de volksbank
Annual Report 2024

de volksbank better for each other

SNS asn bank RegioBank BLGwonen

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About this report

Our **Annual Report 2024** provides information on the bank's financial and non-financial performance in compliance with statutory requirements. It sets out how we dealt with opportunities and risks in 2024 and how we created value for our customers, society, our employees and our shareholder.

This Annual Report 2024 consists of:
- The Report of the Executive Board, including:
  - Introduction
  - Strategy and performance
  - Leadership and governance (excluding the Report of the Supervisory Board)
  - Risk management
  - Sustainability statements
- The Report of the Supervisory Board (included in the chapter on Leadership and governance)
- Financial statements
- Other information

In addition to the Annual Report 2024, we also publish the **Pillar 3 Report 2024,** containing the mandatory reporting on capital requirements and risk management ensuing from the European Capital Requirements Regulation (CRR).
Our Annual Report 2024 is our primary statutory and regulatory reporting disclosure. The financial information in the Financial statements has been prepared in accordance with the International Financial Reporting Standards (IFRS) Accounting Standards as adopted by the European Union.
Moreover, the financial information meets the requirements as set out in Title 9, Book 2 of the Dutch Civil Code.

Capital metrics and risk positions for 2024 and comparative figures for 2023 are reported under the Basel III framework (CRD IV/CRR). Information on Pillar 3 (part of the CRR) can be found in a separate report on our website.

The Corporate Sustainability Reporting Directive (CSRD), which entered into force on 5 January 2023, requires de Volksbank to disclose information on the way it operates and manages ESG challenges in its Annual Report 2024. The CSRD mandates the European Sustainability Reporting Standards (ESRS). In anticipation of the transposition of the CSRD into Dutch law, we have decided to voluntarily use this framework and to adhere to the ESRS. De Volksbank thus prepares its Sustainability statements in accordance with the CSRD. We are also committed to the United Nations Principles for Responsible Banking (UN PRB). More information on this can be found in the Section Additional information.

This Annual Report 2024 is available in English only. Our financial reporting currency is the euro (€).

Adjusted measures

We supplement our IFRS Accounting Standards figures with internally used non-IFRS measures that constitute alternative performance measures under European Securities and Markets Authority (ESMA) guidance and non-GAAP financial measures. For more details, see the Section Reconciliation of alternative performance measures.

Note on the European Single Electronic Reporting Format

This is the PDF version of our Annual Report 2024. There is also a version in the European Single Electronic Reporting Format (ESEF). To download our ESEF reporting package, please visit our website. Please note that the ESEF version prevails in the event of any discrepancies between these two versions.

Introduction

2024
in a nutshell

Here, we present which moments, decisions and events characterised the year 2024 for us as a bank and for our stakeholders.

JANUARY (1)

- Sustainalytics included de Volksbank in its 2024 list of ESG Top-Rated ESG Companies

FEBRUARY (2)

- SNS Council of the future puts the topic ‘worries about future finances’ on the agenda
- ASN Mortgage now also available through the Ingage Franchise chain

MARCH (3)

- Consumers once again choose ASN Bank as the most sustainable bank in the Netherlands
- RegioBank launches new brand campaign entitled ‘Whoever does good’

APRIL (4)

- Introduction of a combination of the *Bespaarhypotheek* (offers interest rate discount for high energy-efficient homes) and the new Energy Savings Plan Plus

MAY (5)

- RegioBank, ASN Bank and SNS voted most customer-friendly banks in the Netherlands for the third time in a row
- SNS wins a SAN Accent (award for best marketing campaign) for its ‘Equal Growth Opportunities’ brand campaign
- Roland Boekhout starts as the new CEO of de Volksbank

JUNE (6)

- RegioBank organises the Fourth National Village Summit

JULY (7)

- ASN Bank and de Volksbank both listed in the Top 100 of most influential Dutch brands

AUGUST (8)

- ASN Impact Investors sells all its investments in the garment industry

SEPTEMBER (9)

- SNS once again appoints a Council of the Future
- First edition of the ‘ASN Golden Squirrel Awards’
- BLG Wonen organises the Week of the student finance (Stufi)

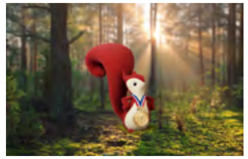
OCTOBER (10)

- De Volksbank launches Transformation programme to increase operational strength

NOVEMBER (11)

- BLG Wonen organises the annual Housing Debate in collaboration with ASN Bank

DECEMBER (12)



- De Volksbank chooses ASN Bank as brand for the future

Company profile

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 it by creating value for all our stakeholders: our customers, society, our employees and our shareholder. We aim for optimum total value rather than maximisation of a single value. In 2024, together with our brands we strived for a strong customer relationship and greater social impact. In the second half of 2024, we announced the launch of a Transformation programme focused on improving our organisational structure by simplifying our commercial distribution network and streamlining business operations to develop a healthier and more resilient future-proof company. In this context, we are also moving from our current four retail brands towards one strong brand, namely: ASN Bank. We will start implementation in 2025.

De Volksbank is the fourth largest retail bank operating in the Dutch market, with more than 3.253 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.

SNS

In 2024, SNS helped people achieve their goals and dreams by focusing on the growth of each. SNS believes that if everyone is allowed to grow in their own way, it will make the Netherlands stronger.

asn bank

In 2024, ASN Bank focused on making sustainability further accessible to all Dutch people, enabling them to use their money to do the right thing for people, animals and nature.

RegioBank

In 2024, RegioBank committed to increasing the quality of life in Dutch communities by assuming the role of community builder and contributing to social and economic vitality.

BLGwonen

In 2024, BLG wonen enabled a society in which people can live contentedly in a manner that suits their wishes and financial situation. Now and in the future.

EMPLOYEES

4,357
FTE of which internal **3,602**

CUSTOMERS

> 3.25m

SNS

194
SNS Shops

1,478,000
customers

asn bank

818,000
customers

de volksbank
Utrecht

RegioBank

416
branch offices

707,000
customers

BLGwonen

> 3,000
independent advisers

250,000
customers

MORTGAGES

€ 52.0bn
market share 6.3%

CURRENT ACCOUNT CUSTOMERS

2.08m
market share 15.9%

SAVINGS

€ 45.6bn
market share 9.4%

ASSETS UNDER MANAGEMENT

€ 4.1bn

SME LOANS

€ 1,393m

Foreword from the CEO

Roland Boekhout, Chair of the Executive Committee of de Volksbank

Looking back at 2024, the global economy remained resilient despite varying levels of economic activity across countries and sectors. Inflation continued to be moderate and moved closer to central bank targets in most economies. Labour market tightness also eased, although unemployment rates generally remained at or near historical lows. The Dutch economy performed predominantly in line with this picture: domestic GDP growth was around 0.6%, the unemployment rate remained low at approximately 3.7% and inflation declined to 3.2%. In addition, the European Central Bank decided to change its interest rate policy by lowering the three key interest rates. The deposit facility rate decreased by 100 bps to 3.00%, and the other two policy rates by 135 bps to 3.15% for the main refinancing operations and to 3.40% for the marginal lending facility. In the first months of 2025, the ECB lowered its policy rates by another 50 bps and more rate cuts are expected during the course of the year. The 2024 key risks will remain the same in 2025 and are mainly related to the deterioration of global geopolitical tensions, more persistent than expected inflation and a sharp repricing of risks in financial markets.

Against this background, 2024 was the fourth year of the implementation of our Strategy 2021-2025. In this plan, our bank set two key strategic objectives for 2025: firstly, to be the bank with the strongest customer relationship and, secondly, to have a significant and measurable positive impact on society. We are on the right track with both objectives. This is reflected in a gradual increase in the number of active multi-customers, an improvement in the average Net Promoter Score of our banking brands, high rankings in customer friendliness and a further improvement in our climate-neutral balance sheet, measured using the PCAF methodology.

In 2024, the bank achieved a strong commercial result: as new production exceeded redemptions, our residential mortgage portfolio increased by € 2.8 billion to € 52.0 billion. And, in a growing market, our market share in new residential mortgage production improved to 6.3%, from 5.7% in 2023. Our SME loan portfolio grew by € 158 million to € 1.4 billion. Retail savings increased by € 2.0 billion to € 45.6 billion, representing a market share of 9.4%, slightly below the market share of 9.5% in 2023.

The bank reported a net profit of € 427 million for 2024, before taking substantial incidental charges. This result is approximately the same as in the previous year and marks the bank's second-best result since the nationalisation. Total income decreased by € 106 million to € 1.3 billion. Total operating expenses excluding incidental charges were nearly at previous year's level as higher staff costs were compensated by lower marketing costs, lower regulatory levies and a non-recurring VAT refund. Furthermore, the bank recorded an impairment reversal of € 51 million, a swing of € 66 million year-on-year, mainly driven by lower impairments on residential mortgages.

In addition to the above, we recorded substantial charges in 2024, in line with our communication on 9 December 2024. These charges, amounting to € 283 million after tax, are largely related to the implementation of our recently announced Transformation programme (€ 96 million), our Anti-financial crime (AFC) remediation programme (€ 145 million) and the settlement of legal proceedings (€ 22 million). Moreover, at the end of January 2025, DNB imposed two administrative fines totalling € 20 million. These fines were imposed for deficiencies under the Anti-Money Laundering and Anti-Terrorist Financing Act *(Wwft)* and for risk management-related deficiencies in relation to the Financial Supervision Act *(Wft)*. The fines have also been charged to the 2024 result.

Ultimately, this led to an increase in total operating expenses to a total of € 1.1 billion and, as a result, a net profit of € 144 million for 2024.

Our capital position remained robust and well above internal targets and regulatory requirements. The CET1 capital ratio ended the year stable at 20.2%, as did the leverage ratio at 5.1%.

Although the bank's long-term objective is to generate a solid return and pay regular dividends to the shareholder, we will propose to the General Meeting of Shareholders that we retain our net profit for 2024. This is consistent with prudent management, taking into account the implementation of remediation programmes to address the shortcomings identified by the supervisor. These will require additional operating expenses in 2025.

The above-mentioned Transformation programme will play an essential role in preparing de Volksbank for the future. When we presented our 2024 Interim Financial Report on 9 August 2024, we already announced that we would simplify and improve our business model and processes to strengthen the bank commercially and operationally. This should enable us to better serve our more than 3 million customers, improve our data quality and IT systems, comply with the increasing regulatory requirements, and achieve structural cost savings. Since then, we have informed our stakeholders of the progress and conclusions of our Transformation programme in subsequent press releases.

The following are the key elements of this programme:
1. Our current retail brands ASN Bank, RegioBank and SNS will continue to operate under the ASN Bank brand. The choice for one retail brand is an essential step in the simplification of the organisation. By combining the strength of the current brands, customer service can be improved and the bank will increase its commercial and operational strength, creating conditions for further growth. For now, we will continue to distribute mortgages under the current brand name of BLG Wonen, though over time, this brand name will also be changed to ASN Bank. The same goes for the name of the parent company, i.e. de Volksbank. The rebranding will occur in phases and with great care, in consultation with franchisees and distribution partners. Implementation will start in 2025 and is expected to be completed within three years.
2. While maintaining our nationwide coverage, we will reduce the number of SNS and RegioBank branches from more than 600 to 320–360. To efficiently give substance to this network of branches, we have opted for a franchise model. For SNS, this means that the 46 shops currently still managed by de Volksbank will be brought into the franchise model wherever possible. For further optimisation of the other 148 SNS franchise shops, a merger of branches will be explored in consultation with the franchisees. Additionally, some branches will be closed, bringing the number of SNS franchise shops to an estimated range of 100–130. RegioBank works with local independent advisers and currently has 416 branches. Through mergers and closures we ultimately expect the number of RegioBank branches to total 210 – 230. Customers of the current ASN Bank will, in addition to mobile banking for daily banking services, have access to these branches for personal advice at moments that matter to them. We will also introduce three contemporary accessible flagship stores for financial advice for both retail and business customers.
3. We expect the simplified organisational structure to lead to a staff reduction of 700–750 FTEs, both internal and external, by 1 July 2025. We anticipate that this will lead to an annual structural cost saving of approximately € 70 million.

The aforementioned administrative fines relate to two significant elements of our business operations that require improvements. This is extremely painful and not in line with what we stand for as a bank. It is our duty to comply with laws and regulations.
It goes without saying that a bank such as de Volksbank should have a clear organisational structure with unambiguous reporting lines and policies aimed at managing relevant risks. We are working very hard to adequately and sustainably remediate the identified deficiencies.

In response to the identified AFC-related deficiencies, remediation efforts were already substantially stepped up in 2024. Following DNB's instruction in 2023, we submitted an improved Systematic Integrity Risk Analysis (SIRA). DNB determined that this SIRA complies with the minimum regulatory requirements. Furthermore, we prepared an ambitious Remediation plan, incorporating DNB's feedback. Implementation of this plan involves a substantial scaling up of resources and requires a lot in terms of management and oversight efforts over a number of years.

In order to sustainably and structurally remedy the identified deficiencies in relation to the obligation under the Financial Supervision Act *(Wft)* to ensure sound business operations, the Executive Committee put more focus on topics related to risk management, including improvements to internal risk models and improving data quality and data management in 2024. Going forward, the implementation of our Transformation programme should also contribute to the remediation of the shortcomings in question.

The year 2024 saw a number of changes within the Executive Committee. In December 2023, we announced that CEO Martijn Gribnau and CRO Jeroen Dijst were not available for a second and third term in office, respectively. They resigned in May and April 2024. On 3 April 2024, we announced the appointment of Saskia Hoskens as CRO with effect from 10 April, followed by the appointment of myself as CEO on 22 May. On 24 June 2024, Gwendolyn van Tunen was appointed as Chief Financial Crime Officer and as a member of the Executive Committee. And on 28 June, we communicated that Marinka van der Meer would resign as Chief Customer Officer as from 1 July 2024, in response to plans to rearrange the CCO's duties, powers and responsibilities.
On 27 February 2025, we announced the appointment of Isold Heemstra and Gwendolyn to the Executive Board with effect from 1 March 2025. Isold will take on the role of CCO and, upon approval from the supervisory authorities, we intend to appoint him as COO as from 1 July 2025. Finally, we also communicated that Jacqueline Touw resigned as CPOO as from 1 March 2025. Going forward, the Executive Committee as we know it now will cease to exist. We will continue with an Executive Board, supported by a Management Team.

All in all, de Volksbank looks back on an eventful year. And 2025 too, will see many, sometimes far-reaching changes. By implementing our Transformation programme, we are combining the strengths of our four retail brands into one strong brand: ASN Bank.

We will capitalise on our simple business model by creating a manageable, smart and efficient organisation. Not overly complex, clear lines of responsibility and perfectly suitable for our customer propositions. No more, no less. The result is top notch service for customers and partners, as well as economically sound margins. This, in turn, will allow us to stand on our own feet and focus on servicing our customers.

Tough, and at times, unpleasant decisions are part of this path forward, including a staff reduction of more than 700 FTEs, but there is no way around that. Through ASN Bank we will operate under a brand that is distinctive, easily recognisable, ambitious and future oriented; a brand that offers simple product solutions and brings these close to customers. A unique proposition in our market!

On behalf of the Executive Committee, I would like to thank all our colleagues for their commitment and passion in supporting the bank in these challenging times and creating a bright future for ASN Bank.

Key figures

Strategic objectives and other performance indicators

	2024	2023	2022	2021	2020
Customers					
Customer weighted average NPS	+4	-1	-1	6	2
Active multi-customers (in 1,000)	1,233	1,164	1,087	1,015	949
Society					
Climate-neutral balance sheet	100%	75%	62%	55%	45%
Employees					
Genuine attention	7.5	7.7	7.6	7.8	7.9
Shareholder					
Return on Equity	3.2%	11.4%	5.2%	4.7%	5.1%
Other objectives					
Cost/income ratio	87.2%	57.1%	67.9%	80.7%	70.6%
Basel IV fully loaded CET1 ratio	20.4%	21.1%	20.2%	22.5%	24.2%
Leverage ratio	5.1%	5.1%	4.7%	5.1%	5.2%
Other performance indicators					
Actual CET1 ratio	20.2%	20.2%	20.3%	22.7%	31.2%
Total capital ratio	27.8%	25.0%	25.5%	26.3%	36.1%
Loan-to-deposit ratio	99%	95%	90%	86%	92%
Net interest margin	1.57%	1.80%	1.15%	1.11%	1.30%
Cost of risk total loans	-0.09%	0.03%	0.08%	-0.12%	0.08%

Balance sheet

in € millions	2024	2023	2022	2021	2020
Balance sheet total	73,691	71,060	73,168	72,081	67,484
Loans and advances to customers	54,494	50,847	48,966	50,570	50,542
- of which residential mortgages	*50,835*	*47,767*	*46,134*	*47,945*	*47,697*
Amounts due to customers	56,153	54,910	57,150	58,128	53,652
- of which deposits to households	*45,638*	*43,623*	*44,501*	*45,681*	*42,111*
Debt certificates	9,322	7,935	7,544	7,402	6,119
Total equity	4,048	4,091	3,708	3,486	3,450

Profit and loss account

in € millions	2024	2023	2022	2021	2020
Net interest income	1,127	1,303	851	775	850
Net fee and commission income	77	64	51	39	46
Other income	104	47	63	13	27
Total income	**1,308**	**1,414**	**965**	**827**	**923**
Operating expenses excl. regulatory levies	1,129	766	586	588	602
Regulatory levies	11	42	69	79	50
Total operating expenses	**1,140**	**808**	**655**	**667**	**652**
Impairment of charges financial assets	(51)	15	52	(58)	38
Total expenses	**1,089**	**823**	**707**	**609**	**690**
Result before taxation	**219**	**591**	**258**	**218**	**233**
Taxation	75	160	67	56	59
Net result for the period	**144**	**431**	**191**	**162**	**174**
Incidental items	(283)	-	17	17	(34)
Adjusted net result for the period	**427**	**431**	**174**	**145**	**208**

Credit quality of residential mortgages

	2024	2023	2022	2021	2020
Weighted average indexed Loan-to-Value	50%	54%	51%	53%	61%
Stage 3 ratio	0.9%	1.0%	0.9%	1.1%	1.2%
Loans in arrears (%)	0.5%	0.8%	0.7%	0.7%	1.2%

ESG ratings and benchmarks

	2024	2023	2022	2021	2020
Sustainalytics ESG Risk rating	13.0/100	11.5/100	9.1/100	10.4/100	10.4/100
ISS ESG	B (Prime)	B (Prime)	B (Prime)	B (Prime)	B (Prime)
MSCI	A	AA	AA	AA	AA
Carbon Disclosure Project (CDP)[1]	B	B	B	B	C
Transparency Benchmark[2]	-	8th	-	6th	-
Fair Bank Guide	-	9.4	-	-	9.3

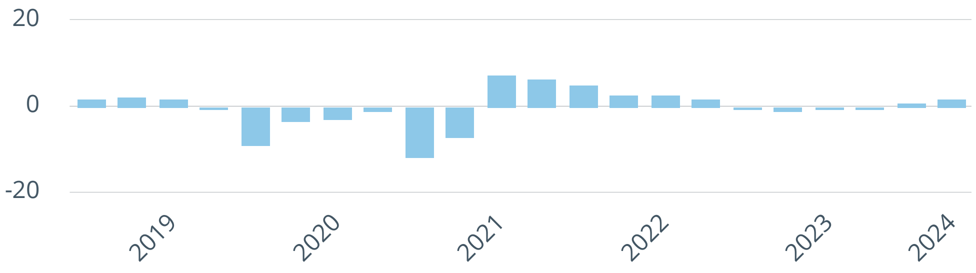
1 As the categories 'Forest' and 'Water' are not material topics for de Volksbank, we only disclose our CDP score for the category 'Climate'.
2 The Ministry of Economic Affairs has discontinued the Transparency Benchmark as of 2024.

Our operating environment
Economic developments
Dutch economy
Following economic stagnation in 2023, the Dutch economy contracted in the first part of 2024, but staged a comeback later in the year. The manufacturing industry continued to decline under the influence of deteriorating circumstances in its export markets, notably in Germany, and elevated energy costs. However, in general, the services sector developed favourably. As far as the demand side of the economy is concerned, expansion was mainly driven by private consumption as wage growth accelerated in response to high inflation, to a large extent making up for the earlier loss of consumer purchasing power. For the labour market, the upward trend in employment growth came to a halt during the year and the same was true for the labour force; on balance the unemployment rate rose by 0.1 percentage points to 3.7% of the labour force, still a low level. Inflation fell by 0.9 percentage points to an annual average of 3.2%[1]. The decline in inflation is relatively modest compared to most other eurozone countries. This can be explained by the levying of higher excise duties on tobacco products, soft drinks and non-alcoholic beer in the first part of the year. Apart from this, the decline in inflation was hindered by a stronger rise in house rents.

Interest rates and swap yields
Inflation in the eurozone remained too high in relation to the 2% target of the ECB, but with growing confidence that wage growth - as the main source of inflation - would decelerate, the central bank has eased its restrictive stance and lowered its key three interest rates as from June. In total, the deposit rate was lowered by 100 basis points (bps) to 3.0%. The 3-month Euribor fell 120 bps to 2.71%. Longer yields fluctuated considerably during the year. There were signs that the eurozone was slowly coming out of the doldrums, driving up yields in the first half of the year, but this was followed by a decline in the following months. The reason for this was that the situation in the manufacturing industry became more troublesome, particularly in Germany, and fears grew that the malaise would spill over to the labour market and lead to a broader economic downfall. In the last part of the year, the rate decline reversed, pushed up by the developments in the US where the uncertainties of Trump's policies for US growth, inflation and public finances sent risk premiums higher. Over the full year, the EU two-year swap yield fell by 61 bps to 2.19%, while the ten-year swap yield fell by 13 bps to 2.36%. With these changes the yield curve returned to an upward sloping shape.

