification including the identification of credit-impaired loans;
- testing the operating effectiveness of relevant controls (e.g. controls around automated interfaces) that safeguard the completeness and accuracy of significant assumptions and data used;
- management's review and approval process for timely, accurate and complete determination of stage 3 specific impairment allowances; and
- management's review and approval process regarding the impairment models outputs, and any adjustments applied to the model results.

Based on our testing of controls, we determined that it was appropriate to place reliance on the above controls for the purpose of our audit.

Assessment of impairment allowances stage 1 and 2

With support of our credit modelling experts, we tested management's estimate on the model-based impairment allowances (stage 1 and 2) by inquiry and evaluation of the applied model methodology, the model performance monitoring dashboard, the evaluation of the macroeconomic variables and the scenarios applied.

Considering the complexity of the models and assumptions, together with our credit modelling experts and IT specialists, we:

- verified and assessed the periodic model monitoring activities (for example as reflected in the IFRS 9 model monitoring report) ensuring model suitability;
 - assessed change management policies;
 - assessed the methodology applied in determining significant increases in credit risk;
 - performed substantive procedures regarding the completeness and accuracy of relevant data (e.g. contractual terms of financial assets, macroeconomic predictions) and significant assumptions as part of the estimation process;
-



Stage 3 – specific impairment allowances

For each individually credit-impaired loan, the Group determines an impairment allowance based on management's scenario (weighting) taking into account assumptions and data such as: expected future cash flows and the value and recoverability of the corresponding collateral.

Judgements and estimation uncertainty

The judgements and estimation uncertainty in the impairment allowance of loans and advances is primarily linked to the following aspects:

- the identification of credit-impaired loans including the assessment of the significant increase of credit risk (triggering stage transfers);
- the determination of the future cash flows based on the appropriate use of key parameters (such as forward-looking information) and the valuation of the recoverable collateral for the specific loan-by-loan (stage 3) impairment allowance. Furthermore, the probability weighting of each impairment scenario in this category is subjective in nature;
- the assumptions regarding the PDs, LGDs, LGNs and EADs applied, including the assumptions applied in considering management overlays, if and when applicable.

Due to the degree of estimation uncertainty, the complexity and subjectivity of the credit impairment models used and the sensitivity to management assumptions, this area is subject to a higher risk of material misstatement due to error or fraud. Therefore, we consider the impairment allowances of loans and advances to the public and private sectors as a key audit matter in our audit.

- determined whether the significant assumptions (e.g. macroeconomic variables and scenarios, PDs, LGDs, LGNs and EADs) used by management are appropriate in the context of the applicable financial reporting framework.

Together with our credit modelling experts, we specifically addressed the implications of the current macroeconomic environment and outlook and related uncertainties and we:

- performed inquiries of the departments Financial Risk Management, Financial Restructuring & Recovery, and Finance, Reporting & Control;
- verified whether changes were needed and whether appropriate changes were made to models and underlying assumptions;
- assessed the sensitivity analysis performed by management related to, amongst others, the applied macroeconomic variables, scenarios and through that the recognised management overlay of €3.4 million.

Assessment of specific impairment allowances stage 3

Considering the inherent estimation uncertainty of individually credit-impaired loans, we performed risk-based sample testing from:

- the total loan portfolio; and
- the stage 3 population to gather evidence as to the correct classification of loans and the appropriate estimation for the impairment allowances applied or the absence of the impairment allowance.

The following judgemental areas were tested for the risk-based sample:

- nature and accuracy of the assumptions and data related to expected future cash flows with reference to relevant economic circumstances; and
- the valuation of the respective collateral (e.g. using appraisal reports and/or other information) with support of our valuation experts, with reference to industry standards and inspection of legal agreements and supporting documentation to confirm the existence and the legal right to collateral.



Key audit matter

Our audit work and observations

As mentioned in the section 'Our audit approach', we paid attention to the potential impact of physical and transition climate-related risks. In this context, we assessed management's sustainability risk report including management's self-assessments regarding the evaluation of the climate-related risks and any risk mitigating measures present within the Group.

We assessed the completeness, accuracy and adequacy of the disclosures relating to the impairment allowances as disclosed in note 6 to the consolidated financial statements, to evaluate compliance with EU-IFRS 9 disclosure requirements.

We note that procedures performed in relation to this key audit matter implicitly and explicitly (e.g. management overlay) cover the fraud risk of management override of controls.

Based on the procedures outlined above, we have not identified indicators of possible management bias.

Recognition and measurement of goodwill

See note 10 to the consolidated financial statements for the disclosures of goodwill.

The value of goodwill as at 31 December 2023 amounts to €179.4 million (2022: €176.8 million).

Management has defined six CGUs: Private Clients, Wholesale & Institutional Clients, Investment Banking Clients, Mercier Vanderlinden, Non-strategic investments, and Other. Goodwill from the partnership with Mercier Vanderlinden is allocated, for the purpose of the annual impairment test, to the CGU Private Clients with the acquisition goodwill (€2.6 million) relating to the Robeco's online investment platform investment being added to this CGU as well.

Management carried out their annual impairment test on the goodwill arising from the respective acquisitions over the years. To determine whether an impairment may be required, the recoverable amount of each CGU or group of CGUs is compared to its carrying amount. The recoverable amount is calculated on the basis of the so-called 'value in use' or in certain cases the 'fair value less costs of disposal'. The value in use calculation uses

Control design and implementation

We evaluated the design and implementation of the internal controls with respect to the governance over the impairment testing model including (projected) data used and assumptions made by management.

Assessment of annual impairment test

With the support of our valuation experts, we assessed management's measurement of the goodwill position per CGU, including the recognition of the goodwill resulting from the acquisition of Robeco's online investment platform by:

- obtaining and assessing contractual documentation in relation to the Robeco acquisition and the 'purchase price allocation' assessment to determine the identified other intangible assets including the resulting (acquisition) goodwill;
- determining that the methodology applied by management is in line with the requirements of IAS 36;
- testing whether the calculations are performed in accordance with the defined methodology and are mathematically accurate;



Key audit matter

cash flow projections for each CGU or group of CGUs for a five-year period.

