

de volksbank

Green Bond Allocation Report 2023



Introduction

De Volksbank aims to meet the specific financial needs of its customers in a people-oriented, efficient and sustainable manner. Our mission is 'banking with a human touch'. We achieve this by creating value for all our stakeholders: our customers, society, our employees and our shareholder. We aim for optimum shared value rather than maximisation of a single value. Together with our brands we strive for a strong customer relationship and increasing our social impact.

De Volksbank is the fourth largest retail bank operating in the Dutch market, with more than 3.2 million customers. We offer simple and transparent mortgage, savings and payment products to private individuals, self-employed persons and smaller companies. We also offer insurance and investment products.

At year-end 2023, we were at 75% towards our goal to obtain a climate-neutral balance sheet, which means that at this point we have reached our interim target of at least 75% by 2025. Our KPI 'climate-neutral balance sheet' consists of an estimation of the emissions avoided with our activities and the emissions caused by us. These calculations are based on the Partnership for Carbon Accounting Financials (PCAF) methodology and cover scope 1, 2 and 3 emissions. De Volksbank is the first bank in the Netherlands with approved Science Based Targets for our scope 1, 2 and 3 emissions. The latter includes emission reduction targets on mortgages (real estate), renewable energy (power), and investments covering relevant balance sheet categories.

This Green Bond Allocation Report 2023 reflects the allocation and reporting requirements as stated in the Green Bond Framework de Volksbank 2023¹. We have updated our Green Bond Framework in September 2023. We have included EU Taxonomy activity descriptions and our Eligible Green Loan Portfolio is tested against the Do No Significant Harm criteria for the first time this year. This update makes comparison with previous reports more challenging. EU Taxonomy data is not part of EY's limited assurance. Our Green Bond Framework 2023 was externally assessed by ISS ICS. In the Second Party Opinion (SPO) alignment with the ICMA Green Bond Principles has been confirmed and positive evaluations have been given to other assessments described in the SPO. De Volksbank is also a member of the ICMA Green Bond Principles. In September 2019, de Volksbank issued its first 'Green Senior Preferred Bond' in the amount of €500 million. This issuance was rewarded with the Green Bond Award of the Year by Environmental Finance. In this Green Bond Allocation Report 2023, de Volksbank N.V. reports on the use of proceeds during the financial year 2023, in respect of the bond issued under the Green Bond Framework.

The report includes three transactions listed under the "Other transactions" section. While these transactions are not part of the Green Bond Framework, the mortgage pools involved contain buildings that are part of the Eligible Green Loan Portfolio.

This year, we have made slight adjustments to our governance structure. As part of these changes, the Financial Committee (FinCo) will now be responsible for overseeing and approving the publication of our green bond reports. This shift aims to enhance the transparency and accountability of our reporting processes.

Besides this Allocation Report, an Impact Report will be published as well. The Impact Report compares the CO₂ equivalents emission of the Eligible Green Loan Portfolio to that of a comparable group of real estate with an average energy-efficiency. The objective of the Impact Report is to demonstrate that the selected buildings belonged to the topmost sustainable buildings in the Netherlands and that it meets the requirements of the Green Bond Principles. EY performed a limited assurance engagement on selected information in the Green Bond Allocation Report over the year 2023. The report contains allocation reporting on a portfolio level.

Green Bond Allocation Report 31 December 2023

De Volksbank will make and keep readily available reporting on the allocation of net proceeds of the green bond issued to the Eligible Green Loan Portfolio annually, at least until full allocation.

The Green Bond Allocation Report 2023 will, on a best-efforts basis, include:

- The size of the Eligible Green Loan Portfolio, per Eligible Project Category
- The total amount of proceeds allocated to the Eligible Green Loan Portfolio per Eligible Project Category
- The number of Eligible Green Loans
- The balance of unallocated proceeds

In 2023, the Eligible Green Loan Portfolio consisted of the category Green Buildings. The Green Bond Allocation Report, as well as the Impact Report, will be made available via the de Volksbank website: [Green Bonds | De Volksbank](#)

Eligible Green Loan Portfolio			Green Funding				
Category	Number of buildings	Amount (EUR) ²	Instrument (ISIN)	Allocated	Issuance Date	Due Date	Amount (EUR)
Green Buildings³	30,630	7,264,284,685	XS2052503872	Green Senior Unsecured	September 2019	September 2024	500,000,000
EPC Label A	23,634	5,592,183,878	XS2202902636	Green Tier 2	July 2020	October 2030	500,000,000
Top 15%	6,996	1,672,100,807	XS2308298962	Green Senior Non-Preferred	March 2021	March 2028	500,000,000
			XS2356091269	Green Senior Non-Preferred	June 2021	June 2026	500,000,000
			XS2475502832	Green Senior Non-Preferred	May 2022	May 2026	500,000,000
			XS2454874285	Green Additional Tier 1	June 2022	June 2027 / Perp.	300,000,000
			XS2592240712	Green Senior Non-Preferred	March 2023	March 2030	500,000,000
			XS2626691906	Green Senior Non-Preferred	May 2023	November 2027	500,000,000
				Total Green Bond Issuances			3,800,000,000
				Other Transactions⁴			
			N/A	Pearl 1 RMBS	September 2006	September 2047	29,207,653
			N/A	Covered Bond Programme	N/A	N/A	850,410,581
			N/A	Lowland 7	April 2023	April 2028	1,624,891,000
				Total other outstanding transactions			2,504,509,234
Total		7,264,284,685		Total allocated⁵			6,304,509,234
						Balance of unallocated proceeds	0
				Percentage of net proceeds of Green Funding allocated to Eligible Green Loan Portfolio			100%
				Eligible Green Loans allocated to other outstanding transactions			2,504,509,234
				Value of loans added to the Eligible Green Loan Portfolio since 01-01-2023			2,292,071,437
				% EU Taxonomy eligibility of Eligible Green Loan Portfolio⁶			100%
				% EU Taxonomy alignment of Eligible Green Loan Portfolio⁷			100%

² These amounts represent the 31 December 2023 total outstandings to loans that de Volksbank has identified as Eligible Green Loans in accordance with the de Volksbank Green Bond Framework 2023. Additional Eligible Green Loans will be added to de Volksbank's Eligible Green Loan Portfolio to the extent required.