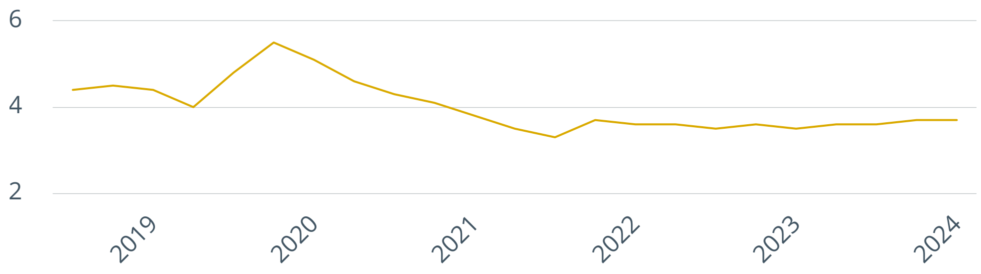
Gross domestic product Source: CBS

year-on-year change in %



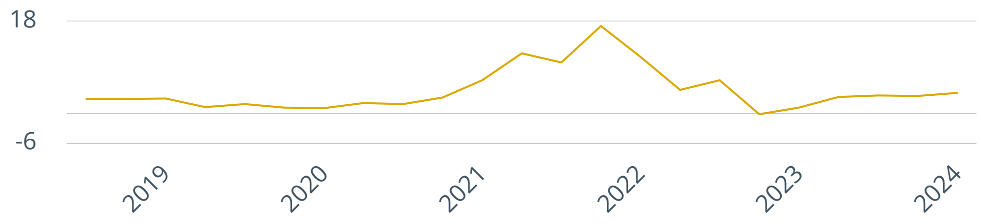
Unemployment Source: CBS

% of labour force



Inflation Source: CBS

year-on-year change Consumer Price Index (CPI) in %



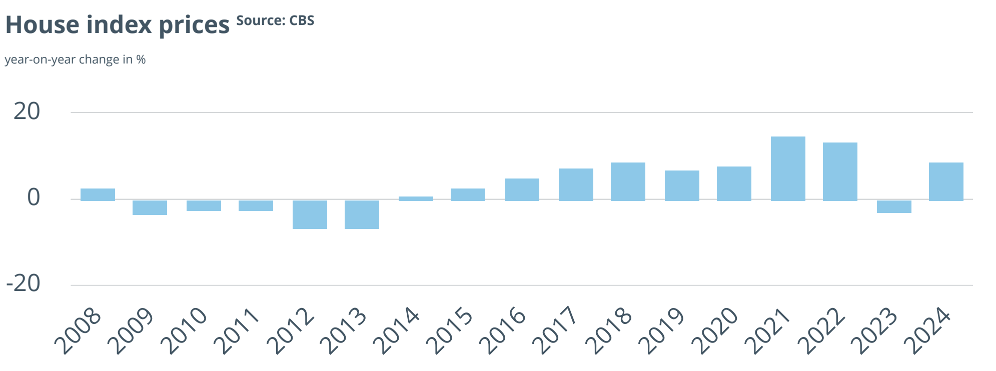
[1] EU-harmonised definition

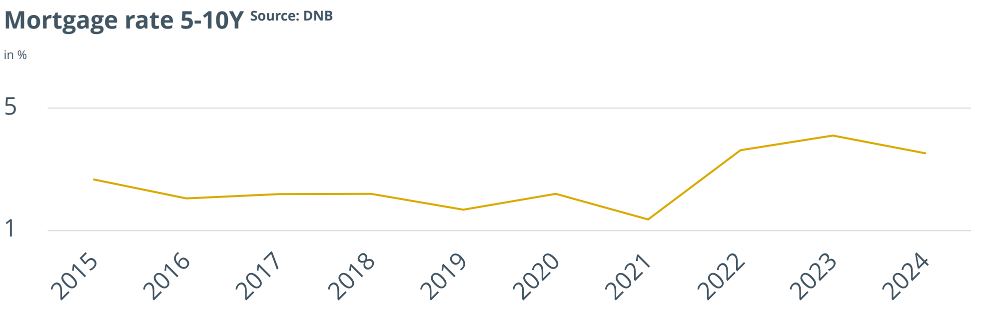
Housing and mortgage market

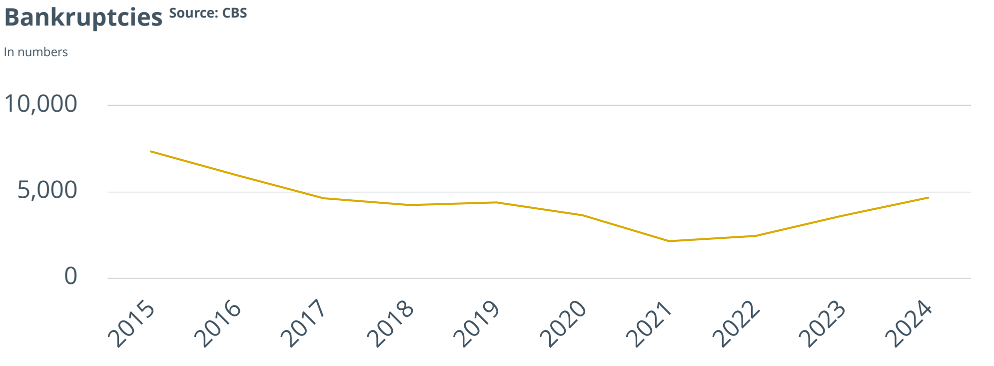
The recovery of the Dutch housing market in the last part of 2023 continued strongly in 2024, underpinned by rising household income and - in the second half of the year - falling mortgage rates, enhancing home buyers' financial position. The generally perceived housing shortage also contributed to the strength of the market. Over the full year, according to the Dutch Land Registry and Mapping Agency (*Kadaster*), the house price rise amounted to 8.7%, with an acceleration to a year-on-year rise of +11.4% in the fourth quarter. The dynamics in the market were also reflected in a marked rise in new supply of homes for sale according to the Dutch Association of Estate Agents (*NVM*) as confidence among potential sellers rose to high levels. The number of housing transactions increased by 13.2% to 206,458, the highest level since 2021. The mortgage markets recovered strongly in the reporting period after a marked downturn in 2023. Mortgage applications increased by 29%, with mortgage applications to buy a home rising by 26% according to the Dutch Mortgage Data Network (*HDN*), which handles more than 60% of the market. Remortgages and further advances saw an increase of 35%.

Savings market

Dutch retail savings rose by € 28 billion in 2024 to € 487 billion at year-end, according to numbers of the Dutch Central Bank (*DNB*). Earlier losses in purchasing power may still be a reason for people to be cautious about their personal finances.







Environmental and social developments

In 2024, global and national sustainability ambitions were under pressure, dominated by growing geopolitical tensions. This is pushing long-term international cooperation goals for climate, biodiversity and poverty reduction into the background.

At the same time, we cannot ignore the consequences of climate change. Global warming, biodiversity loss and growing inequality are leading to increasing risks and costs for our economy and society.

Globally, 2024 was the warmest year ever since measurements began in 1901. Earth crossed the 1.5°C warming level for the first time. More extreme weather requires investments in adaptations to tackle drought and flooding. This goes for the entire world, but certainly for the Netherlands.

The loss of biodiversity also leads to rising costs for the preservation and strengthening of ecosystem services, such as food supply, water purification, pollination or the production of wood.

In the Netherlands, this particularly goes for the production of clean (drinking) water and, for example, the accumulation of PFAS in our living environment. Here, too, the nitrogen crisis has led to great uncertainty about important activities, such as space for the construction of homes and agriculture.

Global poverty reduction has come to a near standstill. For example, rich countries are not sufficiently prepared to provide climate support to poor countries.

In response to the lack of political measures to protect our economy and society from these threats, more and more lawsuits are being filed against states and companies, both in the Netherlands and abroad.

The rapid start of European sustainability legislation has entered an uncertain phase. The Draghi Report on European competitiveness has led to uncertainty about the further development of these rules. At the same time, the Corporate Sustainability Due Diligence Directive (CSDDD) has entered into force in the European Union. This directive obliges companies to thoroughly investigate human rights and environmental impacts in their value chain, with the aim of identifying, preventing and eliminating negative effects.

Regulatory environment

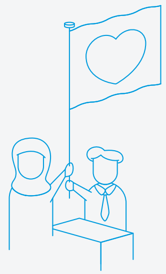
De Volksbank operates in a regulated environment that is subject to intensive supervision. In addition, legislative and regulatory bodies continue to submit proposals and implement standards that result in significant changes for the organisation and management of de Volksbank's business operations. The volume of regulatory requirements and the intensity of their dynamics fundamentally expose de Volksbank to the risks of non-compliance and substantial compliance costs. Non-compliance with applicable regulations may result in financial penalties and reputational damage, which - in turn - could have a significant adverse effect on de Volksbank’s business operations, financial position and results.

Strategy and performance

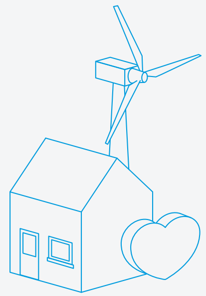
Strategy 2021-2025

Better for each other – from promise to !mpact

How we stand out: two pillars



Strong customer relationship
Personal customer approach, seamless & pleasant interaction, suitable propositions



Social impact
De Volksbank creates social impact on the climate and good housing by integrating these themes into its services

Four growth priorities

asn bank

Accelerating ASN Bank's growth as a digital, sustainable bank

SNS

Attracting a younger target audience and strengthening the business model with fee income

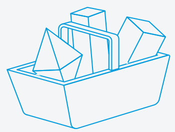
RegioBank

Reinforce RegioBank's local presence by broadening its propositions

BLGwonen

Expand BLG Wonen by increasing its distribution reach and improving its service

Five necessary preconditions

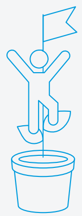


Relevant range of products, new propositions and small businesses as a new target market

Customer bank foundation

Digital and omni-channel dialogue

Compliance with laws and regulations



Strengthening capabilities

Strategy and performance

In this chapter, we provide an overview of de Volksbank's strategy and performance. We start with an introduction to our historical roots, our mission and ambition and how these have shaped our social identity. Then we discuss the objectives set in our Strategy 2021-2025 and reflects on our strategic progress in 2024. Finally, we discuss our financial performance and future prospects of the bank.

Our business

Our history

Our history dates back to 1817, the year in which a number of regional savings banks merged with the aim of taking good care of the money that the Dutch people entrusted to them. Today, we serve customers, entrepreneurs and small and medium-sized enterprises, by providing payment, savings, mortgage, insurance and investment products.

Our mission and ambition

Our 'banking with a human touch' mission focuses on creating value for all our stakeholders: our customers, society, our employees and our shareholder. We pursue optimum total value rather than maximisation of a single value, and call this our shared value ambition. We monitor and measure against specific objectives and report on this shared value ambition for each stakeholder group. More information can be found in Section Our strategic progress.

Strategy 2021-2025 In scope of CSRD

In 2024, de Volksbank continued to execute its Strategy 2021 – 2025: Better for each other – from promise to !Impact. Additionally, in the second half of 2024, we announced the launch of a Transformation programme focused on improving our organisational structure by simplifying our commercial distribution network and streamlining business operations to develop a healthier and more resilient future-proof company. In this context, we are also moving from our current four retail brands towards one strong brand, namely: ASN Bank. We will start implementation in 2025. For this particular Annual Report 2024, we still report in the setup with four retail brands under our current Strategy 2021 - 2025. This strategy has two main pillars through which we aim to strengthen our distinctive capabilities: becoming the bank with the strongest customer relationship and having a substantial and measurable positive impact on society. Our four brands, each having its own growth priorities, achieved this in 2024, supported by five necessary preconditions. The aforementioned pillars, growth priorities and preconditions are all described below. During 2025, the bank will review and renew its strategy and strategic objectives for business periods after 2025.

Pillar 1: Strong customer relationship

De Volksbank wants to stand out from its peers as the bank with the strongest customer relationship. Each of our four brands has its own identity with a clear and social focus. Whether it is sustainability, affordable housing, quality of life in communities or equal growth opportunities for everyone, our customers recognise the values and standards that our brands share. This allows us to build strong, unique customer relationships that set us apart from other banks.

Pillar 2: Social impact

De Volksbank is committed to achieving a substantial and measurable positive impact on society. In 2024, each brand focused on a specific social theme: ASN Bank on sustainability, BLG Wonen on affordable housing, RegioBank on quality of life in communities and SNS on equal growth opportunities for everyone. We aim to create a positive social impact across the brands and to reduce our negative impact by offering socially relevant propositions and driving change in the financial sector, benefiting both customers and the broader system. With the launch of the Transformation programme, we will combine the strength of the current brands into one strong brand with a distinctive social profile.

Four growth priorities

Our Strategy 2021-2025 sets the following growth priorities for our brands:

1. SNS: attract a younger target audience and strengthen SNS's business model with fee income;
2. ASN Bank: accelerate the growth of ASN Bank as a digital, sustainable bank;
3. RegioBank: reinforce RegioBank's local presence by broadening its propositions; and
4. BLG Wonen: expand BLG Wonen by increasing its distribution reach and improving its service.

Five necessary preconditions

To enhance our distinctive capabilities and realise the growth priorities, our strategy comprises the following necessary preconditions:

1. Relevant range of products, new propositions and small businesses as a new target market: we deliver more value for both our customers and the bank by expanding our brands' current product range with existing and new propositions and addressing the target market for small businesses. Not just with our own products and services; we are increasingly linking reliable partners to our banking environment;
2. Customer bank foundation: we achieve a modular, customer-driven IT infrastructure with more automated IT processes;
3. Digital and omni-channel dialogue: we achieve a greatly enhanced customer experience through omni-channel dialogue and personalised access to products and services;
4. Compliance with laws and regulations: we comply with laws and regulations;
5. Strengthening capabilities: we continuously work to strengthen the organisational, employee and leadership capabilities.

Strategic objectives

The strategy is focused on realising our mission and shared value ambition. Our Strategy 2021 – 2025, as applied throughout 2024, sets out measurable objectives for each of our stakeholders. These goals are closely monitored and regularly measured. The way in which we realise our shared value ambition is reflected in our most material topics. Learn more about these topics in Section Sustainability statements.

Additionally, we have also set objectives for ourselves to optimise our capitalisation, balance sheet, and the efficiency of our business operations. These objectives particularly pertain to the continuity of operations, which is essential for all stakeholders.

Strategic objectives

Stakeholder	Year-end 2025 targets
Customers	• Customer-weighted average Net Promoter Score (NPS) of +7
	• 1.3 million active multi-customers
Society	• Climate-neutral balance sheet of at least 75%
Employees	• Genuine attention for employees at least 7.5
Shareholder	• Return on Equity (RoE) within a range of 8-10%
	• Dividend pay-out of 40-60% of the net profit
Other objectives	
CET1 capital ratio	• Consistently at least 17% based of full phase-in of Basel IV
Leverage ratio	• Consistently at least 4.5%
Cost/income ratio	• 57-59% by year-end 2025

How we create value

As a financial institution, we play an important role in the Dutch economy and society. We help households and businesses protect their savings, process (online) payment services and provide (mortgage) loans. We also offer insurance products and manage sustainable investment funds in which our customers may invest. These activities create value for our retail customers, small businesses and our chain partners throughout the Netherlands, and society as a whole. Furthermore, we consider our gatekeeper function in countering financial crime to be an integral part of our business operations.

Our contribution to the UN Sustainable Development Goals (SDGs)

With our strategy and business activities we contribute to several subgoals of five of the UN Sustainable Development Goals.

SDG	Contribution
8 DECENT WORK AND ECONOMIC GROWTH Subgoals: 8.3, 8.5, 8.8, 8.10	We contribute to economic growth in the Netherlands by providing loans to our customers and facilitating banking services. We advocate a living wage in global supply chains. ASN Bank is one of the founding members of the Platform Living Wage Financials. We also have a wide range of policies to avoid human rights violations in our loan and investment portfolios, including child labour, forced labour and modern slavery.
11 SUSTAINABLE CITIES AND COMMUNITIES Subgoals: 11.1, 11.3	We are committed to the sustainability of our mortgage portfolio to contribute to climate-resilient homes and communities. Our brands offer mortgage products that offer lower interest rates when financing houses that are relatively energy efficient. Furthermore, we encourage homeowners with less energy efficient houses to make their homes more sustainable. With our nationwide network of local branches and events like The National Village Summit we contribute to quality of life in communities.
13 CLIMATE ACTION Subgoals: 13.2, 13.3	We aim to reduce our negative climate impact by excluding polluting industries and activities based on our strict investment policy, and by issuing green bonds. We have approved Science Based Targets (SBTs) to align with the Paris Agreement, and to support our goal to obtain a climate-neutral balance sheet by 2030 as well as our ambition to have net zero emissions by 2050.
15 LIFE ON LAND Subgoals: 15.1, 15.A, 15.B	ASN Impact Investors continues with the impact fund focused on the protection and restoration of biodiversity: the ASN Biodiversity Fund. In 2024, the pioneering Biodiversity Footprint for Financial Institutions (BFFI) methodology that is used to measure impact of this fund was improved.
17 PARTNERSHIPS FOR THE GOALS Subgoals: 17.14, 17.16, 17.17	De Volksbank and its brands enter into social collaborations and partnerships both within and outside the financial sector to achieve positive impact and contribute to sustainable development. Some examples include the Partnership Carbon Accounting Financials, Partnership Biodiversity Accounting Financials and the International RBC Agreement for Renewable Energy. Moreover, we are committed to the Principles for Responsible Banking and the Dutch National Climate Agreement.

Value creation model

In scope of CSRD

The value creation model on the next page may aid the reader to understand the connections in this report between our inputs, activities (business model) and outputs (KPIs and targets).

Upstream activities

Inputs
This is what we need and what we impact.

Social capital
Our relationships with our customers, independent advisers and other partners.

3.253m
Customers

190
SNS shops

>3.000
BLG Wonen independent advisers

416
RegioBank branch offices

Natural capital
By natural capital we mean a healthy climate and sustainable use of raw materials. We want our activities to have as little negative impact on this as possible.

7,970 MWh
Total energy consumption of large offices and own retail network

Human and intellectual capital
Our employees ensure that de Volksbank's business operations continue in an honest and ethical way and that we provide service.

4,357
FTEs internal and external employees employed in the Netherlands

€ 7.3m
Invested in training and development, amounting to € 2.032 per employee

Financial capital
Deposits and savings entrusted to us by customers as well as shareholders' equity and funds raised in financial markets.

€ 45.6bn
Savings

€ 4.1bn
Assets under management

€ 9,322m
Debt certificates, of which € 3.8bn green bonds

€ 4,048m
Total equity

Manufactured capital
The use of our head office in Utrecht, our other offices in Den Bosch, Sittard and The Hague. In addition, our other property and equipment; such as our IT-systems and laptops.

Third parties

Our organisation

The Dutch State
Represented by the Ministry of Finance

NL financial investments nlfi

de volksbank

Mission
Banking with a human touch

Ambition
Creating shared value for customers, society, employees and shareholder

Promise
Better for each other

Our strategy 2021- 2025
Strong customer relationship & social impact

SNS · asn bank · RegioBank · BLG wonen

Five necessary preconditions
- Relevant range of products
- Customer bank foundation
- Digital and omni-channel dialogue
- Compliance with laws & regulations
- Strengthening capabilities

Payments · Additional propositions · asn impact investors Investment funds · Mortgages
Investments · Savings · Insurance · Small business loans

From our income, we meet our operating costs, reinvest in our business and pay out dividend to our shareholder

Activities & main products

We generate revenue from net interest income and fee and commissions

We fund our mortgages and loans through deposits, savings and capital markets while managing our risks responsibly

Payment services

Downstream activities

Outputs
These are direct outputs from our activities, excluding the consequences.

Outcomes
These are the outcomes for our stakeholders resulting from our activities.

Social capital
Outputs

1.233m
Active multi-customers

25,716
People provided with financial education

1,094 Eurowijs lectures
reaching >300,000 children

425
"Bank voor de Klas" guest lectures

Outcomes

+4
Customer-weighted Net Promoter Score

Natural capital
Outputs

-1,000 kilotonnes
CO_2e emissions avoided

991 kilotonnes
CO_2e emissions financed

Outcomes

100%
Climate-neutral balance sheet

Human and intellectual capital
Outputs

7.5
Genuine attention for employees

Outcomes

7.3
Engaged employees

Financial capital
Outputs

€ 1.1bn
Operating expenses

20.2%
CET1 ratio

€ 1,308m
Total income

5.1%
Leverage ratio

Outcomes

€ 144m
Net result

87.2%
Cost/income ratio

3.2%
RoE

0.0%
Dividend pay-out ratio

Manufactured capital
Outputs

€ 52.0bn
Residential mortgages

€ 1.4bn
SME loans

2,080,000
Current account customers

Outcomes

An example of an outcome through our manufactured capital is that we are able to offer products and services that enable our customers to become a homeowner.