For the period after the explicit projections per CGU or group of CGUs, the growth rate is set at the long-term market growth rate. Cash flow estimates are based on strategic plans and anticipated future developments. Cash flows are discounted using a cost of equity for each CGU or group of CGUs that reflects the risk-free interest rate, supplemented with a surcharge for the market risk exposure of the CGU or group of CGUs, and a small-firm premium.

Due to the degree of estimation uncertainty, the complexity and subjectivity of the valuation techniques used, the sensitivity to assumptions of management and other inherent risk factors, this area is subject to a higher risk of material misstatement due to error or fraud. Therefore, we consider the measurement of goodwill a key audit matter in our audit.

Our audit work and observations

- performing substantive procedures regarding relevance, completeness and accuracy of data and significant assumptions applied in the respective models; and
- determining whether significant assumptions (e.g. cost of equity and projected future cash flows (including terminal growth rate)) used by management are appropriate in the context of the applicable financial reporting framework and, if available, in line with observable market data and reflecting the potential impact, if any, of physical and transition climate-related risks.

Based on the above, we consider the methodology and assumptions applied in the annual goodwill impairment test of the respective CGUs to be appropriate, with no impairment of the goodwill being applicable.

We assessed the completeness, accuracy and adequacy of the disclosures relating to goodwill, as disclosed in note 10 of the consolidated financial statements, to verify compliance with the EU-IFRS disclosure requirements.

We note that procedures performed in relation to this key audit matter implicitly and explicitly (e.g. recognition and measurement of goodwill) cover the fraud risk of management override of controls. We evaluated whether judgements and decisions made by management in making this accounting estimate, were indicators of possible management bias. Based on the procedures outlined above, we have not identified indicators of possible management bias.

Fair value measurement of level 2 and 3 financial instruments

See subsection 14 'fair value' of the Risk Management section that contains the fair valuation policies, its disclosures and the split of financial instruments to level 1, 2 and 3.

The total asset value of financial instruments measured at fair value level 2 and 3 as at 31 December 2023 amounts to €341.9 million (2022: €576.9 million). The total liability value of financial instruments measured at fair value level 2 and 3 as at 31 December 2023 amounts to €675.0 million (2022: €664.8 million).

Control design and operating effectiveness

We evaluated the design and tested the operating effectiveness of the internal controls with respect to the governance over the valuation models, the financial instruments deal capturing process, source data management and the valuation of financial instruments.

We determined that we could rely on these controls for the purpose of our audit.



Key audit matter

The fair value of level 2 and 3 measured financial instruments consists of:

- derivatives; and
- financial assets and liabilities at fair value through profit or loss.

Level 2 and 3 financial instruments

For level 2 and 3 financial instruments, directly observable market prices are not available causing the fair value to be subject to judgement and estimation uncertainty.

The fair value of such financial instruments is determined using either proxy valuations (level 2) or valuation techniques (such as discounted cash flow models and option valuation models) (level 3), in which judgements made by management and the use of data and assumptions such as market prices, credit spreads, yield curves, correlations and volatilities, are important factors.

Due to the degree of estimation uncertainty, the complexity and subjectivity of the valuation techniques used in the measurement of such financial instruments, and other inherent risk factors such as the current macroeconomic context and financial markets, this area is subject to a higher risk of material misstatement due to error or fraud. Therefore, we consider the measurement of level 2 and 3 financial instruments a key audit matter in our audit.

Our audit work and observations
Assessment of the fair value of financial instruments

Together with our valuation experts, we applied a combination of audit procedures on management's assessment of estimates and developed our own auditor's point estimate and/or acceptable range. Specifically, we performed the following procedures:

- We determined that the valuation models were validated prior to usage and when changes to the models are applied, that periodic reviews are in place to ensure suitability for their intended use.
- We developed our own auditor's point estimate and/or acceptable range for a selection of financial instruments.

We performed audit procedures including:

- substantive procedures regarding the completeness and accuracy of data and significant assumptions;
- determination of whether the significant assumptions and data (e.g. discount rates, projected future cash flows, market data related to similar transactions) used by management to develop estimates are appropriate in the context of the applicable financial reporting framework; and
- reconciliation of the assumptions and data to available external sources.

Based on the above procedures, we found that management's assessment of the model results of the fair value of the level 2 and 3 financial instruments are reasonable.

We assessed the completeness, accuracy and adequacy of the disclosures relating to the financial instruments measured at fair value and verified the compliance with relevant disclosure requirements in IFRS 7.

We note that procedures performed in relation to this key audit matter implicitly and explicitly (e.g. valuation of the level 3 financial instruments) cover the fraud risk of management override of controls. We evaluated whether judgements and decisions made by management in making this accounting estimate, were indicators of possible management bias. Based on the procedures outlined above, we have not identified indicators of possible management bias.



Key audit matter
Reliability and continuity of IT systems

See subsection 'Business continuity management' in section '11. Operational risk' of the Risk Management paragraph

The Group relies on the reliability and continuity of information technology (IT) systems for its day to day operational, regulatory and financial reporting processes.

The Group's accounting and reporting processes are dependent on IT general controls ('ITGCs') that establish and preserve the ongoing integrity of the system access rights and restrictions intended in the design of internal control.

The Group is executing a considerable number of IT projects in order to be able to continue to meet the reporting standards and expectations from stakeholders relating to operating effectiveness, efficiency, cybersecurity and data quality. This way, the Group is continuously improving its IT-landscape and accommodating the ongoing regulatory changes imposed to the banking and asset management industry. These projects (including the cybersecurity related programme 'security 10.0') also impact the Group's internal control activities related to financial reporting. This may increase the inherent risk of material misstatement in financial reporting.

Deficiencies in ITGCs and/or application controls could have a pervasive impact across the Group's internal control framework. Outsourcing activities within the Group and to third-party service providers is considered an additional focus area to our audit as this brings extra complexity to the IT environment. Through the period of change, there is an increased risk that ITGCs and/or application controls are not operating as intended also giving a potential opportunity for fraud.

As a result of the above developments, in combination with the increased threat and probability of cyberattacks, we considered the reliability and continuity of information technology of the Group a key audit matter.

Our audit work and observations

We focused on the ITGCs to the extent relevant for the purpose of our audit of the financial statements.

