

PRESS RELEASE

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2002 PROFIT OF VAN LANSCHOT UP 8%

- Operating profit after taxation up 8.4% from € 90.0 million to € 97.6 million
- Earnings on ordinary activities per common share up 8.3% from € 3.00 to € 3.25
- Net interest up 9.9%; commissions down 15.4%
- Efficiency ratio improved further to 60.2% owing to strict cost control
- Number of business clients up 8.4%, private clients up 3.9%
- Dividend rises from € 1.50 for 2001 to € 1.63 for 2002
- Introduction of € 2.5 billion Euro Medium Term Note programme

“Given the testing market conditions, we achieved good results”, says Mr H.J. Baeten, Chairman of the Board of Managing Directors of Van Lanschot NV, summarising the bank’s performance in 2002. “Continuing growth of the number of private and corporate clients facilitated a further increase in income, despite a sharp fall in securities commissions due to the downturn on the stock markets. Expenses were down, underlining the flexibility and effectiveness of our organisation. In 2003, too, we will have to rely on these qualities to contend with the stagnating economy and the continuing depressed sentiment in the stock markets. Given the current economic and political uncertainties I feel that it is not appropriate to make a profit forecast for the current year at this time.”

Van Lanschot managed to achieve better results in 2002. In part this was due to further growth of its client base. The number of private banking clients rose by 3.9%, from 50,339 to 52,309. New concepts such as ‘KroonWonen’ and ‘KroonVermogen’ were introduced in the Netherlands, which focus on providing comprehensive advice on house purchasing and wealth planning. The number of business banking clients increased by 8.4%, from 5,142 to 5,572, again mostly reflecting a rise in the number of family businesses. The Successors Academy, aimed at the latter group, was successfully launched in cooperation with De Baak Management Centre. The bank moved into renovated offices in Tilburg, Zwolle, Amstelveen and Hasselt (Belgium) in 2002. In April, the renovated Goes office will be officially inaugurated.

Operating profit after taxation for 2002 was € 97.6 million, an 8.4% increase compared with € 90.0 million for 2001. Net profit (including extraordinary income) was 3.2% down on last year, because in 2001 an extraordinary income of € 10.8 million was achieved. At € 3.25, earnings per ordinary share before extraordinary income were 8.3% higher. Return on average shareholders’ funds was 17.0% (2001: 16.8%). Total assets increased from € 10.7 billion to € 11.3 billion at 31 December 2002, while assets under management (advisory and discretionary) fell from € 15.4 billion to € 12.5 billion.

“Van Lanschot will continue to pursue its strategy of focusing on specific target clients, integrated financial services while retaining its own identity, an approach which has proven successful over the years. Personal attention to clients and providing customised banking and insurance services are central to our business concept. This will continue to distinguish us as a niche player from our competitors”, says Mr Baeten, Chairman of the Board of Managing Directors.

Given the slowdown in economic growth and the developments on the stock exchanges, cost control had already received a great deal of attention in 2001. The further deterioration of stock market conditions in 2002 prompted the bank to continue this policy more stringently. As a result the efficiency ratio (operating expenses as a percentage of operating income) improved from 61.6% in 2001 to 60.2% in 2002, after adjustment of the 2001 figures for the release of the IT provision. The Van Lanschot organisation proved to be flexible and effective enough to cope with the adverse market conditions.

Van Lanschot Belgium

In Belgium Van Lanschot conducts mainly securities activities. Our operation was therefore hard hit by the poor stock market conditions. Securities income fell sharply, which was only partly offset by a rise in interest income. The number of employees was reduced by 14%. Due to the associated non-recurring costs, the Belgian subsidiary incurred a loss in 2002, despite the marked increase in the number of clients, up 12% to over 2,600. The increase was almost entirely realised at the top end of the Belgian market. The balance of Belgians and Dutch nationals living in Belgium has shifted to almost 50-50, giving evidence that in Belgium, too, the Van Lanschot business concept is a success. Owing to the strong increase in the number of clients, off and on balance funds entrusted increased by 7% to € 1.2 billion despite considerably lower share prices.

In order to reduce its dependency on the securities markets, the decision was made to expand the range of services Van Lanschot Belgium provides. Van Lanschot Belgium is now also granting mortgages and offering new service concepts to its clients.

International Private Banking

The results of Van Lanschot International Private Banking were satisfactory. Switzerland showed a good result. The number of clients increased considerably, thanks in part to several successful presentations held for high net-worth Dutch nationals living in France, Spain and Portugal. The Luxembourg branch also benefited from these presentations, although its profit fell slightly – as did that of Van Lanschot Curaçao – due to the developments on the financial markets. In February 2003, Van Lanschot Asia Ltd opened a representative office in Hong Kong.