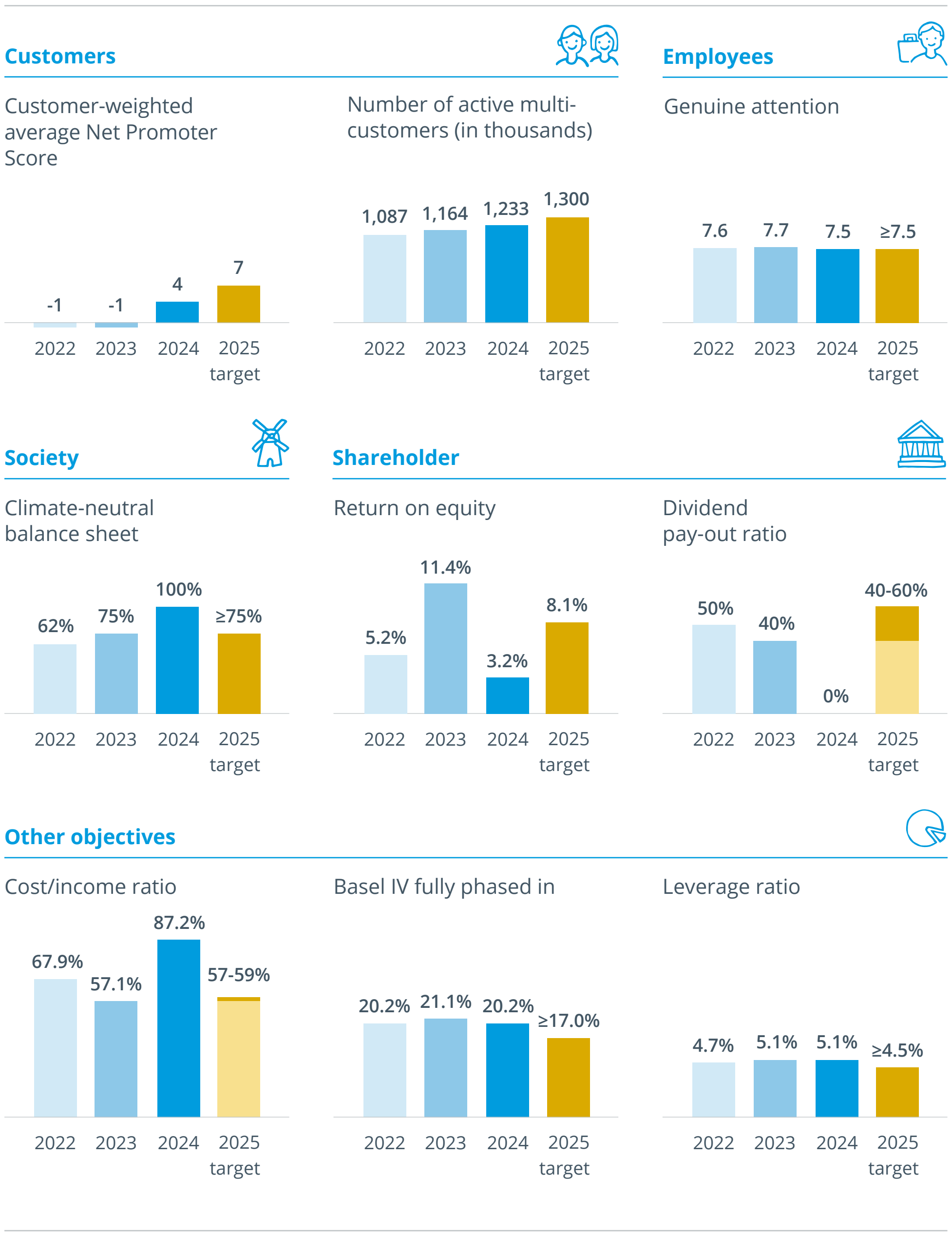
Third parties

Our stakeholders In scope of CSRD

We identified and categorised our stakeholders with a clear objective: to listen to and to engage and collaborate with effectively. We aim to create shared value for employees, customers, society and the shareholder, giving equal consideration to each stakeholder's interests and views. We consider 'nature' as a silent stakeholder within society, recognising the interlinkage between society and nature. De Volksbank considers the interests of its stakeholders when formulating or adapting its strategy and business model. The views of our stakeholders provide input for our double materiality assessment (DMA) and ESG materiality assessment. These serve as input for our strategic review activities, which may lead to refinements to our strategy and sustainability efforts, including our strategic (sustainability) KPIs and targets. For more information about adjustments on our strategy and business model, see Section Transformation programme.

Our key stakeholders	How we engage with the stakeholder	Purpose of engagement	Examples of outcomes from engagement
Our customers			
Retail and SME customers	• Social media interactions • De Volksbank's Newsroom • Personal interactions, e.g. through our advisers in our shops and through our customer service channels • Customer satisfaction surveys • Events, e.g. customer arenas, Future Money Talks, the National Village Summit and the Housing Debate	• Understanding customer needs and expectations • Building trust • Improving customer satisfaction	• Improvements to our products and services based on customer feedback • Making our anti-financial crime processes more customer friendly • Implementation of a new roadmap to improve our efforts to fight discrimination
Society			
Civic engagement with advice organisations, local communities and other authorities	• Community outreach programmes • Creating new and maintaining old collaborations with environmental representatives • Participation in public forums • Knowledge network memberships •Being a signatory bank member to the UNEP FI Principles for Responsible Banking.	• Contributing to positive social impact • Engagement with partners and NGOs	• Implementation of our sustainability policies and investment criteria to contribute to responsible investing and financing • Involvement in and cooperation on sustainable business practices, and non-engagement in activities that harm humans or nature, considering our climate and biodiversity impact • We take action to align our core strategy, decision-making, lending and investment with the UN Sustainable Development Goals, and international agreements such as the Paris Climate Agreement, by committing to the Principles for Responsible Banking.
Authorities: Government, European and national supervisory authorities, market authorities	• Interaction on an ongoing basis with European and national supervisory authorities	• Implementing regulatory and supervisory requirements • Contributing to economic and financial stability	• Compliance with laws and regulations • Measures taken to combat financial crime with a comprehensive Remediation plan to comply with the *Wwft*
Nature	• Partnerships with NGOs, such as i.e. Naturalis, Urgenda and *IVN natuureducatie*	• Understanding our impact, risks and opportunities in relation to nature, and how we can contribute • Creating awareness within society with regard to the preservation and restorations of nature • Promoting the connections with nature to achieve a resilient and climate-adaptive environment	• Compliance with environmental regulations • No investments in sectors with a significant negative impact on nature • Publication of 'Make Nature Count 2.0' in which we include the monetary value of nature in the context of investments

Our key stakeholders	How we engage with the stakeholder	Purpose of engagement	Examples of outcomes from engagement
Our employees			
Full-time, part-time and temporary employees	• Continuous dialogue between the Works Council and employees and between the Works Council and Executive Committee on topics of concern • Employee survey requesting feedback from employees • Webinars to give updates on the strategy • Publication of vlogs, blogs and podcasts • Training programmes and e-learnings in relation to, e.g. anti-financial crime, cybersecurity and risk awareness • Strategy alignment sessions and sessions with the CEO • Central information sessions and follow-up sessions in de Volksbank teams on the transformation	• Improving employee satisfaction and development • Fostering genuine attention for our employees • Having engaged and vital employees	• Contribution to the mission and strategy of de Volksbank by our employees • Introduced new anonymous SpeakUp Reporting Point and new SpeakUp regulations which replaced the Whistleblower policy • *Eurowijs* guest lessons at primary schools, given by employees • Organising employee development and awareness activities, e.g., risk Awareness Day, Integrity Week • Several activities to promote wellbeing and vitality of employees, workshops encouraging a healthy lifestyle • Ethics Committee, which promotes ethical conduct and creates awareness of social responsibility among employees
Our shareholder			
NLFI is sole shareholder in de Volksbank on behalf of the Dutch State	• Continuous dialogue and collaboration with NLFI throughout the year through our Investor Relations department • Annual General Meeting of Shareholders • Surveys (consultations) to determine our material topics	• Generating stable and adequate returns • Progress on strategic goals and transformation process to achieve a future-proof bank	• Reports on our financial performance and future goals in relation to aspects such as the leverage ratio or Return on Equity (RoE) • Proactive outreach to address investor concerns and provide a clear understanding of risk management strategies in order to manage shareholder expectations
Large (institutional) investors, rating agencies	• Investor presentations • Periodical meetings with (ESG) rating agencies	• Securing financing and access to financial capital markets • Attracting responsible investors	• ESG rating scores • Transparent reporting on ESG practices



Our strategic progress

In scope of CSRD

Our Strategy 2021 – 2025, as applied throughout 2024, sets out measurable objectives for each of our stakeholder groups. These objectives are presented in the table on the left and discussed in more detail below.

Strong customer relationship

One of our main pillars is to build strong customer relationships. Relationship strength is determined by three dimensions: customer satisfaction, brand trust and brand love. In general, if a brand manages to score well on all three dimensions, the customer relationship may be called strong. Our efforts over the last few years to improve customer relationships are paying off. This is confirmed by a survey conducted by MarketResponse in May 2024 on the most customer-friendly bank in the Netherlands: RegioBank, ASN Bank and SNS took 1st, 2nd and 3rd place for the third time in a row. To measure the customer relationship, we defined two specific key performance indicators (KPIs), each having its own objective, i.e. the customer-weighted Net Promoter Score (NPS) and the number of active multi-customers. An update on both KPIs is given below

Net Promoter Score

In 2024, the customer-weighted average NPS of all our brands rose to +4 (year-end 2023: -1). Both the continued increase in active multi-customers, who inherently give a higher score, and the outflow of mono-customers, usually with a low NPS score, contributed positively to the overall NPS score. In the second quarter of 2024, we adjusted the NPS target for 2025 from +13 to +7 due to changing market circumstances and expectations since 2020, when the Strategic Plan 2021-2025 was initially developed.

As from the second half of 2024, the former KPI 'Customer Relationship Score' (CRS) is no longer a strategic KPI. As both KPIs, i.e. the NPS and the CRS, measure customer satisfaction, we have assessed whether and concluded that, the NPS provides sufficient insight into our performance in relation to customer satisfaction.

Number of active multi-customers

In 2024, the number of active multi-customers rose by 69 thousand to 1.23 million (year-end 2023: 1.16 million), mainly as a result of current account and savings account customers. The outflow of mono-customers was partly the result of price sensitivity. We are on track to achieving our target of 1.3 million active multi-customers by the end of 2025.

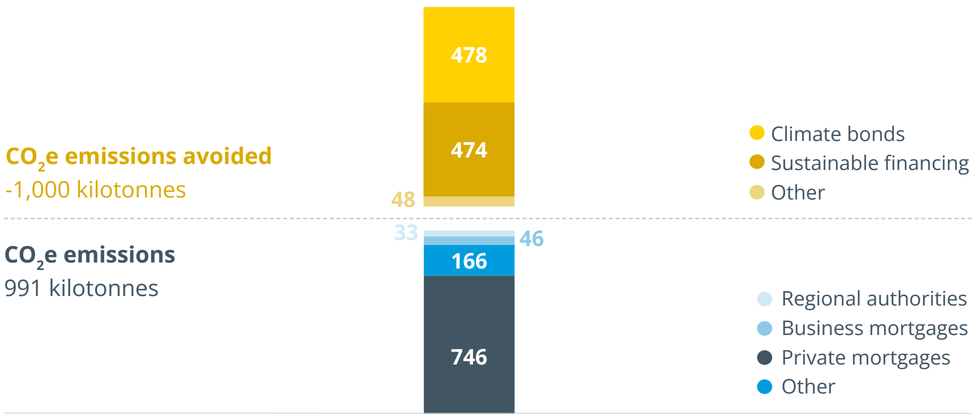
The number of current account customers grew by 64 thousand to 2.08 million (year-end 2023: 2.02 million). The total number of customers was virtually stable at 3.25 million (year-end 2023: 3.26 million), as the growth in the number of multi-customers was offset by the outflow of customers with only a savings account and a decrease in the amount of bank savings customers and customers with an insurance policy.

Social impact

We focus on creating a positive impact on society through the banking products and services that we offer our customers. We also continue to optimise our social impact profile by acting on feedback from our key stakeholders and by making our own operations more sustainable. In 2024, based on our ESG Risk Rating, de Volksbank was included in Sustainalytics' 2025 list of ESG Top-Rated Companies. To further enhance our social impact, we measure the climate-neutrality of our balance sheet, issue green bonds and contribute to making the Dutch housing market more accessible. In addition to our own targets and actions, we are calling on the government and local governments, businesses and other partners to jointly strive for a sustainable and fair society.

Climate-neutral balance sheet

Climate-neutral balance sheet 2024



In 2024, we achieved our KPI climate-neutral balance sheet target (year-end 2023: 75%). In recent years, the average temperature in the Netherlands has increased, leading to a decrease in natural gas consumption. Also, in response to higher energy prices, we observe that consumers are more aware of heating behaviour and other energy-saving measures to reduce natural gas consumption. These changes in consumer behaviour are reflected in the anonymised energy consumption data of our mortgage portfolio used to calculate our KPI climate-neutral balance sheet. In addition to this external factor, we financed additional renewable energy projects and purchased more green bonds with a strong focus on renewable energy projects in 2024. All of this has resulted in a significant increase in our avoided CO_2e emissions. At year-end 2024, our climate-neutral balance sheet included 991 kilotonnes (kt) of CO_2e emissions (year-end 2023: 1,249 kt) and 1,000 kt of avoided emissions (year-end 2023: 943 kt). In 2025, based on our Climate Action Plan (CAP), we will alter our KPI from a climate-neutral balance sheet to net zero by 2050. The net zero KPI will also include the emissions from our own operations and upstream and downstream activities, as opposed to only our financed emissions.

Genuine attention for employees

Our strategic KPI for employees is 'genuine attention' because we believe that genuine attention for autonomy, professionalism and personal growth empowers employees to make a meaningful contribution to our mission and strategy and promotes engagement among employees. This mitigates the risk of undesirable employee turnover and insufficient inflow of employees. For this KPI, de Volksbank set a target of at least 7.5 (on a scale of 1-10) in 2025 as the outcome of its annual employee survey. This survey took place in October, before it was announced that the transformation of de Volksbank would lead to an FTE reduction. In 2024, the score for 'genuine attention' stood at 7.5 (2023: 7.7).

KPIs[1]	2024	2023	2022	2021	Target 2025
Genuine attention	7.5	7.7	7.6	7.8	≥7.5

1 On a scale from 1 to 10.

Returns for the shareholder

Return on Equity

In 2024, we achieved a Return on Equity (RoE) excluding incidental items of 10.5%, compared to 11.4% in 2023. The net result adjusted for substantial incidental charges of € 283 million (€ 375 million before tax) amounted to € 427 million for the year 2024. The aforementioned incidental charges were largely related to our recently announced Transformation programme, our Anti-financial crime (AFC) remediation programme and the settlement of legal proceedings dating from the period before 2010. In addition, at the end of January 2025, DNB imposed two administrative fines totalling € 20 million. These two fines were imposed for deficiencies under the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) and for risk management-related deficiencies in relation to the Financial Supervision Act (*Wft*). All in all, this resulted in a net profit of € 144 million for 2024 and an RoE of 3.2% for 2024.

In the second quarter of 2024, we adjusted our mid to long-term RoE target from 8% to a range of 8-10% due to changed market conditions and expectations since the Strategic Plan 2021-2025 was initially developed in 2020.

Other objectives

Capital and leverage ratio

The target levels of the Common Equity Tier 1 (CET1) ratio and the leverage ratio are based on the expected impact of the fully phased-in Basel IV standards. In 2024, de Volksbank's actual CET1 ratio remained unchanged at 20.2% (20.2% at year-end 2023). The Basel IV fully phased-in CET1 ratio is estimated at 20.4% (year-end 2023: 21.1%). The leverage ratio remained unchanged from year-end 2023 at 5.1%.

Both ratios remained well above our minimum targets of at least 17.0% and 4.5%, respectively. For more information on the capital and leverage ratios, see the Section on Capital management.

Cost/income ratio

In 2024, our cost/income ratio (C/I ratio) increased to 87.2%, compared to 57.1% in 2023. The year-over-year increase is mainly driven by the negative incidental items included in the operating expenses in 2024. Adjusted for incidental items, the C/I ratio stood at 58.5%, within our internal target range.

Four growth priorities of the brands

SNS

In 2024, SNS focused on the key principle that everyone is allowed to grow in their own way, which will make the Netherlands as a whole even stronger. In the past period, SNS strove to broaden its target audience to include younger customers and strengthen its business model through additional fee income. With 194 retail stores in the Netherlands in 2024, SNS has proven to be a social bank committed to equal banking opportunities for everyone.

Furthermore, SNS is considered the most 'social bank' in the Netherlands by 41% of the respondents in the study of SNS's brand associations monitor. In the first half of 2024, SNS received multiple prestigious industry awards affirming the success of its strategic initiatives and market positioning, namely the SAN *(Stichting Adverteerdersjury Nederland)* Accent award in financial services, and the NIMA Marketing Company of the Year award.

To reach a younger target group and increase its social impact, SNS repositioned the 'financial conversation when a teenager turns 18' to give them financial tips when they become financially independent. SNS engaged with young adults by activating partnerships, such as WorldSkills Netherlands, Young Entrepreneurs Foundation *(Jong Ondernemen)* and the Dutch National Youth Council (NJR). The 'Future Council' *(Raad van Toekomst)* provided the board members of SNS and de Volksbank with advice on social impact topics, leading to adjustments in features aimed at younger people.

To strengthen its customer relationships and business model, SNS trained employees in cross-selling its products and services.

ASN Bank

In 2024, ASN Bank continued to accelerate growth as a sustainable digital bank. As a result, the number of ASN Bank customers has grown over the past period. ASN Bank improved its digital customer services by launching a new mobile app for business banking customers and expanded its product portfolio with a pension investment product and a combined payment and savings product for young customers. In addition, ASN Bank's mortgages can now be provided through 250 new financial advisers of *Huismerk*, a financial services provider. Additionally, the ASN mortgage product added nature-inclusive and climate-adaptive measures to the list of measures that may be financed with the '*ASN Duurzaam Wonen*' mortgage.

We closed several project finance deals in wind, solar and sustainable heat in 2024. For example, participating in and the financing of Qredits which support the financing of SMEs in the Netherlands with sustainability loans, multiple solar and onshore wind projects in Spain, for example in the Goya wind project, and sustainable heating systems for several buildings in the Netherlands. ASN Bank also started a short-form podcast pilot entitled 'The Green Answer' consisting of 9 episodes. Moreover, it successfully introduced the 'Golden squirrel award' for the best social or sustainable initiatives in Dutch society in the categories individuals, groups and young people. The Dutch consumer sees ASN Bank as the most sustainable bank in the Netherlands, as is evident from our first place in the Sustainable Brand Index, in the banking category

RegioBank

In 2024, RegioBank offered its customers products and services from a strong local presence with over 416 independent advisers in small towns and villages across the country. Furthermore, the bank remained committed to local communities not only by providing financial services to its retail and small business customers, but also by supporting social initiatives such as the construction of community centres and other social activities. For example, on 30 May 2024, RegioBank organised a debate with six candidates who were running for the European Parliament in which they discussed regional issues affecting the European Union. In addition, on 20 June 2024, RegioBank organised the fourth National Village Summit, an event for everyone involved in regional developments and initiatives. Politicians, entrepreneurs and other interested parties came together in the province of Zeeland to set the agenda to establish accountability guidelines for all Dutch regions.

BLG Wonen

In 2024, BLG Wonen's growth strategy continued to focus on expansion by increasing its sales reach and improving its services. BLG Wonen is committed to making the housing market more accessible; to this end, BLG Wonen works with independent financial advisers to develop and offer suitable standard and custom mortgage solutions.

Looking back at 2024, the year was marked by strong growth in ASN mortgages sold via BLG Wonen. This was the result of more distribution points and more focus on this proposition. Furthermore, BLG Wonen launched the 'key accounts' pilot, offering premium partners access to a dedicated team for questions and help. This year was a special year for BLG Wonen as it celebrated an important milestone: the 70th anniversary of its foundation. In this special year BLG Wonen entered the mortgage market for small to medium-sized businesses, thereby supporting entrepreneurs

Five necessary preconditions

1. Relevant range of products, new propositions and small-sized businesses as a new target market

We delivered more value to our customers by expanding our brands' current product range with new propositions. This include not just our own products and services, as we are also increasingly linking reliable partners to our banking environment. We achieve this through a strong commitment to small-sized companies within the Dutch SME sector. These entrepreneurs need a bank that puts digital convenience and personal contact first. Our local presence and the relevance of our product range for the business market increasingly allow us to meet their requirements.

In 2024, we enhanced our credit risk acceptance model to make it more transparent and understandable for customers. Based on criteria reviewed by us, entrepreneurs have a better chance of having their financing application approved. In addition, we enabled more independent BLG Wonen advisers to offer their customers the BLG Wonen *Bedrijfshypotheek*, a commercial property mortgage. In 2024, RegioBank also started a collaboration with Capsearch, allowing local RegioBank advisers to test the feasibility of attracting financing. To allow SME customers of SNS, RegioBank and ASN Bank to adapt our services to their own needs, our online platform was expanded with the services of Bizcuit, a platform that provides a connection between transactions and accounting.

Furthermore, we improved the banking app and our application processes for a business payment and savings account, digitised our revision processes and replaced legacy systems. Moreover, advisers from SNS, RegioBank and BLG Wonen expanded their expertise in SME services to help entrepreneurs with their local banking needs. To help SME entrepreneurs with sustainability loans to reduce their business consumption, Qredits took the initiative to introduce the SME Sustainability loan *(MKB Duurzaamheidslening)* with the help of ASN Bank, the Ministry of Economic Affairs and BNP Paribas. ASN Bank provided financing of € 15 million to Qredits for this purpose. During the year, de Volksbank was proactively involved in the implementation of the National Covenant on SME Financing in collaboration with the Ministry of Economic Affairs and the Dutch Banking Association (NVB). Our contribution includes the realisation of the *FinancieringsGids*, a platform offering SME entrepreneurs information and support in finding the right accredited financiers and advisers, and loans (including subsidies). De Volksbank already refers customers to Qredits and *Voldaan*, but as of this year we also use the *FinancieringsGids* to inform and support entrepreneurs as best we can in obtaining the right business loan. Through all these activities, de Volksbank contributes to improving access to banking products and services for SMEs. We stick to our ambition to position ourselves close to entrepreneurs that value personal interaction and require an appropriate range of banking products and services.