As part of our audit, our procedures included the assessment and testing of:

- entity-level controls over information technology in the IT organisation, including IT governance, IT risk management and cybersecurity management;
- governance over the strategic IT transformational projects including vendor risk and third-party assurance. For the procedures performed on the outsourced activities relevant to our audit work, we refer to the summary in section 'The scope of our group audit' above;
- management and governance of access to programmes and data, including user access to the network, access to and authorisations within applications, privileged access rights to applications, databases and operating systems;
- change management procedures to applications and IT infrastructure;
- computer operations, including batch monitoring, back-up and recovery and incident management; and
- management of cybersecurity, through understanding of the Group's approach to enhancing and managing cybersecurity.

We assessed the Group's governance and procedures related to cybersecurity and determined the cybersecurity factors that are considered relevant to our audit of the financial statements. We inspected the security reports prepared on a quarterly basis including the status of the security 10.0 programme. Our procedures in relation to business continuity management, in particular on the integration of cyberattack scenarios as a part of business continuity management, did not reveal any material shortcomings.

Our audit procedures indicate that we could place reliance on ITGCs for the purpose of our audit.



Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Van Lanschot Kempen N.V. on 13 May 2015 by the annual general meeting. Our appointment has been renewed annually by the shareholders and now represents a total period of uninterrupted engagement of eight years.

European Single Electronic Format (ESEF)

Van Lanschot Kempen N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the marked-up consolidated financial statements, as included in the reporting package by Van Lanschot Kempen N.V., complies in all material respects with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.



We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
 - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF; and
 - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 29 to the consolidated financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.



The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 21 February 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by C.C.J. Segers RA



Appendix to our auditor's report on the financial statements 2023 of Van Lanschot Kempen N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.



We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Assurance report of the independent auditor

To: the supervisory board and the management board and of Van Lanschot Kempen N.V.

Assurance report with limited assurance on the sustainability information 2023

Our conclusion

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the sustainability information included in the annual report 2023, the 2023 sustainability supplement and GRI Content Index of Van Lanschot Kempen N.V. does not present fairly, in all material respects:

- the policy with regard to sustainability; and
- the business operations, events and achievements in that area for the year ended 31 December 2023, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as included in the section 'Reporting criteria' of our report.

What we have reviewed

We have reviewed the sustainability information included in the following sections of the annual report for 2023 (hereafter: the sustainability information):

- Message from the Chair;
- Van Lanschot Kempen at a glance
- 2023: A year in review;
- Stakeholders' expectations;
- Our value creation; and
- Our EU Taxonomy alignment and eligibility.

And the following reports:

- The '2023 sustainability supplement'; and
- The GRI Content Index.

This review is aimed at obtaining a limited level of assurance.

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The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake duurzaamheidsverslaggeving' (assurance engagements relating to sustainability reporting), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of Van Lanschot Kempen N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO - Code of ethics for professional accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA - Dutch Code of ethics for professional accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The reporting criteria applied for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria, as disclosed in section 'Reporting principles' of the 2023 sustainability supplement.

The sustainability information is prepared in accordance with the GRI Standards. The GRI Standards applied are listed in the GRI Content Index as published on the company's website.

The absence of an established practice on which to draw, to evaluate and measure the sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities and the comparability over time.

Consequently, the sustainability information needs to be read and understood together with the reporting criteria applied.

Limitations to the scope of our review

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans, expectations, and estimates. Inherent to this prospective information, the actual future results are uncertain, and are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information.



In the sustainability information, references are made to external sources or websites. The information on these external sources or websites is not part of the sustainability information reviewed by us. We therefore do not provide assurance on this information.

Responsibilities for the sustainability information and the review thereon

Responsibilities of the management board and the supervisory board for the sustainability information

The management board of Van Lanschot Kempen N.V. is responsible for the preparation and fair presentation of the sustainability information in accordance with the reporting criteria as included in section 'Reporting criteria', including applying the reporting criteria, the identification of stakeholders and the definition of material matters. The management board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of the intended stakeholders, considering applicable law and regulations related to reporting. The choices made by the management board regarding the scope of the sustainability information and the reporting policy are summarised in section 'Reporting principles' of the 2023 sustainability supplement.

Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process on the sustainability information.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance, as appropriate, about whether the sustainability information is free from material misstatements and to issue a limited assurance conclusion in our report. The procedures vary in nature and timing from and are less in extent than a reasonable assurance engagement. The level of assurance obtained in a review (limited assurance) is therefore substantially less than the assurance obtained in an audit (reasonable assurance) in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, among other things, the following:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria applied, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the company's materiality assessment and the reasonableness of estimates made by the management board.



- Through inquiries, obtaining a general understanding of the control environment, the reporting processes, and the information systems and the entity's risk assessment process relevant to the preparation of the sustainability information, without obtaining assurance evidence about the implementation or testing the operating effectiveness of controls.
- Obtaining an understanding of the procedures performed by the external subject matter experts of Van Lanschot Kempen N.V.
- Identifying areas of the sustainability information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted, among other matters, of:
 - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results.
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information.
 - Obtaining assurance evidence that the sustainability information reconciles to underlying records of the company.
 - Reviewing, on a limited test basis, relevant internal and external documentation.
 - Considering the data and trends.
 - Considering whether the methodology and assumptions applied in the calculation of the impact data as included in the chapter 'Our value creation' of the annual report are plausible.
 - Evaluating the suitability and plausibility of the assumptions and external sources used in the calculations on which the impact data as included in the chapter Our value creation is based, which are included in the methodology of the impact model.
- With regard to the calculated CO₂ emissions related to VLK's loan portfolio as of 31 December 2022 based on the PCAF methodology, we have performed review procedures on the application of the methodology, not on the actual emissions itself. Our procedures performed include the following. We:
 - assessed the reasonableness of the scope of the measurement and the suitability of the methodology chosen;
 - reviewed the final report of the measurement containing a description of the calculation models, assumptions used and the outcome(s) of the calculated CO₂ emissions;
 - obtained a key understanding of the calculation model;
 - reviewed the relevant assumptions on suitability, reasonableness, completeness and relevance.
- Reconciling the relevant financial information to the financial statements.
- Considering the consistency of the sustainability information with the information in the annual report, which is not included in the scope of our review.
- Considering the overall presentation, structure and balanced content of the sustainability information.
- Considering whether the sustainability information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with the applicable reporting criteria.



