



Van Lanschot

2012 Remuneration report

1. Assumptions underlying remuneration policy for members of the Board of Managing Directors

The remuneration policy for the Board of Managing Directors is adopted by the shareholders of Van Lanschot, on the basis of a proposal drafted by the Supervisory Board. When formulating the policy, the aim is to put together a balanced remuneration package that ensures the interests of the Board members are aligned with the interests of the bank. Variable pay is awarded in order to reward outperformance and is only awarded if Van Lanschot makes a profit. No variable pay was awarded for 2011 or 2012.

The assumptions on which the remuneration policy is based are, among other things, that it should:

- be in line with the bank's strategy, risk appetite, objectives and core values
- take account of the long-term interests of the bank
- show restraint and be sustainable, and pay heed to the client focus
- be in line with the market, socially acceptable, transparent and easy to explain
- comply with the principles included in the Banking Code and in the Dutch Corporate Governance Code, and
- be in keeping with the principles of the Regulation on Sound Remuneration Policies pursuant to the Dutch Financial Supervision Act (Wft 2011).

The current remuneration policy for the members of the Board of Managing Directors was adopted at the Annual General Meeting of Shareholders held on 6 May 2010. This policy has applied with effect from 1 January 2010. A number of technical changes were made to the policy in 2011 and 2012 in order to implement the Regulation on Sound Remuneration Policies pursuant to the Financial Supervision Act 2011. The remuneration policy for the Chairman of the Board of Managing Directors was amended in connection with the appointment of Mr Guha as Chairman of the Board of Managing Directors with effect from 2 January 2013. This policy was adopted by the shareholders on 27 September 2012. The policy is reassessed every four years. The remuneration package for the members of the Board of Managing Directors is shown in the table below.

There are no early retirement schemes for members of the Board of Managing Directors. The maximum amount of severance pay is one year's fixed gross salary, which is in keeping with the Dutch Corporate Governance Code and the Banking Code.

2. Fixed salary

In principle, the fixed salary is evaluated every four years on the basis of the development and performance of the business and the individual members of the Board of Managing Directors, trends in remuneration in the bank's relevant environment, and changes in the Dutch Consumer Price Index (CPI). In addition, the Supervisory Board may index link the fixed salaries of members of the Board of Managing Directors every year, whereby increases may not exceed the increase in the CPI in the preceding year.

3. Variable pay

3.1 Personal targets

Every year the Remuneration Committee determines personal targets that reflect the strategy for each member of the Board of Managing Directors. The focus here is on the long term.

Targets are both financial (60%) and non-financial (40%) in nature. Each target is given a specific percentage weighting. Examples of financial targets include capital ratios, profit, the preservation of the bank's sound position, market share, and an acceptable risk profile. Non-financial targets are related to clients (e.g. improving client satisfaction, putting clients' interests first, and duty-of-care related objectives) and employees (e.g. investing in the professional competence of staff and following up the results of the employee survey).

When determining the targets of the individual members of the Board of Managing Directors and assessing the extent to which these targets have been achieved, the Remuneration Committee obtains advice from the Chairmen of the Risk Committee and the Audit & Compliance Committee. The Supervisory Board determines the targets and the extent to which they have been achieved based on a recommendation made by the Remuneration Committee. The achievement of financial targets can be measured and verified by the external auditor. The achievement of non-financial targets is assessed in the most objective way possible.

Remuneration package for members of the Board of Managing Directors

	Type of payment	Aim/Rationale
Fixed salary	Cash	Reflecting responsibilities, performance and market developments
Variable pay	50% in cash 50% in depositary receipts for shares	Achieving long-term strategy
Fringe benefits	Pension contribution Contribution towards disability insurance Fixed expense allowance	In line with market

Fixed and variable remuneration

	Fixed	Variable				
		Below target	On target	Maximum		
Mr Deckers*	€ 650,000	0%	75%	€ 487,500	100%	€ 650,000
Mr Huisman	€ 425,000	0%	75%	€ 318,750	100%	€ 425,000
Mr Korthout	€ 425,000	0%	75%	€ 318,750	100%	€ 425,000
Mr Sevinga	€ 425,000	0%	75%	€ 318,750	100%	€ 425,000
Mr Guha**	€ 750,000	0%	37.5%	€ 281,250	50%	€ 375,000

* Mr Deckers retired as Chairman of the Board of Managing Directors on 31 December 2012.

** Mr Guha joined Van Lanschot as Chairman of the Board of Managing Directors with effect from 2 January 2013. The information on Mr Guha's remuneration as presented in the table is applicable as of that date.

