

de volksbank

# 2020

## Remuneration Report



## Introduction

The Remuneration Report covers the remuneration of the Board of Directors of de Volksbank N.V. (the Board) and the compensation of the Supervisory Board of de Volksbank N.V.

As the mission of de Volksbank is 'Banking with a human touch', this means that we also put the human touch into rewarding our employees. In determining the remuneration policy and the actual remuneration, we take account of our stakeholders, i.e. our customers, society, our employees and the shareholder. We like to keep it simple and want to show that our strategy enables us to attract and retain talented employees, without offering them higher pay than the industry average (also see Labour market comparison below). People in equal situations receive equal pay; differences in sex or ethnic background, for example, do not affect their salary and/or performance assessments. The compensation of the Chairman of the Board and the average compensation of the other Board members are in reasonable proportion to the salaries of the other employees (also see Pay ratios below). We do not consider variable pay to be in keeping with the social character of our bank and, for that reason, no variable pay applies.

For more information on the remuneration reports of de Volksbank N.V., please refer to the 'Remuneration Identified Staff' section on the website of de Volksbank.

## Remuneration of the Board of Directors

### Remuneration elements

Members of the Board have a four-year contract. Their remuneration consists of a fixed annual income, a pension contribution and fringe benefits, such as the supplement as compensation for the loss of pension accrual above € 110,111 and a lease car.

### Fixed annual income

On 1 July 2020, the fixed annual income of the Board was increased by 1.75%, as was the case for employees falling within the scope of the collective agreement. Since that date, the fixed annual income of the Chairman of the Board has amounted to € 424,498 and the fixed annual income of the other members of the Board to € 325,779. The remuneration policy includes a higher compensation of € 347,498 for the other members of the Board. Apart from collective agreement salary increases, members of the Board are not entitled to other increases in their fixed annual income. For this reason, the fixed annual income is below the amount included in the remuneration policy.

### Labour market comparison (benchmarking)

Once every two years we compare the remuneration of the Board with peer group positions in the general market, consisting of a combination of comparable financial and non-financial corporations. This benchmark analysis was last performed in December 2019. The fixed annual income of the members of the Board and the Chairman of the Board on the basis of the remuneration policy is 14% and 24% below the general market median, respectively. For the fixed and variable remuneration (short and long terms) in the general market, this is 47% and 58% below the median, respectively. This difference is larger because de Volksbank does not apply a variable remuneration scheme.

### Pension

Members of the Board participate in the same pension scheme as all other staff of de Volksbank. No additional pension is granted. To compensate for the lack of pension accrual above € 110,111, members of the Board receive a gross supplement of 16.35% of their income above that limit. This is laid down in the collective agreement of de Volksbank and is applicable up to and including 31 December 2021. An evaluation of the possible continuation of this compensation will be carried out before that date.

### Other

The fringe benefits of the members of the Board are for the most part equivalent to the fringe benefits of all other employees.

In the event of termination of employment at the initiative of de Volksbank, members of the Board will receive no more than one year's fixed annual income as redundancy compensation.

### Performance targets

Each year, the Supervisory Board sets the performance targets for the Board. These are derived from de Volksbank's (long-term) strategic objectives. In setting these objectives, the Supervisory Board takes into account the desired risk profile and sustainability of de Volksbank. These two themes are embedded in the targets every year. In addition, the Supervisory Board takes into account the interests of all of de Volksbank's stakeholders.

As the Board only has a fixed remuneration, there are no undesirable remuneration incentives that could place individual interests in the short term above the collective objectives in the long term.

At the end of each performance period, the Supervisory Board assesses the performance of the Board in meeting the performance targets. The Supervisory Board also evaluates the progress on the long-term objectives.

### Performance year 2020

Objectives/Shared value	KPI	Weight
Customer	1 Net Promoter Score (NPS)	15%
	2 Number of current account customers	10%
Society	3 Climate-neutral balance sheet	12.5%
	4 Financial resilience	12.5%
Employee	5 Genuine attention	25%
Shareholder	6 Return on Equity (excluding the CRO) or CET1 ratio (only the CRO)	25%
		100%

In this context, the Supervisory Board assesses the extent to which the performance targets have been achieved and the way in which de Volksbank is managed in terms of conduct and culture in accordance with banking with a human touch (competencies and critical success factors). The Supervisory Board has assessed the achievement of the various performance targets for 2020 and has concluded that the Board achieved 67% of the targets. For the achievement of these targets, please refer to Chapter 1 Strategy and progress in de Volksbank's annual report. The performance targets for 2021 are shown in the table below.

