

Corporate Governance Statement
Compliance with Dutch Banking Code

Corporate Governance Statement

Introduction

In this document, we explain how we comply with Articles 88 to 95 of the fourth Capital Requirements Directive (CRD IV) pursuant to Article 96 of CRD IV.

General

bunq does not qualify as a 'significant' bank in accordance with Article 6(4) of the SSM Regulation (No 1024/2013). We do not benefit from government intervention in the meaning of Article 93 CRD IV.

Management Bodies

bunq has a two-tier board structure consisting of the Managing Board and the Supervisory Board. The Managing Board is responsible for day-to-day management of the company. The Supervisory Board is independent of the Managing Board. It supervises and advises the Managing Board.

All members of the Managing and Supervisory Board have fulfilled, and continue to fulfil, all the requirements set by law. In accordance with Dutch law, all members of the Managing and Supervisory Board have taken the financial sector oath or promise (also known as "Bankers' Oath"). In performing their duties, the Managing and Supervisory Board take into account the interests of all stakeholders of bunq (including customers, shareholders, employees and society at large). The members commit sufficient time to allow them to perform their functions.

Detailed internal rules and procedures have been adopted regarding the functioning of the management bodies and the internal organization of bunq.

Managing Board

The Managing Board is responsible for the daily management of operations. It is responsible for the establishment and execution of bunq's strategy and for accounting and financial reporting. The Managing Board ensures that bunq manages risk effectively by setting and monitoring the company's risk appetite.

The composition of the Managing Board is such that the combined competences, knowledge, experience and skills of its members guarantee the proper fulfilment of its duties. Given bunq's strong focus on IT, at least one member of the Board is required to have extensive knowledge of IT. At least one other member of the Board is required to have thorough knowledge in the field of risk management. Adequate resources are devoted to continuous training of the members of the Management Board.

By mutual agreement, the members of the Managing Board may agree on a division of duties. The Supervisory Board is informed of any such agreement.

Supervisory Board

The Supervisory Board is charged with supervising the functioning of the Managing Board and the general state of affairs of bunq. The Supervisory Board also supports the Managing Board with advice. In addition, a broad range of material decisions to be taken by the Managing Board and the General Meeting of Shareholders require the prior approval of the Supervisory Board.

bunq strives for a balanced composition of the Supervisory Board. The Supervisory Board is composed to ensure that its members are able to act independently and critically in relation to each other and the Managing Board. Adequate resources are devoted to continuous training of the members of the Supervisory Board.

Recruitment

Recruitment of a new Managing or Supervisory Board member includes a rigorous selection procedure using a well-documented function profile.

Remuneration

General principles

The goal of our Remuneration Policy is to contribute to sound business practices in line with our risk appetite. With our Remuneration Policy, we try to prevent and discourage irresponsible risk taking. We also aim to avoid conflicts of interest and ensure that every team member is appropriately rewarded reflecting their professional experience and organisational responsibility.

Variable remuneration

Variable financial incentives are not an effective way to motivate and reward our team members; therefore, we do not pay any variable rewards (bonuses). In addition, we do not issue shares or options to employees.

We only pay out severance payments for services rendered. We follow the rules for severance payments ('regels voor transitievergoedingen') for calculating severance payments. We never reward underperformance.

Adopt and amend

The members of our Managing Board adopt, review and amend the Remuneration Policy. Our Supervisory Board has to approve the Policy and all amendments to it. The Supervisory Board is also responsible for adopting, implementing and evaluating the remuneration of the members of the Managing Board. The General Meeting of Shareholders has to approve the remuneration of the Supervisory Board.

Important positions

Below you find an overview of the remuneration of the Managing Board and employees who have a substantial influence on the risk profile of bunq ("Second Echelon").

	Number	Total fixed remuneration	Total variable remuneration
Board members	3	€ 319,443	€0

The amounts are totals (over 2018), not the compensation per employee.

Reporting

We are established in the Netherlands and report the applicable (financial) parameters in our annual report. This report can be accessed through the Dutch Chamber of Commerce.