We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 21 February 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by C.C.J. Segers RA

Articles of association on profit appropriation

Profit is appropriated in accordance with Article 32 of the Articles of Association. This article states that the dividend on Class C preference shares¹ must first be paid from distributable profits (Article 32(1)). The Management Board, with the approval of the Supervisory Board, will then determine what portion of remaining profits after dividend distribution on Class C preference shares will go to reserves (Article 32(3)).

The portion of the profit remaining after the distribution on Class C preference shares and transfer to the reserves will be at the disposal of the annual general meeting of shareholders, providing that no further distributions shall be made on Class C preference shares.

If losses have been incurred in any financial year which could not be covered by a reserve or in any other way, no profit distributions will be made until such losses have been recovered (Article 32(5)).

The Management Board may decide that a dividend distribution on Class A ordinary shares will be made in full or in part in the form of shares or depositary receipts rather than in cash. This decision is subject to the approval of the Supervisory Board (Article 32(8)).

¹ There are no Class C preference shares in issue.

Stichting administratiekantoor van gewone aandelen A Van Lanschot Kempen

Board report

The board ("the Board") of Stichting Administratiekantoor van gewone aandelen A Van Lanschot Kempen ("the Stichting") reports on its activities in 2023.

Purpose, policies and activities

The Stichting issues depositary receipts for shares that are exchangeable for their underlying Class A ordinary shares in Van Lanschot Kempen NV ("Van Lanschot Kempen"). The Stichting's policy is solely aimed at pursuing what is described in its objects clause as included in Article 2 of its Articles of Association (*statutaire doelomschrijving*). Its activities exclusively concern holding and managing shares in Van Lanschot Kempen; the Stichting does not engage in any commercial activities.

In line with the Dutch Corporate Governance Code, at every Van Lanschot Kempen general meeting the Stichting grants a proxy to depositary receipt holders that either attend the meeting in person or are represented by a third party. In other words, depositary receipt holders can always vote at their own discretion for the number of shares for which they hold depositary receipts.

In 2023, the Stichting's activities consisted of:

- Convening board meetings (at which the matters mentioned below were discussed);
- Granting proxies for Van Lanschot Kempen's general meetings;
- Attending Van Lanschot Kempen's general meetings; and
- Exercising the voting rights on Van Lanschot Kempen shares held by the Stichting at Van Lanschot Kempen's general meetings, to the extent that no proxies had been granted to depositary receipt holders;
- Reviewing a proposal for the remuneration policies of the Management and Supervisory Boards.

The Stichting will continue to pursue its policies and activities in 2024 in accordance with its objects clause and in keeping with past practice. No changes in the activities of the Stichting in 2024 are foreseen.

The Stichting's income consists of an "independence donation" paid by Van Lanschot Kempen (in the year 2023 this amounted to €54,675). The costs incurred by the Stichting typically only consist of the remuneration due to its Board members and administrative charges (such as audit fees). As the Stichting does not have any discretionary funds, it has no policies in place related to such spending. The Board expects the Stichting's budget for 2024 to be similar to the budget (as well as the profit and loss account) for 2023.

Board meetings

In 2023, the Board held three board meetings. The topics covered in these meetings included:

- Van Lanschot Kempen's 2022 financial statements;
- The state of affairs within Van Lanschot Kempen;
- The agenda of the general meeting of Van Lanschot Kempen held on 25 May 2023 ("the AGM") and the Stichting's voting intentions;
- Van Lanschot Kempen's 2023 half-year results; and

- The agenda of the extraordinary general meeting of Van Lanschot Kempen held on 5 October 2023 ("the EGM") and the Stichting's voting intentions.

Van Lanschot Kempen's general meetings

The Board attended the AGM and the EGM. The Stichting granted proxy votes to holders of depositary receipts for shares that attended these meetings in person or were represented by third parties. This enabled these depositary receipt holders to vote at their own discretion for the number of Class A ordinary shares corresponding to the depositary receipts of Class A ordinary shares held by them at record date. The Stichting voted, at its own discretion, on the Class A ordinary shares for which no proxy votes had been requested. Such shares represented 36.37% of the total number of votes that could be cast at the AGM and 36.87% of the total number of votes that could be cast at the EGM.

The Board carefully considered each of the items put to the ballot and after due consideration decided to vote in favour of all items put to the ballot. This included the remuneration report for the year 2022, the discharge of the Management and Supervisory Boards, the appointment of the independent auditor, the composition of the Supervisory Board and the return of capital by Van Lanschot Kempen.

In addition, the Board had a meeting with the Remuneration Committee to discuss a proposal for the remuneration policies of the Management Board and the Supervisory Board. This meeting was one of a series of engagement meetings that were held by the Remuneration Committee to get feedback on their proposals.

Composition of the Board

The Board's current members are:

R.W.Th. Norbruis, Chair
C.M.P. Mennen-Vermeule, Secretary
W.F. Hendriksen

Mr Norbruis is a partner at Norbruis Clement Advocaten.

Ms Mennen-Vermeule is the former Chief Executive Officer of Brand Loyalty Group.

Mr Hendriksen is a partner at Van Doorne.

The annual remuneration of the Chair of the Board amounts to €10,000 (excluding VAT) and that of each other Board member to €7,500 (excluding VAT).

Expenses

Other expenses incurred by the Stichting amounted to €25,710 in 2023.

Outstanding depositary receipts

On 31 December 2023, the Stichting held 43,036,928 Class A ordinary shares, constituting 99.99% of the shares in Van Lanschot Kempen, with a nominal value of €1 each, for which depositary receipts with the same nominal value have been issued.

Other

The Stichting is a legal entity independent of Van Lanschot Kempen, as referred to in Section 5:71 (1) sub-paragraph (d) of the Financial Supervision Act.

Stichting contact details

The Board can be contacted at:
Secretariat of Stichting Administratiekantoor van gewone
aandelen A Van Lanschot Kempen
PO Box 1021
5200 HC 's-Hertogenbosch
The Netherlands

The Board

's-Hertogenbosch, the Netherlands, 14 February 2024

Stichting preferente aandelen C Van Lanschot Kempen

Board report

The board ("the Board") of Stichting Preferente aandelen C Van Lanschot Kempen ("the Stichting") reports on its activities in 2023.

Purpose, policies and activities

The Stichting was set up on 28 December 1999 and has its seat in 's-Hertogenbosch, the Netherlands.