### Performance year 2021

Aspect	Category	Weight
Shared value/output	Customer	10%
	Society	10%
	Employees	10%
	Shareholder	10%
		40%
Transformations	Digital and Omnichannel dialogue environment	6%
	Well-stocked shelves & new propositions	6%
	Customer bank foundation	6%
	Customer-focused setup	6%
	Efficient and flexible	6%
		30%
Conduct	Customer focused	10.5%
	Cooperation with a focus on results	10.5%
	Continuous improvement and innovation	9%
		30%
		100%

## Actual remuneration of the Board of Directors

The table below provides an overview of the actual remuneration of each member of the Board.

### Gross remuneration of the Board of Directors

in € thousands		Fixed Position remuneration <sup>1</sup>		Pension <sup>2</sup>		Other <sup>3</sup>		Severance pay		Total		
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
	Martijn Gribnau <sup>4</sup>	CEO	228	--	12	--	62	--	--	--	302	--
	Jeroen Dijst	CRO	323	317	22	22	60	58	--	--	405	397
	Marinka van der Meer	CCO	323	317	22	22	55	52	--	--	400	391
								--	--			
	Maurice Oostendorp <sup>5</sup>		279	413	15	22	63	91	--	--	357	526
	Mirjam Verhoeven <sup>6</sup>		277	206	19	14	49	36	--	--	345	256
	Pieter Veuger <sup>7</sup>		150	--	11	--	24	--	--	--	185	--
	Annemiek van Melick <sup>8</sup>		--	211	--	15	--	40	--	--	--	266
	<b>Total Board of Directors</b>		<b>1,580</b>	<b>1,464</b>	<b>101</b>	<b>95</b>	<b>313</b>	<b>277</b>	<b>--</b>	<b>--</b>	<b>1,994</b>	<b>1,836</b>
	<b>FORMER DIRECTORS</b>											
	Mirjam Verhoeven <sup>9</sup>		46	--	3	--	8	--	374	--	431	--
	Pieter Veuger <sup>10</sup>		--	--	--	--	--	--	161	--	161	--
	<b>Total current and former Board of Directors</b>		<b>1,626</b>	<b>1,464</b>	<b>104</b>	<b>95</b>	<b>321</b>	<b>277</b>	<b>535</b>	<b>--</b>	<b>2,586</b>	<b>1,836</b>

1 Includes holiday pay and 13th month bonus.

2 The pension is the employer contribution minus the employee's personal pension contribution.

3 'Other' includes all remaining remuneration, including the supplement as compensation for the loss of the pension accrual in excess of € 110.111, the addition for the use of a company car and social security contributions.

4 Remuneration as from 17-6-2020

5 Remuneration up to 1-9-2020

6 Remuneration up to 10-11-2020

7 Remuneration as from 19-3-2020 up to 5-9-2020

8 Remuneration up to 1-9-2019

9 As from 1-1-2021 exempt from work and will leave the company on 1-5-2021.

10 As from 5-9-2020 exempt from work and left the company on 31-1-2021.

## Pay ratio

Our standard is that the Chairman of the Board of Directors does not earn more than ten times the median salary<sup>1</sup> within de Volksbank. De Volksbank also reports on the ratio between the average compensation of the members of the Board (excluding the Chairman) and the median of employees' salaries, and on the ratio between the compensation of the Chairman of the Board and the maximum of the lowest pay grade as at 31 December 2020. No targets have been set for the last two ratios. For the past six years, we see the following:

### Pay ratio

	2020	2019	2018	2017	2016	2015
Ratio between the compensation of the Chairman of the Board and the median employee salaries at de Volksbank (excl. Chairman)	6:1	7:1	6:1	7:1	7:1	7:1
Ratio between the average compensation of Board members (excl. Chairman) and the median employee salaries (excl. Chairman)	5:1	5:1	5:1	5:1	5:1	5:1
Ratio between the compensation of the Chairman of the Board and the maximum of the lowest pay grade as at 31 December	18:1	20:1	20:1	20:1	19:1	

## Share ownership

Members of the Board do not hold any shares in de Volksbank. All shares are held by NLFI, which has issued depositary receipts for shares to the Dutch State in return.

<sup>1</sup> The salary is composed of the following elements: fixed income (including any supplements), pension and social security contributions.

## Loans

The table below provides an overview of the loans provided to members of the Board and outstanding on 31 December 2020.

Loans to members of the Board of Directors						
in € thousands	Outstanding 31 December		Average interest rate		Redemption	
	2020	2019	2020	2019	2020	2019
Mirjam Verhoeven	27	37	5.4%	5.4%	10	10

## Remuneration of the Supervisory Board

### Supervisory Board remuneration policy

The table below provides an overview of the annual gross compensation for the members of the Supervisory Board and the compensation for their work in committees.