2. Customer foundation bank

We have prioritised modernising our data and IT foundations and have developed compliant and fit-for-purpose systems by further improving our business applications, our data platform, IT components and processes with appropriate controls. Further, we continued to work on the customer bank transition by designing and building a new customer administration system, expanding the bank-wide case management system and improving the data platform. We not only proceeded with our cloud strategy, focusing on the use of cloud-native technology, security and way of working, we also realised the initiative to accelerate the cross-domain replacement of legacy processes.

3. Digital and omnichannel dialogue

Digital and omnichannel dialogue means improving our online and offline channel experiences by providing seamless customer journeys and a human touch in customer interaction at moments that matter to customers and advisers. To enhance a consistent and recognisable cross-channel experience, we rolled out the new retail customer banking app, the new *Mijn-portal* to our business customers and the new *Mijn-portal* for SNS and ASN Bank customer service employees. Besides adding Google Pay to the retail customer banking app of all our brands, we added new features such as looking up the transaction history to five years back. We further intensified the number and variety of personalised messages in our online channels for SNS, ASN Bank and RegioBank customers. In order to continuously improve customer services, we developed a concept to implement a first version of our new 'permissions and preferences administration', allowing customers to manage permissions to share data or personalise messages and to manage communication channel preferences. We also improved the accessibility of our channels, as enhancing the omnichannel experience for our customers is an ongoing process and subject to the implementation of the European Accessibility Act by June 2025. After formulating a clear vision and approach on how to develop a future-proof omnichannel analytics platform, we started with the first phase of implementation. This platform is crucial for our ambition to provide seamless customer journeys and a human touch in customer interaction both now and in the years ahead.

4. Compliance with laws and regulations

Banks are faced with an increasing number of laws and regulations at a national and international level and in all areas of their business, including customer integrity, prudential supervision and sustainability. In this rapidly changing environment, it is both a challenge and crucial for our business operations to make sure that we implement these regulations correctly and on time.

In 2023, DNB concluded that de Volksbank was failing to fully comply with the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) in relation to its Systematic Integrity Risk Analysis (SIRA) and thus imposed an instruction to remediate this. In August 2024, an improved SIRA was submitted. DNB determined that this SIRA complies with the minimum regulatory requirements.

In addition, in 2024, DNB also shared its intention to impose two administrative fines. One fine for not adequately identifying and assessing risks related to money laundering, the financing of terrorism and customer integrity, and one fine related to the obligation to ensure sound business operations following from risk management-related shortcomings in previous years. Throughout 2024, DNB carried out its examinations, which resulted in the two imposed administrative fines totalling € 20 million.

The first fine amounts to € 5 million and pertains to the shortcomings in compliance with laws and regulations with respect to fighting money laundering and terrorism financing. The second fine amounts to € 15 million and concerns shortcomings in risk management as a result of which the bank does not meet the sound business operations-related requirements included in the *Wft*. Both fines were published by DNB on 30 January 2025. During DNB's review, de Volksbank had already initiated remediation measures, also as part of ongoing ECB supervision.

In their examinations of compliance pursuant to the *Wwft*, DNB identified deficiencies, including inadequate monitoring of risks and, therefore, the failure to identify risks, or the failure to identify them in time. The system that generates alerts about customers and their transactions does not function properly. The deficient monitoring and major backlogs in the follow-up of detected alerts are the reasons for the fine. To structurally fulfil its role of gatekeeper and fight financial crime, the bank has taken the following measures:
- In June 2024, Gwendolyn van Tunen took up the position of Chief Financial Crime Officer (CFCO) in the Executive Committee. At de Volksbank, the CFCO is responsible for fulfilling the role of gatekeeper and the fight against financial crime.
- As mentioned above, an improved SIRA was submitted in 2024. DNB determined that this SIRA complies with the minimum regulatory requirements.
- At the end of 2024, de Volksbank submitted a remediation plan to combat financial crime to DNB, incorporating the feedback from DNB. We remain in close contact with DNB about our approach and execution. Implementation of the remediation plan to structurally fight money laundering and the financing of terrorism has now begun.
- Within this context, the new AFC organisation started with effect from 1 February 2025.
- De Volksbank recruited professionals with in-depth *Wwft* knowledge to organise and execute the remediation plan. Additionally, bank-wide training programmes were introduced.
- Improvements were made to the transaction monitoring follow-up processes and the identified backlogs were largely eliminated by year-end 2024.

It follows from the second fine that de Volksbank had not structured its business activities in such a way as to ensure sound business operations during the period 2018 up to and including 2023. De Volksbank failed to manage relevant risks, including credit and counterparty risks, capital risks and operational risks, mainly due to an ineffective framework of internal governance and internal controls. As a result, de Volksbank had an insufficient overview and understanding of the possible risks to which it was exposed and the way it managed and mitigated these risks. To sustainably and structurally set up its sound business operations, de Volksbank has taken measures that include the following:
- In April 2024, Saskia Hoskens was appointed and started as Chief Risk Officer (CRO) of de Volksbank.
- As stated above, de Volksbank started the Transformation programme to simplify its organisational structure, including by introducing a flat structure and clear mandates and responsibilities. De Volksbank has thus taken important steps to facilitate meeting the supervisory authority's requirements.
- In the risk domain, the bank works systematically to structurally comply with regulatory requirements, including setting up and maintaining proper governance to be able to safeguard this. As part of its ongoing supervision, the bank has a continuous dialogue on the progress of these improvement projects with the supervisory authorities.
- Additional investments are being made in, for example, data and data modelling experts.
- Additional investments are also still required to improve data quality and IT systems.

Naturally, strict compliance with laws and regulations and meeting the requirements set by supervisory authorities are of the utmost importance for de Volksbank. Hence, the bank maintains an ongoing, constructive dialogue with the supervisory authorities on this matter.

5. Strengthening capabilities
In 2024, we continued to focus on our execution power and strengthened our capabilities by focusing on effective leadership, customer integrity, risk awareness and performance management.

In the past period, the scope of the internal leadership and corporate culture programme has been successfully expanded to the broader leadership team across the bank. The programmes place greater emphasis on risk awareness in day-to-day business and performance-oriented leadership.

We launched a new talent programme in June 2024 to improve talent development and succession planning for senior management positions. De Volksbank started a Tech Academy to strengthen our data and digital capabilities. This academy aims to offer employees opportunities for professional growth and career development through learning roadmaps for every technical capability.

We introduced a bank-wide risk awareness plan to help employees to increase their risk awareness and strengthen risk management-related capabilities, i.e. financial crime and client integrity in particular. To emphasise the importance of a risk-aware culture and to further embed our social responsibility, de Volksbank organised various activities, such as internal Risk Awareness Day, e-learnings and knowledge sessions. We plan to redesign and improve the performance management cycle after obtaining approval from our Works Council.

Transformation programme

In scope of CSRD

In 2024, de Volksbank launched a significant Transformation programme to simplify its organisation. In doing so, the bank aims to move towards one single retail brand over time, optimise its distribution model and streamline underlying operations. The bank will thus improve its execution power, achieve greater efficiency and further enhance its ability to adapt to changing regulatory requirements.

Building a strong position through one brand: ASN Bank

On 16 December 2024, the bank announced its decision to consolidate all its retail brands into one brand: ASN Bank. By joining forces, the current brands, i.e. ASN Bank, SNS, RegioBank, BLG Wonen and de Volksbank, will be united into one strong brand that builds on the already existing distinctive societal profile of ASN Bank. This single brand will make a customer commitment of societal impact and customer convenience, for example by delivering products and services through both digital and physical channels. The phased implementation towards a single brand will take approximately three years in order to assure a smooth transition for customers and other stakeholders.

Optimising the distribution model

The bank will optimise its physical distribution network and adhere to customer preferences for digital banking, while having the option for personal (face-to-face) interaction nearby. Although the number of branches will decrease from over 600 to 320–360, the bank will maintain its nationwide network. The branches will be operated through a franchise model, building on the entrepreneurship of franchisees who leverage local community insights. In addition, we will introduce 3 contemporary flagship stores for broad and exiting visibility of ASN Bank, to host employee and customer events, and to allow for an inspiring personal connection between customers and other interested persons of the bank.

Simplifying the organisation structure

The success of the transformation depends on achieving a simpler organisational structure that allows for more efficient decision-making. The integration of business operations under one brand and streamlined processes, will lead to a reduction of 700–750 full-time positions by mid-2025. The bank is committed to supporting employees who are affected by this through tailored work-to-work programmes. The entire transformation will go beyond 2025, which means that further simplification may be necessary in subsequent years.

Looking ahead

By implementing these transformational changes, de Volksbank is strengthening its role as a trusted, socially responsible bank. The Transformation programme supports our commitment to long-term value creation for our customers, employees, the society and shareholder, and will reinforce our position as a contemporary financial institution that is prepared for future challenges.

Options for the future

In scope of CSRD

On 22 February 2023, the Dutch Minister of Finance informed the House of Representatives (the House) of the Ministry's intention to take a directional decision about the future of our bank.

On 10 June 2024, NLFI published its report on realistic future ownership options for de Volksbank. In this report, NLFI concluded that it considers a private sale or an IPO to be realistic options for the future of the bank.

On 1 October 2024, the Minister sent a letter expressing his appreciation of NLFI's advice to the House. In this letter, the Minister endorsed NLFI's advice and considers the options of a private sale and an IPO to be the only realistic future options for the bank. As a directional decision, the Minister requested that both NLFI and de Volksbank start preparing for both options in the form of a dual track approach for both options.

On 28 November 2024, the House's commission for state-owned enterprises discussed the Minister's appreciation of NLFI's advice. Certain political parties expressed a preference for an option in which de Volksbank would remain state-owned. On 19 December 2024, the majority of the House adopted a motion to not privatise de Volksbank. In response, the Minister qualified this motion as 'untimely' as a final decision on the bank's future ownership had not yet been taken, nor is it expected to be taken soon.

On 20 January 2025, the Minister presented the House with his vision on the Dutch banking sector. In this letter, he made clear that his request to NLFI and de Volksbank to start preparing for both options remains valid.

NLFI will subsequently advise the Minister on the next steps. A final decision on the future of de Volksbank will be made when NLFI has determined that the bank is ready for privatisation.

Outlook

We expect net interest income in 2025 to decline compared to 2024, mainly as a result of lower expected short-term capital market interest rates. Net interest income will continue to be sensitive to changes in the ECB's interest rate policy.

The simpler organisational structure in this phase of the transformation leads to an expected reduction in the number of jobs by 700–750 FTEs, both internal and external, by 1 July 2025. This is expected to lead to an annual structural cost saving of around € 70 million, of which approximately half is expected to be realised in 2025. At the same time, to comply with increasing laws and regulations, we will incur additional running costs to combat financial crime and to remediate risk management-related deficiencies, such as the temporary hiring of external staff. The temporary costs and temporary investments required to implement the transformation will offset the structural cost saving in 2025. Therefore, we expect operating expenses in 2025, adjusted for incidental items, to be higher than in 2024.

The effect of macroeconomic developments on our customers and their financial resilience is uncertain and may, therefore, impact our loan loss provisioning levels. Based on the current economic outlook and sound credit quality of our loan portfolio, we expect the level of impairment charges on loans and advances to be moderate in 2025.

Taking into account the aforementioned factors, we anticipate the net result for 2025 to be lower compared to the 2024 net result, adjusted for incidental items.

Our financial performance

Financial results

Profit and loss account

in € millions	2024	2023	Change
Net interest income	1,127	1,303	-14%
Net fee and commission income	77	64	20%
Other income	104	47	121%
Total income	**1,308**	**1,414**	**-7%**
Operating expenses excluding regulatory levies	1,129	766	47%
Regulatory levies	11	42	-74%
Total operating expenses	**1,140**	**808**	**41%**
Impairment charges (releases) on financial assets	-51	15	-440%
Total expenses	**1,089**	**823**	**32%**
Result before taxes	**219**	**591**	**-63%**
Taxation	75	160	-53%
Net result	**144**	**431**	**-67%**
Incidental items[1]	283	--	
Adjusted net result[1]	**427**	**431**	**-1%**
Ratios			
Cost/income ratio[2]	87.2%	57.1%	
Adjusted cost/income ratio[2]	58.5%	57.1%	
Return on Equity (RoE)[2]	3.2%	11.4%	
Adjusted Return on Equity (RoE)[2]	10.5%	11.4%	
Net interest margin[2]	1.57%	1.80%	
Cost/assets ratio as a % of average assets[2]	1.57%	1.06%	
Adjusted cost/assets ratio as a % of average assets[2]	1.05%	1.06%	

1 See Section Reconciliation of alternative performance measures in this report for the definition and the explanation of incidental items and adjusted net result.
2 For the measurement methodology of this KPI, see Section Reconciliation of alternative performance measures in this report.

Net result

In 2024, de Volksbank recorded a net result of € 144 million, € 287 million below last year. This decrease was almost entirely driven by incidental items. In 2024, the net result included negative incidental items in the amount of € 283 million (€ 375 million before tax). These incidental items are made up of a restructuring charge of € 96 million (€ 129 million before tax) for our Transformation programme that focuses on the simplification of the organisational structure, the optimisation of the distribution model and the rationalisation of the brand portfolio. This charge is made up of two main components: an employee redundancy provision connected to the reduction in internal FTEs and a charge for the optimisation of the distribution network.

The incidental items also included a provision of € 145 million (€ 196 million before tax) related to our Anti-financial crime (AFC) remediation programme, aimed at the recovery of missing and/or incorrect customer data from our existing customer base as well as a reassessment of customers after data recovery in their correct risk profile. Finally, incidental items included two more charges, one of € 22 million (€ 30 million before tax) related to the settlement of legal proceedings and one of € 20 million related to two fines imposed for deficiencies under the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) and for risk management-related deficiencies in relation to the Financial Supervision Act (*Wft*).

Adjusted for these incidental items, the net result decreased slightly by € 4 million year-over-year to € 427 million in 2024, compared to € 431 million in 2023. Total income declined by € 106 million to € 1,308 million in 2024. This decrease was mainly driven by the tightening of savings margins following higher interest rates on customer deposits. Net fee and commission income continued to grow by 20%, in line with our ambition to gradually increase non-interest income over time.

Total operating expenses, adjusted for incidental items, decreased by € 43 million to € 765 million, driven by lower regulatory levies, a non-recurring VAT gain and lower marketing costs. These elements compensated for the impact of (wage) inflation, a higher average number of employees compared to 2023 and increased AFC costs.

In 2024, the reversal of impairment charges of financial assets amounted to € 51 million, compared to a charge of € 15 million in 2023. The € 51 million reversal in 2024 was mainly due to residential mortgages as a result of increased residential house prices and an improved macroeconomic outlook.

Total income

Breakdown income

in € millions	2024	2023	Change
Net interest income	1,127	1,303	-14%
Net fee and commission income	77	64	20%
Other income	104	47	121%
- of which investment income (losses)	*-14*	*-54*	*74%*
- of which results on other financial instruments	*118*	*101*	*17%*
Total income	**1,308**	**1,414**	**-7%**
Ratios			
Net interest margin[1]	1.57%	1.80%	

1 For the measurement methodology of this KPI, see Section Reconciliation of alternative performance measures in this report.

[1] Consisting of fair value adjustments from hedge accounting and amortisations.

Net interest income

Net interest income decreased by € 176 million to € 1,127 million (-14%), mainly due to lower margins on savings as a result of higher interest rates on customer deposits. Total retail deposits, comprising savings and current account balances of retail and SME customers, increased by € 1.4 billion to € 55.7 billion as at year-end 2024.

Furthermore, money market-related interest income decreased. The corresponding money market activities generated interest income that was mostly below the ECB deposit rate. However, this was more than compensated for by a positive impact from other results on financial instruments, which is part of other income, reflecting favourable FX swap interest rate differentials.

Despite a competitive domestic market, the margin on residential mortgages increased, driven by portfolio growth in combination with a virtually stable portfolio margin in basis points (bps). The residential mortgage portfolio, excluding IFRS value adjustments[1], rose to € 52.0 billion (year-end 2023: € 49.2 billion). Organic loan growth amounted to € 2.5 billion (2023: € 0.9 billion) and the execution of an existing repurchase commitment contributed € 0.3 billion to net growth. The compensation received for loss of interest income due to mortgage prepayments declined to € 11 million, from € 25 million in 2023.

The net interest margin declined by 23 bps to 1.57% in 2024 (2023: 1.80%).

Net fee and commission income

Gross fee and commission income rose by € 20 million to € 191 million (+12%), while total fee and commission expenses increased by € 7 million to € 114 million (+7%). On balance, net fee and commission income rose by € 13 million to € 77 million (+20%), mainly due to higher fees for basic banking services as a result of customer base growth and pricing. Management fees were slightly up compared to 2023. At year-end 2024, assets under management stood at € 4.1 billion, slightly lower compared to year-end 2023 (€ 4.2 billion).

Investment income (losses)

Investment income amounted to € 14 million negative, compared to € 54 million negative in 2023. In both years, investment income consisted entirely of realised results on fixed-income investments sold as part of regular asset and liability management (ALM). This included the sale of low-yielding investments to optimise our investment portfolio's risk-return profile.

Other results on financial instruments

In 2024, other results on financial instruments went up by € 17 million to € 118 million, mainly consisting of higher (realised) revaluation results of FX swaps used for hedging the exposure of foreign currency money market deposits. These results mainly reflected the interest rate differential between the euro and other currencies. In addition, 2023 included a loss on interest rate swaptions used for hedging purposes.

Operating expenses

Operating expenses and FTE

in € millions	2024	2023	Change
Staff costs	721	487	48%
Depreciation of (in)tangible assets	27	23	17%
Other operating expenses	392	298	32%
- of which regulatory levies	*11*	*42*	*-74%*
Total operating expenses	**1,140**	**808**	**41%**
Incidental items[1]	-375	--	
Adjusted operating expenses[1]	**765**	**808**	**-5%**
- of which AFC costs	*121[2]*	*98*	*23%*
Adjusted staff costs	514	487	6%
Adjusted depreciation of (in)tangible assets	22	23	-4%
Adjusted other operating costs	229	298	-23%
Ratios			
Cost/assets ratio as a % of average assets[3]	1.57%	1.06%	
Adjusted cost/assets ratio as a % of average assets[3]	1.05%	1.06%	
FTEs			
Number of internal FTEs	3,602	3,449	4%
Number of external FTEs	755	958	-21%
Total number of FTEs	**4,357**	**4,407**	**-1%**

1 For the definition and the explanation of incidental items and adjusted operating expenses, see Section Reconciliation of alternative performance measures in this report .
2 Excluding the provision related to AFC data remediation.
3 For the measurement methodology of this KPI, see Section Reconciliation of alternative performance measures in this report.

Total operating expenses

Total operating expenses rose by € 332 million to € 1,140 million. In 2024, operating expenses were negatively impacted by incidental items totalling € 375 million, consisting of restructuring charges related to the transformation of the organisational structure (€ 129 million), provisions related to AFC data remediation (€ 196 million), the settlement of legal proceedings (€ 30 million) and two administrative fines (€ 20 million).

Excluding incidental items, total operating expenses decreased by € 43 million (-5%), driven by a € 31 million decrease in regulatory levies, which amounted to € 11 million (2023: € 42 million). Levies in the reporting period were entirely linked to the ex-ante DGS contribution (2023: € 32 million), for which fund the target size was reached in the second quarter of 2024. The year 2023 also included a contribution of € 10 million to the Single Resolution Fund (SRF), whereas 2024 did not include such a contribution as the target level of this fund was reached in 2023, marking the end of the buildup phase.

Total operating expenses, excluding incidental items and regulatory levies, went down by € 12 million as € 27 million higher staff costs were compensated by € 1 million lower depreciations and € 38 million lower other operating expenses.

Driven by lower adjusted operating expenses, the adjusted cost/assets ratio decreased slightly to 105 bps, compared to 106 bps in 2023.

AFC costs In scope of CSRD

In 2024, total AFC costs, excluding an incidental provision for AFC data remediation, amounted to € 121 million (2023: € 98 million). On top of increased structural AFC costs as a result of scaling up customer due diligence and transaction monitoring activities, both years included costs related to improving our overall AFC framework and infrastructure.

Staff costs

Staff costs rose as a result of wage inflation and an increase in the average number of FTEs, mainly reflecting initiatives in the AFC and IT domains. Although the total number of FTEs went down by 50 to 4,357 compared to year-end 2023, the average number went up compared to 2023, reflecting the gradual FTE increase during 2023.

Other operating expenses

Other operating expenses, excluding incidental items and regulatory levies, decreased by € 38 million, of which € 16 million was linked to a non-recurring gain related to an adjustment in recoverable VAT in previous years. Marketing costs and other non-credit risk related provision charges were lower too.

Impairment charges (releases) on financial

Impairment charges (releases) on financial assets

in € millions	2024	2023
Investments	--	--
Loans and advances to banks	-1	-2
Loans and advances to customers	-50	16
- of which residential mortgages	*-48*	*9*
- of which consumer loans	*--*	*-2*
- of which SME loans	*-7*	*-1*
- of which other corporate and government loans	*5*	*10*
Other	--	1
Total impairment charges (reversals) on financial assets	**-51**	**15**
Cost of risk ratios		
Total loans[1]	-0.09%	0.03%
Residential mortgages[1]	*-0.09%*	*0.02%*
SME loans[1]	*-0.50%*	*-0.09%*

1 For the measurement methodology of this KPI, see Section Reconciliation of alternative performance measures in this report.

Total impairment charges of financial assets consisted of a reversal of € 51 million, compared to a € 15 million charge in 2023. For a more detailed description of loan loss provisioning, see Section on Credit risk.

Residential mortgages

In 2024, the reversal of impairment charges on residential mortgages amounted to € 48 million, compared to a charge of € 9 million in 2023. The reversal in 2024 was mainly related to the modelled provision, but the management overlay, which covers credit-related dynamics that are not part of our credit risk models, also decreased by € 10 million. For more information about the management overlay, see Section on Credit risk.

