

Financial health

How de Volksbank positively impacts financial health in the Netherlands

June 2023

1. Introduction

Together with its bank brands, de Volksbank wants to have a positive social impact where possible, minimise its negative impact and make its own business operations more sustainable. Using socially relevant products and services for this purpose, we seek to impact a total of six relevant social themes.

De Volksbank as a whole is the driving force behind the financial health and financial inclusion themes. Apart from these themes, every brand has its own specific theme: 'sustainability' for ASN Bank, 'decent housing for everyone' for BLG Wonen, 'quality of life in communities' for RegioBank and 'equal growth opportunities for everyone' for SNS.

All these themes come together in our Social Impact Framework ([see image](#)), which is intended to visualise our impact and to make it measurable. As the Framework was designed for growth, we will be able to add additional social themes and KPIs to it in the years ahead. This will allow us to make a sustainable

contribution to helping the Netherlands and all Dutch people move forward.

Financial health and financial inclusion

As a bank, we can make a direct social impact by helping customers and non-customers alike with their financial health and by standing up for financial inclusion. To match words with deeds, we signed the Commitment to Financial Health and Inclusion from the United Nations, Principles of Responsible Banking at the end of 2021. By signing, we pledge to use our employees, products, services and relationships to promote financial health and inclusion.



This paper describes the Dutch financial health situation and how we aim to make a meaningful and measurable impact as a bank by providing financial care and financial education

Social Impact Framework

de volksbank better for each other

Our mission: Banking with a human touch

We want to make society demonstrably better through human solutions to social problems. We do this through our four bank brands and de Volksbank as a driving force.

Most important social KPIs

- Climate-neutral balance sheet by 2030
- Contribute to accessibility to the housing market

De Volksbank contributes to the following SDGs



Financial health

We make a difference for people who can strengthen their financial position thanks to additional financial knowledge. Through a personal approach and by being close to the customer. By supporting more and more people, we are making society financially stronger.

Financial education

It is important to teach children how to handle money well from an early age. Adequate financial knowledge gives them a solid basis for making the right choices and thus preventing financial problems later in life. Financial education is not a standard part of the curriculum. For that reason, our employees give guest lessons in schools and provide information on safe banking. For people of all ages.

Financial care

We help when things get tough financially. In doing so, we focus on preventing or reducing financial stress. We do not use debt collection agencies. Instead, we prefer to look customers in the eye ourselves to find the best solution to financial problems together.

Inclusive society

We are committed to equal opportunities. We make a difference for people by making our services accessible to everyone and like to be a frontrunner in the field of inclusive employment.

Accessible services

We set great store by offering accessible and understandable financial products and services. Our four bank brands enable us to serve different groups in society, both private individuals and SMEs. We do this online and through our RegioBank branches and SNS Shops.

Inclusive employer

De Volksbank is a bank where employees feel at home and can be themselves. We accept and respect each other's differences in backgrounds, age, gender, race and health. We stand for equal pay, instil trust and encourage personal growth, ambition and entrepreneurial spirit. We also offer our employees room to make social impact in their daily work and through volunteering.

Four brands, four themes

asn  bank

Money creates
happiness

Sustainability

 BLGwonen

We see your
potential

Decent housing for everyone

RegioBank

The socially engaged
community bank

Quality of life

 SNS

PEOPLE FIRST.
THEN MONEY.

Equal growth opportunities
for everyone



Sustainability

Our dream is to make sustainability accessible to everyone in society, to all of the nearly 18 million Dutch citizens. By 2030 we will be a sustainable bank, a sustainable financial services provider and a sustainable opinion leader with sustainable services, enabling all Dutch people to use their money to do the right thing.



Climate neutrality¹

The rapid pace of global warming is driven by the emission of greenhouse gases, including CO2. We are committed to maximising our contribution to emission reduction to keep the world a habitable place for us and future generations.

100%

Target 2030

62%

2022 measurement

Biodiversity

Biodiversity is the variety of life and ecosystems. Although biodiversity is a necessity of life, it is declining rapidly. We aim to make a maximum contribution to biodiversity protection and improvement.

< 0 ha

Target 2030

37,259 ha

2022 measurement

Human rights with a focus on a living wage

We believe that everyone has the right to express their opinion and the right to housing, healthcare, education and food. As we are also committed to ensuring a living wage for workers, we are strong advocates of human rights.

