

2019

Remuneration
Identified Staff

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

Introduction

Within the scope of Pillar 3, 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, as laid down in part 8 of the CRR and the Regulation on Sound Remuneration Policies pursuant to the Financial Supervision Act 2017 (Regeling beheerst beloningsbeleid Wft 2017). De Volksbank retrospectively issues a combined report for the previous calendar year.

This report is published on the website of de Volksbank under <https://www.devolksbank.nl/en/about-us/beloningen-identified-staff>. 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 2019, and the third part provides an explanation of the supervision on remuneration.

The main developments related to remuneration in 2019 are:

- De Volksbank asked external consultant Korn Ferry to investigate whether de Volksbank awards equal remuneration to women and men who perform the same work in the same circumstances. This turned out to be the case. A summary of the results is available at <https://www.devolksbank.nl/nieuws/gelijke-beloning-mannen-en-vrouwen>.
- Under the collective agreement all employees, including the Board of Directors, received a permanent salary increase of 1.75% with effect from 1 July 2019 and a one-off payment of 0.75% on 1 March 2019.
- De Volksbank has decided to follow the revised Shareholder Rights Directive. This Directive has also led de Volksbank to decide to split up its remuneration policy into a "Remuneration Policy for de Volksbank's Board of Directors and Supervisory Board" and a "Remuneration Policy for de Volksbank". Both policy documents will be published on de Volksbank's website when they have been approved.

The People and Organisation Committee (POC) of the Supervisory Board has prepared the decision-making for the Supervisory Board on topics related to people and organisation where applicable. At the end of 2019 the committee consisted of three Supervisory Board members, namely Monika Milz (POC Chair), Jan van Rutte and Aloys Kregting.

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:

1. It is important for our organisation that the terms of employment are in conformity with the market (the market average) 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 competencies, 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 will be no more than 10 times the median 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 in 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 terms fits in with this. Remuneration at de Volksbank must match its low risk profile and controlled business operations.
6. When the assessment (of whether or not the agreements made within the context of the strategy and the Manifesto have been achieved) gives rise to this, an employee will receive a salary increase with effect from 1 January, provided that the final salary for the employee's position has not yet been reached.
7. We want to make the employment conditions as simple and sustainable as possible and we are transparent about them.

As stated in the Introduction, the remuneration policy will be revised in 2020. Part of this revision is the inclusion of the basic principle that equal work is rewarded equally in equal circumstances.

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 employees who do not fall within the scope of the collective agreement.

Separate rules are in place 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).

De Volksbank also regards the Supervisory Board members as Identified Staff, but that target group is not covered in this report. The remuneration of the Supervisory Board members is included in the remuneration report, which can be found in the same location on the website as this report.

Identified Staff without the Supervisory Board – 47 persons, some of whom were Identified Staff for only part of the year – breaks down into three groups:

Unit	Position	Number of Identified Staff	Variable remuneration as a % of fixed remuneration
1 Management Body	Board member	5	0%
2 Senior Management	Identified Staff reporting to the Management Body	30	0%
3 Other Identified Staff	Employees whose professional activities may have a material impact on the organisation's risk profile	2	0%
	Employees whose professional activities may have a material impact on the organisation's risk profile	10	0%

With respect to the granting of variable remuneration to Identified Staff awarded in previous years, de Volksbank complies with the applicable laws and regulations. This means that 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 Management Body, Senior Management and other Identified Staff in 2019

Remuneration Management Body				
In €	Fixed remuneration ¹	Variable remuneration		Total Fixed + variable
		Direct / unconditional	Deferred / conditional	
Maurice Oostendorp	€466,175.00	€0	€0	€466,175.00
Jeroen Dijst	€353,684.00	€0	€0	€353,684.00
Marinka van der Meer	€353,640.00	€0	€0	€353,640.00
Mirjam Verhoeven ²	€229,895.00	€0	€0	€229,895.00
Annemiek van Melick ³	€235,659.00	€0	€0	€235,659.00
Totaal	€1,639,053.00	€0	€0	€1,639,053.00

1 Fixed remuneration is the annual salary including the holiday allowance, 13th month pay, pension supplement for the salary in excess of € 107.593 and any other supplements.

2 As per 9 May 2019

3 Up to 1 September 2019

Remuneration Management Body (=statutory board), Senior Management and Other Identified staff

in €	Management Body	Senior Management	Other Identified Staff
Number of employees	5	30	12
Total fixed remuneration for 2018	€1,639,053	€5,399,527	€1,813,279
Variable remuneration:			
Direct unconditional in cash 30%	€0	€0	€0
Direct unconditional in phantom shares 30%	€0	€0	€0
Deferred conditional in cash 20%	€0	€0	€0
Deferred conditional in phantom shares 20%	€0	€0	€0
Total variable remuneration in 2018	€0	€0	€0
Total outstanding remuneration granted unconditionally: direct component in phantom shares with a one-year retention period	€0	€0	€0
Total outstanding remuneration granted conditionally: deferred components in cash and phantom shares ¹	€0	€79,508	€40,829
Total remuneration previously granted conditionally and paid out in 2018	€0	€91,814	€50,017
Total remuneration previously granted conditionally and reduced in 2018 due to a performance adjustment	€0	€0	€0

¹ Total after granting and paying in march 2020. The outstanding part (from previous years) that will be paid out in March 2020 is disregarded. The amounts of the outstanding parts include the employees who are now out of service and / or who are no longer identified staff.

Any special remuneration

No guaranteed variable remuneration (sign-on bonuses), retention bonuses and/or discretionary pension were granted in 2019. A severance payment was granted to one person.

in €	Management Body	Senior Management	Other Identified Staff
SIGN-ON BONUS GRANTED IN 2019			
Total amount of sign-on bonuses	€0	€0	€0
Number of beneficiaries	0	0	0
Severance payments granted in 2019			
Total amount of severance payments	€0	€127,311	€0
Number of beneficiaries	-	1	-
Highest individual payment	€0	€127,311	€0
Severance payments laid down in employment contracts upon commencement of employment in 2019			
Total amount of future severance payments	€0	€0	€0
Number of beneficiaries	0	0	0
Number of persons who received a total remuneration (fixed + variable) of € 1 million or more for 2018	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 (LA) and Human Resources (HR) 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; 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. The implementation of remuneration schemes of employees falling within the scope of the collective agreement is the responsibility of the Board of Directors. De Volksbank has no variable remuneration schemes.

The POC, which is responsible for the preparation of remuneration-related decisions of the Supervisory Board, met six times in 2019. All documents for the POC are submitted via the Board of Directors.



Designation of Identified Staff

Identified Staff are 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., Board of Directors), being charged with the responsibility for a certain material risk as an individual or 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 2019, de Volksbank designated 47 individuals as Identified Staff (for part of the year or for 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 final assessment. If the employee has not yet reached the maximum salary level of the current salary scale, a salary increase may follow from the final 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 targets have been set and that they meet the criteria defined. The ex ante risk analysis consists 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 targets 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 targets 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 advised whether the variable remuneration may be paid out or should be adjusted downwards.

If variable remuneration has been paid out in previous years 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.

