

# Remuneration Identified Staff 2017

2017

The original report was drafted in Dutch. This document is an English translation of the original.  
In the case of any discrepancies between the English and the Dutch text, the latter will prevail.



# Introduction

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This report consists of three parts. The first part describes the remuneration policy, the second part reports on the remuneration granted to Identified Staff in 2017, and the third part provides an explanation of the supervision on remuneration.

Within the scope of Pillar 3, as laid down in part 8 of the CRR and the Regulation on Sound Remuneration pursuant to the Financial Supervision Act 2017 (*Regeling beheerst beloningsbeleid Wft 2017*), de Volksbank N.V. (de Volksbank) reports annually on the remuneration and remuneration policy in respect of persons whose professional activities may have a material impact on the organisation's risk profile, so-called Identified Staff. De Volksbank retrospectively issues a combined report over the previous calendar year. This report is published on the website of de Volksbank under Corporate Governance/Remuneration Identified Staff.

The main developments related to remuneration in 2017 are:

- On 1 May, a 1% collective pay rise has been implemented for all employees (including the Board of Directors).
- At the end of 2017, the parties to the collective agreements concluded a new three-year collective agreement for the period 1 January 2018 up to and including 31 December 2020. In these three years, the salaries will be structurally raised by 4.75% (2018: 1.25%, 2019: 1.75% and 2020: 1.75%). In the years 2018 to 2020, a one-off payment of 0.75% of the annual income will be paid each year.
- The pension premium paid by the employer will from now on be determined annually on the basis of a fixed formula of the pension fund. This premium is capped at 24% of the wage sum. Administration costs of just over € 1 million are also charged separately to the employer. The employee contribution has been increased from 4.5% to 5% of the pension basis. If the required premium is less than 22%, the difference between the required premium and the 22% will be returned to the employees.
- Only for 2017 may employees falling within the scope of the collective agreement still receive variable remuneration of up to a maximum of 6.75% (over the past few years this percentage was on average 2.25% of the annual salary) based on their performance assessment. With effect from 1 January 2018, this last form of variable remuneration has also been abolished.

The Remuneration and Nomination Committee (ReNomCo) prepared the decision-making for the Supervisory Board on remuneration and nomination related topics where applicable. In 2017, the ReNomCo comprised three members of the Supervisory Board, viz. Mr L.J. Wijngaarden (Chairman), Ms M.R. Milz, and Mr J.C.M. van Rutte.

## Part 1: Remuneration policy

The Remuneration Policy of de Volksbank is in line with our Manifesto, our strategy of shared value - taking our customers, society, our employees and our shareholder into account in all our activities - and our profile of a social bank with low-risk activities.

This means that we:

1. It is important for our organisation that the terms of employment are in conformity with the (average in the) market and allow a fair cost price for our customers. It is also important for our employees that their terms of employment are in conformity with the market. This ensures that our employees are financially resilient, rewarded for their commitment, performance and investment in know-how and competences, and that they remain flexible in their career both inside and outside the organisation.

2. Successes are achieved together. To emphasise this interconnectedness, we have agreed that the highest salary at de Volksbank is no more than 10 times the average salary at the bank.
3. We value diversity in opinions, working methods and input because we believe this has a positive influence on achieving our objectives.
4. Our financial services are about benefit rather than return. Know your customer, be professional and be audacious. We value this and it is taken into account into your performance assessment and, as a consequence, also in your remuneration (career opportunities).
5. The continuity of our organisation is very important in order to ensure services to our customers. Focusing on the short and longer term fits in with this. Remuneration at de Volksbank must match its low risk profile and controlled business operations.
6. When the assessment of having achieved the agreements made within the context of the strategy and the Manifesto give rise to this, an employee will receive a salary increase with effect from 1 January, provided the final salary for the employee's position has not yet been reached.

We want to make the employment conditions as simple and sustainable as possible and we are transparent about them.

### Remuneration policy of Identified Staff

De Volksbank's Identified Staff do not form a homogenous group, but are spread across the organisation and comprise both employees who do and who do not fall within the scope of the collective agreement. Regardless of the remuneration, which varies for each target group, there are clear rules for granting and paying out remuneration to Identified Staff. These rules meet the specific requirements of the laws and regulations and implementation thereof is monitored by the control departments (including an independent review by Audit).