L (Leader)

Target 2030

D (Developing)

2022 measurement²



Decent housing for everyone

We dream of a society in which people can live contentedly in a manner that suits their wishes and financial situation, now and in the future.



Housing accessibility

We are committed to making the housing market more accessible and we help people find (and keep) a suitable home. In 2022, helping high-rent tenants find an affordable owner-occupied home was a top priority.

High rents

As we believe that anyone willing and able to buy a home should have the opportunity to do so, we consider the payment morality and capacity of high-rent tenants regarding rents paid in the past.

276 mortgages

Target 2022

479 mortgages

2022 measurement³



Quality of life

We firmly believe in the importance of a community where everyone can live, work and play comfortably. We undertake community engagement initiatives in our role as a community builder. This is an ongoing commitment that we strive to fulfil together with our employees, Independent Advisers and partners. This is how we foster local engagement and cohesion, because a better society starts in the community.



Economic vitality

A vital community relies on a healthy local economy. We boost a region's economic prosperity by supporting business owners, helping sustainable local businesses grow and contributing to local ecosystems.

Social cohesion

We contribute to accessible facilities, social activities and a better physical living environment and we bring together supply and demand for volunteers with a view to enhancing the sense of community among neighbours and fighting loneliness.

150 initiatives

Target 2022

148 initiatives

2022 measurement⁴



Equal growth opportunities for everyone

We believe in a society that offers every individual the same opportunities to grow, because this will empower everyone. People are meant to grow, and we are there to help them do just that by giving them genuine attention. Together, we turn their dreams and ambitions into reality and overcome the barriers they encounter on a personal or social level to create a stronger Dutch society.



Equal access to financial knowledge

Not everyone is financially literate, which can make people vulnerable. Financial knowledge is key to growth. We set great store by making financial knowledge accessible to every individual to create maximum equality of opportunity.

Fair appreciation

We encourage fair appreciation of specific groups, such as young adults, skilled workers and business owners. Rather than level of education or age, we focus on inclusion: who you are and who you want to be.

Pressure to achieve financial success

The tremendous pressure to perform comes at a price. We encourage the discussion of the pressure to achieve financial success and help people set realistic financial goals and to develop in a way that suits them, to improve their mental well-being.

1. A Volksbank-wide ambition. ASN Bank aims to be climate positive by 2030.
2. More information on the yearly assessment of garment companies in the ASN Investment Universe can be found in the [PLWF Annual Report 2022](#).
3. This is a temporary KPI as a stepping stone to the broader housing accessibility KPI.
4. Temporary KPI as a stepping stone to broader quality of life KPIs.

The development of the Social Impact Framework is still ongoing. Additional social KPIs will be published in the Annual Review 2023.

2. Dutch context

We consider a person to be financially healthy if this person comfortably satisfies current and ongoing financial obligations and has confidence in their financial future. How financially healthy are the Dutch?

We will consider the most striking results of Deloitte's survey report¹ and several surveys conducted by the National Institute for Family Finance Information (Nibud) to gain a better understanding of the issue and to obtain an overall view of the Dutch people's financial health in 2022.

In 2022, a mere 21% of Dutch people were financially healthy, as against 27% in 2021. An increasing number of people struggle to pay their bills and experience multiple payment problems, with young people being hit the hardest.

In 2022, a mere 21% of Dutch people were financially healthy, as against 27% in 2021

Struggling to pay bills

We see the largest shift in expenditure.

- In 2022, nearly 1 in 5 Dutch households had difficulties meeting the basic costs of living, as against 1 in 8 in 2021.
- Moreover, 5% of households are actually in arrears, whereas the income of most households (62%) remained the same and 18% of households even saw their income drop.
- 1 in 7 households cannot make ends meet at all. Of this group, 10% use their savings and 4% borrow money to get by.
- The percentage of mortgage households that are confident about their ability to make repayments also dropped significantly, from 66% in 2021 to 44% in 2022.

Young people are having a hard time

The youngest group of adult Dutchmen suffers more than other age groups.

- 45% of the youngest group of Dutch people (18 to 24 years of age) are financially unhealthy, as against 26% in 2021.
- This group scores significantly lower on financial knowledge questions than other age groups, even though proper knowledge and skills are preconditions for financial health.
- This group also indicated more than average that they have insufficient skills to manage their financial affairs, more so than other groups they

feel they have little control over their financial affairs, and they have an above-average focus on the short term.

- If we look at the 25- to 34-year-olds, 38% of them were financially unhealthy in 2022 (as against 30% in 2021).