The decrease in the modelled provision was driven by an improved macroeconomic outlook and higher house prices, which also led to a shift of mortgages to lower LtV buckets. In 2023, the modelled provision increased as a result of lower house prices at the time.

Incurred credit losses (write-offs) on residential mortgages were negligible (zero bps) in both years, evidencing the strong underlying credit quality of our portfolio.

SME loans

Impairment charges on SME loans consisted of a reversal of € 7 million, compared to a reversal of € 1 million in 2023. The reversal in 2024 was partly driven by the full release of the management overlay of € 3 million for SME customers who might be affected by high inflation. The credit quality of the SME loan portfolio remained sound and incurred credit losses were very limited.

Other corporate and government loans

Impairments charges on other corporate and government loans consisted of a charge of € 5 million compared to a charge of € 10 million in 2023, in both years consisting of impairments on a few individual corporate loans as a result of increased credit risk.

Taxation

De Volksbank recognised € 75 million in corporate income tax, corresponding to an effective tax rate of 34.2% (2023: 27.1%), above the nominal rate of 25.8%. This was the result of the interest deduction limitation on borrowed capital (thin cap rule) and the two administrative fines that were not tax deductible. This was partly offset by the tax impact from interest expenses related to Additional Tier 1 capital securities recognised directly in shareholders' equity.

Reconciliation of alternative performance measures

Our financial results have been prepared and are reported in accordance with IFRS Accounting Standards as adopted within the European Union, as detailed in Section Other information. We also present alternative performance measures, i.e. non-IFRS financial measures. These include the adjusted performance that we use to align internal and external reporting, identify and quantify items that management believes to be significant, and provide insight into how management assesses the bank's period-on-period performance. To derive the adjusted performance, we adjust for certain incidental items, i.e. items that have an impact on the net result in excess of € 15 million, that are not directly related to our regular banking activities and that are incidental in nature, thus limiting insight into the underlying developments.

- In 2024, the net result included negative incidental items in the amount of € 375 million before tax (€ 283 million net). These incidental items are made up of:
  - A restructuring charge of € 129 million before tax (€ 96 million after tax) for our Transformation programme that focuses on the simplification of the organisational structure, the optimisation of the distribution model and the rationalisation of the brand portfolio. This charge is made up of two main components: an employee redundancy provision connected to the reduction in internal FTEs and a charge for the optimisation of the distribution network.
  - A charge of € 196 million before tax (€ 145 million after tax) related to our Anti-financial crime (AFC) remediation programme, aimed at the recovery of missing and/or incorrect customer data from our existing customer base, and to a reassessment of customers after data recovery in their correct risk profile.
  - A charge of € 30 million before tax (€ 22 million after tax) related to the settlement of legal proceedings.
  - A charge of € 20 million (not tax deductible) related to two fines imposed for deficiencies under the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) and for risk management-related deficiencies in relation to the Financial Supervision Act (*Wft*).

- In 2023, the net result did not include any incidental items.

Reconciliation of reported to adjusted net result

in € millions	2024 Reported	2024 Adjustments	2024 Adjusted	2023 Reported	2023 Adjustments	2023 Adjusted
Net interest income	1,127		1,127	1,303		1,303
Net fee and commission income	77		77	64		64
Investment income (losses)	-14		-14	-54		-54
Other results on financial instruments	118		118	101		101
Total income	**1,308**		**1,308**	**1,414**	**--**	**1,414**
Staff costs	721	-207	514	487		487
Depreciation and amortisation of tangible and intangible assets	27	-5	22	23		23
Other operating expenses	392	-163	229	298		298
- of which: regulatory levies	*11*		*11*	*42*		*42*
Total operating expenses	**1,140**	**-375**	**765**	**808**		**808**
- of which: operating expenses excluding regulatory levies	***1,129***	***-375***	***754***	***766***		***766***
Impairment charges (releases) on financial assets	-51		-51	15		15
- of which investments	*--*		*--*	*--*		*--*
- of which loans and advances to banks	*-1*		*-1*	*-2*		*-2*
- of which loans and advances to customers	*-50*		*-50*	*16*		*16*
- of which residential mortgages	*-48*		*-48*	*9*		*9*
- of which consumer loans	*--*		*--*	*-2*		*-2*
- of which SME loans	*-7*		*-7*	*-1*		*-1*
- of which other corporate and government loans	*5*		*5*	*10*		*10*
- of which other	*--*		*--*	*1*		*1*
Total expenses	**1,089**	**-375**	**714**	**823**	**--**	**823**
Result before taxation	**219**	**375**	**594**	**591**	**--**	**591**
Taxation	75	92	167	160		160
Net result for the period	**144**	**283**	**427**	**431**	**--**	**431**

Non-IFRS financial measures

KPIs and adjusted KPIs

KPIs and definitions	in € millions	2024 Reported	2024 Adjustments	2024 Adjusted	2023 Reported	2023 Adjustments	2023 Adjusted
Cost/income ratio							
Total operating expenses (including regulatory levies) as a percentage of total income	Total operating expenses	1,140	-375	765	808		808
	Total income	1,308		1,308	1,414		1,414
	Cost/income ratio	**87.2%**		**58.5%**	**57.1%**		**57.1%**
Return on Equity (RoE)							
Annualised net result for the period, excluding interest expenses related to AT1 capital securities, as percentage of average month-end total equity, excluding AT1 capital securities, for the reporting period	Net result	144	283	427	431		431
	Interest expenses related to AT1 capital securities	-21		-21	-21		-21
	Average month-end total equity	3,881		3,881	3,592		3,592
	Return on Equity (RoE)	**3.2%**		**10.5%**	**11.4%**		**11.4%**
Net interest margin (bps)							
Annualised net interest income as percentage of average month-end total assets for the reporting period	Net interest income	1,127		1,127	1,303		1,303
	Average month-end total assets	71,898		71,898	72,461		72,461
	Net interest margin (bps)	**1.57%**		**1.57%**	**1.80%**		**1.80%**
Cost/assets ratio							
Annualised total operating expenses excluding regulatory levies as a percentage of average month-end total assets for the reporting period	Operating expenses excluding regulatory levies	1,129	-375	754	766		766
	Average month-end total assets	71,898		71,898	72,461		72,461
	Cost/assets ratio	**1.57%**		**1.05%**	**1.06%**		**1.06%**

Cost of risk

Definition	in € millions	2024	2023
Cost of risk			
Impairment charges (releases) on financial assets as a percentage of average month-end loan portfolio exposure for the reporting period.	**Total loans and advances to customers**		
	Impairment charges (releases) on financial assets - total loans	-50	16
	Average month-end portfolio exposure - total loans	53,955	51,668
	Cost of risk total loans and advances to customers	**-0.09%**	**0.03%**
	Residential mortgages		
	Impairment charges (releases) on financial assets - residential mortgages	-48	9
	Average month-end portfolio exposure - residential mortgages	50,527	48,569
	Cost of risk residential mortgages	**-0.09%**	**0.02%**
	SME loans		
	Impairment charges (releases) on financial assets - SME loans	-7	-1
	Average month-end portfolio exposure - SME loans	1,316	1,162
	Cost of risk SME loans	**-0.50%**	**-0.09%**

Loan-to-Deposit ratio (LTD)

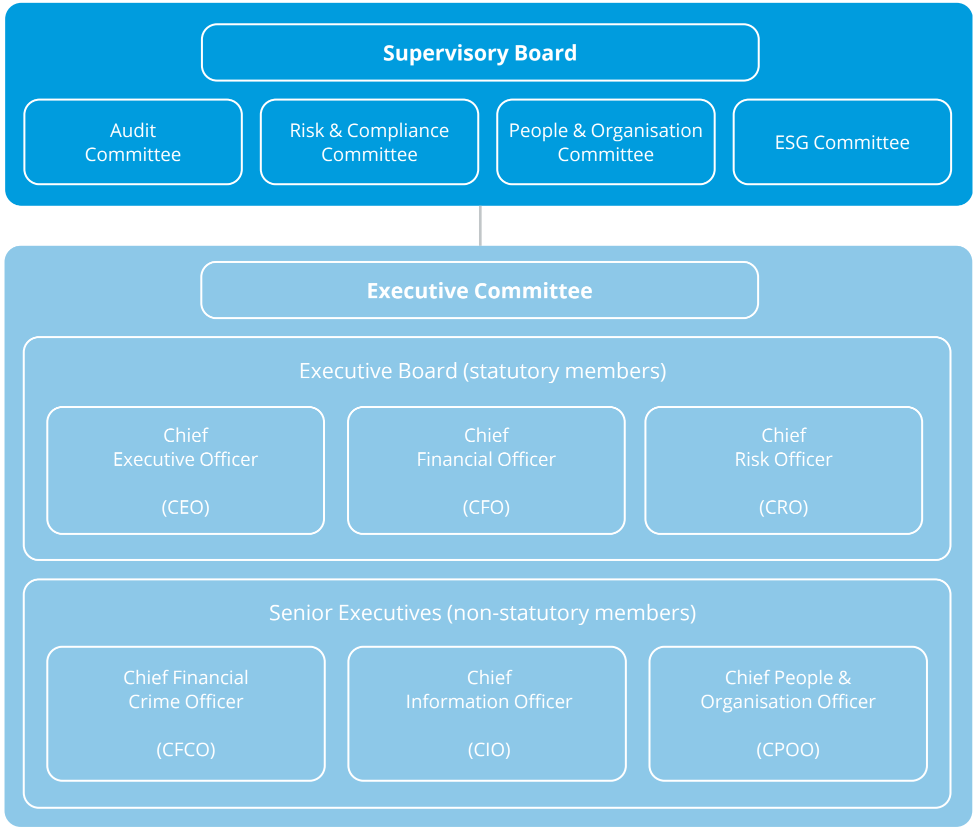
Definition	in € millions	2024	2023
Loan-to-Deposit ratio			
Loans and advances to retail customers as a percentage of amounts due to retail customers	Total loans and advances to customers	54,494	50,847
	Excluding: IFRS value adjustments	-1,088	-1,316
	Excluding: Loans and advances to other corporates and governments	680	285
	Loans and advances to retail customers	**54,902**	**51,878**
	Total amounts due to customers	56,153	54,910
	Excluding: Amounts due to non-retail customers	466	586
	Amounts due to retail customers	**55,687**	**54,324**
	Loan-to-Deposit ratio	**99%**	**95%**

Leadership and governance

Leadership and governance

Supervisory Board and Executive Committee

Management structure in 2024



Executive Board and Executive Committee

Changes to the governance structure

In 2024, the composition of the Executive Committee (ExCo) changed:

- Roland Boekhout was appointed as CEO as from 22 May 2024. He succeeded Martijn Gribnau, who indicated in December 2023 that he would not be available for a second term as CEO.
- Saskia Hoskens was appointed as CRO as from 10 April 2024, succeeding Jeroen Dijst, who has stepped down after two terms as CRO.
- Gwendolyn van Tunen was appointed as CFCO as from 24 June 2024.
- Marinka van der Meer laid down her duties as CCO as from 1 July 2024. She remained attached to de Volksbank until 1 January 2025, ensuring a proper and smooth handover of duties and responsibilities. Until the vacancy is fulfilled, the CEO will be ultimate responsible for the bank's brands, range of products and services, customer relationships and social impact.

Composition of the Executive Committee as at 31 December 2024

Name		Appointed until
Roland Boekhout	CEO	AGM 2028
André Haag	CFO	AGM 2026
Saskia Hoskens	CRO	AGM 2028
Vacancy	CCO	
Gwendolyn van Tunen	CFCO	AGM 2028
Michel Ruijterman	CIO	15 May 2026
Jacqueline Touw	CPOO	1 October 2026

In 2025, the following changes were made in the governance structure:

- With effect from 1 March 2025, the Executive Committee ceased to exist. However, the Executive Board will remain in place.
- On 1 March 2025, Isold Heemstra joined the bank as CCO
- Gwendolyn van Tunen (CFCO) was added to the Executive Board.

As a result, with effect from 1 March 2025, the Executive Board consists of Roland Boekhout (CEO), Saskia Hoskens (CRO), André Haag (CFO), Isold Heemstra (CCO) and Gwendolyn van Tunen (CFCO).

Roles and responsibilities In scope of CSRD

De Volksbank has a two-tier governance model consisting of a Supervisory Board and an Executive Committee (ExCo). The Supervisory Board performs its oversight and advisory role 100% independently, in accordance with applicable laws, regulations and corporate governance standards. The Executive Board (ExBo) is de Volksbank's statutory managing board (*statutair bestuur*) within the meaning of section 2:129 Dutch Civil Code and is entrusted with the management of de Volksbank. The ExCo is part of de Volksbank's management body in its executive function (together with the ExBo) as defined in the Capital Requirement Directive IV (2013/36/EU) (CRD IV) and has duties and responsibilities that have been delegated to it by the ExBo.

The ExBo grants a mandate to the ExCo on which basis the ExCo is charged with and responsible for (i) the day-to-day management of de Volksbank, ensuring compliance with laws and regulations and the adequate financing of its activities; (ii) the continuity of de Volksbank and its business, aimed at sustainable long-term value creation for de Volksbank and taking into account the interests of all relevant stakeholders, and (iii) implementing de Volksbanks' mission, vision, strategy, risk appetite, corporate

From left to the right: Michel Ruijterman, Saskia Hoskens, André Haag, Roland Boekhout, Gwendolyn van Tunen and Jacqueline Touw

standards and values, including business conduct and reporting its findings to the Supervisory Board, risk framework, main policies, budgets, financial and non-financial targets, with the aim to contribute to sustainable long-term value creation by de Volksbank and to build and maintain the culture required for that purpose.

The ExCo ensures close cooperation with the Supervisory Board while discharging its responsibilities and seeks supervision and advice from the Supervisory Board for the bank-wide strategy and strategy implementation. The ExCo is accountable to the Supervisory Board and to the General Meeting of Shareholders (GSM) for the performance of its duties. With the respect to the latter, the ExCo develops a view on sustainable long-term value creation for de Volksbank and its business, while considering the interests of all relevant stakeholders.

Executive Committee

Composition and diversity

In scope of CSRD

In 2024, the ExCo consists of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO), Chief Customer Officer (CCO) (vacancy), Chief Financial Crime Officer (CFCO), Chief Information Officer (CIO) and Chief People and Organisation Officer (CPOO).

The ExCo's composition is based on de Volksbank's Diversity and Inclusion Policy which focuses on recognising and valuing both customers' and employees' diversity. The purpose of the policy is to optimally contribute to the execution of the bank's strategy. The Supervisory Board (SB) draws up job profiles for the ExCo in consultation with the ExCo itself. The job profiles specify the required knowledge, suitability, expertise, integrity and availability of the ExCo and its members. As far as education and professional experience are concerned, the profiles set out the relevant aspects of diversity and inclusion, such as nationality, age, gender and background with regard to education and professional experience.

As from 1 January 2022, the Dutch Gender Balance Act in management and supervisory boards came into force. This Act imposes an ingrowth quota of at least one-third male and one-third female members on the supervisory boards of Dutch listed companies in the Netherlands. Although de Volksbank is not a listed company, and its shares are privately held by NLFI, the bank voluntarily applies the Gender Balance Act in full. In addition, de Volksbank is to have appropriate and ambitious targets to promote gender diversity across the organisation and is required to report on said above targets, plans and progress. De Volksbank's 2025 target has been set at a female/male ratio of between 40% and 60% at all management levels. At year-end 2024, the percentage of women on the ExCo was 50%, with one open vacancy not included in the calculation. This percentage is in line with the Gender Balance Act.

In succession planning and when filling vacancies, de Volksbank gives due consideration to any applicable diversity requirements in its search for suitable new ExBo and ExCo's senior executives who meet the fit and proper requirements stipulated in the Dutch Financial Markets Supervision Act (*Wft*) and CRD IV.

Appointment, suspension and dismissal

Members of the ExCo are appointed and reappointed by NLFI on nomination by the SB and after approval by the supervisory authorities. NLFI holds the right to suspend and dismiss members of the ExBo. The ExCo's senior executives are appointed by the ExBo subject to the approval of the SB and supervisory authorities. The ExCo's senior executives are suspended and dismissed by the ExBo, subject to the approval of the SB. When considering approval the SB will take into account the advice of the People and Organisation Committee (P&OC). Both ExBo and ExCo members are appointed and reappointed for a maximum term of four (4) years, in accordance with the rotation scheme.

When preparing the appointment and reappointment of the members of the ExCo, the P&OC and SB consider the diversity objectives laid down in de Volksbank's internal policies such as the Diversity and Inclusion Policy and the (Re)Appointment Policy. To be eligible for appointment candidates are required to meet the Fit and Proper test under the Dutch Financial Markets Supervision Act (*Wft*). The Works Council has the right to prior consultation on the appointment of members of the ExCo. The SB notifies the GMS of the intended appointment or reappointment of an ExCo member, accompanied by the candidate's condensed resume , including age, gender, educational and professional background.

Further information on the suspension and dismissal procedure of the ExCo is provided in de Volksbank's Articles of Association and the ExBo and ExCo's Rules of Procedure as published on our website.

Functioning

The Articles of Association of de Volksbank contain a list of the duties of the ExBo and the rules governing its functioning. Additional practical arrangements on how the ExCo is to exercise its duties and powers are defined in the ExBo's and ExCo's Rules of Procedure and in the Memorandum of Understanding (MoU) between NLFI and de Volksbank.

The Rules of Procedure for the ExBo and ExCo were updated on 8 February 2024. The ExCo meets on a weekly basis and takes decisions by a majority of votes. In fulfilling de Volksbank's mission and ambition, the ExCo continuously and explicitly weighs up the interests of all stakeholders.

Personal details In scope of CSRD

The following is a concise description of the ExCo members' professional experience as at 31 December 2024. :

Roland Boekhout
Chief Executive Officer
1963 – Nationality: Dutch – Gender: Male

Roland Boekhout was appointed as Chief Executive Officer and Chair of the Executive Board and Executive Committee with effect from 22 May 2024. In addition to his role at de Volksbank, Roland serves as a board member of the German-Dutch Chamber of Commerce.

With over 30 years of international experience in the banking sector, Roland has held various commercial and managerial positions at ING Group and Commerzbank. From 2010 to 2017, Roland served as CEO of ING Germany. Prior to that, Roland was CEO of ING Commercial Banking Central and Eastern Europe. In 2017, Roland joined the Management Board Banking of ING Group, he became a member of Commerzbank's Board of Managing Directors in 2020, responsible for corporate clients worldwide. Roland holds a Master's degree in Business Economics from Erasmus University, the Netherlands.

André Haag
Chief Financial Officer
1982 – Nationality: German – Gender: Male

André Haag was appointed as Chief Financial Officer and member of the Executive Board and Executive Committee with effect from 1 August 2022. André holds no other board positions.

Prior to joining de Volksbank he served on the Executive Board of Triodos Bank N.V. as Group CFO. Before that he worked for Deutsche Bank from 2011 to 2019, where he held various senior positions in Luxembourg and Germany, notably as Country CFO Luxembourg and Director in Regional Finance Germany. From 2016 to 2019 he was a member of the Management Board and CFO at Deutsche Holdings (Luxembourg) S.à.r.l. Prior to that, he held senior positions in the financial consulting industry. During that period he worked for Ernst & Young, PA Consulting Group and IBM Financial Consulting. André holds a Master of Arts (M.A.) in Finance & Banking from Wissenschaftliche Hochschule Lahr (WHL) in Lahr, Germany.

Saskia Hoskens
Chief Risk Officer
1970 – Nationality: Dutch – Gender: Female

Saskia Hoskens was appointed as Chief Risk Officer and member of the Executive Board and Executive Committee with effect from 10 April 2024. Saskia holds no other board positions.

Before joining de Volksbank, Saskia served as Chief Risk Officer for ING Wholesale Banking. Prior to that, starting in 2005, Saskia held various roles at Rabobank, including leading the integration of the mortgage subsidiary FGH Bank as CEO. Saskia also managed Rabobank's global restructuring department and served as Regional Director for Corporate Banking in the Southern Netherlands. Before her banking career, Saskia was involved in mergers and acquisitions of both large and small companies at Deloitte Corporate Finance and Nuon (now Vattenfall). Saskia has completed a doctoral programme in Financial Economics at Vrije Universiteit in Amsterdam, the Netherlands and holds a Bachelor of Business Administration from Nyenrode Business University, the Netherlands.

Chief Customer Officer
Vacancy[1]

[1] As from 1 March 2025, this vacancy was filled by Isold Heemstra

Gwendolyn van Tunen
Chief Financial Crime Officer

1965 - Nationality: Dutch - Gender: Female

Gwendolyn van Tunen was appointed as Chief Financial Crime Officer (CFCO) and non-statutory member of the Executive Committee with effect from 24 June 2024.

Gwendolyn has over 25 years of experience in the financial sector, with the past 20 years in various national and international management roles focusing on compliance, corporate governance and operations. Gwendolyn gained extensive knowledge and experience in national and international laws, regulations and integrity risks. Since, 2021 Gwendolyn has served as Director of Compliance at de Volksbank. Prior to that, Gwendolyn served as Chief Compliance Officer at ABN AMRO Bank N.V. for seven years. She began her career as an auditor. Gwendolyn holds an Executive MSc in Internal Auditing (EMIA) from the University of Amsterdam in Amsterdam, the Netherlands.

Michel Ruijterman
Chief Information Officer
1970 – Nationality: Dutch – Gender: Male

Michel Ruijterman was appointed as Chief Information Officer and non-statutory member of the Executive Committee with effect from 16 May 2022. Michel holds no other board positions.

Michel has worked in IT leadership positions for over 25 years. Prior to joining de Volksbank, Michel worked in similar positions at Albert Heijn and Air France-KLM. Michel holds an MBA/MBI in Business Administration & Informatics from Rotterdam School of Management in Rotterdam, the Netherlands and an MSc in Computer Science - Artificial Intelligence from Delft University of Technology, the Netherlands.