The Identified Staff (53 individuals) break down into the following groups:

	Unit	Position	Number of Identified Staff	Variable remuneration as a % of fixed remuneration
1	Management Body	Board member	5	0%
	Senior			
2	Management	Identified Staff reporting to the Management Body	38	0%
	Other Identified	Employees whose professional activities may have a material impact on the organisation's risk profile		
3	Staff	Employees whose professional activities may have a material impact on the organisation's risk profile	6	0%
		Employees whose professional activities may have a material impact on the organisation's risk profile	4	6,75% in 2017 and subsequently abolished

With respect to the performance-related bonus for 2017 awarded to the four employees falling within the scope of the collective agreement and the granting of variable remuneration to Identified Staff awarded in previous years, de Volksbank complies with the applicable laws and regulations. This means that 50% will be granted in cash and 50% in phantom shares, and that the remuneration consists of a direct portion (40%) and a deferred portion (60%). Whether or not the deferred portion is granted, is subject to a favourable outcome of a reasonableness test / ex post risk analysis.

# Part 2: Remuneration of the Management Body, Senior Management and other identified staff in 2017

## Remuneration Management Body

In €	Fixed remuneration <sup>1</sup>	Variable remuneration		Total Fixed + variable
		Direct / unconditional	Deferred / conditional	
Maurice Oostendorp	€ 452,286.04	€ 0	€ 0	€ 452,286.04
Alexander Baas	€ 283,550.30 <sup>2</sup>	€ 0	€ 0	€ 283,550.30
Annemiek van Melick	€ 343,312.03	€ 0	€ 0	€ 343,312.03
Rob Langezaal	€ 343,312.03	€ 0	€ 0	€ 343,312.03
Jeroen Dijst	€ 343,312.03	€ 0	€ 0	€ 343,312.03
<b>Totaal</b>	<b>€ 1,765,772.43</b>	<b>€ 0</b>	<b>€ 0</b>	<b>€ 1,765,772.43</b>

1 Fixed remuneration is the annual salary including the holiday allowance, year-end bonus (13th month pay), pension supplement for the salary in excess of € 103,317 and any other supplements.

2 Not aligned with the other remuneration of the other board members due to the effect of Wbfo.

## Remuneration Management Body<sup>1</sup>, Senior Management and Other Identified Staff

in €	Management Body	Senior Management	Other Identified Staff
Number of employees	5	38	10
Total fixed remuneration for 2017	€ 1,765,772	€ 7,020,778	€ 1,623,746
<b>Variable remuneration:</b>			
Direct unconditional in cash 30%	€ 0	€ 0	€ 4,819
Direct unconditional in phantom shares 30%	€ 0	€ 0	€ 4,819
Deferred conditional in cash 20%	€ 0	€ 0	€ 3,213
Deferred conditional in phantom shares 20%	€ 0	€ 0	€ 3,213
<b>Total variable remuneration in 2017</b>	<b>€ 0</b>	<b>€ 0</b>	<b>€ 16,065</b>
Total outstanding remuneration granted unconditionally: direct component in phantom shares with a one-year retention period	€ 0	€ 0	€ 4,819
Total outstanding remuneration granted conditionally: deferred components in cash and phantom shares	€ 0	€ 444,492	€ 169,912
Total remuneration previously granted conditionally and paid out in 2017	€ 0	€ 0	€ 112,819
Total remuneration previously granted conditionally and reduced in 2017 due to a performance adjustment	€ 0	€ 0	€ 0

1 Board of Directors

## Any Special remuneration

No guaranteed variable remuneration (sign-on bonuses), retention bonuses and/or discretionary pension was granted in 2017.

in €	Management Body	Senior Management	Other Identified Staff
<b>SIGN-ON BONUS GRANTED IN 2017</b>			
Total amount of sign-on bonuses	€ 0	€ 0	€ 0
Number of beneficiaries	0	0	0
<b>Severance payments granted in 2017</b>			
Total amount of severance payments	€ 307,000	€ 898,890	€ 446,825
Number of beneficiaries	1	6	3
Highest individual payment	€ 307,000	€ 315,000	€ 267,881
<b>Severance payments laid down in employment contracts upon commencement of employment in 2017</b>			
Total amount of future severance payments	€ 0	€ 0	€ 0
Number of beneficiaries	0	0	0
<b>Number of persons who received a total remuneration (fixed + variable) of € 1 million or more for 2017</b>	0	0	0

## Part 3: Supervision on remuneration

De Volksbank set up a 'control framework' to monitor the remuneration and remuneration policy of Identified Staff with respect to the material impact of the latter on the organisation's risk profile. To this end, the control departments of Risk and Compliance collaborate with the staff departments of Finance, Legal Affairs and Human Resources in a Remuneration Working Group.