The purpose of the Stichting is to safeguard the interests of Van Lanschot Kempen NV ("Van Lanschot Kempen") and its stakeholders, and to avert outside influences that could threaten its continuity, autonomy or identity to the detriment of such interests. The Stichting pursues its purpose by acquiring Class C preference shares in the capital of Van Lanschot Kempen, and by exercising the rights attached to these shares.

The Stichting and Van Lanschot Kempen have signed a call option agreement granting the Stichting the right to acquire Class C preference shares up to 100% of the value of Van Lanschot Kempen's share capital in issue before the exercise of the call option, less one share. When acquiring Class C preference shares, the Stichting is required to pay a minimum of 25% of the nominal amount. To ensure it will be able to pay when the time comes, the Stichting has a funding agreement with ING Bank in place. Van Lanschot Kempen aims to keep any period with outstanding Class C preference shares as brief as possible, and has committed itself to a maximum of one year as the term within which Van Lanschot Kempen will propose to the general meeting to redeem any Class C preference shares.

The Stichting's policy is exclusively aimed at pursuing the purpose as described above. The Stichting does not in any way engage in commercial activities, or any other type of activities as long as there are no circumstances that, pursuant to its objects clause, would give the Stichting cause to act and exercise its powers.

In 2023, the Stichting's activities consisted of convening a Board meeting as well as holding ad hoc consultations as and when required.

The Stichting's income consists of an "independence donation" paid by Van Lanschot Kempen (in 2023 this amounted to €158,876). The costs incurred by the Stichting typically only consist of a commitment fee due to ING Bank in relation to the funding agreement, the remuneration due to its Board members and administrative charges (such as audit fees). As the Stichting does not have any discretionary funds, it has no policies in place related to such spending. The Board expects the Stichting's budget for 2024 to be moderately higher than the budget (as well as the profit and loss account) for 2023 due to an increase in the commitment fee payable under the funding agreement with ING.

Board meetings

In 2023, the Board convened for one meeting. Topics discussed at that meeting included:

- The state of affairs within Van Lanschot Kempen;
- Van Lanschot Kempen's annual accounts for 2022;
- The minutes of the Board meeting held in June 2022;
- The amendment of the articles of association of the Stichting; and
- The composition of the Board.

In 2023, a vacancy arose due to the expiry of the current term of Mr Swinkels in accordance with the appointment schedule. Mr Swinkels was not available for reappointment. The Board considered various candidates and selected Ms Van der Pauw as the preferred candidate. Ms Van der Pauw was appointed as member of the Board in June 2023. The Board is very grateful to Mr Swinkels for his measured judgement in our discussions over the past two decades and his important contributions to the Stichting as a member of the Board.

Composition of the Board

The Board appoints its own members. The current members of the Board are:

A.A.M. Deterink, Chair

H.P.M. Kivits, Secretary

A.E. van der Pauw

Mr Deterink is a former partner of Deterink Advocaten en Notarissen.

Mr Kivits is the former Chair of Stage Entertainment.

Ms Van der Pauw is a former partner of Allen & Overy.

The annual remuneration of the Chair of the Board amounts to €10,000 (excluding VAT), and that of each other Board member to €7,500 (excluding VAT).

Expenses

Other expenses incurred by the Stichting amounted to €127,717 in 2023.

Other

The Stichting is a legal entity independent of Van Lanschot Kempen, as referred to in Section 5:71 (1) sub-paragraph (c) of the Financial Supervision Act (Wft).

The Board

's-Hertogenbosch, the Netherlands, 14 February 2024

Glossary

Advanced internal ratings-based approach (A-IRB)

The most sophisticated credit risk measurement technique. Under A-IRB, a bank is allowed to develop its own models, based on direct or indirect observations, to estimate parameters for calculating risk-weighted assets. Credit risk under A-IRB is determined by using internal input for probability of default (PD), loss given default (LGD), exposure at default (EAD) and maturity (M).

Assets under discretionary management

Client assets entrusted to Van Lanschot Kempen under a discretionary management agreement, irrespective of whether these assets are held in investment funds, deposits, structured products or cash.

Assets under management (AuM)

Assets deposited with Van Lanschot Kempen by clients, breaking down into assets under discretionary management and assets under non-discretionary management.

Assets under monitoring and guidance

Client assets that are only subject to monitoring, plus minor advisory and related services. Clients make their own investment decisions and Van Lanschot Kempen has little or no influence on the management of these assets.

Assets under non-discretionary management

Assets held for clients by Van Lanschot Kempen, irrespective of whether these assets are held in investment funds, deposits, structured products or cash, with either a Van Lanschot Kempen investment adviser advising the client on investment policy or clients making their own investment decisions without Van Lanschot Kempen's input.

Basel III

The framework drawn up by the Basel Committee on Banking Supervision, which introduced a stricter definition of capital and several new ratios and buffers with which banks must comply.

Basel IV

The reform of Basel III, commonly referred to as "Basel IV", involves the final calibration and design of capital output floors, based on revised standardised approaches. It also includes reforms of the IRB approach and the standardised approach for credit and operational risk.

Capital conservation buffer

Capital Requirements Directive IV (CRD IV) requires Van Lanschot Kempen to maintain Common Equity Tier 1 capital equivalent to 2.5% of total risk-weighted assets as a capital conservation buffer. If an institution fails to maintain this capital conservation buffer, it will be restricted in making discretionary distributions.

Capital Requirements Regulation (CRR)

Set of rules and regulations established by the European Union to regulate the capital requirements for banks. It determines the amount of capital that banks must hold to ensure their financial stability and resilience. The CRR framework includes elements such as minimum capital requirements, risk-weighted assets, and liquidity requirements that banks must comply with to meet the regulations.

Cash flow hedges (hedge accounting)

Instruments to hedge the exposure to fluctuations in cash flows of assets, liabilities or future transactions, arising as a result of interest rate changes and/or inflation.

Client option positions

Clients are unable to buy or sell share options directly on the stock exchange. Van Lanschot Kempen purchases or sells on behalf of these clients and covers this with offsetting transactions on the stock exchange. Such receivables and payables are recognised under Derivatives.

Common Equity Tier 1 (CET 1) capital

Also referred to as core capital, CET 1 capital encompasses a bank's share capital, share premium and other reserves, adjusted for deductions as specified by regulators, such as goodwill, deferred tax assets and IRB shortfall.