Jacqueline Touw
Chief People & Organisation Officer
1966 – Nationality: Dutch – Gender: Female

Jacqueline Touw was appointed as Chief People & Organisation Officer and non-statutory member of the Executive Committee with effect from 1 October 2022. Jacqueline holds no other board positions.

Prior to joining de Volksbank, Jacqueline was employed at Sligro Food Group as CHRO. Before that she was ultimately responsible for HR at Essent and held various international leading positions at DSM and gained banking experience at Van Lanschot Bankiers N.V. Jacqueline holds a Master's degree in Human Resource Management from Open University in Heerlen, the Netherlands.

Supervisory Board

Roles and responsibilities

The Supervisory Board (SB) supervises, advises, challenges and supports the ExBo and ExCo exercising of its powers and duties. The SB together with the ExCo is responsible for de Volksbank's sustainable long-term value creation, requiring members to execute their duties in a sustainable manner with due observance of the sustainable long-term viability of the strategy pursued. The SB is part of de Volksbank's 'management body in its supervisory function' as defined in CRD IV.

In discharging its task, the SB takes into account the dynamics and the relationship between the ExBo, ExCo and their members. The SB's early and close involvement with both bodies is required when formulating the bank-wide strategy and targets in line with the pursued culture aimed at sustainable long-term value creation. In performing their duties, the members of the SB are guided by the interests of de Volksbank and its businesses, taking due consideration of the legitimate interests of all of the bank's stakeholders.

Certain decisions taken by the ExBo and ExCo are subject to the approval of the SB. Further information on the role and responsibilities of the SB is provided in de Volksbank's Articles of Association and the SB's Rules of Procedure as published on our website.

Appointment, suspension and dismissal

Members of the SB are appointed and reappointed by the General Meeting of Shareholders (GMS), upon nomination by the SB itself. To be eligible for appointment candidates are required to meet the Fit and Proper test under the *Wft*.

The GMS and the Works Council may recommend candidates to the SB to be nominated as members of the SB. The diversity objectives laid down in de Volksbank's internal policies are taken into consideration when preparing the appointment and reappointment of the members of the SB. The SB notifies the GMS of the intended appointment or reappointment of a member of the SB, accompanied by a short resume of the candidate, including the candidate's age, gender, educational and professional background and geographical provenance.

The SB is required to nominate a candidate recommended by the Works Council in respect of one third of the members of the SB (the 'enhanced right of recommendation'). The SB is to accept the recommendation of the Works Council unless it believes that the candidate recommended is unsuitable to fulfil the duties of a member of the SB or if the SB would not be properly composed if the appointment was made as recommended. The SB may suspend any of its members at any time. In the event of lack of confidence in the SB the GMS may dismiss the SB in its entirety.

Further information on the appointment, suspension and dismissal procedure of the members of the SB is provided in de Volksbank's Articles of Association and the SB's Rules of Procedure as published on our website.

From left to right: Gerard van Olphen, Jeanine Helthuis, Aloys Kregting, Petra van Hoeken and Jos van Lange

Functioning In scope of CSRD

In performing its duties, the SB continuously weighs up the interests of all its stakeholders to fulfil the mission and ambition of de Volksbank. SB members operate independently of each other within the meaning of the Dutch Corporate Governance Code and in accordance with the Dutch Central Bank's (DNB) position on the independent functioning of the SB. In December 2022 de Volksbank updated the Code of Conduct entitled Common Sense, Clear Conscience (Code of Conduct). The Code of Conduct contains a conflict of interest procedure and a procedure for respectful and professional conduct. In addition, the Articles of Association contain a list of the duties and rules governing the functioning of the SB. Both the Rules of Procedure for the SB and the MoU agreed with NLFI include additional agreements how the SB should exercise its duties and powers as well as on the appointment of the Chair of the SB and the CEO. The Rules of Procedure for the SB were last amended on 1 December 2022. The SB meets at least six times a year and takes decisions by a majority of votes.

Ancillary positions and conflicting interests

Members of the SB may hold and are to disclose other positions, including directorships. CRD IV and the Dutch Corporate Governance Code (DCGC) restrict the total number of SB positions or non-executive directorships that may be held by a SB member, if the SB member also has an executive board position. It is the responsibility of the individual SB member and the SB to ensure that the directorship duties are performed properly and are not affected by any other positions held by the individual member outside de Volksbank and its group structure.

SB members are to report any (potential) conflicts of interests and to provide all relevant information relating to them. The SB, excluding the member concerned, decides whether a conflict of interest exists. If it does, the relevant member of the SB abstains from discussions and decision-making on a subject or transaction in relation to which the relevant SB member has a (potential) conflict of interest.

In accordance with the DCGC and the SB's Rules of Procedure every transaction with one or more SB members that is of material significance to de Volksbank and involves (potential) conflict of interests, will be disclosed in the management report, stating the conflict of interest.

Composition and diversity In scope of CSRD

The SB is composed in such a way that it has sufficient expertise to properly perform its duties. The SB draws up a generic profile for its members. This profile specifies the required knowledge, suitability, expertise, integrity and availability of the SB and its members.

It also sets out the relevant aspects of diversity and inclusion, such as nationality, age, gender and background in relation to education and professional experience. At the end of 2024, 40% of the SB positions were filled by women, in line with de Volksbank's objective for 2025 and the Gender Balance Act.

De Volksbank's Diversity and Inclusion Policy focuses on recognising and valuing both customers' and employees' diversity. This policy also applies to the SB. The generic profile of the SB has been approved by NLFI and is published on our website. The generic profile of the SB was last amended on 1 November 2021. When a new member is appointed, the SB will propose a candidate to the GMS, taking this profile into account.

Personal details In scope of CSRD

The following is a concise description of the SB members' professional experience as at 31 December 2024:

Gerard van Olphen
1962 – Nationality: Dutch – Gender: Male

Gerard van Olphen was appointed as a member and Chair of the Supervisory Board of de Volksbank N.V. on 13 August 2021. Gerard is also a member of the People & Organisation Committee (P&OC) and Chair of the ESG Committee. His term of office will expire on the date of the Annual General Meeting (AGM) of 2025.

Other positions held by Gerard on 31 December 2024:
- Member of the Supervisory Board of a.s.r., member of the Audit & Risk Committee and member of the Nomination & ESG Committee
- Chairman of the Stakeholders' Body for Professional Regulation of the Royal Dutch Professional Organisation of Accountants (*NBA*)
- Chairman of the Supervisory Board of Robidus

Gerard has extensive executive-level experience at various financial institutions with roots in Dutch society. In the spring of 2021, he stepped down as Chair of the Executive Board of APG, the Dutch pension investor. Prior to that, he was Chair of the Executive Board of SNS REAAL and, after the split-off, he briefly served as Chair of insurance company Vivat, acquired at the time by the Anbang Insurance Group. Earlier in his career he held the positions of CFRO and Vice Chair of the Executive Board of Achmea, CEO of NIBC Asset Management and member of the Executive Committee of NIB Capital. From 1991 to 2001, he held several policy-making positions at SNS REAAL, including that of CEO of REAAL. Gerard studied Economics at the University of Groningen and graduated in Business Economics. Gerard subsequently completed his postgraduate education to become a Chartered Accountant (RA) in Groningen. In the following years, he pursued various management and business programmes, including at IMD and INSEAD.

Jeanine Helthuis
1962 – Nationality: Dutch – Gender: Female

Jeanine Helthuis was appointed to the Supervisory Board on 20 September 2021. Jeanine is also Chair of the P&OC and a member of the Risk & Compliance Committee (R&CC) and ESG Committee. Her term of office will expire on the date of the AGM of 2025.

Other positions held by Jeanine on 31 December 2024:
- Member of the Supervisory Board of Transdev Nederland Holding N.V. / member of the Audit & Compliance Committee
- Member of the Supervisory Board of CAB Payments Europe.

Jeanine has broad managerial experience in leading Dutch service providers, including companies in the banking sector. She has held various board and senior management positions at several companies in the logistics sector and in the financial services industry. Until 1 November 2022 Jeanine was a Managing Director at Van Doorne, a Dutch law firm. Prior to that, she was General Manager at PC Uitvaart (2015 – 2020) and Chair of the Board of Directors of Monuta (2009 – 2012). In the intervening period (2013 – 2014), she chaired the working group of the Dutch Investment Institution (NII). In addition, she was a member of the Supervisory Board at Van Lanschot Kempen until May 2021 and Vice Chair of the Supervisory Board of ProRail until the end of April 2023.

From 2006 - 2009, Jeanine sat on the Managing Board of Fortis Bank Nederland in the capacity of CEO of its Retail Bank, and from 1991 – 2005 she held various senior management positions at KPN. Jeanine started her career at Nedlloyd. Jeanine holds a Bachelor of Business Administration and a Master of Business Economics from Erasmus University in Rotterdam, the Netherlands.

Petra van Hoeken
1961 – Nationality: Dutch – Gender: Female

Petra van Hoeken was appointed as a member of the Supervisory Board on 20 September 2021. Petra is also Chair of the R&CC and a member of the Audit Committee (AC) and ESG Committee. Her term of office will expire on the date of the AGM of 2025.

Other positions held by Petra on 31 December 2024:
- Member of the Supervisory Board of Nordea Bank, chair of the Risk & Compliance Committee and member of the Audit Committee
- Non-executive member of the Oranje Fonds Board, Vice Chair of the Audit Committee and member of the Investment Committee
- Adviser to the Ministry of Economic Affairs and Climate Policy, Chair of the Credit Committee of the Corporate Finance Guarantee Scheme (GO Scheme)
- Member of the Donations Review Committee of Leiden University
- Member of the Board of the foundation for the holding and administration of shares under the RDS (Royal Dutch Shell) employee share plans
- Non-Executive Director of Virgin Money UK
- Voluntary board member of Female Cancer Foundation

Petra has extensive managerial and banking experience at Dutch and international banks. Until the end of 2020, Petra was Chief Risk Officer on the Executive Committee of the Intertrust Group. Prior to that, she was CRO and a member of the Managing Board at Rabobank (2016 – 2019), during which period she was responsible for Legal & Compliance and Risk Management of the Rabobank Group. Petra held a similar position at NIBC (2011 – 2016).

Petra started her career in 1986 at ABN AMRO where she, after having held various international positions, became responsible for EMEA & Global Risk Management as CRO. After the split-off from ABN AMRO, she held the same position for RBS. Petra holds a Master's degree in Civil Law from the University of Leiden, the Netherlands.

Aloys Kregting
1967 – Nationality: Dutch – Gender: Male

Aloys Kregting was appointed as a member of the Supervisory Board on 24 August 2018 and was reappointed on 21 April 2022. His term of office will expire on the date of the AGM of 2026. Aloys is also member of the AC and a member of the P&OC and ESG Committee.

Other positions held by Aloys on 31 December 2024:
- Head of ASML Business Services

Aloys started his career as IT Manager at KPN in 1992. From 1999 to 2008, he was employed at Unilever as IT Manager and from 2004 in the role of CIO. Aloys worked for DSM from 2008 to 2016. During this period he held the positions of CIO and CSO. Aloys has been CIO at AkzoNobel from 2016 until April 2022. Aloys holds a Master's degree (MSc) in Electrical and Electronics Engineering from Delft University of Technology and a Master's degree (MSc) in Business Administration and Management from Nyenrode Business University, the Netherlands.

Jos van Lange
1956 – Nationality: Dutch – Gender: Male

Jos van Lange was appointed as a member of the Supervisory Board on 1 May 2018 and was reappointed on 21 April 2022. On 31 October 2022 Jos was appointed as Vice-Chair of the Supervisory Board. His term of office will expire on the date of the AGM of 2026. On 20 September 2021, Jos took the reins as Chair of the AC and remained a member of the R&CC and ESG Committee.

Other positions held by Jos on 31 December 2024:
- Chair of the Supervisory Board (*Raad van Toezicht*), Chair of the People and Organisation Committee of Zuyderland Medisch Centrum
- Vice Chair of the Supervisory Board and Chair of the Audit, Risk & Compliance Committee of Bouwinvest N.V.
- Member of the Board of the Foundation of Tilburg University, Chair of the Audit, Risk & Compliance Committee
- Member of the Investment Advisory Committee of cooperative DELA
- Chair of the Landgoed Kasteel Geldrop Foundation

Jos held the position of CEO at Rabo Real Estate Group from May 2013 until July 2017 and the position of CFRO from December 2006 until May 2013. From 1980 until 2006, Jos held various financial and business- oriented positions at Rabobank. Jos holds a Master's degree in Economics from Tilburg University, the Netherlands.

Profile

In scope of CSRD

31-12-2024	Social identity banks	Strategy	Customers	Distribution	People and organisation	Innovation	Sustainability	IT	Data	Finance	Risk, compliance, audit
Gerard van Olphen	•	•	•	•	•	•	•			•	•
Jeanine Helthuis	•	•	•	•	•					•	•
Petra van Hoeken	•	•	•				•	•	•	•	•
Aloys Kregting	•	•			•	•		•	•		•
Jos van Lange	•	•	•	•					•	•	•

Report of the Supervisory Board

Looking back and ahead with the Chair of the Supervisory Board

In many ways, 2024 was an eventful and intensive year for de Volksbank. The political and economic environment remained volatile. In the United States, the presidential elections demonstrated the deep division in worldview between Democrats and Republicans. Tension arising from geopolitical relations, both in Ukraine and the Middle East, had a major impact on the lives of those directly involved. Gradually, the tension is becoming more tangible in our Dutch society, too. Contradictions seem to be magnified rather than bridged.

The volatile geopolitical environment also had consequences for the European economy. Albeit at a slower-than-expected pace, the ECB gradually lowered its deposit facility rate from 4% to 3% in the course of the year. This contributed to a decline in market interest rates, exerting pressure on the commercial margins of banks. De Volksbank's financial results are largely dependent on its interest margin and in 2024, following a 53% increase in 2023, net interest income decreased by 14%. At the same time, in spite of increasing wage costs and higher expenditure on compliance and anti-financial crime remediation, operating expenses excluding incidental items were also lower. Moreover, with house prices continuing to rise, credit losses on mortgages remained relatively low, leading to releases of impairments. On balance, the 2024 net profit, before incidental items came to € 427 million, only € 4 million lower than the year before.

From a commercial point of view, 2024 was a successful year with de Volksbank’s brands achieving a higher combined market share in new mortgages in a dynamic and expanding market. Market shares in retail savings and payments held up well.

For the organisation of de Volksbank itself too, it was an eventful and intensive year. With the appointments of Saskia Hoskens as CRO and Roland Boekhout as CEO in April and May respectively, the Executive Board composition underwent a significant change. Furthermore, in November, an important and far-reaching Transformation programme was announced, entailing a substantial reduction in the number of bank branches and, unfortunately, a loss of around 750 jobs. We will maintain a nationwide coverage with our bank branches. Naturally, we will guide and support affected colleagues as carefully as possible on the basis of the current Social Plan.

Basically, de Volksbank is a simple retail bank whose product range consists of three core products i.e. mortgages, savings and payments, and which is only active in the Netherlands. At the same time, the bank's organisational complexity is great. Not only does the bank carry four commercial brands, i.e. ASN Bank, RegioBank, SNS and BLG Wonen, supplemented with a separate brand for the holding company, it also has five different distribution channels: own sales branches (SNS), hard franchise (SNS), soft franchise (RegioBank), direct distribution (ASN Bank) and intermediate sales (BLG Wonen). In addition, all brands offer the option of internet or mobile banking. This makes the implementation of changes and improvement of risk management too time-consuming and complex.

Back in 2021, the Supervisory Board identified a number of key priorities, namely improvements in board dynamics, in execution power for system and organisational changes, and in earnings capacity, clarity on the exit strategy for the shareholder, and an improvement in risk management and culture. In 2022 and 2023, the Board noted that progress on some priorities was sufficient, but that on others the desired progress was not. The latter was particularly the case with respect to risk management and culture, earnings capacity and the ability to implement system and organisational changes. Clear and important progress has been made in areas such as customer integrity, risk models and data used for modelling de Volksbank's financial risks. At the same time, here too, progress required great effort and was relatively slow. As a consequence, almost all our investment resources have to be dedicated to compliance and regulations.

To address these issues, as early as August 2024, at the time of publication of the interim results, the bank announced its intention to simplify and improve its business model and processes. Subsequently, in November, the Supervisory Board approved the Transformation programme, as proposed by the Executive Committee. This programme entails a reduction in the number of branches, a simplification of the organisation structure and the gradual move towards one brand: ASN Bank. Although the Supervisory Board is fully aware of the values and history of a number of beloved and treasured brands, it simply is a condition for a bank's existence to meet the requirements of current and future laws and regulations. Moreover, taking into account all social transitions and developments, it is important to significantly increase the room and capacity for change and to be able to react more swiftly in a competitive market.

In 2024, DNB initiated two administrative fine procedures against de Volksbank. The first one concerned the inadequate identification and assessment of risks related to money laundering, the financing of terrorism and customer integrity. The second one concerned risk management-related shortcomings in previous years. This resulted in two administrative fines totalling € 20 million.

In response to the above, the bank substantially increased its remediation efforts in 2024. A Systematic Integrity Risk Analysis was submitted to DNB, followed by a Remediation plan. To bring about improvements in risk management, most notably in risk models and data management, further initiatives were also developed.

Implementation of all this involves a substantial scaling up of resources and will require significant management efforts over a number of years. The Supervisory Board was, and will remain, closely involved on these topics.

Mainly to cover future costs of implementation of the Transformation programme and the Remediation plan related to customer integrity and combating financial crime, substantial amounts have been charged to the 2024 result. The two administrative fines were also charged to the 2024 result. This meant that net profit after incidental items dropped to € 144 million, compared to € 431 million for 2023.

By way of precaution, and also taking into account further upward pressure on operating expenses, the Supervisory Board supports the proposal not to pay a dividend for 2024.

In 2024, as mentioned earlier, the Executive Board underwent important changes. In April, Jeroen Dijst, Chief Risk Officer, stepped down at the end of his second term. Martijn Gribnau, Chief Executive Officer, who was not available for a second term, stepped down at the General Meeting of Shareholders (GMS) held in May. And with effect from 1 July, Marinka van der Meer resigned as the bank's Chief Customer Officer. The Supervisory Board would like to thank them all for their engagement in and commitment to de Volksbank.

On 3 April, NLFI appointed Saskia Hoskens as Chief Risk Officer. And on 22 May, the GMS appointed Roland Boekhout, a highly experienced banker, as Chief Executive Officer. Gwendolyn van Tunen was appointed to the Executive Committee, as Chief Financial Crime Officer on 24 June. On 1 March 2025, Isold Heemstra joined the bank as CCO and the position of CFCO was added to the Executive Board. As a result, with effect from 1 March 2025, the Executive Board consists of Roland Boekhout (CEO), Saskia Hoskens (CRO), Andre Haag (CFO), Isold Heemstra (CCO) and Gwendolyn van Tunen (CFCO).

For the Supervisory Board, filling top and key positions within de Volksbank is, as shared in previous years, a time-consuming and intensive process. This is also increasingly becoming an important strategic risk for the future of the bank. These managerial roles require extensive banking expertise and board-level experience, in accordance with ECB requirements. At the same time, the prospects as to the future ownership of de Volksbank are still unclear and important restrictions have been imposed on remuneration. Although we have once again succeeded in finding and appointing very experienced board members, we note that this is not a sustainable model. The current remuneration package, understandably restricted at the time of the credit crisis, is not designed for a bank that has been in State hands for more than 10 years.

In December 2023, the Supervisory Board shared its preference regarding the future ownership of de Volksbank with our shareholder NLFI. NLFI took note of this and, finalising and adding its independent analysis, concluded that the most logical future options for de Volksbank are either a private sale to a strong partner, to be realised in one to three years - calculated from mid-2024 - or an IPO, which would require a preparation period of five to seven years. The Supervisory Board fully endorses this direction. The Minister of Finance has since informed the House of Representatives that he also endorses the conclusions of NLFI's analysis.

Naturally, we are fully aware of the complexity of such a decision, but we are convinced that this is the best course for de Volksbank, its customers, employees and, shareholder and for society in general. A clear decision is in the interest of de Volksbank and all its stakeholders.

As noted above, 2024 was an intensive and eventful year for de Volksbank. This is particularly true for the bank's employees and management. A special mention should be made of the Works Council for its constructive dialogue with the Supervisory Board in meetings throughout the year. The Supervisory Board wishes to express its appreciation for the engagement and commitment demonstrated by all employees and management involved in both running the daily operations and in drawing up the plans that will shape the future of our bank.

On behalf of the Supervisory Board of de Volksbank,

Gerard van Olphen,

Chair

Meetings

During 2024, the Supervisory Board (SB) held seven regular meetings according to the pre-set schedule and six additional meetings. Additional meetings were required to closely monitor and discuss de Volksbank's key projects, including - but not limited to - the SIRA, Remediation plan and the Transformation programme. Most meetings were held physically and, insofar as this was not feasible, meetings were held using video conferencing. Both the regular and additional meetings were attended by most of the members of the SB. Regular SB meetings take place after the meetings of the AC, R&CC, P&OC and ESG Committee. These committees report to the SB on their deliberations and findings after their meeting, and the SB takes their recommendations and outcomes into consideration. The Company Secretary, and or Deputy Company Secretary, attend(s) all SB and SB committee meetings. Every SB meeting should start with a conflict of interest check to determine whether any SB member is conflicted regarding one or more of the agenda items.

