



Van Lanschot

2013 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 General Meeting of 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 that 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.

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, be 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. In principle, 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 of members of the Board of Managing Directors

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 of members of the Board of Managing Directors

3.1 Personal targets

Based on a recommendation by the Remuneration Committee, the Supervisory Board determines personal targets for each member of the Board of Managing Directors. Those targets reflect the strategy and are focused 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).

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.

Fixed and variable remuneration of the 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	Reflecting responsibilities, performance and market developments
Fringe benefits	Pension contribution Contribution towards disability insurance Fixed expense allowance	In line with market

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 ranges from 37.5% to 50% with effect from 2013.

If overall performance is below target, no variable pay is awarded. The table below 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 up to 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.

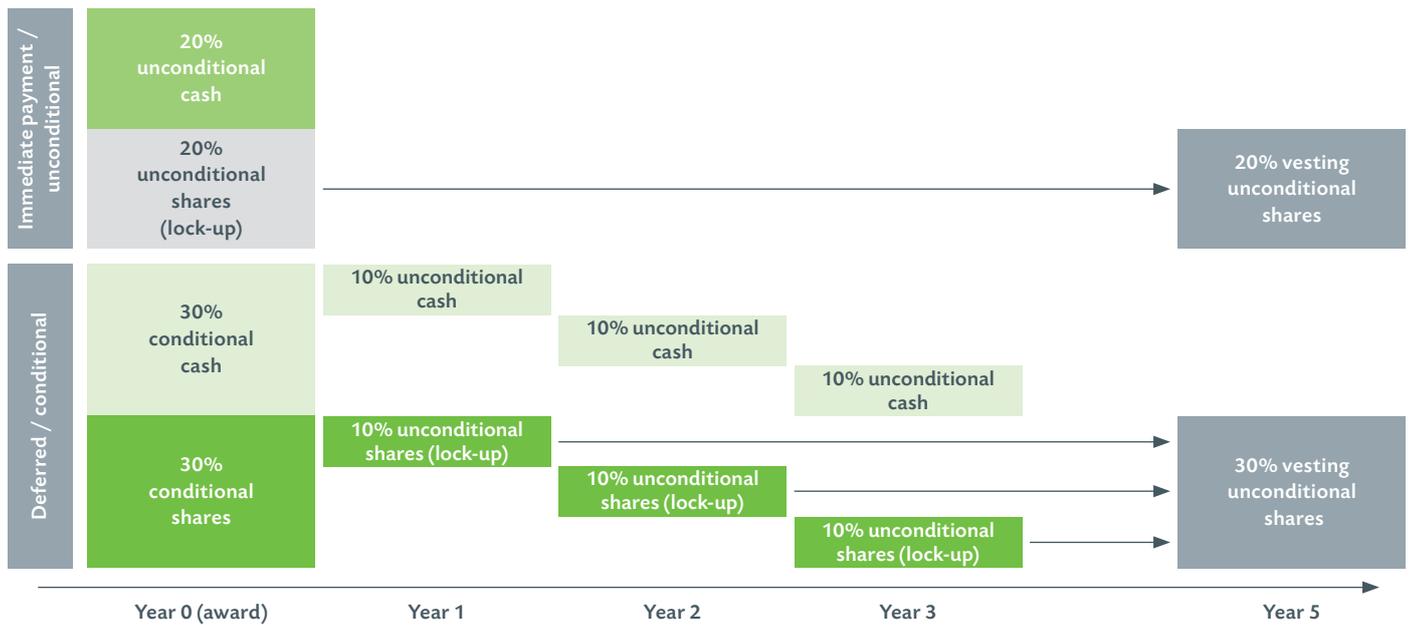
The payment system is shown in the diagram on the next page.

Fixed and variable remuneration

	Fixed	Variable				
		Below target	On target	Maximum		
Mr Guha	€ 750,000	0%	37.5%	€ 281,250	50%	€ 375,000
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

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 amount of the variable remuneration to an appropriate level if payment of the variable remuneration would be unacceptable based on criteria of reasonableness and fairness.

The Supervisory Board may also claw back variable pay in whole or in part if the award was based on incorrect information concerning the achievement of the targets which form the basis for the award of variable pay or concerning the conditions on which the variable pay was made dependent. The Supervisory Board did not exercise these powers in 2013.