Multiple payment problems

The 2022 Nibud figures give us a better understanding of the debts of the Dutch².

- The most common debts are loans taken out with banks or finance companies (12%), loans obtained from family, friends or acquaintances (9%) and current account overdrafts (8%).
- Most people suffer from more than one payment problem. The average number of problems totals 3.3 and includes payment arrangements and credit card debts.
- 37% of students in senior secondary vocational education aged 18 and over are in debt, with 1 in 4 falling behind on payments³.

1. Deloitte, March 2023, Restoring Balance. Dutch financial health in uncertain times (www2.deloitte.com/content/dam/Deloitte/nl/Documents/financial-services/deloitte-nl-fsi-financiele-gezondheid-nederland-rapport.pdf).

2. Nibud, November 2022, Rapport Rondkomen en betalingsproblemen (Report on Getting by and Payment Problems - in Dutch only) (www.nibud.nl/onderzoeksrapporten/rapport-rondkomen-en-betalingsproblemen-2022/)

3. Nibud, 2019-2021 survey, Jongeren en hun Geld (Young People and their Money - in Dutch only), (www.nibud.nl/dossiers/jongeren-en-hun-geld/)



3. Dutch policy

The Dutch government has also noted the problem and is attempting to address the increasingly unhealthy financial situation in which many Dutch people find themselves.

The government's main national goals in this respect were adopted from the National Financial Health Coalition, the action plan 'Together we will eliminate debt', and Sustainable Development Goals 1, 5 and 8. They all share a focus on reducing poverty and the number of people in problem debt.

National Financial Health Coalition

The National Financial Health Coalition consists of both public and private organisations that are committed to creating a financially healthy country. They seek to make an impact by improving financial health today, while also working towards financial security for the future.

The aim is to halve the number of households in a financially inadequate or financially unhealthy situation by 2030. The National Financial Health Coalition has thus set the following targets for 2030:

- 50% fewer households in poverty;
- 50% fewer households in problem debt;
- 50% fewer payment arrears;

- 50% fewer households without a savings buffer or the right insurance policies;
- 50% fewer households without a pension or other provisions for the future;
- 1 million children and young people (aged 12 to 25) having received effective financial education.

'Together we will eliminate debt' action plan

The Ministry of Social Affairs and Employment has also defined clear goals to reduce debts and poverty in the Netherlands.

What the Ministry intends to achieve (relative to 2015⁴):

1. The number of children who grow up in poverty will be halved by 2025.
2. The number of people who live in poverty will be halved by 2030.
3. The number of households in problem debt will be halved by 2030.

4. Open Overheid (Open Government - in Dutch only): open.overheid.nl/documenten/ronl-6a5860bc7d11c6b6c-50fa92026c6c993afca8a15/pdf

4. De Volksbank's principles

De Volksbank operates virtually exclusively in the Netherlands. Serving nearly 3.3 million customers, we are the fourth-largest retail bank in the Dutch market. We offer simple and transparent mortgage, savings and payment products to private individuals, self-employed persons and smaller companies, as well as insurance and investment products.



Our main service relates to our loan portfolio, which largely consists of mortgages we have provided to retail customers (94%) and of SME loans (2%) and other loans, to local or other authorities, for example, or personal loans.

The Dutch situation ([see 2](#)) has led de Volksbank to lay down principles to help both customers and non-customers increase their financial health. As the Netherlands is a relatively small country, we phrased these principles at the national level rather than the regional level.

For all income groups

The aforementioned Deloitte survey report reveals that expenses are the largest problem for people of all income groups and therefore for the population at large. This is confirmed by another survey, which shows that more high earners also have difficulty making ends meet, as 12% of them found it hard to get by in 2022, as against 6% in 2018.

For the above reasons, we do not focus on a specific income group.

Financial care for loans

The Dutch people are increasingly feeling insecure about repaying loans, such as their mortgage. As de Volksbank's loan portfolio predominantly consists of mortgages, we offer retail customers financial care if they are unable to pay their mortgage on time.

Endorsing Deloitte's recommendations that more attention should be paid to prevention in the long term, we consistently work towards increasing the self-reliance of the Dutch to ensure that more room and resources become available 'in the system' to support people who are unable to improve their financial health on their own.

