

de volksbank

2023

Remuneration Report

Introduction

This Remuneration Report of 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', which implies that we also remunerate all employees with a human touch. When establishing the Remuneration policy and actual remuneration, we take into account our stakeholders, i.e. customers, society, employees and the shareholder. We ensure equal pay in equal situations, and remuneration is not affected by, for example, gender differences or ethnic background.

The aforementioned also applies to the members of the ExCo, whose remuneration is in reasonable proportion to the salaries of our employees and the average remuneration in the Netherlands. For more details, see Pay ratios below. De Volksbank has no variable remuneration schemes.

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 contract. 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 € 128,810 and a lease car.

Remuneration

Just like the salaries of de Volksbank employees and in line with the collective increase, the remuneration of the ExCo was increased by 4.5% with effect from 1 February 2023. As from that date, remuneration is as follows:

- Chair € 457,008
- Statutory members € 350,751; and
- Non-statutory members € 308,975.

The remuneration for statutory members of the ExCo as stated above is below the amount as stated in the Remuneration policy, i.e. € 374,112. Other than collective increases, it is not possible to increase the remuneration of the current members of the ExCo, as the bonus ban and salary freeze as set out in the Dutch Financial Supervision Act (Wft) is applicable to them. 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, executives the salary freeze, which has been in place for nearly 10 years now, is increasingly hampering the recruitment and retention of senior executives for de Volksbank. Whereas the demands placed on senior executives by laws and regulations have increased enormously in recent years and more and more is also expected of these executives as regards to content. However, legislation does not allow remuneration to be set at an appropriate level.

Remuneration benchmarking

Once every two years we benchmark 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. To allow for a better comparison with de Volksbank, we have decided to include more social impact organisations in this market. As the latter generally offers lower remuneration, we have witnessed a declining market remuneration. The aforementioned benchmark was last performed in September 2023, with the following results:

- the remuneration of the Chair of the ExCo is 21% below the general market median. Looking not only at the fixed remuneration, but also at the variable remuneration in the market, remuneration is 43% below the general market median.
- the remuneration of the statutory members of the ExCo is 20% below the general market median. Looking not only at the fixed remuneration, but also at the variable remuneration in the market, remuneration is 36% below the general market median.
- the remuneration of non-statutory members of the ExCo is 13% below the general market median. Looking not only at the fixed remuneration, but also at the variable remuneration in the market, remuneration is 28% below the general market median.

Pension

ExCo members participate in the same pension scheme as the employees of de Volksbank. They are not granted any additional pension. To compensate for the lack of pension accrual over and above the € 128,810 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 interim termination of employment at de Volksbank's initiative, ExCo members will receive no more than one year's fixed annual remuneration as compensation.

Performance objectives

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

As ExCo members are only entitled to a 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 not only assesses the performance of the ExCo in relation to achieving its performance objectives, but also its progress on the long-term objectives.

Performance year 2023

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

The Supervisory Board assesses the extent to which performance objectives have been achieved. They have established the realisation for 2023 as follows: Shared value/Output 75%, Risk & In control 40% and Conduct 70%. Taking into account the weighting factors, total realisation is 63%.

The following table presents the performance objectives that have been set for 2024:

Performance year 2024

Aspect	Category	Weight
Main KPIs	Customer	25%
	Society	25%
	Employees	25%
	Shareholder	25%
		100%
Objectives & priorities	Profitable growth	20%
	Cost control	10%
	Increase distinctive capability	10%
	Improve execution power	10%
	Customer integrity	15%
	Supervisory priorities under control	15%
	Modern data and IT foundation	10%
Acceleration digital customer environments	10%	
		100%

Actual remuneration of the members of the Executive Committee

The table below gives a complete overview of the actual remuneration of each ExCo member.

With effect from 1 November 2023, de Volksbank created the position of Chief Financial Crime Officer (CFCO), which position to be filled in 2024. The CFCO

is responsible for giving substance to our role of gatekeeper in countering financial crime. As from the same date, the position of CTO ceased to exist. Marjolein de Jongh will remain attached to de Volksbank as an adviser to the CEO and the Chair of the Supervisory Board until 1 May 2024.

Compensation of the Executive Committee

in € thousands	Position	Fixed annual income		Pension ¹		Other ²		Severance pay		Total	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Martijn Gribnau	CEO	455	434	24	23	86	86	--	--	565	543
Jeroen Dijst	CRO	349	333	24	23	52	52	--	--	425	408
Marinka van der Meer	CCO	349	333	24	23	57	54	--	--	430	410
André Haag ³	CFO	349	140	24	10	67	25	--	--	440	175
Marjolein de Jongh ⁴	CTO	257	185	20	15	47	30	129	--	453	230
Michel Ruijterman ⁵	CIO	308	185	24	15	54	26	--	--	386	226
Jacqueline Touw ⁶	CPOO	308	74	24	6	65	16	--	--	397	96
Total Executive Committee		2,375	1,684	164	115	428	289	129	--	3,096	2,088
Former directors:											
Marjolein de Jongh ⁷		51	--	4	--	10	--	--	--	65	--
Pieter Veuger		--	--	--	--	--	--	--	315	--	315
Total current and former Executive committee members		2,426	1,684	168	115	438	289	129	315	3,161	2,403

