

de volksbank

2021

Remuneration
Report

Introduction

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

As de Volksbank's mission is Banking with a human touch, this implies that we also add a human touch to the remuneration of our employees. In establishing the compensation policy and actual compensation, we take account of our stakeholders, i.e. our customers, society, our employees and the shareholder. We like to keep things straightforward and want to show that our strategy enables us to attract and retain talented employees, without offering them higher pay than the industry average. For more information on this topic, see the section on Remuneration benchmarking below. We also ensure equal pay in equal situations, and remuneration and/or performance assessments are not affected by, for example, gender differences or ethnic background.

The aforementioned also applies to the Board. The remuneration of the Board is in reasonable proportion to the salaries of de Volksbank's employees and to the average remuneration in the Netherlands. For more details on the pay ratios, see the section on Pay ratios below. De Volksbank does not offer any variable pay as we do not consider this to be in keeping with the social character of our bank.

Board Remuneration policy

Remuneration components

Members of the Board have a four-year agreement to perform services in exchange for which they receive compensation consisting of a Board member fee, a pension contribution and fringe benefits, such as a supplement as compensation for the loss of pension accrual over and above € 112,189 and a lease car.

Directors' fee

The Directors' fee of the Board members was raised by 1.5% on 1 July 2021, in step with the employees' salaries. As from that date, the Directors' fee of the Chair of the Board and the members of the Board amounts to € 430,865 and € 330,666, respectively.

The Directors' fee as stated above for members of the Board is below the amount as stated in the policy, i.e. € 352,711. This is because members of the Board fall within the scope of the bonus ban and salary freeze as set out in the Dutch Financial Supervision Act (Wft) due to the State aid received by de Volksbank. On the one hand, it is understandable that restrictions have been imposed in return for the State aid received, and de Volksbank itself decided that it does not want to reward its employees at the higher end of the market. On the other hand, we - as de Volksbank - must also take into account the reality of that market. The bonus ban and salary freeze mean that Directors' fees may not be increased other than in line with collective increases. As a result, remuneration in the longer term may be further out of line with comparable positions in the market. Especially in view of the tight labour market, it may become increasingly difficult for de Volksbank to attract and retain the right people.

Remuneration benchmarking

Once every two years we compare the Directors' fee with the remuneration of peer group positions in the general market, consisting of a combination of comparable financial and non-financial corporations. This benchmark was last performed in May 2021. The Directors' fee of the members and the Chair of the Board was 21% and 24% below the general market median, respectively (2020: 14% and 24%). In the case of short and long term fixed and variable remuneration, this was 51% and 59% below the median, respectively (2020: 47% and 58%). This particular gap is greater because de Volksbank does not have a variable remuneration scheme.

Pension

Board members participate in the same pension scheme as de Volksbank employees. No additional pension is granted. To compensate for the lack of pension accrual over and above the € 112,189 cap, members of the Board receive a gross supplement of 16.35% of their Directors' fee above that amount. This supplement is applicable up to and including 31 December 2022. An evaluation of the possible continuation of this compensation will be carried out before that date.

Other

The fringe benefits of the Board member's agreement to perform services are for the most part equivalent to the fringe benefits of de Volksbank employees.

In the event of termination of the agreement to perform services at de Volksbank's initiative, the Board member will receive no more than one year's fixed annual Directors' fee as compensation.

Performance objectives

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

As Board members are only entitled to fixed remuneration, there are no unwanted 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 achieving its performance objectives as well as the progress on its long-term objectives.

In this context, the Supervisory Board assesses the extent to which the performance objectives were achieved and the way in which conduct and culture within de Volksbank were managed in line with 'banking with a human touch' (competencies and critical success factors). The Supervisory Board assessed the overall achievements for 2021 and has concluded that the Board achieved 68% of the objectives.

The following tables show the performance objectives that have been set for 2021 and 2022.

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%

Performance year 2021

Aspect	Category	Weight
Shared value/output	Customer	10%
	Society	10%
	Employees	10%
	Shareholder	10%
		40%
In Control	Risk	
	Continuity	7.5%
Transformations	Digital and Omnichannel dialogue	4.5%
	Relevant product range, new propositions, small businesses as new target market	4.5%
	Customer bank	4.5%
	Customer-focused setup	4.5%
	Efficient and flexible	4.5%
		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

Gross remuneration of the Board of Directors

in € thousands	Position	Fixed Board member fee		Pension ¹		Other ²		Severance pay		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Martijn Gribnau ³	CEO	428	228	23	12	84	62	--	--	535	302
Jeroen Dijst	CRO	328	323	23	22	58	60	--	--	409	405
Marinka van der Meer	CCO	328	323	23	22	52	55	--	--	403	400
John Reichardt ⁴	CFO	234	--	16	--	51	--	--	--	301	--
Maurice Oostendorp ⁵		--	279	--	15	--	63	--	--	--	357
Mirjam Verhoeven ⁶		--	277	--	19	--	49	--	--	--	345
Pieter Veuger ⁷		--	150	--	11	--	24	--	--	--	185
Total Board of Directors		1,318	1,580	85	101	245	313	--	--	1,648	1,994
FORMER DIRECTORS											
Mirjam Verhoeven ⁸		--	46	--	3	--	8	--	374	--	431
Pieter Veuger ⁹		--	--	--	--	--	--	--	161	--	161
Total current and former Board of Directors		1,318	1,626	85	104	245	321	--	535	1,648	2,586

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

2 'Other' includes all remaining remuneration, including the supplement as compensation for the loss of the pension accrual in excess of € 112,189, the addition for the use of a company car and social security contributions.