Remuneration policy of the Supervisory Board exclusive of 21% VAT	
in €	Amount
Annual fixed compensation Chairman of the Supervisory Board	44,000
Annual fixed compensation member of the Supervisory Board	30,800
Chairman Audit Committee	7,000
Member Audit Committee	4,900
Chairman People and Organisation Committee	7,000
Member People and Organisation Committee	4,900
Chairman Risk and Compliance Committee	7,000
Member Risk and Compliance Committee	4,900

In January 2019, the compensation for the members of the Supervisory Board was compared with the general market: a combination of comparable financial and non-financial corporations. The benchmark shows that the compensation is 20% below the median of the general market.

### Actual compensation of the Supervisory Board

The table below provides an overview of the actual compensation of each member of the Supervisory Board in 2020.

Gross compensation of the Supervisory Board exclusive of 21% VAT						
in € thousands	As a member of the Supervisory Board <sup>1</sup>		As a member of a committee <sup>2</sup>		Total	
	2020	2019	2020	2019	2020	2019
Jan van Rutte (Chairman)	44	44	5	5	49	49
Monika Milz	31	31	12	12	43	43
Sonja Barendregt-Roojers	31	31	12	12	43	43
Jos van Lange	31	31	12	12	43	43
Aloys Kregting	31	31	10	10	41	41
<b>Total</b>	<b>168</b>	<b>168</b>	<b>51</b>	<b>51</b>	<b>219</b>	<b>219</b>

1 Annual fixed compensation for the membership/chairmanship of the Supervisory Board.  
2 Annual compensation for one or more committees.

## Share ownership

Members of the Supervisory Board do not hold any shares in de Volksbank. All shares are held by NLF, which has issued depositary receipts for shares to the Dutch State in return.

## Loans

In 2020, no loans were provided to members of the Supervisory Board and no loans were outstanding on 31 December 2020.

## Supervision on remuneration

The Supervisory Board and the Board are responsible for the supervision of de Volksbank's remuneration policy. Also involved are the People and Organisation Committee of the Supervisory Board, the control departments of Risk, Compliance and Audit, and the staff departments of Finance, Legal Affairs and Human Resources. Moreover, the remuneration policy is discussed at least once a year by the Risk and Compliance Committee of the Supervisory Board. This year the remuneration policy was discussed in the People and Organisation Committee and in the Risk and Compliance Committee.

## Supervisory Board

The Supervisory Board adopts the Remuneration Report and is responsible for the implementation and evaluation of the remuneration policy for the members of the Board.

The Supervisory Board also approves the remuneration policy for senior management as proposed by the Board, and supervises its implementation. Moreover, the Supervisory Board is responsible for approving the broad lines of the remuneration policy as proposed by the Board for other employees of de Volksbank.

The Supervisory Board will at least once a year arrange for a central and independent internal review by Audit to review the implementation of de Volksbank's remuneration policy in terms of compliance with laws and regulations, the policy and the procedures for remuneration.

The Supervisory Board sees to it that the Board ensures the pay-out of previously granted variable remuneration is in keeping with the adopted remuneration policy of de Volksbank and, more specifically, that the variable remuneration complies with the principles on remuneration policy as set out in the Banking Code. The Supervisory Board also discusses any material retention, signing-on and severance payments and sees to it that they are in keeping with the adopted remuneration policy of de Volksbank and that they are not excessive. Any such fees are granted on very rare occasions only.

The Supervisory Board directly supervises the remuneration of the Directors of Risk, Compliance and Audit who hold overall responsibility. The Supervisory Board may call upon the expertise of independent remuneration experts.

## Board of Directors

The Board of Directors is responsible for the remuneration policy of de Volksbank with the exception of the remuneration policy of the Board itself.

In exceptional situations and on good grounds, the Board has the discretionary power (in so far as it does not relate to the members of the Board itself) to deviate from the remuneration policy as adopted, to the extent that laws and regulations permit. Any such deviations are subject to prior review by the Supervisory Board.

The Board is responsible for the application of the reasonableness test for senior management and Identified Staff in general, for the approval of benchmarks on market conformity for senior management and other employees, and for the approval of non-material retention, signing-on and severance payments for all employees (with the exception of the members of the Board itself).

## Staff departments

A Remuneration Working Group comprising the staff departments of Risk, Compliance, Finance, Legal Affairs and Human Resources supervises the remuneration policy and compliance with this policy. Audit periodically performs independent audits into the drawing up and implementation of the remuneration policy.