Supervisory Board attendance in 2024

Total meetings per Supervisory Board member	SB	AC	R&CC	P&CO	ESG
Gerard van Olphen	12/13			4/4	1/1
Jeanine Helthuis	13/13		7/7	4/4	1/1
Petra van Hoeken	13/13	5/6	7/7		1/1
Aloys Kregting	13/13	5/6		4/4	0/1
Jos van Lange	13/13	6/6	7/7		1/1
Total attendance	**98%**	**89%**	**100%**	**100%**	**80%**

In 2024, topics discussed by the SB in regular meetings included, but were not limited to:

Transformation programme

On 4 October 2024, de Volksbank announced that it would simplify and improve its business model and processes to operate more effectively and to strengthen the bank commercially and operationally. The uncertain macroeconomic conditions are putting pressure on the bank's revenues. At the same time, costs are increasing and large investments are needed to comply with laws and regulations. Significant investments are also needed to improve the data quality and IT systems. The transformation sets in motion fundamental changes that should lead to an effective, cost-efficient bank that is committed to people and society and where customer relationships come first. The transformation has been a key topic for both the ExCo and the SB and was discussed in several meetings throughout 2024.

2025-2029 Financial Plan & Budget

The Financial Plan & Budget (FPB) process for 2025-2029 was conducted using a bank-wide bottom-up approach and was completed in three data rounds between August and November 2024. The FPB is based on ambitious targets, as set out in the Financial Target Letter. The planning was carried out in a continuously changing macroeconomic environment in the second half of 2024. In particular, ongoing geopolitical events, such as the war between Ukraine and Russia, the conflict in the Middle East and tensions between China and Taiwan, create planning uncertainties with respect to the stability of the global and European economy, in which de Volksbank - as a Dutch retail bank - is embedded. The FPB, supported by detailed and well- substantiated second-line advice, was discussed and approved in the SB meeting of 5 December 2024.

ESG Committee

The Supervisory Board established a new committee: the Environmental, Social and Governance Committee (ESG Committee), which consist of Gerard van Olphen (Chair), Jeanine Helthuis, Petra van Hoeken, Aloys Kregting and Jos van Lange. This committee, whose focus is on the ESG factors relevant to de Volksbank, either from a financial or from an impact, risk or opportunity perspective, held its first official meeting on 5 December 2024. The committee will assist the SB in its role to develop de Volksbank's view on sustainable long-term value creation by the bank and formulating its sustainability strategy and related sustainability objectives. The committee will also advice the SB if the bank's overall strategy, key policies, business model, governance arrangements, including the risk management framework, adequately take into account ESG risks, as these may drive the bank's prudential risks.

Cybercrime and cyber risks

Information security and the growing cyber threat remained key topics in 2024. The Audit Committee and the SB were updated on a regular basis on developments and measures taken. In this context, the control framework and IT general controls are continuously improved and tested.

Anti-financial crime

The progress on de Volksbank's Anti-financial crime enhancement programme was discussed in the presence of the full SB. In 2024 de Volksbank was in touch with DNB on its progress on the SIRA and Remediation plan. During this period de Volksbank transparently kept DNB up to date about its progress, new insights in the depth and scope of its remediation efforts and its approach to become Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) compliant. The information provided in this context included opinions of the three lines of defence.

Changes to the composition of the ExCo

In addition, certain specific subjects were discussed, including the appointment of a CFCO and successor for the CEO and CRO. Following the AGM of 22 May 2024 Roland Boekhout was appointed as CEO. During the Extraordinary General Meeting of 10 April 2024, Saskia Hoskens was appointed as CRO. Furthermore, the SB has appointed Gwendolyn van Tunen as CFCO, non-statutory board member, during its meeting of 24 June 2024, taking into account the advice of the Works Council and supervisory authorities.

General topics

- Evaluation and update of the Strategic Plan
- Transformation Programme and future options of de Volksbank
- Anti-financial crime (KYC, CDD, AML, CFT etc.)
- ESG risks, implementation of laws and regulations
- Quarterly reports drawn up by Audit and EY
- Quarterly reports on financial, non-financial and strategic risks
- Quarterly reports from the Supervisory Office
- Follow-up to the joint EY and Audit management letter
- Integrated Annual Report, Interim Financial Report, related press releases and Pillar 3 and ESG reports
- External auditor rotation
- Commercial developments at ASN Bank, BLG Wonen, RegioBank and SNS
- Annual review and risk analysis of the Remuneration Policy of the ExBo and SB
- Realisation of 2023 and 2024 KPIs of the ExCo and senior management
- Setting KPIs of the ExCo and senior management for 2025
- Adjusted ExCo job profiles
- Discussion and update on proceedings following the nationalisation.
- Annual suitability re-assessment of the SB and ExCo
- Dutch Corporate Governance Code and Dutch Banking Code Statements

Finance and risk

- Operational Plan including risk opinion
- Monthly Business Report, Quarterly Business Report, interim and annual figures, related press releases, Pillar 3 and ESG reports
- 2024-2025 Risk Appetite Statement (RAS) and interim updates
- Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) reports
- Litigation statement and non-credit risk provisioning
- 2023 and 2024 SREP decision
- In-control statement

Supervisory quality assurance and self-assessment

In scope of CSRD

A lifelong learning (LL) programme is in place to deepen and broaden SB's and ExCo's knowledge. In 2024, the SB, together with the ExCo, attended LL sessions in which the following subjects were successively discussed:

- Environmental, Social and Governance;
- Artificial Intelligence and Digital Operational Resilience Act (DORA);
- Privacy awareness and Customer Integrity;
- Strategic scenario planning;
- Sale of business walk-through.

Several members of the SB and ExBo will enhance their expertise in ESG by following a specialised course. Additionally, the SB and ExBo members participated in various sessions (e.g. a Permanent Education session provided by industry experts in ESG) to further develop their skills on sustainability matters. The SB and the ExCo assess their own functioning on an annual basis. The SB and the ExCo assess their own functioning on an annual basis. At least every three years, this evaluation is carried out under the supervision of an external consultant, which took place for the last time in 2022. The SB and the ExCo of de Volksbank carried out their annual self-evaluation between November 2024 and January 2025.

The SB reflected on the period 2021-2023 in light of the fines that were announced in 2024 by the Dutch Central Bank for non-compliance with anti-financial crime-related and sound business operations-related requirements, in order to draw lessons for the future. The SB was supported by external counsel and performed a thorough reflection of the interaction between the ExCo and the SB in that period.

The SB intensified its supervision the last years and has concluded that it gradually wishes to return to a more regular supervisory relation with the ExCo. In that respect the SB organised a session with the ExCo where external counsel has explained the governance in de Volksbank and the role of the SB. On the one hand this requires a step up for the information shared with the SB and on the other hand this requires a step back from daily operations by the SB.

For the self-assessment of the ExCo input was collected by means of questionnaires completed by all ExCo members. During a separate meeting in January 2025, the ExCo reflected on the common threads with a focus on the topics 'Composition and Responsibilities', 'Team Dynamics' and 'Interaction with the SB'.

The self-assessment of the ExCo took place in the context of the appointment of a new CEO, CRO and CFCO in the ExCo, the announcement by the Dutch Central Bank to start a process to impose a fine for the non-compliance with anti-financial crime and sound business operations-related requirements and the initiation of a transformation process.

The ExCo concluded that the main development objective of the ExCo is to continue the team building efforts to work together as a team across the different domains and to speak with one tone of voice.

Employees and employee participation

In scope of CSRD

In 2024 the number of requests for advice and information increased steadily. A significant increase was the result of the Transformation programme, which gives substance to the transition towards a more efficient organisational structure with a simplified and improved business model. The Works Council exercised its right to speak at the AGM of 22 May 2024 and evaluated the implementation and impact of the agile way of working. During this meeting the Works Council also looked back on the activities it performed in the period April 2023 – May 2024.

In 2024, the Works Council, the ExCo and the Supervisory Board met on a regular basis in various combinations. The topics discussed in these meetings included:

- The future of de Volksbank N.V.

- The transformation Programme
- Customer Integrity
- The social framework
- The collective agreement and Social Plan
- Pension scheme
- Results of the agile working surveys
- Execution of the Strategic Plan 2021-2025
- Financial and commercial updates
- Annual Report of the Works Council
- Results of the employee surveys
- Performance management
- Social impact
- Safe working environment
- Employee participation
- Absenteeism
- Long-term office housing plan

Committees of the Supervisory Board

The SB has formed the following committees from within its own ranks: the Audit Committee (AC), the Risk & Compliance Committee (R&CC), People & Organisation Committee (P&OC) and the Environment, Social and Governance Committee (ESG Committee). The task of these committees is to prepare the decision- making of the SB and to support the SB by providing advice on various topics. The SB has drawn up rules of procedure for each of these committees and appoints the chairs.

Composition of committees as at 31 December 2024

	AC	R&CC	P&OC	ESG Committee
Gerard van Olphen	-	-	Member	Chair
Jeanine Helthuis	-	Member	Chair	Member
Petra van Hoeken	Member	Chair	-	Member
Aloys Kregting	Member	-	Member	Member
Jos van Lange	Chair	Member	-	Member

Audit Committee

The AC advises and assists the SB in its decision making by, inter alia, reviewing the:
(i) reliability of the financial reporting process and risk assessment of issues that may influence financial reporting;
(ii) structure and functioning of the internal risk management system in all matters related to accounting and tax policies and practices, and the internal control system, and relevant statutory and regulatory compliance; and
(iii) independence and functioning of the internal and external auditors.

The AC is composed of at least three members. On 31 December 2024, the committee comprised the following members: Jos van Lange (Chair), Petra van Hoeken and Aloys Kregting. Unless the AC determines otherwise, the CEO, the CFO, the CRO, the Director of Audit and the external auditor (EY) are permanent attendees at every meeting. The AC may invite other persons to attend the meeting. The Chair of the AC, the Director of Audit and the external auditor hold a preliminary consultation prior to the meeting, unless they decide otherwise. At least once a year, an AC meeting is held at which the Director of Audit and the external auditor are present outside the presence of the ExBo.

The Rules of Procedure for the AC were last amended on 1 December 2022.

The AC held five regular meetings and one additional meeting in 2024. At each meeting, the AC discussed the reports issued by Audit and received regular updates, either in writing or verbally from EY, the external auditor. Top risks related to both the internal control risks and financial risks were explicitly addressed. Also, the quarterly results were discussed in depth each quarter. The design, existence and operation of the internal control systems were also regularly on the agenda, with the AC paying specific attention to the improvement programmes that were put in place to strengthen internal control and to make the reporting processes more robust.

The AC was also informed on a quarterly basis of developments in the field of IT, including key controls reporting and cybersecurity.

Specific topics discussed in the AC in 2024 included:
1. As regards the reliability of the financial reporting process:
- Integrated Annual Report
- Monthly and Quarterly Business Reviews, interim and annual figures, related press releases and Pillar 3 reports
- Planned dividend distribution for 2024
- Management reports
- Accounting issues
- Operational Plan
- Non-credit risk provisioning and Litigation Statement
- Periodic tax updates
- CSRD and ESG disclosures (this topic was moved to ESG Committee following its establishment)
- Appointment of external auditor for the years 2026 up to and including 2029

2. As regards the structure and functioning of matters concerning accounting and tax policies and practices, internal control, and relevant statutory and regulatory compliance:
- (Quarterly) reports drawn up by Audit and EY
- Quarterly reports drawn up by CIO domain
- Tax policy and updates
- Data management

- Risk Review of the Operational Plan
- Joint management letter of EY and Audit
- Joint Audit/EY meeting on the functioning and behaviour of the ExCo (tone at the top)
- 2025 Audit Plan
- Quarterly reports drawn up by the Supervisory Office

3. As regards the independence and functioning of the internal and external auditors:
- 2024 Audit charter
- Audit's performance assessment
- EY Audit plan, risk assessment and updates
- Performance assessment of the external auditor

Risk & Compliance Committee
The R&CC assists and makes recommendations to the SB in its role of supervisor of de Volksbank and functioning of the internal risk management system (three lines of defence) and control system, in conjunction with the bank's overall risk appetite and strategic objectives.

The R&CC is composed of at least three members. On 31 December 2024, the R&CC comprised the following members: Petra van Hoeken (Chair), Jeanine Helthuis and Jos van Lange. The CEO, CRO, CFO, and the Directors of Audit and Compliance have a standing invitation to attend the meetings of the R&CC. The R&CC may invite other persons to attend a meeting. In 2024, the external auditor (EY) also attended the meetings of the R&CC.

Prior to a meeting of the R&CC, the Committee’s Chair will have a preliminary consultation with the CRO. The Chair of both the SB and of the R&CC have regular meetings with the Director of Compliance. The Rules of Procedure for the R&CC were last amended on 1 December 2022.

The R&CC held four regular meetings and a joint meeting with the P&OC, and three additional meetings in 2024. In every regular meeting, the R&CC reflected on the financial, non-financial and strategic risks subsequent to discussing the risk context and the risk management function.

Specific topics discussed in the R&CC in 2024 included:
- Quarterly reports on risk context, financial, non- financial and strategic risks
- Path to Green with respect to Reporting Risk
- 2024-2025 Risk Appetite Statement (RAS) including interim updates
- In-control statements
- Remedial action plan 2023 Supervisory Review & Evaluation Process (SREP) letter and draft 2024 SREP letter
- Quarterly reports drawn up by the Supervisory Office
- Annual Report on whistle-blowers’ scheme
- Cybersecurity risks
- Quarterly reports drawn up by Compliance
- Compliance Charter
- Annual plan Compliance
- Anti-financial crime (KYC, CDD, AML, CFT etc.)
- Periodic updates on the various loan portfolios
- Remuneration risk analysis
- Recovery Plan
- Climate Action Plan
- Annual evaluation effectiveness Risk Management Function and Compliance Function

People & Organisation Committee
The P&OC assists and makes recommendations to the SB in matters that include the (i) Remuneration Policy and terms of employment of the members of the ExCo, senior management and employees; (ii) Appointment Policy of the SB, the ExCo and senior management; (iii) organisational changes and internal succession issues; (iv) supervision on how the ExCo performs its employer's duties; (iv) ensuring that the individual and collective suitability assessments of members of the SB, ExCo and senior management are carried out; and (v) execution assessments on structure, size, composition, functioning and talent management of the ExCo.

The P&OC is composed of at least three members.
On 31 December 2024, the committee comprised the following members: Jeanine Helthuis (Chair), Aloys Kregting and Gerard van Olphen. The P&OC may invite members of the ExCo or other persons to attend a meeting. The P&OC meets at least once a year with the R&CC in a joint meeting to discuss how remuneration outcomes reflect risk. The Chair has regular meetings with the Chair of the Works Council. The rules of procedure for the P&OC were last amended on 1 December 2022. The P&OC held four regular meetings in 2024, including a joint meeting with the R&CC.

Specific topics discussed in the P&OC in 2024 included:
1. As regards the remuneration policy and terms of employment of the members of the ExCo, senior management and employees:
- Succession planning
- Remuneration report
- KPI assessment and achievements by the ExCo and senior management
- Progress updates on KPIs for ExCo and senior management
- Proposal and realisation on KPIs for the ExCo for 2024 and 2025

2. As regards the appointment policies of the SB, the ExCo and senior management:
- Succession planning
- Annual self-assessment and lifelong learning of the ExCo and SB

3. As regards the organisational changes and internal succession topics:
- Updates in relation to the agile way of working
- Changes in the top management structure, i.e. appointment of CEO, CRO and CFCO

- Amendments to the ExBo generic profile and senior executives job profiles
- Future of learning and development

4. As regards the supervision of the way in which the ExCo performs its employer's duties:

- Employee survey results
- Employer Valuation Proposition
- P&O Leadership and Culture
- Diversity, Equity and Inclusion Policy
- Discussion of P&O dashboard, including sickness absence, staff turnover and other indicators of the quality of the work environment
- New Way of Working Policy
- Report on the gender pay gap at de Volksbank

Environmental Social and Governance Committee In scope of CSRD

The Environmental Social and Governance Committee (ESG Committee) assists and makes recommendations to the SB in matters that focuses on the environmental, social and human rights, and governance factors that are relevant to de Volksbank, either from a financial or from an impact, risk or opportunity perspective, topics related to the transitions de Volksbank is currently undergoing or will undergo in the future that regard these factors, and how these factors and transitions translate to de Volksbank's business and the challenges that arise in this context. Furthermore, the ESG Committee assists the SB in its role in developing the bank's view regarding sustainable long-term value creation by de Volksbank and formulating de Volksbank's sustainability strategy and related sustainability objectives.

The ESG Committee is composed of at least three members.
On 31 December 2024, the Committee comprised the following members: Gerard van Olphen (Chair), Jos van Lange, Petra van Hoeken, Jeanine Helthuis and Aloys Kregting. The ESG Committee may invite members of the ExCo or other persons to attend its meeting. The ESG Committee convened once in 2024 as it was only established in December 2024.

Specific topics discussed in the ESG Committee in 2024 included:

- De Volksbank's ESG Policy
- CSRD oversight
- Application with ESG laws and regulations

Relationship and meetings with the shareholder

NL Financial Investments (NLFI) is the sole shareholder of de Volksbank. NLFI and de Volksbank signed a Memorandum of Understanding (MoU). This MoU contains agreements governing the relations between NLFI and the management board of de Volksbank. NLFI and the SB meet periodically in accordance with an annual meeting calendar. In these meetings the Chair of the SB discusses various topics including the assessment of the SB and the ExCo. In addition, the AGM is prepared in consultation with NLFI.

In 2024, the GSMS was held on 22 May. As the sole shareholder of de Volksbank, NLFI reports to the Minister of Finance every year by means of a progress report. This report provides an overview of the extent to which de Volksbank is implementing its strategy and assesses whether de Volksbank is ready for a future independent of the Dutch State. On 31 July 2024, the Minister of Finance informed the House of Representatives of the state of affairs based on NLFI's progress report dated June 2024. In this report NLFI stated that de Volksbank is facing challenges in achieving the growth priorities of the strategy. At the same time, there are important operational focus areas. The initiatives deployed to improve de Volksbank's operations, particularly in the area of customer integrity, data management and data quality and its IT foundation, have been given high priority to strengthen the bank's operational and financial robustness. Also in the context of decision-making on the future of the bank. De Volksbank continues to focus on further strengthening the operational and financial robustness of the bank de Volksbank keeps its focus on the rapid implementation of the strategy and priorities. Against this background, de Volksbank is also working on the elaboration of its strategy for the post-2025 period.

Financial statements and dividend proposal

Prior to publication, the 2024 financial statements were discussed in meetings of the ExCo, AC and SB. On 13 March 2025, EY – de Volksbank's external auditor in 2024 - issued an unqualified auditor's report on the 2024 financial statements. On the same date the members of the SB approved and signed the financial statements. At the AGM on 22 May 2024, NLFI agreed to de Volksbank's proposal to pay out a dividend of € 164 million to NLFI charged to the annual result of de Volksbank for 2023. The profit after dividend distribution for the 2023 financial year was added to the other reserves.

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.

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 and/or performance appraisal 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 Section Pay ratios. 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 € 137,800 and a lease car.

Remuneration

Just like the pay scales of de Volksbank employees and in line with the collective increase, the remuneration of the ExCo was increased by 4.25% with effect from 1 May 2024. As from that date, remuneration policy of the ExCo is as follows:

- Chair € 476,431
- Statutory members € 390,011; and
- Non-statutory members € 322,106.

On the one hand, it is understandable restrictions have been imposed in exchange for the State aid received and it was de Volksbank's own decision not to want to offer compensation at top market level. On the other hand, the salary freeze order, which has been in force for nearly 10 years now, is increasingly becoming a barrier to attract and retain executive directors for de Volksbank. While regulatory requirements imposed on executive directors have increased enormously in recent years, and more and more is expected of them in terms of content. However, legislation does not allow remuneration to be set at an appropriate level, which represents a strategic risk for the company going forward.

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 decided in 2023 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 € 137,800 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 and the link with remuneration

In scope of CSRD

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, sustainability regulations (ESG) and sustainability ambitions, which themes are secured every year. In doing so, the Supervisory Board also takes the interests of all stakeholders of de Volksbank into consideration. The performance objectives are translated into measurable and achievable KPIs at ExCo level, after which they are assigned downwards to relevant positions. The performance objectives and associated KPIs are evaluated annually and adjusted as necessary to meet the changing circumstances and corporate objectives.

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 KPIs . The Supervisory Board also assesses the progress on the (long-term) objectives. As long as de Volksbank N.V. has government support, the positions covered by the bonus cap and salary freeze, which includes ExCo members, are not eligible for a salary increase other than collective salary increases.

Performance year 2024

Aspect	Category	Weight
Main KPIs	Customer	25%
	Society	25%
	Employees	25%
	Shareholder	25%
		100%
Objectives & priorities	Profitable growth and cost control	25%
	Increase distinctive capability	10%
	Improve execution power	10%
	Customer integrity	17.5%
	Supervisory priorities under control	22.5%
	Modern data and IT foundation	10%
	Acceleration digital customer environments	5%
		100%

The Supervisory Board assesses the extent to which performance objectives have been achieved. The Supervisory Board has established that 70% of the performance objectives haven been achieved.

The following table sets out the performance objectives that have been set for 2025:

Performance year 2025

Aspect	Associated Main KPIs, if applicable	Weight
Finance	Adjusted Cost/income ratio	15%
	Adjusted Return on equity	
	Common Equity Tier 1 ratio	
	Leverage ratio	
Transformation		20%
Retail	Net Promoter Score	20%
	Number of active multi-customer	
Operations & IT		15%
Risk & Compliance		20%
ESG	Climate neutral balance sheet	5%
Staff	Employee engagement	5%
		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.

In 2024, the ExCo was recomposed with the appointment of Roland Boekhout as CEO, Saskia Hoskens as CRO, and Gwendolyn van Tunen as CFCO.