3.2 Award

Variable pay is only awarded if Van Lanschot reports a profit.

The level of variable pay to be awarded is determined by the Supervisory Board on the basis of a recommendation made by the Remuneration Committee. Depending on the extent to which performance is on or above target, the Supervisory Board awards members of the Board of Managing Directors variable pay equal to between 75% and 100% of fixed salary. In the case of the Chairman of the Board of Managing Directors, this percentage will range from 37.5% to 50% with effect from 2013.

If overall performance is below target, no variable pay is awarded. The table above shows the fixed annual salaries of the members of the Board of Managing Directors and the bandwidths for their variable pay, expressed as a percentage of fixed salary.¹

An annual check is performed to determine whether the achievement of personal targets by each member of the Board of Managing Directors also led, over a three-year period, to the achievement of the long-term criteria formulated for the bank. Variable pay may be adjusted downwards on the basis of this check.

3.3 Payment

A total of 40% of variable pay is awarded immediately and unconditionally. The payment of the remaining 60% is deferred and subject to conditions. A third of this 60% becomes unconditional each year if:

- this is permitted at that moment, based on the financial position of Van Lanschot;
- the risks taken have been reassessed and no material unforeseen risks have occurred and
- the relevant member of the Board of Managing Directors has not terminated his employment contract with Van Lanschot.

Depending on whether these conditions are met, all or part of the variable pay may be adjusted downwards.

A total of 50% of variable pay is paid out in cash, while 50% is in the form of depositary receipts for ordinary A shares in Van Lanschot.

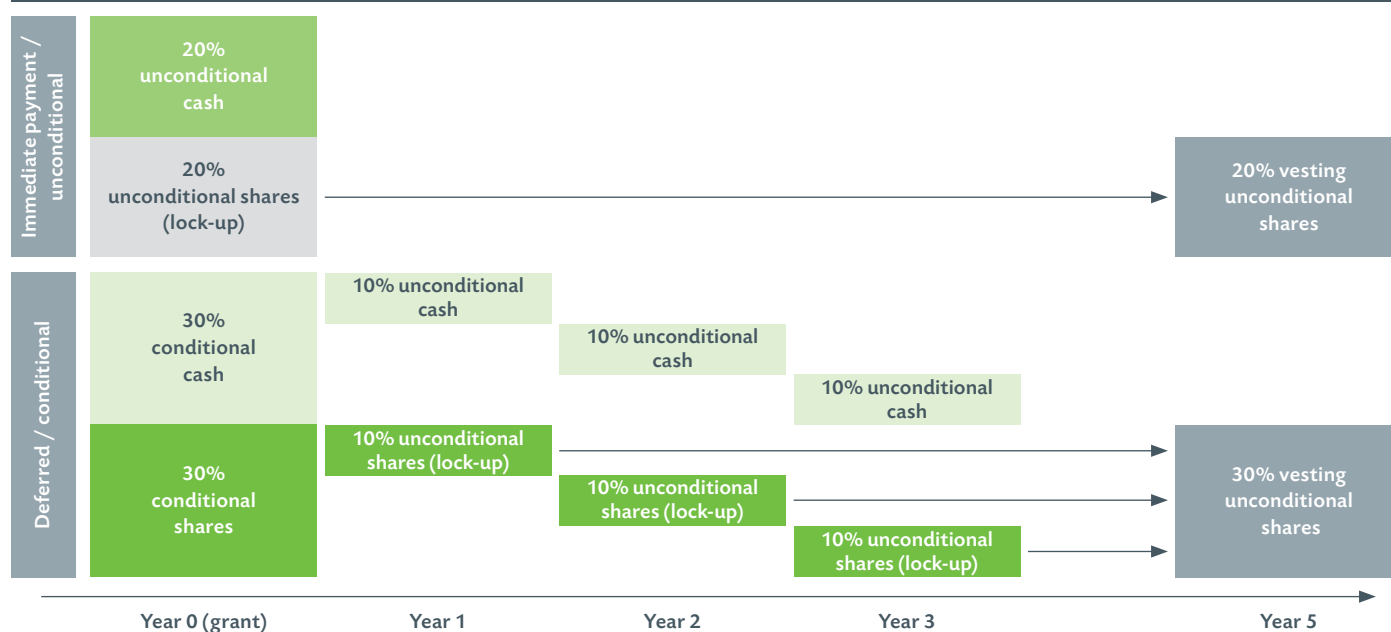
In the case of depositary receipts for ordinary A shares in Van Lanschot, a lock-up period of 5 years following the date of the grant applies. The general rule is that the depositary receipts may not be sold during the lock-up period. However, by way of an exception, some of the depositary receipts that were granted unconditionally may be sold in order to finance payroll tax that is due. This portion may not be worth more than the amount of payroll tax payable on the depositary receipts that were granted unconditionally.