Compliance with the Dutch Banking Code

Sound and ethical business operations	
Banking Code principle	Explanation
<p>To build and maintain its position as a stable and reliable partner, a bank must formulate its mission, strategy and objectives. These focus on the long term and are expressed in part in the bank's risk policy and the policy for sustainability and corporate social responsibility.</p> <p>A bank chooses its positioning in such a way that its commercial interests and the social role are extensions of each other. This is also reflected in the bank's governance structure and guides the implementation of its policy based on its mission, strategy and objectives.</p>	<p>bunq complies with this principle.</p> <p>bunq has a simple yet ambitious mission to eliminate borders and barriers in traditional banking with its mobile application which is designed and developed by its dynamic and international in-house team. As a company with strong commitment to social values, building trust and maintaining good relations and dialogue with its customers and stakeholders is of utmost importance for bunq. The needs of customers guide bunq in continuously developing innovative products. bunq's mobile banking solutions tailored to the needs of its customers reflect its strategy of growth through a viable business model.</p> <p>As a reflection of its commitment to sustainability and corporate social responsibility, bunq does not invest in companies involved in controversial activities or behaviour. In February 2019 bunq launched Freedom of Choice to give its customers the opportunity to indicate where they want their money to be invested.</p>
<p>The Executive Board and the Supervisory Board are - with due regard for everyone's duties and powers - responsible for establishing a sound governance structure and compliance with the governance principles.</p> <p>The members of these boards will set an example to all of the bank's employees and exhibit this in their day-to-day activities. The Supervisory Board will evaluate the way the members of the Executive Board are setting an example each year.</p>	<p>bunq complies with this principle.</p> <p>bunq's commitment to sound business practices and good management is reflected in its governance structure. bunq has a two-tier board structure consisting of the Executive Board (at bunq named the Managing Board) and the Supervisory Board. The Managing Board is responsible for day-to-day management of the company in compliance with good governance principles. The Supervisory Board advises the Managing Board with regard to, among others, corporate governance matters and supervises compliance with corporate governance principles.</p> <p>bunq's Management Board and Supervisory Board members have taken the Banker's Oath and comply with the code of conduct. The Supervisory Board evaluates internal culture at bunq and how the Management Board members</p>

	<p>set example for all bunq employees in their day-to-day activities.</p>
<p>The Executive Board and the Supervisory Board are – with due regard for each other’s duties and powers- responsible for developing, communicating and enforcing standards on integrity, morals and leadership in the bank.</p> <p>In addition, they ensure there are proper checks and balances and safeguard a solid IT infrastructure that is vital for the functioning of the bank. Among other things, through checks and balances mean that the compliance function is also safeguarded within the Executive Board and the Supervisory Board.</p> <p>The Executive Board will promote responsible behaviour and a healthy culture both at the top of the bank and throughout its organization. It will consider the interests of the bank's customers and other stakeholders. The Supervisory Board supervises this.</p>	<p>bunq complies with this principle.</p> <p>bunq has a simple organisational structure with short communication lines and strong social control which ensures transparency, accountability and integrity as well as effective supervision by its Management Board and Supervisory Board. In performing their duties, the Management Board and Supervisory Board take into account the interests of all stakeholders of bunq, including customers, employees and society at large.</p> <p>bunq’s Management Board and Supervisory Board ensure that there are proper checks and balances for effective risk-management. Risk management of the organisation is structured following the ‘three lines of defense’ model. The first line of defense is based on the risk awareness of all operational departments, and on the risk mitigations embedded in the operational processes. Second line of defense is performed by the Risk and Compliance functions, which report to the CFRO. Internal audit provides independent assurance over the adequacy and effectiveness of the first and second-line of defense.</p> <p>As a technology-driven company, IT is at the core of bunq’s business. Due to bunq’s strong focus on IT, at least one member of the Management Board has extensive IT knowledge and experience. bunq continuously works towards improving its IT infrastructure to ensure that it is safe and reliable at all times.</p>
<p>A bank’s culture must also express the assumptions in the Social Charter of the Dutch Banking Association. These principles must be embedded in the bank's organization and the bank will include them in its contacts with its stakeholders. It will provide an insight into the way in which the bank deals with the assumptions in the Social Charter.</p>	<p>bunq complies with this principle.</p> <p>While bunq is not a member of the Dutch Banking Association, it does subscribe to the assumptions in the Social Charter regarding a transparent and diverse banking industry, honest and professional bank employees that ensure treating customers and other stakeholders with care, and contributing to sustainable economy based on its social responsibility.</p>
<p>All employees will comply with the formal regulations and self-regulation that apply to them. The Executive Board and the Supervisory Board are- with due regard for each other’s duties and powers- responsible for this. The Executive Board is responsible employees being and remaining familiar with all rules, values and standards applicable to the bank and will</p>	<p>bunq complies with this principle.</p> <p>bunq’s Management Board ensures that all bunq employees comply with applicable laws and regulations, values and standards applicable to all employees in financial services.</p>