Common Equity Tier 1 (CET 1) ratio

CET 1 capital as a percentage of total risk-weighted assets.

Contingent liabilities

All commitments arising from transactions for which the bank has given a guarantee to third parties.

Cost/income ratio

Ratio of operating expenses (excluding costs incurred for special items) to income from operating activities.

Cost/income ratio (IFRS)

Operating expenses excluding impairments and results from the sale of public and private sector loans and advances, as a percentage of income from operating activities.

Countercyclical capital buffer

Common Equity Tier 1 capital equivalent to the total risk exposure amount (calculated in accordance with the CRR) multiplied by the weighted average of the countercyclical buffer rates. The countercyclical buffer rates are set by the designated authority in each EU member state on a quarterly basis. The buffer is determined by calculating the weighted average of the countercyclical buffer rates that apply in the jurisdictions of the relevant credit exposures.

CPB Netherlands' Bureau for Economic Policy Analysis

Generally known by its Dutch acronym, CPB Netherlands' Bureau for Economic Policy Analysis is an independent research institute that provides policy-relevant economic analyses and projections, conducting research on the Dutch economy and on general socio-economic policy.

Credit risk

The risk that loans are not repaid, not fully repaid or not repaid on time.

Credit support annex (CSA)

Forming part of an international swaps and derivatives agreement (ISDA), a CSA regulates credit support (collateral) for obligations resulting from derivatives.

Credit valuation adjustment (CVA)

An adjustment made on the valuation of derivatives transactions with a counterparty, reflecting the current market value of counterparty credit risk.

Currency options

Currency options grant their buyer the right, but not the obligation, to buy or sell a quantity of a certain currency at a pre-determined exchange rate during or at the end of a pre-determined period. The currency option constitutes an obligation for the seller. Van Lanschot Kempen's currency options mainly relate to client transactions covered by offsetting transactions in the markets.

De Nederlandsche Bank (DNB)

The Dutch central bank.

Defined benefit scheme

A pension scheme other than a defined contribution scheme (see below). In a defined benefit scheme, the company has the constructive obligation to make up any deficit in the scheme. This does not have to be based on any legal requirements, but may be simply on the basis of an historical intention on the part of the company to make up any deficits.

Defined contribution scheme

A scheme in which the company makes agreed contributions to a separate entity (a pension fund) to secure pension rights. The company is not obliged, either legally or effectively, to pay additional contributions if the pension fund does not have enough assets to cover all of its current and future obligations.

Delta economic value of equity (Δ EVE)

A long-term economic measure used to assess the degree of interest rate risk exposure. The measure reflects how changes in interest rates impact the value of the bank's assets and liabilities.

Delta net interest income (Δ NIII)

A short-term analysis of the interest income under a number of market interest rate scenarios, relative to the baseline scenario in which interest rates are expected to develop based on forward rates.

Derivatives

Financial assets whose value derives from the value of other financial assets, indices or other variables. Van Lanschot Kempen holds both derivatives whose size (face value), conditions and prices are determined between Van Lanschot Kempen and its counterparties (OTC derivatives), and standardised derivatives traded on established markets.

Discounted cash flow (DCF)

A method to value an investment by estimating future cash flows, taking account of the time value of money.

Duration of equity

A measure of the interest rate sensitivity of equity that reflects the impact on equity of a 1% parallel shift in the interest curve.

Dutch Authority for the Financial Markets (AFM)

The Dutch regulator for financial institutions in the Netherlands.

Economic hedges

Derivatives used to manage risks without applying hedge accounting, carried at fair value. At Van Lanschot Kempen, these primarily take the shape of interest rate derivatives.

Effective interest rate

The rate that discounts estimated cash flows to the net carrying amount of the financial asset over the life of an instrument, or, where appropriate, over a shorter period.

Engagement

A sustainability strategy that seeks to persuade companies, fund managers, borrowers and other stakeholders through active dialogue that their sustainability policies should be made compatible with international treaties and conventions.

Environmental, social and governance (ESG)

Environmental, social and governance factors are used to evaluate companies and countries on their progress in terms of sustainability and ethical behaviour.

Expected credit losses (ECL) IFRS 9

The probability-weighted estimate of credit losses (i.e., the present value of all cash shortfalls) over the expected life of a financial instrument.

Expected loss (EL)

Expected loss on loans, expressed in the formula $EL = PD * EAD * LGD$.

Exposure at default (EAD) Basel

Exposure at the time of a client's default, also referred to as net exposure.

Exposure at default (EAD) IFRS 9

The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Fair value hedges (hedge accounting)

A fair value hedge comprises one or more swaps concluded to cover the changes in fair value resulting from changes in interest rates, of debt securities, for example. Hedge relations are typically exact hedges, involving debt securities with fixed rates and terms being offset by swaps with exactly the same terms and fixed interest rates.

Fiduciary management

Holding assets as a trustee or in another fiduciary role for individuals, trusts, pension providers and other institutions. These assets are not included in the consolidated financial statements because they are not Van Lanschot Kempen's assets.

Fitch

Credit rating agency.

Forbearance

Making a concession regarding the terms and conditions of a loan agreement due to actual or anticipated financial difficulties which prevent a client from meeting their obligations vis-à-vis Van Lanschot Kempen. The concession enables the client to meet the revised obligations. This may also include the whole or partial refinancing of the existing loan.

Forwards

Contractual obligations to purchase or sell goods or financial assets at a future date at a pre-determined price. Forward contracts are customised contracts traded on the OTC markets.

Foundation internal ratings-based approach (F-IRB)

An advanced credit risk measurement technique. Under F-IRB, a bank is allowed to develop its own models, based on direct or indirect observations, to estimate parameters for calculating risk-weighted assets. Credit risk under F-IRB is determined by using internal input for probability of default (PD). In contrast to A-IRB, the loss given default (LGD) is included, based on prescribed values.

Fund for joint account (FGR)

As part of the partnership plan, partners' individual contributions are collected in a *fonds voor gemene rekening* (FGR). These contributions remain in the fund during their full tenure as a partner.

Funding ratio

The ratio between public and private sector liabilities and total loans and advances (excluding bank borrowing and lending).