Members of the Board of Managing Directors do not receive compensation for dividends paid while the grant of depositary receipts is still conditional.

The payment system is shown in the diagram on the next page.

¹ The scenario analyses referred to in best practice provision II.2.1 of the Dutch Corporate Governance Code were performed when the remuneration policy was determined.

Payment system for variable pay for members of the Board of Managing Directors



The Supervisory Board may adjust the variable pay to be awarded or the value of previously awarded variable pay that has not yet become unconditional. This may be done in exceptional circumstances, if the Supervisory Board is of the opinion that the variable pay would otherwise lead to unfair or unintended outcomes.

Finally, the Supervisory Board may claw back variable pay that has previously been awarded if the award was based on incorrect financial or other information. In such situations, it is irrelevant whether the member of the Board of Directors was responsible for, or was or should have been aware of, the incorrect financial or other information. The Supervisory Board did not exercise the above powers in 2012.

4. Fringe benefits

The members of the Board of Managing Directors are responsible for arranging their own pensions, and receive a pension contribution for this purpose. The Board members also receive a contribution towards disability insurance. These contributions are based on a percentage of the fixed annual salary, as shown in the table below.

	Pension	Disability insurance
Mr Deckers	23%	2.82%
Mr Huisman	21%	2.59%
Mr Korthout	21%	2.59%
Mr Sevinga	21%	2.59%
Mr Guha	20%	2.45%

In addition, each member of the Board of Managing Directors receives a net expense allowance of € 5,160.

5. Achievement of 2012 targets for members of the Board of Managing Directors

	Weighting	Range				
		Thres- hold	Below target	At target	Above target	Excellent
Maintain a solid profile	27.75%			X		
Focus on private banking	21.25%		X			
Profit	21.00%	X				
Putting clients' interests first	16.00%				X	
Invest continually in service quality	6.00%			X		
Personal targets	8.00%			X		

Van Lanschot aims to further detail the personal targets of the members of the Board of Managing Directors in the future, in order to give a comprehensive insight into the extent to which these targets were achieved.

6. Remuneration in 2012

The table below provides details of the fixed salaries and variable pay of the members of the Board of Managing Directors in the past two years. No variable pay was awarded for 2012 since Van Lanschot did not report a profit for 2012.

	2012		2011	
	fixed	variable	fixed	variable
Mr Deckers	€ 650,000	–	€ 650,000	–
Mr Huisman	€ 425,000	–	€ 425,000	–
Mr Korthout	€ 425,000	–	€ 425,000	–
Mr Sevinga	€ 425,000	–	€ 425,000	–

More information about the shares and options that have been granted to members of the Board of Managing Directors can be found in the section on the remuneration of the Board of Managing Directors and Supervisory Board on page 180 of the 2012 financial statements. During 2012, no severance pay or other special compensation was paid to current or former Board members.

Details of the agreements made on the termination of the employment contract of Mr Deckers can be found on page 54 of the 2012 annual report.

In 2011 and 2012 the members of the Board of Managing Directors received other payments as specified in the table below. These amounts include the pension contribution, the contribution towards disability insurance and the net expense allowance.

	2012	2011
Mr Deckers	€ 172,990	€ 172,990
Mr Huisman	€ 105,418	€ 105,418
Mr Korthout	€ 105,418	€ 105,418
Mr Sevinga	€ 105,418	€ 105,418

7. Benchmark

At the end of 2011, the Supervisory Board asked Hay Group to perform a new benchmark review. The reference group was made up of the following companies:

Financial institutions	General industry
ABN AMRO Nederland	Aalberts Industries
AEGON Nederland	Arcadis
ASR Nederland	ASM International
BinckBank	CSM
Delta Lloyd Nederland	Grontmij
Friesland Bank	Imtech
ING Bank Nederland	Mediq
Julius Baer	Nutreco
KasBank	Telegraaf Media Groep
KBC Groep Nederland	TKH Groep
NIBC	USG People
Robeco Groep	
Sarasin	
SNS Reaal	
Vontobel	

The benchmark review revealed that the total direct compensation of the members of the Board of Managing Directors is around the median level for on target performance. If the results of the Hay Group review are compared with the total remuneration of Mr Guha, it can be seen that the total remuneration for on target performance is fractionally above the 25th percentile for similar positions within the financial sector and elsewhere.

More information can be found on page 60-61 of the 2012 annual report.