

2019

Remuneration
report

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

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). Men and women who do the same job are rewarded equally in an equal situation. The salary of the Chairman of the Board is in reasonable proportion to the salaries of the other employees (also see Pay ratios). 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 salary supplement as compensation for the loss of pension accrual above € 107,593 and a lease car.

Fixed annual income

On 1 July 2019, 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. As from that date, the fixed annual income of the Chairman of the Board amounts to € 417,197 and the fixed annual income of the other members of the Board to € 320,176. The remuneration policy includes a higher salary of € 341,522 for the other members of the Board. Apart from collective agreement salary increases, members of the Board are not entitled to other increases of the 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 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 are 14% and 24% below the general market median, respectively. For the fixed and variable remuneration (short and long term) in the general market, this is 47% and 58% below the median, respectively.

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 our 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 2019

Objectives/ Shared value	KPI	Weighting
Customer	1 Net Promoter Score (NPS)	15%
	2 Number of current account customers	10%
Society	4 Climate-neutral balance sheet	12.5%
	5 Financial resilience	12.5%
Employee	6 Genuine attention	25%
Shareholder	7 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 (competences, cultural profile and critical success factors). The Supervisory Board has assessed the achievement of the various performance targets for 2019 and has concluded that the Board achieved 72,5% of the targets.

The performance targets for 2020 are shown in the table below. For the achievement of these targets, please refer to Chapter 3 Banking with a human touch in the Annual Report of de Volksbank.

Performance year 2020

Objectives/ Shared value	KPI	Weighting
Customer	1 Net Promoter Score (NPS)	15%
	2 Current account customers	10%
Society	3 Climate-neutral balance sheet	12.5%
	4 Financial resilience	12.5%
Employee	5 Oprechte aandacht	25%
Shareholder	6 Return on Equity (excluding the CRO) or Common Equity Tier 1 ratio (only the CRO)	25%
		100%

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 over € 107,593, members of the Board (including the

Chairman) receive a gross supplement of 16,35% of the income above that limit. This is laid down in the collective agreement of de Volksbank and is applicable up to and including 31 December 2020. 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 (including the Chairman) will receive one year's fixed annual income as redundancy compensation at the maximum.

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	Position	Fixed remuneration ¹		Pension ²		Other ³		Total	
		2019	2018	2019	2018	2019	2018	2019	2018
Maurice Oostendorp	CEO	413	408	22	21	91	92	526	521
Jeroen Dijst	CRO	317	314	22	21	58	58	397	393
Marinka van der Meer ⁴	CCO	317	82	22	6	52	13	391	101
Mirjam Verhoeven ⁵	COO	206	--	14	--	36	--	256	--
Annemiek van Melick ⁶	CFO	211	314	15	21	40	73	266	408
Alexander Baas		--	261	--	21	--	65	--	347
Total Board of Directors		1,464	1,379	95	90	277	301	1,836	1,770

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 salary supplement as compensation for the loss of the pension accrual in excess of € 107,593, the addition for the use of a company car and social security contributions.

4 Remuneration as from 28-9-2018

5 Remuneration as from 9-5-2019

6 Remuneration up to 1-9-2019; after this date the CFO position was held by the CEO.

Alexander Baas stepped down as member of the Board of de Volksbank with effect from 1 January 2019. As from this date he was appointed Director of de Volksbank's Service Center Customers, Payments and Savings.

In connection with the departure of Annemiek van Melick, the Supervisory Board has decided to nominate Pieter Veuger for appointment by NLF1 as a member of the Board in the position of Chief Financial Officer (CFO). The intended appointment is subject to the approval by the external supervisory authorities. This

approval has not yet been received. The Works Council has given positive advice.

Pay ratio

Our standard is that the Chairman of the Board of Directors does not earn more than ten times the median salary¹ within de Volksbank. For the past five years, we see the following:

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

Pay ratio

	2019	2018	2017	2016	2015
Ratio between the remuneration of the Chairman of the Board and the median employee salaries at de Volksbank (excl. Chairman)	7:1	6:1	7:1	7:1	7:1

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.

Loans

The table below provides an overview of the loans provided to members of the Board and that were outstanding on 31 December 2019.

Loans to members of the Board of Directors

in € thousands	Outstanding	Average	Redemption
	31 December	interest rate	
	2019	2019	2019
Mirjam Verhoeven	37	5.40%	10

Remuneration of the Supervisory Board

Remuneration policy of the Supervisory Board

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 Committee	7,000
Member Risk 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 2019.

in € thousands	As a member of the Supervisory Board ¹		As a member of a committee ²		Total	
	2019	2018	2019	2018	2019	2018
Jan van Rutte (Chairman)	44	44	5	8	49	52
Monika Milz	31	31	12	11	43	42
Sonja Barendregt-Roojers	31	31	12	10	43	41
Jos van Lange ³	31	21	12	8	43	29
Aloys Kregting ⁴	31	11	10	3	41	14
Charlotte Insinger ⁵	--	8	--	2	--	10
Ludo Wijngaarden ⁵	--	9	--	4	--	13
Totaal	168	155	51	46	219	201

1 Annual fixed compensation for the membership/chairmanship of the Supervisory Board.
2 Annual compensation for one or more committees, including the expense allowance.
3 Compensation as from 1-5-2018
4 Compensation as from 24-08-2018.
5 Compensation up to and including until 19-04-2018

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.

Loans

In 2019, no loans were provided to members of the Supervisory Board and no loans were outstanding on 31 December 2019.

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 Committee of the Supervisory Board. This year, however, the remuneration policy was discussed in the People and Organisation Committee rather than in the Risk 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 the implementation thereof. 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 on compliance with laws and regulations, the policy and 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 as set out in the Banking Code on remuneration policy. The Supervisory Board also discusses any material retention, signing-on and buy-out fees 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 buy-out fees 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 jointly supervise the remuneration policy and compliance thereof. Audit periodically performs independent audits into the drawing up and implementation of the remuneration policy.