Futures

Contractual obligations to purchase or sell goods or financial assets at a future date at a pre-agreed price. Futures are standardised contracts traded on organised markets, with stock exchanges acting as intermediaries and requiring daily settlement in cash and/or deposits of collateral.

Van Lanschot Kempen has a number of futures on share indices on its books, partly for its own use and partly for clients, for offsetting transactions in the markets.

General meeting

The body formed by voting shareholders and others with voting rights.

Global Reporting Initiative (GRI)

An independent organisation which develops guidelines for sustainability reports. Van Lanschot Kempen's integrated annual report is based on GRI.

Gross exposure

The value at which receivables are recognised in the consolidated statement of financial position, with the exception of derivatives. Gross exposure is calculated on the basis of an add-on percentage of the nominal value (fixed percentages in accordance with the Financial Supervision Act) and the positive replacement value.

Hedge

Protection of a financial position – against interest rate risks in particular – by means of a financial instrument (typically a derivative).

Impairment

Amount charged to the result for possible losses on non-performing or irrecoverable loans and advances. Alternatively, an impairment test may suggest lower asset values, if fair values have dipped below carrying amounts and/or the fair value of investments and associates have moved below cost.

Interest rate option

An agreement between a buyer and a seller, under which the seller guarantees the buyer a maximum interest rate (cap) or minimum interest rate (floor) for a fixed term.

Interest rate risk

The risk that profit and equity are impacted by changes in interest rates, in particular in the event of an intentional or unintentional mismatch in the terms of funds lent and borrowed.

Interest rate swaps

A contract in which two parties exchange interest payments for a pre-agreed period and a notional principal amount, while not swapping the face value. An interest rate swap typically involves exchanging fixed-rate cash flows for floating-rate cash flows in the same currency, with the floating rate based on a benchmark interest rate (usually Euribor).

Internal capital adequacy assessment process (ICAAP)

Strategies and procedures designed for Van Lanschot Kempen's continuous assessment as to whether the amount, composition and distribution of its equity still reconcile with the size and nature of its current and potential future risks.

Internal liquidity adequacy assessment process (ILAAP)

A key purpose of the ILAAP is to document and demonstrate overall liquidity adequacy. This documentation informs a bank's board and regulators of the ongoing assessment and quantification of the bank's liquidity and funding risks, how the bank intends to mitigate those risks and how much current and future liquidity is required. In addition to the analysis of liquidity risk, ILAAP should also include a detailed analysis of the bank's funding profile and evaluation of risks to the stability of the funding profile.

Internal ratings-based approach (IRB)

An advanced approach used to calculate credit risk. Van Lanschot Kempen applies only the advanced internal ratings-based (A-IRB) approach.

International Financial Reporting Standards (IFRS)

Accounting and reporting standards drawn up by the International Accounting Standards Board. These standards have been adopted by the European Union and have been applied by us from the 2005 financial year.

Irrevocable commitments

All obligations resulting from irrevocable commitments that could result in loans being granted.

Level 1: Quoted prices in active markets

The fair value of financial instruments traded in an active market is based on the price at the reporting date (market price). The bid price is applied for financial assets and the offer price for financial liabilities. Since these instruments are traded in an active market, their prices adequately reflect current and frequent market transactions between unrelated parties.

Level 2: Inputs observable in the markets

The fair value of financial instruments not traded in active markets (e.g. over-the-counter financial derivatives) is established using cash flow and option valuation models. On the basis of its estimates, Van Lanschot Kempen selects a

number of methods and makes assumptions based on the market conditions (observable data) at the reporting date.

Level 3: Significance of unobservable market data

The financial assets in this category have been assessed on an individual basis. Their valuation is based on management's best estimate by reference to the most recent prices, prices of similar instruments and, to a not insignificant extent, information not observable in the market.

Leverage ratio (LR)

The leverage ratio represents the relationship between total assets plus contingent items and Basel III Tier 1 capital. It is calculated in accordance with the CRR.

Lifetime probability of default (LPD)

See "Probability of default".

Liquidity coverage ratio (LCR)

The LCR represents the ratio between high-quality liquid assets and the balance of cash outflows and cash inflows in the next 30 days.

Liquidity risk

The risk that the bank has insufficient liquid assets available to meet current liabilities in the short term.

Loss given default (LGD)

The loss given default is an estimate of the loss arising in the event of a default occurring at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is typically expressed as a percentage of EAD.

Loss given loss (LGL) model

A product-level model evaluating the part of exposure at default (EAD) that may be lost.

Market risk

The risk that the value of a financial position changes due to movements in stock exchange prices, foreign exchange and/or interest rates.

Morningstar

Morningstar rates mutual funds and ETFs from 1 to 5 stars based on how well they have performed in comparison to similar funds and ETFs.

Net Promoter Score (NPS)

The NPS provides information on client loyalty and the number of promoters of the organisation. The score lies within a range of -100 to 100 points. The formula is as follows: $NPS = \% \text{ promoters} - \% \text{ detractors}$. Promoters give the organisation a score of 9 or 10, whereas detractors award a score of between 0 and 6.

Net stable funding ratio (NSFR)

The relationship between available stable funding and the required amount of stable funding.

Non-controlling interests

Non-controlling interests in entities that are fully consolidated by Van Lanschot Kempen.

OECD Guidelines

The OECD Guidelines describe what the Dutch government expects from multinational enterprises when it comes to corporate social responsibility. The Guidelines provide companies with guidance in the field of e.g. supply chain management, human rights, child labour, environment and corruption.

Operational risk

The risk of direct or indirect losses as a result of inadequate or defective internal processes and systems, inadequate or defective human acts, or external events.

Principles for Responsible Investment (PRI)

The Principles for Responsible Investment (PRI) provide a framework for incorporating environmental, social and governance criteria in investment policies.

Probability of default (PD)

The probability of default is an estimate of the likelihood of default over a given time horizon. In our IRB models (Basel), this time horizon is one year. For IFRS 9 purposes, we use the one-year PD as well as the lifetime PD. A default may only happen at a certain time during the assessed period if the facility has not already been derecognised and is still in the portfolio.

Residential mortgage-backed securities (RMBS)

Securities backed by residential mortgages. A provider of residential mortgages (typically a bank) will sell these on to a separate entity, a special purpose vehicle (SPV). To finance the mortgages, the SPV will then issue securities called RMBS, which are secured by the mortgages.