Results

Income rose in 2002 by € 4.4 million to € 377.9 million. The decrease in commissions was upset by an increase in other forms of income. Commission fell by € 24.2 million, or 15.4%, compared with 2001. Net interest was € 19.4 million or 9.9% higher at € 214.7 million, as a result of an increased loans portfolio and an improved interest margin.

Securities commissions fell by € 27.3 million, or 23.2%. In its investment advice, the Bank continues to place emphasis on reducing risks. In 2002, clients invested an amount of € 209 million in Van Lanschot Index Guarantee Contracts. Furthermore, the Van Lanschot Market Neutral Guarantee Certificate, Van Lanschot Fund Support, and the AEX Airbag were introduced, the latter together with ING Bank.

Van Lanschot Assurantiën made good progress in 2002 and further extended its client base. Gross profit for the year increased considerably despite a disappointing life insurance market. The decrease in commission income from this market was more than offset by an increase in commission from the corporate fire and legal liability insurance market. Insurance commission at Van Lanschot Assurantiën rose by € 2.5 million or 14.1%, partly due to the acquisition of F. van Harskamp in Rotterdam and the consequential loss insurance portfolio of AZL in Eindhoven. Commissions from payment transactions was up € 1.2 million, or 11.3%. Other commissions fell by € 0.6 million, mainly due to a decrease in corporate finance activities. The profit on financial transactions decreased by € 1.1 million to € 8.8 million. Income from securities and participating interests grew € 10.3 million to € 21.7 million. The fall in the value of the share investment portfolio was more than offset by the gain on the sale of a number of shareholdings.

Expenses in 2002 went down by 0.9% to € 242.8 million. Staff costs were € 9.7 million or 7.3% higher, due to increased pension charges caused – among other things – by the introduction on 1 January 2002 of new pension schemes. Adjusted for the higher pension charges, staff costs were slightly lower due to the reduction in the number of FTEs from 1,890 to 1,815.

Other administrative expenses were down € 0.5 million, or 0.7%. If the release of the IT provision of € 13.6 million included in other administrative expenses in 2001 is eliminated, the decrease was 17.1%. This significant cost reduction is the direct result of our intensified cost control policy. Depreciation was up € 1.9 million, or 13.4%, following investments in IT and property.

Value adjustments to receivables of € 15.2 million were charged to profit. In accordance with the decision taken in 2001 and the extra addition of € 13.6 million in that year, no addition to the Fund for general banking risks was made in 2002.

Tax on operating profit amounted to € 37.5 million, € 0.9 million lower than in 2001. The effective tax rate declined from 29.9% to 27.8%. In contrast with 2001, when there was extraordinary income of € 10.8 million, there were no extraordinary items in 2002.

Dividend

After distribution of the dividend on preference shares, the profit on ordinary activities attributable to holders of ordinary shares amounted to € 94.2 million (2001: € 86.6 million). Based on the average number of ordinary shares, earnings per ordinary share before extraordinary income amounted to € 3.25 as against € 3.00 in 2001, an 8.3% increase. In 2001, a pay-out ratio of 50% was applied due to the bank's strong financial position. The same percentage will be applied for 2002. Subject to the shareholders' approval of the annual accounts, the cash dividend per ordinary share for 2002 will therefore amount to € 1.63 (2001: € 1,50).

Balance sheet

Total assets increased by € 0.5 billion to € 11.3 billion in 2002. The loans portfolio increased by € 655 million, consisting of a decrease in loans to the public sector of € 50 million and an increase in loans to the private sector of € 704 million. Growth in the corporate market amounted to € 96 million; the private market increased by € 608 million, € 360 million of which related to home mortgage loans. The mortgage loans portfolio stood at € 4.8 billion at 31 December 2002. Interest-bearing securities were reduced by € 237 million as a consequence of sales, from € 910 million to € 673 million. Following sales and downward value adjustments, the item shares fell by € 77 million.

Funds entrusted were up € 403 million to € 8.0 billion in 2002, of which over € 150 million related to funds entrusted by corporate clients. At € 860 million, debt securities were some € 75 million lower following redemptions. The capital base at 31 December 2002 was € 984 million, € 90 million higher than at 31 December 2001.

The bank's total risk-weighted assets amounted to € 7.4 billion at 31 December 2002, an increase of around 10% on 31 December 2001. The BIS total capital ratio was 12.7%, comfortably above the minimum requirement of 8%. The BIS Tier I ratio stood at 8.4% at 31 December 2002. The minimum requirement for this ratio is 4%.

Van Lanschot will launch a Euro Medium Term Note (EMTN) programme of € 2.5 billion in the near future. Van Lanschot and six other leading international banks will act as dealers under this programme, which is to be arranged by Rabobank International. Setting up this programme will enable the bank to issue various types of debt securities quickly and flexibly. The bank intends to make a first offering under this programme before the summer, provided that the market conditions are favourable.

