



Remuneration- report 2015

 **BINCKBANK**
FOR INVESTORS

Summary of the remuneration report of the supervisory board of BinckBank concerning financial year 2015

General

Best practice provision II.2.12 of the Code stipulates that information must be included in the remuneration report as to the manner in which the remuneration policy of the preceding year has been implemented. In addition, it must contain a remuneration policy overview for the following and subsequent years as envisaged by the supervisory board. The remuneration report for calendar year 2015 (Remuneration Report 2015) and the report on the remuneration policy for Identified Staff can be found at www.binck.com.

BinckBank has a remuneration policy ('BinckBank Remuneration Policy') that is based on the Regulation on Sound Remuneration Policies under the Wft 2014 ('the Regulation') and the provisions under the Financial Undertakings (Remuneration Policy) Act as included in the Financial Supervision Act. Variable remuneration is to a large extent allocated conditionally. A variable remuneration will become fully or partially unconditional dependant on a reassessment that must be made on the basis of the applicable performance criteria after a certain period has elapsed. No dividend may be paid on shares that have been conditionally awarded. A risk adjustment may be required in the assessment of whether the applicable criteria have been met.

In consideration of the above, the following describes the manner in which the remuneration of the executive board in 2015 was established by the supervisory board – in accordance with the provisions of the BinckBank Remuneration Policy – and gives a summary of the remuneration policy for the next and subsequent years as envisaged by the supervisory board.

BinckBank Remuneration Policy

Introduction

The BinckBank Remuneration Policy is the framework used by the supervisory board to establish the remuneration of the executive directors of BinckBank N.V. ('the executive directors') for the 2015 calendar year.

Remuneration elements

The BinckBank Remuneration Policy comprises the following remuneration components:

- a. Fixed gross annual salary
- b. Variable remuneration
- c. Pension scheme and WIA insurance
- d. Car lease scheme and mobile telephone reimbursement

A description of each element in the BinckBank Remuneration Policy and the way in which it was implemented by the supervisory board during the calendar year 2015 is given on the next pages.

a. Fixed gross annual salary

BinckBank Remuneration Policy

The fixed gross annual salary is established by the supervisory board within a framework indicated in the BinckBank Remuneration Policy. A distinction is made between the tasks and responsibilities of the chairman and those of the other executive directors.

Implementation of BinckBank Remuneration Policy

The fixed gross basic annual salary is set as follows:

V.J.J. Germyns € 400,000

E.J.M. Kooistra € 360,000

S.C. Clausing € 325,000

Mr Germyns' fixed gross basic annual salary was increased to € 400,000 in recognition of his taking on of the role of chairman of the board with effect of 1 January 2015.

Because Mr Clausing took his seat on the board on 30 October 2015, his fixed gross basic annual salary was calculated pro rata.

b. Variable remuneration

BinckBank Remuneration Policy

A variable remuneration consists of 50% BinckBank shares and 50% cash. A variable remuneration may not exceed the fixed gross annual salary. The period in which a variable remuneration is earned is one year; this is referred to as the performance period. A number of performance criteria are established for this period, in the form of a cohesive package of qualitative and quantitative financial and non-financial criteria focused on both the short term and the long term. After the performance period has elapsed, an evaluation is made to determine whether, and if so to what extent, the performance criteria have been realised. This evaluation may involve an adjustment for risk.

Of the total variable remuneration allocated, 50% is awarded unconditionally and the other 50% is awarded conditionally over a period of three years on a pro rata basis. At the end of each year (within the three-year period) a reassessment is made on the basis of the initial criteria. Depending on the result of the reassessment, the pro rata part of the variable remuneration awarded for the year in question becomes fully or partially unconditional.

BinckBank shares allocated unconditionally are subject to a holding period of 2 years.

In October 2014, the supervisory board decided to leave the calculation of the variable remuneration of the executive board for 2015 unchanged from 2014. As a result, the bonus ceiling of 20%, in accordance with article 123 of Title 1 of the Financial Supervision Act, will be applied as from 1 January 2016. Mr Clausing was appointed to the executive board of BinckBank as of 30 October 2015. Because of this, the bonus ceiling of 20% does apply to him in 2015.