<p>continue to pay attention to this. The Supervisory Board supervises this.</p>	<p>bunq has established a code of conduct which all its employees must sign before commencement of their duties at bunq. With an open culture based on dialogue and feedback, bunq ensures a responsible and healthy environment in which every employee can take initiative and speak up against behaviour that may damage the interests of bunq, its customers and stakeholders, its reputation or its compliance with legal obligations. The Supervisory Board is responsible for monitoring this.</p>
<h2>Supervisory Board</h2>	
<p>Banking Code principle</p>	<p>Explanation</p>
<p>The Supervisory Board will be composed in such a way that it is able to perform its tasks properly.</p>	<p>bunq complies with this principle.</p> <p>bunq's Supervisory Board members are equipped with necessary competences, knowledge, experience and skills that enable them to perform their duties properly.</p>
<p>It will form a risk committee and an audit committee.</p>	<p>bunq deviates from this principle.</p> <p>Due to the modest size of its organisation, no separate risk and audit committees have been set up at bunq's Supervisory Board, which consists of only 3 members.</p> <p>The Supervisory Board meets at regular intervals and discusses all the matters that would otherwise be discussed at separate risk and audit committees.</p>
<p>The members of the Supervisory Board will be prepared and able to make sufficient time available for their duties and exhibit effort and commitment. They will at the same time be critical and independent.</p> <p>Each member of the Supervisory Board will be aware of the social role of a bank and of the interests of the various stakeholders.</p>	<p>bunq complies with this principle.</p> <p>The composition of bunq's Supervisory Board ensures that its members are able to act independently and critically in relation to each other and the Managing Board. They are able to dedicate sufficient time for performing their duties at bunq.</p> <p>All members of the Supervisory Board are independent and have no relations with bunq, its affiliates, shareholders, or Managing Board other than their role as Supervisory Board members of bunq. In selecting Supervisory Board members, bunq focuses on finding candidates with highly a unique set of skills and experience as well as an awareness for the interests of various stakeholders and bunq's social role as a bank.</p>