3 Remuneration as from 17-6-2020

4 Remuneration as from 15-4-2021

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 As from 1-1-2021 exempt from work and left the company on 1-5-2021, the costs are included in 2020.

9 As from 5-9-2020 exempt from work and left the company on 31-1-2021, the costs are included in 2020.

Pay ratio

Our standard is that the Chair of the Board does not earn more than approximately ten times the median salary¹ at de Volksbank.

De Volksbank also reports on the pay ratio between the:

- average Directors' fee of the members of the Board, excluding the Chair, and the median salary of employees;
- Directors' fee of the Chair of the Board and the maximum of the lowest pay scale as at 31 December 2021;
- Directors' fee of the Chair of the Board and the average pay in the Netherlands according to the OECD; and
- Average remuneration of the members of the Board (excluding the Chair) and the average pay in the Netherlands according to the OECD.

¹ Employees' salaries and Board members' remuneration consist of the following components: fixed salary or remuneration (including any supplements), pension and social security contributions. The OECD figure does not include the pension and social security contributions and for that comparison, de Volksbank uses the same definition as the OECD.

Over the past five years, the situation is as follows:

Pay ratio	2021	2020 ¹	2019	2018	2017
INTERNAL					
Ratio between the compensation of the Chairman of the Board and the median employee salaries at de Volksbank	7:1	7:1	7:1	6:1	7:1
Ratio between the average compensation of Board members and the median employee salaries	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	20:1	20:1	20:1	20:1	20:1
EXTERNAL					
Ratio between the compensation of the Chairman of the Board and the average pay in the Netherlands according to the OECD	n.a. ²	9:1	10:1	10:1	10:1
Ratio between the average compensation of Board members and the average pay in the Netherlands according to the OECD	n.a. ²	7:1	10:1	10:1	10:1

1 In 2021 de Volksbank improved its Pay ratio calculation, comparative figures 2020 have been adjusted.
2 At the time of publication, the OECD figure was not yet known and therefore no ratio for 2021 could be presented

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

On 31 December 2021, no loans to members of the Board were outstanding.

Compensation of the Supervisory Board

Supervisory Board compensation policy

The table below provides an overview of the fixed annual gross compensation for the members of the Supervisory Board and the compensation for their service on 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

We compared the compensation of the members of the Supervisory Board against the general market in January 2019. This benchmark analysis, which consisted of a combination of comparable financial and non-financial corporations, showed that the compensation is 20% below the median of the general market.

Actual compensation of the members of the Supervisory Board

The table below provides an overview of the actual compensation of each member of the Supervisory Board in 2021.

Gross compensation of the Supervisory Board exclusive of 21% VAT

in € thousands	As a member of the Supervisory Board ¹		As a member of a committee ²		Total	
	2021	2020	2021	2020	2021	2020
Gerard van Olphen (Chair) ³	17	--	3	--	20	--
Jeanine Helthuis ⁴	9	--	3	--	12	--
Petra van Hoeken ⁴	9	--	3	--	12	--
Jos van Lange	31	31	14	12	45	43
Aloys Kregting	31	31	12	10	43	41
Jan van Rutte ⁵	27	44	6	5	33	49
Monika Milz ⁶	9	31	4	12	13	43
Sonja Barendregt-Roojers ⁶	9	31	4	12	13	43
Total	142	168	49	51	191	219

1 Annual fixed compensation for the membership/chairmanship of the Supervisory Board.

2 Annual compensation for one or more committees.

3 Compensation as from 13-08-2021

4 Compensation as from 20-9-2021

5 Compensation until 13-8-2021

6 Compensation until 21-4-2021

Share ownership

Members of the Supervisory Board do not hold any shares in de Volksbank. All shares are held by NLF1, which has issued depositary receipts for shares to the Dutch State in return.

Loans

On 31 December 2021, no loans to members of the Supervisory Board were outstanding.

Supervision on remuneration

Both the Supervisory Board and the Board are responsible for the supervision of remuneration at de Volksbank. Other parties involved are the People and Organisation Committee (P&OC) 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 & Compliance Committee (R&CC) of the Supervisory Board. In 2021, the policy was discussed in both the P&OC and R&CC.

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 the directors 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 for de Volksbank employees as proposed by the Board.

At least once a year, the Supervisory Board will 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 of conduct as set out in the Banking Code in terms of remuneration. 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. In doing so, the Supervisory Board may call upon the expertise of independent remuneration experts where necessary.

Board of Directors

The Board 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 adopted Remuneration policy, to the extent that laws and regulations permit. Any such deviations are subject to prior approval by the Supervisory Board.

The Board is responsible for the application of the reasonableness test for the directors and Identified Staff in general, and - as far as directors and other employees are concerned - for the approval of benchmarks on market conformity and the approval of non-material retention, signing-on and buy-out fees.

Staff departments

The Remuneration policy and compliance therewith is jointly supervised by the control departments of Risk and Compliance and the staff departments of Finance, Legal Affairs and Human Resources through a Remuneration Working Group. Audit periodically performs independent audits into the drawing up and implementation of the Remuneration policy.