For employees in control functions, performance targets are directed at their own job content. Ultimately responsible directors of the control departments have been designated as Identified Staff, as are the other management team members of their management team. All other employees in control positions have not been designated as Identified Staff. As a control department, Audit independently checks the adoption and implementation of the remuneration policy.

Decision-making on the remuneration and remuneration policy of Identified Staff lies mainly with the Supervisory Board, with the exception of the implementation of remuneration schemes of employees falling within the scope of the collective agreement, which is the responsibility of the Board of Directors. De Volksbank has no variable remuneration, except for employees falling within the scope of the collective agreement who may receive a one-off performance bonus of up to a maximum of 6.75% (on average 2.25%) of their annual salary on the basis of their performance assessment. As from 1 January 2018, this last form of variable remuneration has also been abolished.

The ReNomCo, responsible for the preparation of remuneration-related decisions of the Supervisory Board, met eight times in 2017. All documents for the ReNomCo are submitted via the Board of Directors.



## Designation of Identified Staff

Identified Staff is designated on the basis of one or more of the 18 criteria defined by Risk, such as the employee's position in the organisation (e.g. member of the Board of Directors), the individual or collective responsibility for a certain risk as a member of a committee, and the level of remuneration. These criteria are derived from the technical regulatory standard of the European Banking Authority (EBA) following from the CRD IV Capital Requirements Directive.

Staff changes, i.e. starters, leavers and internal transfers are monitored by HR and processed throughout the year. In addition, the Remuneration Working Group annually reviews the appropriateness of the designation of Identified Staff and will submit this for approval to the Supervisory Board.

In 2017, de Volksbank designated 53 individuals as Identified Staff (for part of the year or the full year), including external employees who occupy an Identified Staff position.

## Relationship between remuneration and performance

Every employee makes agreements on performance, behaviour and development. The realisation of these agreements results in a performance assessment. When the employee has not yet reached the maximum salary level of in his current salary scale, a salary increase may follow from the assessment. Remuneration is in any case to give meaning to our 'Banking with a human touch' mission and the realisation of de Volksbank's (long-term) strategy.

## Ex ante and ex post risk analysis

The control departments conduct an ex ante risk analysis to ensure that the performance objectives have been set and that they meet the criteria defined.

The ex ante risk analysis consist of the following five steps:

1. an assessment of the method of designating Identified Staff and a check if the Identified Staff list is appropriate;
2. an evaluation of general requirements for Identified Staff;
3. an evaluation of the performance objectives as set for the Management Body, Senior Management and Other Identified Staff, in addition to the matters referred to in 2.;
4. an evaluation of the performance objectives as set for the control functions, in addition to the matters referred to in 2.;
5. a check if the Guiding Principles related to the variable remuneration (the granting of remuneration awarded in previous years) are still relevant.

The control departments carry out an ex post risk analysis at the end of the performance period.

As the variable remuneration has been abolished, the ex post risk analysis is directed at the granting of the variable remuneration awarded in previous years. The analysis examines if there is reason to adjust the variable remuneration downwards or to reclaim variable remuneration already awarded, including any consequences ensuing from Identified Staff's actions that manifest themselves in the deferral period and shed new light on the actions in previous performance periods. On the basis of this analysis it is recommended whether the variable remuneration will be paid out or adjusted downwards.

If variable remuneration is paid out on the basis of incorrect information about the achievement of the objectives underlying the variable remuneration or about circumstances upon which the variable remuneration was made conditional, the variable remuneration may be reclaimed in full or in part, even after it has been granted unconditionally and paid out (clawback). The claim can also be filed on de Volksbank's behalf by the Supervisory Board. In addition, it is assessed if a salary increase is in accordance with controlled business operations. This is done by means of a limited review only.