

de volksbank

2022

Remuneration  
Report



## Introduction

This Remuneration Report of de Volksbank N.V. (de Volksbank) covers the remuneration of the Executive Committee (ExCo) and the Supervisory Board of de Volksbank. The statutory members of the ExCo and members of the Supervisory Board do not have an employment contract and receive remuneration for their services. The non-statutory members of the ExCo do have an employment contract and receive a salary. For the sake of readability, this report refers to remuneration for all ExCo members.

De Volksbank's mission is 'Banking with a human touch' and this includes 'remuneration with a human touch'. In establishing the remuneration policy and the actual remuneration, we take into account our stakeholders, i.e. customers, society, employees and the shareholder. We like to keep things simple and want to show that our strategy enables us to attract and retain good people without offering them higher pay than the industry average (see below under Remuneration benchmarking). We 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 ExCo.

The remuneration of the ExCo is in reasonable proportion to the salaries of our employees and the average remuneration in the Netherlands (see below under Pay ratios). De Volksbank does not offer any variable remuneration as we do not consider variable remuneration linked to performance agreements to be in keeping with the social character of our bank.

## Remuneration policy of the Executive Committee

### Remuneration elements

Members of the ExCo are appointed for a term of four years. Statutory members have a contract of service and non-statutory members have an employment agreement. The remuneration consists of a management fee or fixed annual income, a pension contribution and fringe benefits, such as a supplement as compensation for the loss of pension accrual over and above € 114,866 and a lease car.

### Remuneration

Like our employees' salaries, the remuneration of members of the ExCo was increased by 1.5% with effect from 1 July 2022. As from that date, the remuneration of the ExCo members is as follows:

- Chair € 437,328
- Statutory members € 335,647; and
- Non-statutory members € 295,670

The remuneration for statutory members of the ExCo as stated above is below the amount as stated in the remuneration policy, i.e. € 358,002. Increasing the remuneration of the members of the ExCo - other than collective increases - is not possible, as the bonus ban and salary freeze as set out in the Dutch Financial Supervision Act (Wft) applies. On the one hand, it is understandable that restrictions have been imposed in return for the State aid received, and de Volksbank itself decided 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 the remuneration may not be increased other than in line with collective increases. As a result, in the longer term, remuneration may be further out of line with that of comparable positions in the market. Especially in view of the tight labour market, it may become increasingly difficult to attract and retain directors.

### Remuneration benchmarking

Once every two years we compare the remuneration of the ExCo members with the remuneration of comparable positions in the general market. The general market consists of a combination of comparable financial and non-financial corporations. This benchmark was last performed in May 2021, with the following results:

- the remuneration of the Chair was 24% below the general market median. Looking not only at the fixed remuneration, but also at the variable remuneration in the market, remuneration was 59% below the general market median.
- the remuneration of the statutory members of the ExCo was 21% below the median of the general market. Looking not only at the fixed remuneration, but also at the variable remuneration in the market, remuneration was 51% below the general market median.
- the remuneration of non-statutory members of the ExCo was established in 2022, after the benchmark of 2021. This remuneration was 2% above the general market median of 2021. This was due to the collective increase in July 2022. Looking not only at the fixed remuneration, but also at the variable remuneration in the market, remuneration was 33% below the general market median of 2021.

## Pension

ExCo members participate in the same pension scheme as the employees of de Volksbank. No additional pension is granted. To compensate for the lack of pension accrual over and above the € 114,866 cap, members of the ExCo receive a gross supplement of 16.35% of their remuneration over and above that amount.

## Other

The fringe benefits of the ExCo members are for the most part equivalent to the fringe benefits of de Volksbank employees.

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

## Performance objectives

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

As ExCo members are only entitled to fixed remuneration, there are no unwanted incentives that could place short-term individual interests above any of the long-term collective objectives.

At the end of each performance period, the Supervisory Board assesses the performance of the ExCo in achieving its performance objectives, as well as the progress on its long-term objectives.

Performance year 2022		
Aspect	Category	Weight
Shared value/output	Customer	10%
	Society	10%
	Employees	10%
	Shareholder	10%
		<b>40%</b>
In Control	Risk	7.5%
	Continuity	
Transformations	Digital and Omnichannel dialogue environment	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%
		<b>30%</b>
Conduct	Customer focused	10.5%
	Cooperation with a focus on results	10.5%
	Continuous improvement and innovation	9%
		<b>30%</b>
		<b>100%</b>

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 has assessed the overall achievements for 2022 and has concluded that the ExCo achieved 53% of the objectives.

The following tables show the performance objectives that have been set for 2023.

### Performance year 2023

Aspect	Category	Weight	Wegingsfactor
Shared value/output	Customer	25%	40%
	Society	25%	
	Employees	25%	
	Shareholder	25%	
		<b>100%</b>	
Risk & In Control	Risk	70%	30%
	SREP	15%	
	Transformations	15%	
		<b>100%</b>	
Conduct	Result-oriented cross-team collaboration	30%	30%
	Developing a risk culture	30%	
	Developing leadership	40%	
		<b>100%</b>	