<p>There are specific competence and experience requirements for members of the Supervisory Board's risk and the audit committees. Members of the risk committee must have through knowledge of the financial aspects of risk management or the necessary experience to permit a thorough assessment of risks. Members of the audit committee must have through knowledge of financial reporting, internal control and audit or the necessary experience to permit thorough supervision of these subjects.</p>	<p>bunq complies with this principle although it does not have a separate risk and audit committee.</p> <p>However, the Supervisory Board is composed of members who have through knowledge of the financial aspects of risk management as well as financial reporting, internal control and audit.</p>
<p>The chairman of the Supervisory Board will organise a programme of lifelong learning for all members of the Supervisory Board with the aim of maintaining their expertise at the required level and improving it where necessary.</p> <p>The learning programme will in any event cover relevant developments at the bank and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards clients, integrity, IT infrastructure, risk management, financial reporting and audit.</p> <p>Every member of the Supervisory Board will take part in the program and meet the requirements for lifelong learning. The assessment of the effectiveness of the programme of lifelong learning will be part of the annual evaluation performed by the Supervisory Board.</p>	<p>bunq complies with this principle.</p> <p>bunq devotes sufficient resources for continuous education of the members of the Supervisory Board. All Supervisory Board members take part in such programs to improve their knowledge and understanding of the developments in the financial industry as well as risk management, financial reporting, audit and corporate governance.</p>
<p>In addition to the Supervisory Board's annual self-evaluation, the functioning of the Supervisory Board will be evaluated under independent supervision once every three years. The involvement of each member of the Supervisory Board, the culture within the Supervisory Board and the relationship between the Supervisory Board and the Executive Board will be part of this evaluation.</p>	<p>bunq partially complies with this principle.</p> <p>The Supervisory Board conducts annual self-evaluation regarding its relations with the Management Board members as well as the culture within the Supervisory Board and contributions of each member to its work. The functioning of the Supervisory Board of bunq, which is still a young company, is yet to be evaluated under independent supervision.</p>
<p>Each member of the Supervisory Board will receive an appropriate remuneration for the amount of time that he or she spends on supervisory board activities. This compensation will not depend on the bank's results.</p>	<p>bunq complies with this principle.</p> <p>The members of bunq's Supervisory Board are adequately remunerated for their work independent of the bank's performance and results.</p>

Executive Board	
Banking Code principle	Explanation
<p>The Management Board is composed in such a way that it can perform its duties properly. Every member of the Management Board is aware of the social role of a bank and of the interests of the various stakeholders.</p>	<p>bunq complies with this principle.</p> <p>bunq's Management Board members are equipped with the necessary competences, knowledge, experience and skills that enable them to perform their duties properly with an awareness of the interests of various stakeholders and the social responsibilities of bunq.</p>
<p>One of the members of the Management Board will have the task of preparing the decision-making within the Management Board with regard to risk management. This member of the Management Board is involved in a timely manner in the preparation of decisions that are of material significance for the risk profile for the bank, in particular where these decisions may result in a deviation from the risk appetite approved by the Supervisory Board. This member can combine his / her function with other responsibilities, provided that he / she does not bear individual commercial responsibility for and functions independently of commercial areas.</p> <p>Risk management will also include a focus on the impact that systemic risk could have on the bank's risk profile.</p>	<p>bunq complies with this principle.</p> <p>bunq's CFRO is responsible for preparing the decision-making within the Management Board with regard to risk management, which involves assessing and managing the impact of systemic risk on bunq's risk profile. The CFRO is involved in all decisions that are of material significance for bunq's risk profile or that may result in deviations from its risk appetite.</p> <p>bunq's CFRO is independent of commercial functions and does not carry out additional responsibilities.</p>
<p>The Chairman of the Management Board will organise a continuing education program for all members of the Management Board with the aim of maintaining their expertise at the required level and improving it where necessary. The programme will at least cover relevant developments at the bank and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards customers, integrity, risk management, financial reporting and audit. Every member of the Management Board will take part in the program and meet the requirements of continuing education.</p>	<p>bunq complies with this principle.</p> <p>bunq devotes sufficient resources for continuous education of the members of the Management Board. The CFRO is responsible for ensuring that all Management Board members take part in such programs to improve their knowledge and understanding of the developments in the financial industry as well as risk management, financial reporting, audit and corporate governance.</p>