Implementation of BinckBank Remuneration Policy

Each year, at the end of the financial year, the remuneration committee agrees on the performance targets for the new year with the executive board. After the end of the year, the supervisory board determines whether the executive board is eligible for (conditional)awarding and payment of the variable remuneration over the calendar year in question.

Financial targets (50% of the total score)

The financial targets are broken down into collective financial targets applicable for the entire Identified Staff (including executive board) who may have financial targets in accordance with the remuneration policy, and individual financial targets applicable only for specific Identified Staff members and the executive board. On an individual basis, overscoring or underscoring on the financial targets as possible. Identified Staff working in Ethics & Compliance, Risk Management and IAD positions have no variable remuneration component.

Collective financial targets (40%)

The collective financial targets were the following:

- Achieving an adjusted earnings per share over the year 2015 of € 0.62 per share.
- Operational losses in 2015 had to be less than or equal to 1.6% of the earnings from operational activities.
- Progress had to be made towards the medium-term target on cost/income ratio, which must be less than or equal to 65% in 2018. In specific terms, this meant reaching a cost/income ratio of 70% or less for 2015.
- Progress had to be made towards the medium-term target on balanced income, in which the revenue from recurring commission income and asset management fees must make up at least 2/3 of earnings as from 2018. In specific terms, this meant that in 2015 a minimum of 33.3% of the earnings had to be composed of recurring interest income, commission income and asset management fees.

The group financial targets were all met and a maximum score of 100% was awarded on this component.

Individual financial targets (10%)

There were individual financial targets for various Identified Staff members reporting directly to the executive board, as well as the members of the executive board themselves. These individual financial targets pertained to the results to be achieved from operating activities in the Netherlands, Belgium, France and Italy, as well as certain departments (such as ICT, operations and Product Management), in combination with individual cost-savings targets. The individual financial targets set for Identified Staff members responsible for the countries Netherlands and Belgium and the departments ICT, Operations and Product Management were met. The individual financial targets set for Identified Staff members responsible for the countries France and Italy were not. In the third quarter of 2015, Italy was break-even as assessed against the targets. The fourth quarter of 2015, however, saw a negative result, which meant that the situation did not reach break-even for the second six months of 2015. Despite the good progress and nearly achieving break-even in Italy in the second half of 2015, the supervisory board considered this individual financial target as not achieved.

The individual financial targets were partially achieved. The supervisory board therefore allocated a score of 73.5% to this component.

Qualitative and quantitative targets (50% of the total score)

The qualitative and quantitative targets are broken down into collective qualitative and quantitative targets applicable for the entire Identified Staff (including executive board), and individual qualitative and quantitative targets applicable only for specific Identified Staff members and the executive board.

Collective quantitative and qualitative targets (20%)

The collective quantitative and qualitative targets were the following:

- The executive board had to stay on schedule with progress in the area of duty of care principles.
- The executive board needed to have an anti-market abuse framework (AMA) operational.
- The Operational Risk Management Framework needed to be further rolled out in the branches.
- The board needed to conduct a employee satisfaction survey and follow up on the action points resulting from it.
- Progress had to be made towards the medium-term target on the number of transactions, which must be greater than or equal to 11 million transactions in 2018. In specific terms, this means a minimum of 8.8 million transactions had to be executed for our customers in 2015.
- Progress had to be made towards the medium-term target on assets under administration, which must be greater than or equal to € 21 billion in 2018. In specific terms, this meant that in 2015 the assets under administration had to be a minimum of € 19 billion.

The above quantitative and qualitative targets were all achieved; the targets below, however, were not.

- The availability of the trading platforms for our customers had to be a minimum of 99.9%. The score achieved was 99.05%.
- All action points on risk-mitigating measures relating to the self-identified risks or risks identified by an external auditor classified as medium and high had to be fully acted on. At the end of 2015, there were still a few outstanding action points.
- Progress had to be made towards the medium-term target on assets under management, which must be greater than or equal to € 3.5 billion in 2018. In specific terms, this meant that in 2015 the assets under management had to be a minimum of € 1.85 billion (2015 actual: € 1.7 billion).
- Progress had to be made towards the medium-term target on customer satisfaction, which must be an average rating greater than or equal to 8 in 2018. In specific terms, this meant that for 2015 the customer satisfaction score had to come out at a rating of 7.7 or higher. At the end of 2015, the customer satisfaction score was 7.3.