Prospects for 2003

The economy is experiencing a severe slowdown and the stock markets have deteriorated even further. In addition, the unstable political situation has left its mark. The current economic climate does not give any reason to predict a recovery of the stock exchanges. Van Lanschot therefore assumes that commission income will remain under pressure. The bank successfully reduced costs in the 2002 financial year and will continue to apply strict cost controls in the current financial year. The present economic and political climate entails great uncertainty. The bank therefore cannot at this stage make any profit forecast for 2003.

Annexes:

Key data
Consolidated balance sheet
Consolidated profit and loss account
Ten-year summary

Important dates in 2003:

Annual General Meeting of Shareholders	8 May 2003
Ex-dividend date	12 May 2003
2002 dividend available for payment	21 May 2003
Publication of half-year 2003 figures	22 August 2003 (before opening of trade)

F. van Lanschot Bankiers NV is the oldest independent Dutch bank, with a history dating back to 1737. The Bank focuses on three target groups: high net-worth individuals, medium-sized businesses (including family businesses) and institutional investors. Van Lanschot stands for high-quality services founded on integrated advice, personal service and customised solutions. Van Lanschot NV is listed on the Euronext Amsterdam Stock Market.

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KEY DATA

(x EUR 1,000, consolidated figures)

	2002	2001	movement
RESULTS			
Income	377.904	373.465	1,2%
Operating expenses	227.636	216.434 *	5,2%
Value adjustments to receivables	15.205	10.158	49,7%
Addition to Fund for general banking risks	0	18.455 *	-100,0%
Operating profit before taxation	135.063	128.418	5,2%
Operating profit after taxation	97.576	90.008	8,4%
Extraordinary income	0	10.816	-100,0%
Net profit (group profit)	97.576	100.824	-3,2%
BALANCE SHEET			
Group equity	587.554	563.004	4,4%
Group capital base	983.578	893.944	10,0%
Funds entrusted	8.047.908	7.644.565	5,3%
Loans and advances	8.696.610	8.042.057	8,1%
Total assets	11.288.864	10.748.821	5,0%
KEY FIGURES			
Efficiency ratio (%)	60,2	61,6	
Return on average shareholders' funds (%)	17,0	16,8	
BIS total capital ratio (%)	12,7	12,7	
BIS Tier I ratio (%)	8,4	8,6	
Number of staff (FTEs) at year-end	1.815	1.890	-4,0%
SHARES			
Number of ordinary shares at year-end	28.972.009	28.897.340	
Average number of ordinary shares	28.946.170	28.868.388	
Earnings per ordinary share (excluding extra ordinary income) based on average number of ordinary shares in €	3,25	3,00	8,3%
Dividend per ordinary share in euros	1,63	1,50	8,7%

* Including the effect of the release of the IT provision of € 13.6 million.

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2002

x EUR 1,000 (after profit appropriation)

	31-12-2002	31-12-2001
ASSETS		
Cash	37.154	49.089
Banks	1.081.702	808.649
Loans and advances:		
To the public sector	19.142	68.736
To the private sector	<u>8.677.468</u>	<u>7.973.321</u>
	8.696.610	8.042.057
Interest-bearing securities	672.805	910.237
Shares	379.370	456.779
Participating interests	95.690	119.552
Premises and equipment	176.567	169.232
Other assets	24.244	45.040
Prepayments and accrued income	<u>124.722</u>	<u>148.186</u>
TOTAL ASSETS	<u><u>11.288.864</u></u>	<u><u>10.748.821</u></u>
LIABILITIES		
Banks	850.631	636.964
Funds entrusted:		
Savings accounts	2.102.865	2.065.666
Other funds entrusted	<u>5.945.043</u>	<u>5.578.899</u>
	8.047.908	7.644.565
Debt securities	860.227	935.697
Other liabilities	316.900	411.964
Accruals and deferred income	213.548	202.929
Provisions	<u>16.072</u>	<u>22.758</u>
	10.305.286	9.854.877
Fund for general banking risks	48.110	48.110
Subordinated loans	347.914	282.830
Shareholders' funds/group equity	<u>587.554</u>	<u>563.004</u>
Group capital base	<u>983.578</u>	<u>893.944</u>
TOTAL LIABILITIES	<u><u>11.288.864</u></u>	<u><u>10.748.821</u></u>
Contingent liabilities	337.838	284.424
Irrevocable commitments	<u>712.917</u>	<u>453.321</u>
	<u><u>1.050.755</u></u>	<u><u>737.745</u></u>

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2002

(x EUR 1,000)