## Actual remuneration of the Board

### Gross remuneration of the Board of Directors

in € thousands	Position	Fixed year income		Pension <sup>1</sup>		Other <sup>2</sup>		Severance pay		Total	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Martijn Gribnau	CEO	434	428	23	23	86	84	--	--	543	535
Jeroen Dijst	CRO	333	328	23	23	52	58	--	--	408	409
Marinka van der Meer	CCO	333	328	23	23	54	52	--	--	410	403
André Haag <sup>3</sup>	CFO	140	--	10	--	25	--	--	--	175	--
Marjolein de Jongh <sup>4</sup>	CTO	185	--	15	--	30	--	--	--	230	--
Michel Ruijterman <sup>4</sup>	CIO	185	--	15	--	26	--	--	--	226	--
Jacqueline Touw <sup>5</sup>	CPOO	74	--	6	--	16	--	--	--	96	--
John Reichardt <sup>6</sup>		--	234	--	16	--	51	--	--	--	301
<b>Total Board</b>		<b>1,684</b>	<b>1,318</b>	<b>115</b>	<b>85</b>	<b>289</b>	<b>245</b>	<b>--</b>	<b>--</b>	<b>2,088</b>	<b>1,648</b>
<b>FORMER DIRECTORS</b>											
Pieter Veuger <sup>7</sup>		--	--	--	--	--	--	315	--	315	--
<b>Total current and former Board members</b>		<b>1,684</b>	<b>1,318</b>	<b>115</b>	<b>85</b>	<b>289</b>	<b>245</b>	<b>315</b>	<b>--</b>	<b>2,403</b>	<b>1,648</b>

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 1-8-2022

4 Remuneration as from 16-5-2022

5 Remuneration as from 1-10-2022

6 Remuneration as from 15-4-2021 up to 1-1-2022

7 Court-ordered amount of fair compensation, transition compensation and pay for any untaken statutory holiday entitlements

## Pay ratio

It is our standard that the Chair of the ExCo does not earn more than approximately ten times the median salary<sup>1</sup> of de Volksbank employees. De Volksbank also reports on the pay ratio between the:

- average remuneration of the ExCo members (excluding the Chair) and the median of the salaries of employees;
- remuneration of the Chair of the ExCo and the maximum of the lowest pay scale as at 31-12-2022;
- remuneration of the Chair of the ExCo and the average pay in the Netherlands according to the OECD;
- average remuneration of the Chair of the ExCo (excluding the Chair) and the average remuneration in the Netherlands according to the OECD.

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

Pay ratio	2022	2021	2020	2019	2018
<b>INTERNAL</b>					
Ratio between the compensation of the Chairman of the ExCo and the median employee salaries at de Volksbank	6:1	7:1	7:1	7:1	6:1
Ratio between the average compensation of ExCo 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 ExCo and the maximum of the lowest pay grade as at 31 December	20:1	20:1	20:1	20:1	20:1
<b>EXTERNAL</b>					
Ratio between the compensation of the Chairman of the ExCo and the average pay in the Netherlands according to the OECD	n.a. <sup>1</sup>	9:1	9:1	10:1	10:1
Ratio between the average compensation of ExCo members and the average pay in the Netherlands according to the OECD	n.a. <sup>1</sup>	7:1	7:1	7:1	7:1

1 At the time of publication, the OECD figure was not yet known and therefore no ratio for 2022 could be presented

## Share ownership

Members of the ExCo 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 2022, no loans to members of the ExCo were outstanding.

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

## Compensation of the Supervisory Board

### Remuneration policy of the Supervisory Board

The table below provides an overview of the fixed annual gross remuneration of the members of the Supervisory Board and the remuneration for committee membership.

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 February 2022, we compared the remuneration of the members of the Supervisory Board against the general market: a combination of comparable financial and non-financial corporations. This benchmark showed that the remuneration is 30% below the median of the general market.

### Actual compensation of the members of the Supervisory Board

The table below gives a complete overview of the actual remuneration per Supervisory Board member:

Gross compensation of the Supervisory Board (no VAT applicable)						
in € thousands	As a member of the Supervisory Board <sup>1</sup>		As a member of a committee <sup>2</sup>		Total	
	2022	2021	2022	2021	2022	2021
Gerard van Olphen (Chair) <sup>3</sup>	44	17	5	3	49	20
Jos van Lange (Vice Chair)	31	31	12	14	43	45
Jeanine Helthuis <sup>4</sup>	31	9	12	3	43	12
Petra van Hoeken <sup>4</sup>	31	9	12	3	43	12
Aloys Kregting	31	31	10	12	41	43
Jan van Rutte <sup>5</sup>	--	27	--	6	--	33
Monika Milz <sup>6</sup>	--	9	--	4	--	13
Sonja Barendregt-Roojers <sup>6</sup>	--	9	--	4	--	13
<b>Total</b>	<b>168</b>	<b>142</b>	<b>51</b>	<b>49</b>	<b>219</b>	<b>191</b>

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 NLF, which has issued depositary receipts for shares to the Dutch State in return.

### Loans

On 31 December 2022, no loans to members of the Supervisory Board were outstanding.

## Supervision on remuneration

Both the Supervisory Board and the ExCo 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. Last year, 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 ExCo.

The Supervisory Board also approves the Remuneration policy for the directors as proposed by the ExCo, and supervises 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 ExCo.

At least once a year, the Supervisory Board will arrange a central and independent internal review by Audit, which verifies the implementation of de Volksbank's remuneration policy for compliance with laws and regulations, policy making and procedures for remuneration.

The Supervisory Board discusses any material retention, signing-on and buy-out fees, and sees to it that any such fees are in keeping with the adopted Remuneration policy of de Volksbank and 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.

### ExCo

The ExCo is responsible for the Remuneration policy of de Volksbank with the exception of the Remuneration policy for the ExCo itself.

In exceptional situations and on good grounds, the ExCo has the discretionary power, in so far as it does not relate to the members of the ExCo itself, to deviate from the adopted Remuneration policy, to the extent that laws and regulations permit. In the case of employees falling outside the scope of the collective labour agreement (high earners), approval will be sought from the Supervisory Board.

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