The collective quantitative and qualitative targets were partially achieved. The supervisory board therefore allocated a score of 62.0% to this component.

Individual quantitative and qualitative targets (30%)

There were individual quantitative and qualitative targets were targets for various Identified Staff members reporting directly to the executive board, as well as the members of the executive board themselves. The quantitative and qualitative targets for the various business units were as follows.

- For the Netherlands, targets were achieved in relation to stabilising the B2B organisation and trading platform. Secondly, the objective relating to the growth of the assets under administration in the market segment servicing the independent asset managers was achieved. The targets concerning improving the performance of Alex Asset Management, growth of the volume of outstanding Binck turbos, introduction of online account opening, customer satisfaction of minimum 7.8 and improvements on the quality of the front and back-end applications of the B2B platform were not achieved. The supervisory board allocated a score of 38.9% on this component.
- For Belgium, the targets on customer satisfaction were achieved. The targets concerning the timely launch of asset management and the Binck turbo and optimising the information supply were not achieved, however. The supervisory board allocated a score of 25.0% on this component.
- For France, targets were achieved on the launch of a trading application specially designed for the very active trader and the preparations for the migration from France to the European base platform. The targets concerning customer satisfaction and optimising the information supply were not achieved, however. The supervisory board allocated a score of 51.4% on this component.
- For Italy, targets were achieved on customer satisfaction and the introduction of an alternative pricing model. The targets concerning income growth from collateralised lending facilities and optimising the information supply were not achieved, however. The supervisory board allocated a score of 46.7% on this component.
- For the ICT department, the targets on the optimisation of the software development process were achieved. The other targets pertain to meeting the software development timeline for the European base platform and the B2B platform, and these were not achieved. The supervisory board allocated a score of 33.3% on this component.
- None of the targets for the Product Management department were achieved. The targets related to the further optimisation of the Alex Asset Management product, optimising the control measures concerning data and information, improving the information supply and the implementation of collateralised lending facilities in Italy. The supervisory board allocated a score of 0% on this component.
- The targets for the Operations department concerning the improvement of the processes surrounding corporate actions and settlements were met. In addition, certain other generic process improvements were achieved. However, the target concerning the timely transaction reporting to the AFM in accordance with legislation and regulations was not achieved. The supervisory board allocated a score of 80% on this component.

- For the staff departments, the following targets were achieved: concluding an agreement relating to mortgages in of at least € 250 million, strengthening the financial department and particularly the banking regulatory reporting, providing the banking regulatory authorities with qualitatively acceptable and timely reporting, implementation of a new HR system and adequate follow-up on action points from employee satisfaction survey. The quantitative and qualitative target concerning a new remuneration policy was not achieved on time. The supervisory board allocated a score of 93.8% on this component.
- For several business units, quantitative and qualitative targets were also set concerning the planned risks and defined risk appetite in accordance with the business plan. The supervisory board allocated a score of 81.8% on this component.

The individual quantitative and qualitative targets were partially achieved. On this component, the supervisory board allocated a score of 55.4%.

Conclusion:

In consideration of the above, the targets were achieved for a total of 76.38% ((40% x 100% + (10% x 73.5%) + (20% x 62.0%) + (30% x 55.4%)). The supervisory board adopted this as such and used it as the basis for the calculation of the performance-based remuneration. There were no grounds for differentiation between the individual directors.

c. Pension scheme and WIA insurance

BinckBank Remuneration Policy and its implementation

Pension scheme

Executive directors participate in a pension scheme in which 20% of the gross annual salary is paid by the company each year as pension contribution for a defined contribution scheme. As from 1 January 2015, conventional pension schemes in the market were taken as a guide for the executive directors' pension scheme. The maximum pension premiums were also adjusted to the market rates. In the new pension scheme that goes into effect from 1 January 2015, a pension premium can be paid into the scheme over a maximum eligible pension earnings of € 100,000. The reduction in contribution from the original 20% to the age-based percentage applicable to the individual executive director is added to the executive director's fixed salary. The age based pension contribution is deposited by BinckBank to the executive director's pension insurer in an amount up to a maximum eligible pension earnings of € 100,000. The remaining contribution, for the eligible pension earnings in excess of € 100,000, is made available to the executive director as pension compensation.