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 € 128,810, 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 up to 1-11-2023

5 Remuneration as from 16-5-2022

6 Remuneration as from 1-10-2022

7 Remuneration as from 1-11-2023 up to 31-12-2023

Pay ratios

De Volksbank aims for remuneration of the ExCo to be in reasonable proportion to the salaries of employees and the average remuneration in the Netherlands. As different laws and legislation apply, for example the Global Reporting Initiative and the Corporate Sustainability Reporting Directive, and as they contain different requirements, we report the figures above relative to both the median and the mean.

Over the past year, the remuneration of the Chair of the ExCo rose by 3.83 % and employees' median salary, excluding the Chair of the ExCo, rose by 4.84%. These ratios have been established on the basis of salary, allowances, pension and social security contributions, but without fringe benefits, such as a lease car or WIA insurance premium.

Over the past five years, the breakdown of pay ratios is as follows:

Pay ratios

	2023	2022	2021	2020	2019
Internal					
Ratio between the compensation of the Chairman of the ExCo and the average employee salaries at de Volksbank	6:1	6:1	6:1	6:1	6:1
Ratio between the compensation of the Chairman of the ExCo and the median employee salaries at de Volksbank	6:1	6:1	7:1	7:1	7:1
Ratio between the average compensation of ExCo members and the average employee salaries	4:1	4:1	4:1	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	19:1	20:1	20:1	20:1	20:1
External					
Ratio between the compensation of the Chairman of the ExCo and the average pay in the Netherlands according to the OECD	N/A ¹	9:1	9:1	9:1	10:1
Ratio between the average compensation of ExCo members and the average pay in the Netherlands according to the OECD	N/A ¹	7:1	7:1	7:1	7:1

¹ At the time of publication, the OECD figure was not yet known and no ratio for 2023 could, therefore, be presented. These figures will be included in next year's annual report.

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 2023, there were no loans outstanding to members of the ExCo.

Compensation of the Supervisory Board Remuneration policy of the Supervisory Board

February 2022, we benchmarked the remuneration 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 general market median. Therefore, in 2023, the shareholder decided to raise the compensation of the Supervisory Board with effect from 1 January 2023, in line with the collective increases of de Volksbank employees. In addition, for the years 2023, 2024 and 2025, a catch-up indexation was agreed for the missed indexation for 2018 t/m 2022. In 2023, 2024 and 2025, the compensation will be increased by 2.6% of the amounts applicable on 31-12-2022, with effect from 1 March.

The fixed annual compensation for the members of the Supervisory Board and for the committees is provided in the table below.

Fixed annual compensation policy for members of the Supervisory Board (no VAT applicable)

in €	Remuneration 31-12-2023	CLA 4.5%	Catch-up
		increase as from 1-2-2023	indexation as from 1-3-2023
Chairman of the Supervisory Board	44,000	45,980	47,124
Vice Chair of the Supervisory Board	35,762	37,371	37,371 ¹
Member of the Supervisory Board	30,800	32,186	32,987
Chairman Audit Committee	7,000	7,315	7,497
Member Audit Committee	4,900	5,121	5,248
Chairman People and Organisation Committee	7,000	7,315	7,497
Member People and Organisation Committee	4,900	5,121	5,248
Chairman Risk and Compliance Committee	7,000	7,315	7,497
Member Risk and Compliance Committee	4,900	5,121	5,248

¹ The position of Vice-chair is a new role for which no catch-up indexation is applicable.

Actual remuneration 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 ¹		As a member of a committee ²		Total	
	2023	2022	2023	2022	2023	2022
Gerard van Olphen (Chair)	47	44	5	5	52	49
Jos van Lange (Vice Chair)	37	31	13	12	50	43
Jeanine Helthuis	33	31	13	12	46	43
Petra van Hoeken	33	31	13	12	46	43
Aloys Kregting	33	31	10	10	43	41
Total	183	168	54	51	237	219

¹ Fixed annual compensation for the membership/chairmanship of the Supervisory Board.

² Annual compensation for one or more committees.

Share ownership

Members of the Supervisory 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 2023, there were no loans outstanding to members of the Supervisory Board.

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 Risk, Compliance and Audit, and the staff departments Finance, Legal & Fiscal Affairs and People & Organisation. 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 of the staff departments as proposed by the ExCo, and supervises implementation of this policy. In addition, 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 that de Volksbank's Remuneration policy is implemented in 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. Deviations over and above the collective labour agreement, will be submitted in advance to the Supervisory Board for approval.

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.

Control and staff departments

The Remuneration policy and compliance therewith is jointly monitored by the control departments Risk and Compliance and the staff departments Finance, Legal & Fiscal Affairs and People & Organisation through a Remuneration Working Group. The Audit department periodically performs independent audits into the drawing up and implementation of the Remuneration policy.