Risk-weighted assets (RWA)

The assets of a financial institution after being adjusted by a weighting factor, set by its regulators, that reflects the relative risk attached to the relevant assets. Risk-weighted assets, also referred to as "total risk exposure amount" are used to calculate the minimum amount of capital the institution needs to hold.

Settlement risk

The risk for financial transactions that are not settled within five days of the agreed deadline if the difference between the agreed settlement price and the price at the reporting date could lead to a loss.

Shortfall

The difference between the calculated expected loss (EL) and the provision made for a loan for which the capital adequacy requirement is calculated using the IRB method. If the calculated EL exceeds the provision made, the difference must be deducted from Common Equity Tier 1 capital.

Solvency

The bank's buffer capital expressed as a percentage of risk-weighted assets.

Standard & Poor's

Credit rating agency.

Standardised approach (SA)

A method used under Basel to measure operational, market and credit risks, based on a standardised approach, in which risk weightings are prescribed by the regulators.

Strategic risk

Current or future threats to the bank's results or equity resulting from not or inadequately responding to changes in external factors and/or from taking incorrect strategic decisions. This is a part of the business risk.

Structured products

Synthetic investment instruments specially created to meet specific needs that cannot be met by the standardised financial assets available in the markets.

Supervisory review and evaluation process (SREP)

SREP is a set of procedures carried out on an annual basis by the supervisory authorities to ensure that each credit institution has in place the strategies, processes, capital and liquidity appropriate to the risks to which it is or might be exposed.

Sustainable Development Goals (SDGs)

In 2015, the United Nations set out the Sustainable Development Goals (SDGs) for 2030: a set of 17 highly ambitious goals relating to climate, poverty, healthcare, education and other challenges.

Tier 1 capital ratio

The ratio between total Tier 1 capital and risk-weighted assets.

Total capital ratio

The percentage of a bank's capital adequacy, calculated by dividing qualifying capital by the risk-weighted assets as defined by the Bank for International Settlements (BIS).

Total risk exposure amount (TREA)

The sum of risk-weighted exposure amounts for credit risk, foreign-exchange risk, settlement risk, counterparty risk, operational risk, market risk and for credit valuation adjustment (CVA) risk.

Total Tier 1 capital

Total Tier 1 capital of the bank includes share capital, share premium and other reserves, adjusted for certain deductions set by the regulator, such as goodwill and shortfall.

Value at risk (VaR)

Statistical analysis of historical market trends and volatilities, used to estimate the likelihood that a portfolio's losses will exceed a certain amount.

Van Lanschot Kempen

Van Lanschot Kempen NV

VLK Investment Management

Van Lanschot Kempen Investment Management NV

Wft (Financial Supervision Act)

Wft governs the supervision of the financial sector in the Netherlands.

Ten-year figures

Results (€1,000)	2023	2022	2021	2020	2019
Total income from operating activities	669,372	578,078	598,405	442,740	553,222
Operating expenses	503,172	465,634	437,791	386,655	410,840
Impairments	2,027	-6,534	-17,837	1,871	22,854
Operating profit before tax	164,173	118,979	178,450	54,214	119,529
Net result (group profit)	125,156	84,301	143,807	49,844	98,414
Statement of financial position (€1,000)					
Equity attributable to shareholders	1,246,996	1,280,539	1,307,544	1,254,481	1,210,853
Public and private sector liabilities	12,573,814	12,726,194	11,729,556	10,141,109	9,545,095
Loans and advances to the public and private sectors	9,161,433	9,363,958	8,875,601	8,448,326	8,597,894
Total assets	16,835,885	17,018,965	16,306,596	15,149,026	14,318,853
Key data					
Number of ordinary shares at year-end (excluding treasury shares)	42,477,086	40,717,318	40,847,117	41,071,819 ¹	40,920,773
Average number of ordinary shares	41,969,250	40,706,137	40,910,434	40,989,428 ¹	40,974,330
Earnings per ordinary share based on average number of ordinary shares (€)	2.82	1.90	3.35	1.05	2.27
Dividend per ordinary share (€)	2.00	1.75	2.00	0.70	1.45
Cost/income ratio (%)	75.2	80.5	73.2	87.3	74.3

Results (€1,000)	2018 ²	2017	2016	2015	2014
Total income from operating activities	506,282	522,539	524,400	561,140	566,187
Operating expenses	440,193	428,990	440,729	422,516	337,138
Impairments	-13,416	-11,461	-2,115	61,937	95,529
Operating profit before tax	79,504	105,010	85,785	54,284 ⁴	133,520
Net result (group profit)	80,315	94,945	69,800	42,754	108,701
Statement of financial position (€1,000)					
Equity attributable to shareholders	1,243,663 ³	1,332,860	1,340,470	1,299,358	1,292,274
Public and private sector liabilities	9,090,939	9,145,119	9,679,764	9,908,391 ⁵	10,499,160
Loans and advances to the public and private sectors	8,561,497	9,103,327	9,624,048	10,504,423 ⁵	11,021,107
Total assets	13,983,184 ³	14,658,875	14,877,411	15,831,775	17,259,438
Key data					
Number of ordinary shares at year-end (excluding treasury shares)	41,017,021	40,846,973	40,873,462	40,961,353	40,826,361
Average number of ordinary shares	41,004,769	40,959,989	40,908,194	40,919,503	40,918,849
Earnings per ordinary share based on average number of ordinary shares (€)	1.82	2.19	1.61	0.83	2.42
Dividend per ordinary share (€)	1.45	1.45	1.20	0.45	0.40
Efficiency ratio (%)	86.9	82.1	84.0	75.3	59.5

¹ The number of shares for Van Lanschot Kempen NV, for the years 2020 and before, are prior to the legal merger of Van Lanschot Kempen and Van Lanschot Kempen Wealth Management.

² As of 2018, the figures have been prepared in accordance with IFRS 9; those for the years prior to 2018 in accordance with IAS 39.

³ Some amounts differ from previously published reports, reflecting changes that result from the accounting changes related to the provision for pensions.

⁴ Includes the result from sale of loans and advances to the public and private sectors, amounting to €22.4 million.

⁵ The 2015 figures have been adjusted to reflect the discontinuation of offsetting current account balances.

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We welcome your views and opinions – please see our contact details above.

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