WIA gap insurance

BinckBank pays 50% of the premium for WIA insurance, which entitles the insured person to receive a maximum of 70% of their last-earned salary in the case of occupational disability. The premium is 2.249% of the insured sum per year. Executive directors participated in this scheme in 2015.

Mr Clausen began working under a 'contract of services' (which stipulates a notice period of six months) on 30 October 2015. As an additional supplement for him, WIA gap insurance was contracted for the following 18 months, in the event that his contract is cancelled due to occupational disability. This puts him under conditions equivalent to the same conditions applicable to the other executive directors.

d. Car lease scheme and mobile telephone reimbursement

BinckBank Remuneration Policy and its implementation

Executive directors participate in the relevant BinckBank car lease scheme and are reimbursed for mobile telephone costs.

Remuneration of the executive board

Remuneration of the executive board in 2015

	Fixed gross annual salary	Pension contribution 20% **	Performance-related rewards 2015	Total remuneration (fixed + variable)	Variable as % of fixed remuneration	BinckBank shareholding at year-end 2015	of which, shares in lock-up period	Shares yet to be received from previous financial years ***
V.J.J. Germyns	€ 400,000	€ 80,000	€ 305,521	€ 785,521	76.4%	27,630	13,028	12,445
E.J.M. Kooistra	€ 360,000	€ 72,000	€ 274,969	€ 706,969	76.4%	62,506	28,774	14,071
S.J. Clausing*	€ 54,167	€ 10,833	€ 8,275	€ 73,275	15.3%	-	-	-
Total	€ 814,167	€ 162,833	€ 588,765	€ 1,565,765		90,136	41,802	26,516

* Appointed to executive board on 30 October 2015; fixed and variable remuneration rounded to nearest whole month

** Pension contribution includes pension premium paid, pension compensation linked to pension accrual up to € 100,000 and reduction in premium contribution from original 20% to applicable age-based percentage of individual executive director

*** Shares still to be received from previous financial years are under reservation of a reevaluation of the performances achieved in performance year in question

Remuneration of the executive board in 2014

	Fixed gross annual salary	Pension contribution 20%	Severance payment ****	Performance-related rewards 2014	Total remuneration (fixed + variable)	Variable as % of fixed remuneration	BinckBank shareholding at year-end 2014	of which, shares in lock-up period	Shares yet to be received from previous financial years *****
V.J.J. Germyns*	€ 216,667	€ 43,333		€ 146,087	€ 406,087	67.4%	14,602	11,602	9,815
E.J.M. Kooistra	€ 360,000	€ 72,000		€ 242,730	€ 674,730	67.4%	49,011	19,026	10,350
K.N. Beentjes**	€ 400,000	€ 80,000	€ 400,000	€ 269,700	€ 1,149,700	67.4%	53,537	22,708	11,946
P. Aartsen***	€ 108,333	€ 21,667		€ 73,044	€ 203,044	67.4%	16,859	16,859	10,053
Total	€ 1,085,000	€ 217,000	€ 400,000	€ 731,561	€ 2,433,561		134,009	70,195	42,164

* Appointed to executive board on 22 April 2014; fixed and variable remuneration rounded to nearest whole month

** Resigned from executive board on 31 December 2014

*** Resigned from executive board on 22 April 2014; fixed and variable remuneration rounded to nearest whole month

**** Severance payment paid at beginning of 2015

***** Shares still to be received from previous financial years are under reservation of a reevaluation of the performances achieved in performance year in question

Overview of the appointment of the executive directors

Overview of the terms of employment contracts of the executive directors

	Date of (re)appointment	Date of contract expiry
V.J.J. Germyns	22-4-2014	GM 2018
E.J.M. Kooistra	23-4-2012	GM 2016
S.J. Clausing	30-10-2015	GM 2019

Loans extended to executive directors

Executive directors can make use of a collateralised lending facility in accordance with the conditions applicable to the personnel. In 2015, none of the executive directors made use of this facility. No other loans were extended to executive directors.

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