4. Fringe benefits for the members of the Board of Managing Directors

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 Guha	20%	2.45%
Mr Huisman	21%	2.59%
Mr Korthout	21%	2.59%
Mr Sevinga	21%	2.59%

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

5. Achievement of 2013 targets for members of the Board of Managing Directors

		Weighting	Range				
			Threshold	Below target	At target	Above target	Excellent
<i>Financial</i>							
Implementation of strategy	Focus on Private Banking in combination with Asset Management and Merchant Banking	6.66%				X	
	Simplification of product offering, client service model and IT / operations	6.66%		X			
	Growth in Private Banking, Asset Management and Merchant Banking	6.66%			X		
Profit		20.00%			X		
Maintain a solid profile		20.00%					X
<i>Non-financial</i>							
Duty of care and compliance targets achieved		20.00%			X		
Personal targets		20.00%			X		

6. Remuneration of the members of the Board of Managing Directors in 2013

The table on the right 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 to the members of the Board of Managing Directors for 2013. Even before the appraisals took place, the members of the Board of Managing Directors indicated that they did not feel it was appropriate to receive variable pay at a time when the bank is going through a far-reaching transformation. The transformation entails substantial cost savings, which are being achieved in part through rationalisation of the workforce. Given that a substantial number of employees are being made redundant, the Board of Managing Directors notified the Supervisory Board that it did not wish to receive variable pay for 2013. In response to this, the Supervisory Board decided not to award variable pay to the members of the Board of Managing Directors for 2013. In 2013 and 2012, the members of the Board of Managing Directors received other payments as shown in the following table. These payments comprised a pension contribution, a disability insurance contribution and a net expense allowance.

	2013		2012	
	fixed	variable	fixed	variable
Mr Guha ²	€ 747,000	-	-	-
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 195 of the 2013 Financial Statements.

The employment contract with Mr Deckers came to an end on 30 June 2013. Full information on the payments made to Mr Deckers may be found on page 54 of the 2012 Annual Report. These payments were made in 2013. A one-off compensation payment was made to Mr Guha in 2013; information on this may be found on page 194 of the 2013 Financial Statements. During 2013, no other severance pay or other special compensation was paid to current or former Board members.

	2013			2012		
	Pension	Disability insurance	Net expense allowance	Pension	Disability insurance	Net expense allowance
Mr Guha ²	€ 150,000	€ 18,375	€ 5,160	-	-	-
Mr Huisman	€ 89,250	€ 11,008	€ 5,160	€ 89,250	€ 11,008	€ 5,160
Mr Korthout	€ 89,250	€ 11,008	€ 5,160	€ 89,250	€ 11,008	€ 5,160
Mr Sevinga	€ 89,250	€ 11,008	€ 5,160	€ 89,250	€ 11,008	€ 5,160

2 Mr Guha took up the office of Chairman of the Board of Managing Directors with effect from 2 January 2013.

7. Benchmark for the Board of Managing Directors

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

Financial institutions

ABN AMRO Nederland
AEGON Nederland
ASR Nederland
BinckBank
Delta Lloyd Nederland
Friesland Bank
ING Bank Nederland
Julius Baer
KasBank
KBC Groep Nederland
NIBC
Robeco Groep
Sarasin
SNS Reaal
Vontobel

General industry

Aalberts Industries
Arcadis
ASM International
CSM
Grontmij
Imtech
Mediq
Nutreco
Telegraaf Media Groep
TKH Groep
USG People

The benchmark review revealed that the total direct compensation of Mr Sevinga is fractionally above the median level for on-target performance. For the other members of the Board, the direct compensation is below the median. More information can be found on page 56 of the 2013 Annual Report.

8. Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is determined by the General Meeting of Shareholders of Van Lanschot on the basis of a proposal by the Supervisory Board. In principle, this remuneration is reviewed every two years.

The following table summarises the remuneration and expense allowance of the members of the Supervisory Board.

	Chairman	Deputy Chairman	Member
Basic remuneration Supervisory Board	€ 60,000	€ 50,000	€ 45,000
Audit & Compliance Committee	€ 10,000		€ 7,500
Risk Committee	€ 10,000		€ 7,500
Remuneration Committee and Selection & Appointment Committee	€ 6,000		€ 4,000
Expense allowance	€ 2,500	€ 2,500	€ 2,500

The amounts shown in the following table were paid to the members of the Supervisory Board in 2013. The remuneration has not been adjusted since 2010. In addition, each member of the Supervisory Board receives an expense allowance of € 2,500.

Remuneration of the Supervisory Board³ (€ thousand)

	2013	2012
	435	435
Mr de Swaan	74	74
Mr Streppel	71	71
Mr Duron	63	63
Ms Helthuis (since 2 July 2013)	33	–
Ms Kersten	53	53
Mr van Lanschot	60	60
Ms Lodder (to 14 May 2013)	23	56
Mr Slippens	58	58

³ The amounts in the table have been rounded off to the nearest thousand.