Risk policy	
Banking Code principle	Explanation
<p>A bank's risk policy is characterized by a comprehensive approach, is transparent and has both a short- and long-term focus. The risk policy also takes reputational risks and non-financial risks into account.</p> <p>A bank's Executive Board will be responsible for its risk policy and ensure proper risk management. The Executive Board will propose the risk appetite to the Supervisory Board for approval at least once a year. Any material changes to the risk appetite in the interim will also require Supervisory Board approval.</p>	<p>bunq complies with this principle.</p> <p>The Management Board ensures that bunq manages risk effectively by setting and monitoring the company's risk appetite. bunq's risk policy takes into account reputational risks as well as non-financial risks.</p> <p>The Supervisory Board approves bunq's risk appetite upon proposal from the Management Board at least once a year and in case of any material changes to the risk appetite.</p>
<p>The Supervisory Board will supervise the risk policy pursued by the Executive Board. As part of its supervision, the Supervisory Board will discuss the bank's risk profile and assess at a strategic level whether capital allocation and liquidity requirement are generally in line with the approved risk appetite and whether operations in general are in line with the bank's risk appetite.</p> <p>In the performance of its supervisory role, the Supervisory Board will be advised by the risk committee of the Supervisory Board.</p>	<p>bunq complies with this principle.</p> <p>The Supervisory Board monitors bunq's risk policy. The Supervisory Board members meet at regular intervals and discusses, among other matters, capital and liquidity planning, risk management, and compliance.</p>
Audit	
Banking Code principle	Explanation
<p>A bank's Executive Board will ensure that a systematic audit is conducted of the management of the risks related to the bank's operations.</p> <p>An independently positioned internal audit function operates within the bank for this purpose. The head of the internal audit function reports to the Chairman of the Executive Board. He also has a direct reporting line to the Chair of the Supervisory Board's Audit Committee.</p>	<p>bunq generally complies with this principle.</p> <p>bunq's Management Board is responsible for ensuring a systematic audit of risk management related to the bank's operations.</p> <p>bunq has outsourced its internal audit function. To reduce the already large span of control of the CEO, internal audit function reports to the CFRO and the Chairman of the Supervisory Board.</p>
<p>The internal audit department, external auditors and Supervisory Board's Audit Committee will consult periodically.</p>	<p>bunq complies with this principle</p> <p>bunq's internal audit department, external auditors and Supervisory Board consult each</p>

<p>The internal audit department will take the initiative in arranging talks with (DNB) Dutch Central Bank and the external auditor at least once a year to discuss each other's risk analyses, findings and audit plans at an early stage.</p> <p>The bank's Executive Board and the internal audit department will encourage these tripartite talks, aiming for a clear delineation of each other's duties and responsibilities.</p>	<p>other periodically. They do meet DNB at least once a year.</p>
<h2>Remuneration policy</h2>	
<h3>Banking Code principle</h3>	<h3>Explanation</h3>
<p>The bank will implement a detailed, restrained and long-term remuneration policy that is unambiguous and transparent and in line with national and international regulations.</p> <p>The remuneration policy will have a primarily long-term focus and be in line with the bank's risk policy. It will incorporate an internal and external balance of interests, taking into account the expectations of the various stakeholders and social acceptance. It will also take into account the relevant international context.</p>	<p>bunq complies with this principle.</p> <p>bunq's Remuneration Policy has a long-term focus and is in line with applicable regulations and standards. It focuses on aligning the personal objectives of employees with the long-term interests of bunq and contributes to a sound and effective risk management. It is evaluated annually by the Management Board and any amendments to the policy has to be approved the Supervisory Board to ensure that its stays in line with bunq's risk policy.</p> <p>bunq doesn't award variable remuneration in order not to encourage employees to take more risks than acceptable to bunq. Fixed remuneration is set fairly and reflects responsibilities and performance of employees as well as market developments.</p>
<p>The total income of a member of a bank's Executive Board will at the time it is set be below the median for comparable positions inside and outside the financial industry, taking into account the relevant international context.</p>	<p>bunq complies with this principle.</p> <p>bunq has set the remuneration of the Management Board members below the median for comparable positions within the financial industry.</p>
<p>The variable remuneration of a member of the Executive Board will be set in accordance with national and international regulations.</p>	<p>bunq does not pay bonuses and/or performance dependent remunerations to the Management Board members for the same reasons it does not award variable remuneration to employees.</p>