5. Nibud, November 2022, Rapport Rondkomen en betalingsproblemen (Report on Getting by and Payment Problems - in Dutch only) (<https://www.nibud.nl/onderzoeksrapporten/rapport-rondkomen-en-betalingsproblemen-2022/>)

Focus on young people and their parents

As the youngest group of Dutchmen (18 to 24 years of age) suffers more than other age groups, we aim to help them become financially independent by arranging financial education. This is also in line with Deloitte's recommendation to organise more financial education in schools. De Volksbank has done this for the past ten years through its Eurowijs educational programme. Of course, in an ideal situation financial education would become a permanent part of the curriculum at primary and secondary schools. However, the path towards this goal seems a long and political one⁶.

Seeking to have a wider reach and make a greater impact, we also aim to help **parents** teach their children how to handle money. This is because several surveys⁷ show that children who have learnt from their parents how to handle money are less likely to run into financial problems.

Our Social Impact Framework

The above considerations are expressed in our Social Impact Framework, in which financial health breaks down into **financial education and financial care** (see image). The goal is to prevent financial problems among customers and non-customers alike and to help them in times of financial adversity.

6. Dutch Association of Insurers, interview with Wilco van Dijk, March 2023 (www.verzekeraars.nl/publicaties/longreads/wilco-van-dijk).

7. Nibud, 2016, Rapport Financiële opvoeding & het gedrag als volwassene (Report on Financial Education & Adult Behaviour-in Dutch only) (www.nibud.nl/onderzoeksrapporten/rapport-financiele-opvoeding-gedrag-volwassene/) and Nibud, 2018, Rapport Financiële problemen (Financial Problems Report - in Dutch only) (www.nibud.nl/onderzoeksrapporten/financiele-problemen-2018/)



Financial health

We make a difference for people who can strengthen their financial position thanks to additional financial knowledge. Through a personal approach and by being close to the customer. By supporting more and more people, we are making society financially stronger.

Financial education

It is important to teach children how to handle money well from an early age. Adequate financial knowledge gives them a solid basis for making the right choices and thus preventing financial problems later in life. Financial education is not a standard part of the curriculum. For that reason, our employees give guest lessons in schools and provide information on safe banking. For people of all ages.

Financial care

We help when things get tough financially. In doing so, we focus on preventing or reducing financial stress. We do not use debt collection agencies. Instead, we prefer to look customers in the eye ourselves to find the best solution to financial problems together.



Sustainable recovery is aimed at permanently restoring customers' financial health and retaining the customer relationship and loan agreement. In the event of actual or potential arrears, our Financial Care department will look for a suitable solution together with the customer

5. Financial care

We set great store by providing effective and sustainable care to customers who experience financial problems. That is why we have a Financial Care department that helps customers in financially hard times while focusing on sustainable recovery.

The department's work is guided by eight Service Promises:

1. Customers are assigned their own case handler, who is familiar with the customer's situation and builds a relationship of trust.
2. If customers so desire, the case handler will visit their home to discuss their financial situation. A number of our case handlers have been trained to become job coaches in addition to budget coaches. If desired, they can help customers find a new job.
3. We do not engage debt collection agencies and prefer to make proper payment arrangements with customers ourselves. In doing so, we consider a customer's overall debt position and intend to reach agreement with our customers 'amicably' (i.e. by consulting with them) in every case.
4. We do not garnish wages as long as customers provide insight into their financial situation and pay according to their means.
5. If selling a home is absolutely inevitable, we will always attempt to sell it together with the customer and an estate agent rather than to auction it.
6. We pay the costs of appraisal and of the estate agent and civil-law notary if a mortgage loan balance remains after we have sold the home together with the customer and an estate agent.
7. We cancel the remaining debt after a maximum period of ten years if customers have done everything in their power to repay as much as they can.
8. If a customer again wishes to take out a product with us, we will always listen to the story behind a registration with the Credit Registration Office (BKR). This is because a customer may have run into arrears due to sheer bad luck but is in fact willing to make payment.

6. KPI for Financial care

Our primary goal is to prevent and reduce financial stress. If financial arrears nevertheless arise, our Financial Care department will assist the customer in sustainably clearing the arrears.



A solution for payment arrears is sustainable if the customer is permanently able to bear the costs again. Obviously, new and unexpected life events may occur. Therefore, a first indication of success is that no new arrears having the same cause arise for **12 months** after the arrears have been cleared.