	2002	2001	movement
Interest income	644.006	656.120	-1,8%
Interest expense	<u>429.293</u>	<u>460.787</u>	-6,8%
Interest	214.713	195.333	9,9%
Income from securities and participating interests	21.712	11.422	90,1%
Commission income	145.030	168.764	-14,1%
Commission expense	<u>12.307</u>	<u>11.861</u>	3,8%
Commission	132.723	156.903	-15,4%
Profit on financial transactions	<u>8.756</u>	<u>9.807</u>	-10,7%
Other income	<u>163.191</u>	<u>178.132</u>	-8,4%
TOTAL INCOME	377.904	373.465	1,2%
Staff costs	143.265	133.546	7,3%
Other administrative expenses	<u>68.024</u>	<u>68.475</u> *	-0,7%
Staff costs and other administrative expenses	211.289	202.021	4,6%
Depreciation	<u>16.347</u>	<u>14.413</u>	13,4%
Operating expenses	227.636	216.434	5,2%
Value adjustments to receivables	15.205	10.158	49,7%
Addition to Fund for general banking risks	<u>-</u>	<u>18.455</u> *	-100,0%
TOTAL EXPENSES	242.841	245.047	-0,9%
OPERATING PROFIT BEFORE TAXATION	135.063	128.418	5,2%
Tax on operating profit	<u>37.487</u>	<u>38.410</u>	-2,4%
OPERATING PROFIT AFTER TAXATION	97.576	90.008	8,4%
Extraordinary income	<u>-</u>	<u>10.816</u>	-100,0%
NET PROFIT	<u><u>97.576</u></u>	<u><u>100.824</u></u>	-3,2%

* Including the effect of the release of the IT provision of € 13.6 million.

TEN-YEAR SUMMARY

(x EUR 1,000, consolidated figures)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
RESULTS										
Income	377.904	373.465	359.738	296.098	255.176	208.575	166.109	137.024	125.104	115.265
Operating expenses	227.636	216.434	** 229.325	189.618	168.028	135.275	104.488	87.109	83.366	78.880
Value adjustments to receivables	15.205	10.158	8.157	7.835	7.548	7.813	13.613	13.613	13.613	14.521
Addition to Fund for general banking risks	-	18.455	** 6.591	6.912	7.200	6.935				
Operating profit before taxation	135.063	128.418	115.665	91.733	72.400	58.552	48.007	36.301	28.125	21.864
Net profit (group profit)*	97.576	90.008	80.759	62.443	49.583	40.947	33.200	25.413	19.924	15.401
BALANCE SHEET										
Group equity (shareholders' funds)	587.554	563.004	509.061	375.215	334.903	306.235	216.079	196.926	179.895	156.238
Group capital base	983.578	893.944	744.710	597.433	541.510	488.950	331.555	306.293	245.806	224.286
Funds entrusted	8.047.908	7.644.565	6.782.405	5.640.122	4.941.260	4.226.461	3.933.447	3.294.185	3.317.929	3.173.070
Loans and advances	8.696.610	8.042.057	7.439.931	6.053.432	5.231.513	4.473.807	3.561.981	2.874.721	2.535.691	2.396.977
Total assets	11.288.864	10.748.821	9.718.968	8.195.193	7.442.234	6.280.207	5.292.616	4.206.614	3.999.577	3.935.405
KEY FIGURES ***										
Number of ordinary shares at year-end	28.972.009	28.897.340	28.809.862	28.236.871	27.412.920	26.186.300	25.610.650	25.399.700	34.758.750	33.898.200
Average number of ordinary shares	28.946.170	28.868.388	28.570.333	27.896.004	26.628.719	25.864.866	25.441.616	26.159.314	34.276.325	33.721.925
Earnings per ordinary share based on average number of ordinary shares in euros*	3,25	3,00	2,71	2,12	1,73	1,45	1,17	0,84	0,58	0,46
Dividend per share in euros	1,63	1,50	1,35	0,94	0,84	0,72	0,58	0,43	0,23	0,18
Efficiency ratio (%)	60,2	61,6	63,7	64,0	65,8	64,8	62,9	63,5	66,6	68,4
Return on average shareholders' funds (%)	17,0	16,8	18,3	17,6	15,5	15,7	16,1	13,6	12,0	10,5
BIS total capital ratio (%)	12,7	12,7	11,9	12,4	12,5	12,3	12,0	14,4	13,2	11,4
BIS Tier I ratio (%)	8,4	8,6	8,7	8,5	8,3	8,2	6,8	8,2		

* Excluding extraordinary income in
2001 of 10,816, 2000 of 67,062,
1997 of 11,575 and 1993 of 8,940

** Including the release of the IT provision of € 13.6 million.

*** The share figures for 1993 to 1997 have been restated owing to a share split.