³ Green buildings in this Green Bond Allocation Report are buildings built before 31 December 2020 with at least an Energy Performance Certificate (EPC) class A, or alternatively, belong to the top 15% of the building stock, as defined in the Green Bond Framework 2023.

⁴ Not part of the Green Bond Framework or Green Funding

⁵ EY's Limited Assurance Report based on the allocation of the proceeds to Eligible Green Loans, is included on the following pages of this document.

⁶ EU Taxonomy eligibility on a best-efforts basis, no limited assurance is given by EY on taxonomy data.

⁷ EU Taxonomy alignment on a best-efforts basis, no limited assurance is given by EY on taxonomy data. The application of Minimum Social Safeguards for households is not relevant since households are not considered to be an undertaking.

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Contact

De Volksbank welcomes feedback on all its publications. Please send all comments and suggestions to pers@devolksbank.nl

Limited assurance report of the independent auditor on selected information in the Green Bond Allocation Report

To: the executive committee of de Volksbank N.V. and the holders of Green Bonds issued by de Volksbank N.V.

Our conclusion

We have performed a limited assurance engagement on selected information in the accompanying Green Bond Allocation Report for the year 2023 of de Volksbank N.V. at Utrecht.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the selected information is not prepared, in all material respects, in accordance with the applicable criteria as included in the Section Criteria.

The selected information is disclosed on page 3 and consists of:

- ▶ Eligible Green Loan Portfolio – total:
 - ▶ Amount Green Buildings
- ▶ Green funding – total allocated:
 - ▶ Total green bond issuances
 - ▶ Total other outstanding transactions
- ▶ Other indicators:
 - ▶ Balance of unallocated proceeds
 - ▶ Percentage of net proceeds of Green Funding allocated to Eligible Green Loan Portfolio
 - ▶ Eligible Green Loans allocated to other outstanding transactions
 - ▶ Value of loans added to the Eligible Green Loan Portfolio since 1 January 2023

Basis for our conclusion

We have performed our limited assurance engagement on the selected information in accordance with Dutch law, including Dutch Standard 3000A, “Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)” [Assurance engagements other than audits or reviews of historical financial information (attestation engagements)]. Our responsibilities in this regard are further described in the section Our responsibilities for the assurance engagement on the selected information of our report.

We are independent of de Volksbank N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Criteria

The criteria applied for the preparation of the selected information are the criteria developed by de Volksbank N.V. and included in the Green Bond Framework 2023, which is accessible on the company's website (www.devolksbank.nl/investor-relations/green-bonds).

The comparability of the selected information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the selected information needs to be read and understood together with the criteria applied.

Limitations to the scope of our assurance engagement

Our assurance engagement is restricted to the selected information. We have not performed assurance procedures on any other information as included in the Green Bond Allocation Report 2023 in light of this engagement.

The references to external sources or websites are not part of our assurance engagement on the selected information. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect of these matters.

Responsibilities of the executive committee and the supervisory board for the selected information

The executive committee is responsible for the preparation of the selected information in accordance with the criteria as included in the Section Criteria. The executive committee is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of the intended users, considering applicable law and regulations related to reporting. The choices made by the executive committee regarding the scope of the selected information and the reporting policy are summarized in the Green bond Framework 2023 of de Volksbank N.V. as published on the company's website.

Furthermore, the executive committee is responsible for such internal control as it determines is necessary to enable the preparation of the selected information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the reporting process of the selected information of de Volksbank N.V.

Our responsibilities for the assurance engagement on the selected information

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of the selected information. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

We apply the Nadere voorschriften kwaliteitssystemen (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements. Our assurance engagement included amongst others:

- ▶ Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant sustainability themes and issues and the characteristics of the company as far as relevant to the selected information
- ▶ Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures on the selected information. This includes the evaluation of the reasonableness of estimates made by the executive committee
- ▶ Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the selected information, without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- ▶ Identifying areas of the selected information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the selected information responsive to this risk analysis. These procedures consisted amongst others of:
 - ▶ Making inquiries of management and relevant staff at corporate and business level responsible for the sustainability strategy, policy and results relating to the selected information
 - ▶ Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the Green Bond Allocation Report 2023
 - ▶ Obtaining assurance evidence that the selected information reconciles with underlying records of de Volksbank N.V.
 - ▶ Reviewing, on a limited sample basis, relevant internal and external documentation
 - ▶ Considering the data and trends in the information submitted for consolidation at corporate level
- ▶ Reconciling the relevant financial information with the financial statements
- ▶ Reading the information in the Green Bond Allocation Report 2023 that is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the selected information
- ▶ Considering whether the selected information is presented and disclosed free from material misstatement in accordance with the criteria applied

Amsterdam, 16 October 2024

EY Accountants B.V.

signed by J. Niewold