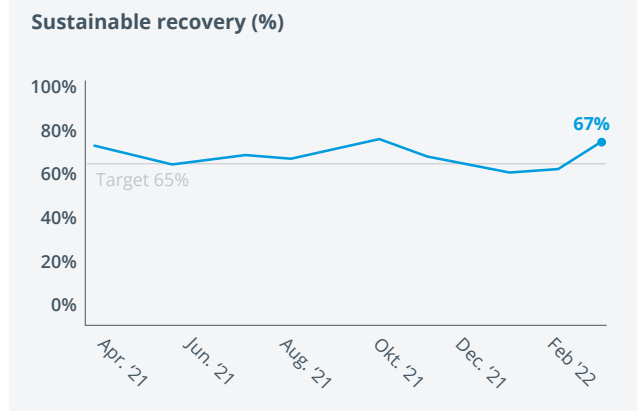
The Sustainable Recovery KPI reflects the percentage of customers in actual or potential arrears who have recovered for 12 months in the measurement month and who have not subsequently been transferred to our Financial Care department again. This concerns customers who had payment arrears on their private mortgage.

Benchmark

To monitor market trends, we actively benchmark our Sustainable Recovery KPI against other banks and their Financial Care departments.

Target for 2025

Our target for 2025 is to grow to a standard of 67% under equal economic conditions (2023 target: 65%). In the current, challenging economic climate with rising inflation and other problems, we intend to keep the number of sustainably recovered customers stable as a minimum. We have set up a dashboard to measure and monitor the progress made on this KPI.





7. Financial education

A person's attitude and financial skills turn out to have a significant effect on the occurrence of financial problems. Poor knowledge and skills in terms of financial management, planning and saving exacerbate the situation.

If children learn at an early age (from the age of 6) how to be money smart, this will have a positive impact on their financial behaviour as adults. Financial education is currently not a standard part of the school curriculum.

Having made Eurowijs teaching materials available to primary schools, special education and secondary education free of charge since 2013, we educate children about the concept of 'money' and help them develop financial skills at an early age. Using these materials, our employees also give guest lessons in schools.

A recent Motivaction market survey commissioned by de Volksbank in 2022⁸ also proves that our initiative to offer teaching materials and guest lessons to primary schools and their pupils is being appreciated. It shows that young people in particular value bank initiatives contributing to financial education and financial care.

About Eurowijs

Eurowijs is a continuing learning pathway for all groups of primary education, special education and lower secondary education. Teachers can give the lessons themselves or they can engage one of our employees to act as a guest teacher – throughout the year, and every year.

At a time when nearly everything is offered online, schools feel a great need to obtain physical teaching materials about this specific topic; by mid-March 2023, Eurowijs has sent more than 1.3 million teaching materials since its launch in 2013. With half of the Dutch primary schools now using our free teaching materials, we help many children and teenagers live more financially care-free lives as they grow older.

The vision on financial education of Wijzer in Geldzaken, the Nibud learning objectives and the core objectives of the Ministry of Education, Culture and Science are the basis for the teaching material. The teaching material can be ordered free of charge via www.eurowijs.nl



By mid-March 2023, Eurowijs has sent teaching materials for more than 1.3 million pupils since its launch in 2013

8. Measuring financial education

Sufficient financial knowledge provides a solid basis for making the right choices and could prevent money problems later in life.

We are presently developing an 'impact KPI' for financial education. At this time, we are still using 'output KPIs' that show us how many pupils we have reached with the teaching materials and how many guest lessons our employees have given. We set annual targets for this. For 2023, these are the following:

250,000

distributed teaching material packages per year

1,000

guest lessons per year

We intend to study in more detail how Eurowijs affects (impacts) the financial development/health of children. We also want to explore whether other types of education can serve as a preventive measure to foster the financial health of people of all ages.

8. Motivaction, Social Impact Validation – market survey | de Volksbank | Project number: M221119

9. In conclusion

Financial unrest greatly impacts people's health and well-being. At the same time, we see that society has become more complex, with numerous procedures and systems that are impenetrable to some people.

That is why we believe that we truly see the people rather than all the procedures and systems. We need to see who they are, listen to what they need and dare to make a difference to them. We call this 'banking with a human touch'. After all, as a bank we are part of the economic system and that is precisely why we can add value.

We also believe that the whole is greater than the sum of its parts. We intend to grow through our bank brands, as this will allow us to help more and more people and, as a result, reach more and more people and companies who can join us and participate in our activities. Together, we can make a difference to people's lives, thereby improving the country and increasing financial health. This is how we help all of the country move forward by delivering on our promise of being 'better for each other'.

Colophon

Text

Corporate Marketing

Design

wijstudio

Photography

Femke van den Heuvel