Compensation of the Executive Committee Audited

	Position	Fixed annual income		Pension[1]		Other[2]		Severance pay		Total	
in € thousands		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Roland Boekhout[3]	CEO	290	--	16	--	46	--	--	--	352	--
Saskia Hoskens[3]	CRO	281	--	19	--	51	--	--	--	351	--
André Haag	CFO	361	349	26	24	69	67	--	--	456	440
Michel Ruijterman	CIO	318	308	26	24	55	54	--	--	399	386
Jacqueline Touw	CPOO	318	308	26	24	53	65	--	--	397	397
Gwendolyn van Tunen[3]	CFCO	168	--	14	--	22	--	--	--	204	--
Martijn Gribnau[4]		180	455	10	24	51	86	--	--	241	565
Jeroen Dijst[4]		97	349	7	24	15	52	--	--	119	425
Marinka van der Meer[4]		180	349	13	24	32	57	71	--	296	430
Marjolein de Jongh[4]		--	257	--	20	--	47	--	129	--	453
Total Executive Committee		**2,193**	**2,375**	**157**	**164**	**394**	**428**	**71**	**129**	**2,815**	**3,096**
Former directors:											
Marinka van der Meer[4]		180	--	13	--	32	--	--	--	225	--
Marjolein de Jongh[4]		103	51	9	4	20	10	--	--	132	65
Total current and former Executive committee members		**2,476**	**2,426**	**179**	**168**	**446**	**438**	**71**	**129**	**3,172**	**3,161**

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 € 137,800, the addition for the use of a company car and social security contributions.
3 The following members joined the Executive Committee: S. Hoskens (10-4-2024), R. Boekhout (22-5-2024) and G. van Tunen (21-6-2024)
4 The following members left de Volksbank: M. de Jongh (stepped down as a member on 1-1-2023 and left de Volksbank on 30-4-2024), M. van der Meer (stepped down as a member on 1-7-2024 and left de Volksbank on 31-12-2024), M. Gribnau (22-5-2024) and J. Dijst (10-4-2024).

Pay ratios

	2024	2023	2022	2021	2020
Internal					
Ratio between the compensation of the Chair 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 Chair of the ExCo and the median employee salaries at de Volksbank	6:1[1]	6:1	6:1	7:1	7:1
Ratio between the average compensation of ExCo members and the average employee salaries	4:1	4:1	4:1	4:1	5:1
Ratio between the compensation of the Chair of the ExCo and the maximum of the lowest pay grade as at 31 December	20:1	19:1	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[2]	9:1	9:1	9:1	9:1
Ratio between the average compensation of ExCo members and the average pay in the Netherlands according to the OECD	N/A[2]	7:1	7:1	7:1	7:1

1 In scope for CSRD
2 At the time of publication, the OECD figure was not yet known and no ratio for 2024 could, therefore, be presented. These figures will be included in next year's annual report.

Pay ratios In scope of CSRD

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 - the highest remuneration - rose by 5.2 % and employees' median salary, excluding the Chair of the ExCo, rose by 9.2%. These ratios were established on the basis of salary, allowances, pension and social security contributions, however, without fringe benefits, such as a lease car or WIA insurance premium.

See above table Pay ratios for the breakdown of pay ratios (established based on 31 December figures) over the last five years.

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 2024, there were no loans outstanding to members of the ExCo.

Compensation of the Supervisory Board

Remuneration policy of the Supervisory Board

In September 2024, we benchmarked the compensation of the Supervisory Board against the general market: a combination of comparable financial and non-financial corporations. This benchmark showed that the remuneration is 16% below the general market median (2022: 30%). In line with the previous adjustment of the reference group of the ExCo, the reference group was adjusted to include more organisations with a social profile comparable to that of de Volksbank. As a consequence, the reference group's compensation was lower and the difference with the compensation of de Volksbank's Supervisory Board of therefore smaller.

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 from 2018 to 2022. In 2023 and 2024, with effect from 1 March, their compensation was increased by 2.6% of the amount applicable on 31-12-2022, and this will be the case again in 2025.

The fixed annual compensation for the members of the Supervisory Board, who can also claim de Volksbank-related travel expenses, 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 1-1-2024	Catch-up indexation 2.6% as from 1-3-2024	4.25% CA increase as from 1-5-2024
Chair of the Supervisory Board	47,124	48,268	50,319
Vice Chair of the Supervisory Board	37,371	37,371[1]	38,960
Member of the Supervisory Board	32,987	33,788	35,224
Committee Chair[2]	7,497	7,679	8,005
Committee member[2]	5,248	5,375	5,604

1 The position of Vice-chair is a new role for which no catch-up indexation is applicable.
2 There are four Committees: Audit Committee, People and Organisation Committee, Risk and Compliance Committee and ESG Committee.

Actual compensation of the members of the Supervisory Board

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

Gross compensation of the Supervisory Board (no VAT applicable)[1] Audited

in € thousands	2024	2023
Gerard van Olphen (Chair)	58	52
Jos van Lange (Vice Chair)	54	50
Jeanine Helthuis	50	46
Petra van Hoeken	50	46
Aloys Kregting	47	43
Total	**259**	**237**

1 With effect from 2024, members are entitled to reimbursement of travel expenses. The reported expenses include travel

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 2024, there were no loans outstanding to members of the Supervisory Board.

Supervision on remuneration In scope of CSRD

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 Affairs and People & Organisation.

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.

Executive Committee

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 agreement, will be submitted in advance to the Supervisory Board for approval.

The ExCo is responsible for the approval of benchmarks on market conformity and the approval of non-material retention, signing-on and buy-out fees for directors and other employees.

Control and staff departments

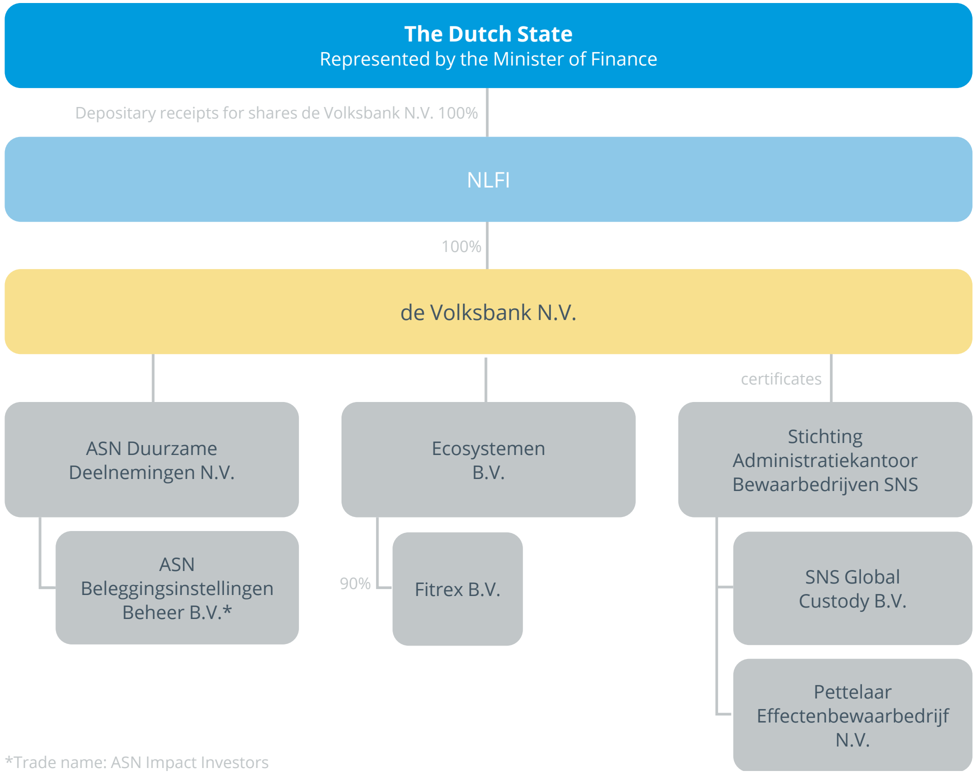
The Remuneration policy and compliance therewith is jointly monitored by the control departments Risk and Compliance and the staff departments Finance, Legal Affairs and People & Organisation through a Remuneration Working Group. The Audit department periodically performs independent audits into the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

Legal structure of de Volksbank

Stichting administratiekantoor beheer financiële instellingen (NL Financial Investments; NLFI) holds 100% of the share capital of de Volksbank on behalf of the Dutch State. NLFI is a foundation with a statutory task established by the Minister of Finance and was established to exercise the shareholder rights on behalf of the Dutch State in a number of financial institutions in a commercial, non-political manner and a transparent separation of interests.

The overview below comprises a statement of all wholly-owned subsidiaries as at 31 December 2024.

Legal structure



*Trade name: ASN Impact Investors

Other governance information

Banking Code

In 2015, the Dutch Banking Association (NVB) introduced a package called Future-oriented Banking. Apart from the Banking Code, this package contains a Social Charter and rules of conduct for people employed in the Dutch banking sector. Through this package, the Dutch banking sector aims to restore confidence and trust in the financial sector.

The Social Charter is a roadmap to achieve the banking sector's desired social position and shared value vision. The Banker's Oath also involves rules of conduct.

The NVB introduced the first version of the Banking Code in 2010. This code contains various principles on corporate governance, risk management, audit and remuneration. The Banking Code is a form of self-regulation to which banks themselves apply the 'comply or explain' principle.

De Volksbank complies with the principles of the Banking Code. For more detailed information on how de Volksbank applies the this Code, please refer to the overview on our website. This overview is regularly updated as compliance with this code is a dynamic process due to ongoing new developments.

Dutch Corporate Governance Code

The revised Dutch Corporate Governance Code 2022 (DCGC), as drawn up by the Dutch Corporate Governance Code Monitoring Committee, was published on 20 December 2022. The DCGC contains principles and best practice provisions that regulate relations between, inter alia, the ExCo, the Supervisory Board, the general meeting and other stakeholders of de Volksbank and requires de Volksbank to explicitly state to what extent de Volksbank complies with the principles and best practice provisions of the DCGC and, where it does not comply, the reason and to what extent de Volksbank deviates from these.

Although de Volksbank is not a listed company and its shares are privately held by NLFI, de Volksbank voluntarily applies the applicable best practice provisions and principles of the Code in full for the financial year 2024.

For more detailed information on how de Volksbank applies the DCGC, please refer to the overview on our website. As compliance with the DCGC is a dynamic process due to ongoing new developments, this overview is regularly updated.

Responsible tax policy

Tax strategy

De Volksbank and its brands ensure compliance with the laws and regulations governing their business operations and activities. We believe this includes a responsible tax strategy that benefits the organisation, our customers and meets the requirements of the tax authorities and society.

Taxation is a powerful instrument to incentivise and change sustainable and responsible corporate behaviour to create a more sustainable world. Tax is also a critical driver of progress towards a more environmentally, economically and socially responsible future and helps achieve the Sustainable Development Goals (SDGs). Health, safety, education and other public expenditure are paid from tax revenues, and we are well aware of that. So, we are committed to paying our fair share of tax.

De Volksbank has committed to the Tax Governance Code of VNO-NCW, the largest employers' organisation in the Netherlands. Public disclosure of tax-related information increases transparency and promotes trust and credibility in de Volksbank's tax practices and taxation in general. It enables stakeholders such as tax authorities, investors, policymakers, employees and the general public, to make informed judgements about de Volksbank's tax approach and tax position.

Tax planning and the spirit of the law

Naturally, we strive to be fully compliant with all relevant tax laws, regulations and (inter)national standards. We also check if we comply with the spirit, i.e. with the real meaning or intention, of these laws. We believe it is not appropriate to push the limits on taxation. We have no objection to being granted a tax benefit as intended by tax legislation when there is economic substance, but we will not devise or set up any aggressive tax structures or use tax havens to obtain tax benefits or avoid tax. Tax considerations do not play a decisive role either.

Effective tax rate planning is not part of our corporate objectives. As there are many differences between accounting and tax rules, the result in the financial statements may differ from the taxable result, leading to a lower or higher effective tax rate compared to the statutory tax rate.

International aspects

De Volksbank solely reports on our total tax contribution for the Netherlands. De Volksbank does not have any local presence in other countries and is not subject to any foreign income tax. As a result, there is no need to carry out country-by-country tax reporting or to focus on international transfer pricing documentation.

The new global minimum tax of 15%, also known as the Pillar 2 regulation, is based on the European directive and implemented in the Dutch law with effect from 1 January, 2024. As we are only based in the Netherlands and the effective tax rate is likely to always exceed 15%, we expect the impact on de Volksbank to be limited. However, we are required to prepare a separate specific tax calculation to demonstrate this and set up distinct procedures and controls to ensure that de Volksbank is compliant.

Dutch tax authorities
De Volksbank maintains a proactive and open relationship with the Dutch tax authorities, which is based on transparency and trust. After being classified as a Top 100 company by the Dutch Tax Authorities in 2023, de Volksbank focused on its internal control environment, which is part of the Tax Control Framework. At the end of 2024, both parties agreed on an Individual Monitoring Plan for 2025.

De Volksbank and the Dutch tax authorities have regular meetings to discuss potentially important (new) tax position developments and other tax-related topics. In these discussions, we not only highlight our own point of view, we also highlight arguments that may argue against our own tax position. When we make mistakes, we will try to find a solution in consultation with the tax authorities and pay the taxes potentially due. We will accept the consequences and learn from our mistakes to avoid repeating them in the future. If our customers are affected by this, we will ensure that the impact will be as limited as possible.

Tax risk management and control
Our business is subject to various risks, including tax risks. These risks are an intrinsic consequence of our business activities and the growing complexity and quantity of national and international tax laws. Tax risks may have a significant negative effect on our corporate objectives, financial result and could lead to financial and reputational damage. The majority of potential risks relate to the business and products of de Volksbank. We have a cautious tax risk appetite and our goal is therefore to manage and mitigate these risks where we can and as much as possible. Tax risks are managed through our standard risk management process and in the tax control framework.

All our tax control measures combined constitute our Tax Control Framework, which is part of the Dutch Tax Authority's monitoring, and de Volksbank's Integrated Control Framework.

Tax contributions and incentives in 2024
In 2024, de Volksbank recognised € 75 million in corporate income tax, corresponding to an effective tax rate of 34.2% (2023: 27.1%), above the nominal rate of 25.8%. This was the result of the interest deduction limitation on borrowed capital (thin cap rule) and the two administrative fines that were not tax deductible. This was partly offset by the tax impact from interest expenses related to Additional Tier 1 capital securities recognised directly in shareholders' equity.

Apart from corporate income tax, de Volksbank is subject to several other taxes. These taxes and amounts for 2024 are as follows:
- Payroll tax and social security contributions: € 125 million (2023: € 103 million). These are withheld from employees' wages but, being part of the salary costs, are paid by de Volksbank.
- Non-recoverable VAT in the 2024 cost base: € 67 million. The VAT charged to the bank as a financial institution cannot be recovered from the tax authorities, resulting in an additional cost. We also charged an amount of € 5 million of VAT to our customers and remitted this to the tax authorities. An adjustment in recoverable VAT over previous years of € 16 million has been reported, of which € 10 million has already been refunded for the years 2020-2022.
- In 2024, consistent with last year, de Volksbank did not owe any bank tax as de Volksbank remains below the levies exemption threshold.

Environmental taxes, such as carbon, plastic, sugar tax or tax credits for renewable energy investments, are not included, as they generally do not apply to our business and to the organisation. This may change in the future due to new tax reforms.

Tax risk policy on customers, business relations and transactions
We strive to ensure that our procedures and measures to identify, verify and report customers' tax status are compliant with applicable Dutch and international regulations, such as the Common Reporting Standard (CRS) and the Foreign Account Tax Compliance Act (FATCA).

Within the context of the Know Your Customer (KYC) principle for customers and business relations, we also monitor their tax attitude and behaviour. De Volksbank does not provide direct tax advice, nor do we want to enable international tax aggressive structures.

De Volksbank does not want to invest in, provide loans or products to customers and business relations that facilitate tax evasion, aggressive tax planning, i.e. with the use of tax havens, nor do we want to actively support transactions where tax savings are the main objective. De Volksbank considers tax havens to be those jurisdictions deemed non-cooperative by the Netherlands, the European Union or the Anti Money Laundering Centre (AMLC). A transaction or standpoint should be robust, have sufficient economic substance and should not have any other negative effects or go against our own integrity standards.

Management statement

In-Control Statement

The Executive Board (ExBo) of de Volksbank N.V. is responsible for the set-up, presence and operation of the (risk) management and control system. This system is designed to manage risks, to support de Volksbank in achieving its strategic, operational and financial objectives, and to ensure that reporting on financial and sustainability performance indicators is reliable and that laws and regulations are complied with.

De Volksbank applies the Three Lines Model with an organisational structure and accompanying accountability structure, as laid down in governance and risk committees (see also the Section Risk management structure).

De Volksbank's risk management is also further refined in the annual Financial Plan & Budget (FP&B) cycle, which translates strategic objectives and risk appetite into key risk indicators and operational objectives for the years ahead. The main risks associated with the FP&B implementation are identified. This cycle is carried out in all parts of the organisation. The business units report on their performance and risks. The effectiveness of the key control measures and controls is regularly examined and tested. De Volksbank has a structured process of completing internal In-Control Statements at department level, which are then weighted, tested and aggregated at board level for de Volksbank as a whole.

In 2024, the ExBo assessed the strategic risks including sustainability, operational, financial, reporting and compliance risks, as included in the Section Top risks. In addition, the ExBo periodically had the effectiveness of the design and operation of the risk management and control system tested, as included in the Section Risk management structure. The ExBo managed a portfolio of projects that improved the effectiveness of the risk management and control system. The results were shared with the Audit Committee and the Supervisory Board, and discussed with the external auditor.

Based on the aforementioned, the ExBo declares that:
- The risk management and control system functioned properly in 2024;
- The risk management and control system provides a reasonable degree of certainty that the material risks to which de Volksbank is exposed are actually identified and that these risks are adequately monitored and controlled; and
- There are no known indications to assume that the internal risk management system will not continue to function properly in 2025.

It should be noted, however, that the above does not imply that the internal risk management system provides absolute assurance that it can prevent, or has prevented, all inaccuracies, errors, fraud and non-compliance with laws and regulations at all times.

These topics are further explained in the relevant sections of this report.

Relevant developments

At the end of every year, de Volksbank executes a 'bottom-up' internal review of all identified exceptions to a proper functioning of the internal control system. These exceptions are ultimately reviewed by the ExBo for their overall impact and required actions. For 2024, the recognised topics are clearly addressed in the organisation through action plans and status and progress monitoring. The main topics are:
- Risk management and risk culture
- Data management and models
- Laws and regulations and Supervisory expectations
- Customer integrity and Privacy regulations
- Execution power
- Safety, continuity and cybersecurity

Control over financial and sustainability reporting

The management and control systems for financial reporting form an integral part of de Volksbank risk management and control systems. Sustainability reporting has recently been added to these systems and we are now fully integrating these activities into these systems to reduce the risk of reporting errors and omissions. The most important principal bodies and elements to manage de Volksbank's financial and sustainability reporting are the:
- Leadership Team of Finance, which sets the framework for the policies and organisation of financial accounting systems and processes;
- Our Accounting Manual and ESRS policies, which describe the principles for financial and sustainability reporting;
- Departments, which are responsible for the correct and complete administration of the products, execution of maintenance activities and recording of transaction data, so as to produce accurate and truthful reports;
- Administrative and reporting departments, whose system of financial and sustainability key controls monitors the proper functioning of the management and control system for financial and sustainability reporting purposes;
- Assessments, which are partially based on the results of the key controls, periodic management reports and KPI dashboards with an analysis of financial and non-financial figures by the Leadership Team of Finance;
- ExBo, which approves the findings of the reporting process and the financial and sustainability reporting itself, both of which are subsequently discussed in the Audit Committee. Additionally, the latter monitors our sustainability reporting processes, including the plans for improvements, risks, internal controls, and their operating effectiveness;
- Internal Audit department, which examines the system's operation.

We declare with a reasonable degree of certainty that the internal management and control systems for financial and sustainability reporting functioned at an adequate level in 2024, and that de Volksbank's financial and sustainability reporting does not contain any material inaccuracies.

Declaration stating that the financial & sustainability statements give a true and fair view

The members of the ExBo declare that:

- the consolidated and company 2024 Financial Statements of de Volksbank have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and that they give, to the best of our knowledge, a true and fair view of the assets, liabilities, size and composition of the equity, the financial position as at 31 December 2024, the result and cash flows, and companies included in the consolidation;
- the Sustainability statements have been prepared in accordance with the ESRS requirements as adopted in 2024;
- the Annual Report 2024, to the best of our knowledge, gives a true and fair view of the situation as at the balance sheet date and of the course of events during the financial year; and
- the Annual Report 2024 describes the main risks that de Volksbank is facing.

Utrecht, 13 March 2025

Executive Board

Roland Boekhout (Chair)
André Haag
Saskia Hoskens
Isold Heemstra
Gwendolyn van Tunen

Risk management

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Risk management

Risk management

It is important for de Volksbank to manage risks across the various domains. This chapter covers our approach to managing these different types of risks.

Reader's guide

IFRS 7 and Pillar 3

To combine disclosures where possible and to reduce duplication, we have integrated the IAS 1 and IFRS 7 information on capital management and financial instruments-related risks in this chapter. The information is part of the audited financial statement only if this is explicitly stated in the relevant text or by means of the label 'Audited'.

In addition, our Pillar 3 Report for 2023 is available on the website www.devolksbank.nl. This report contains additional information about de Volksbank's risks, risk management and capital adequacy of the bank. Although we are required to provide this information under the CRD IV and CRR, this information is not part of the audit performed by the external auditor.

Risk management elements

De Volksbank is a retail bank with sustainable business operations that provides services to private individuals, self-employed persons and small businesses in the Netherlands. We engage in activities that create benefits for customers, take responsibility for society, provide meaning for employees and achieve stable returns for the shareholder over a long-term horizon.

Risk Appetite Statement

Our risk management processes have been designed to recognise developments that might impede that ambition and identifies initiatives that fit in with de Volksbank's objectives. This results in the following overall Risk Appetite Statement (RAS) for de Volksbank, which we reconfirmed for 2024:

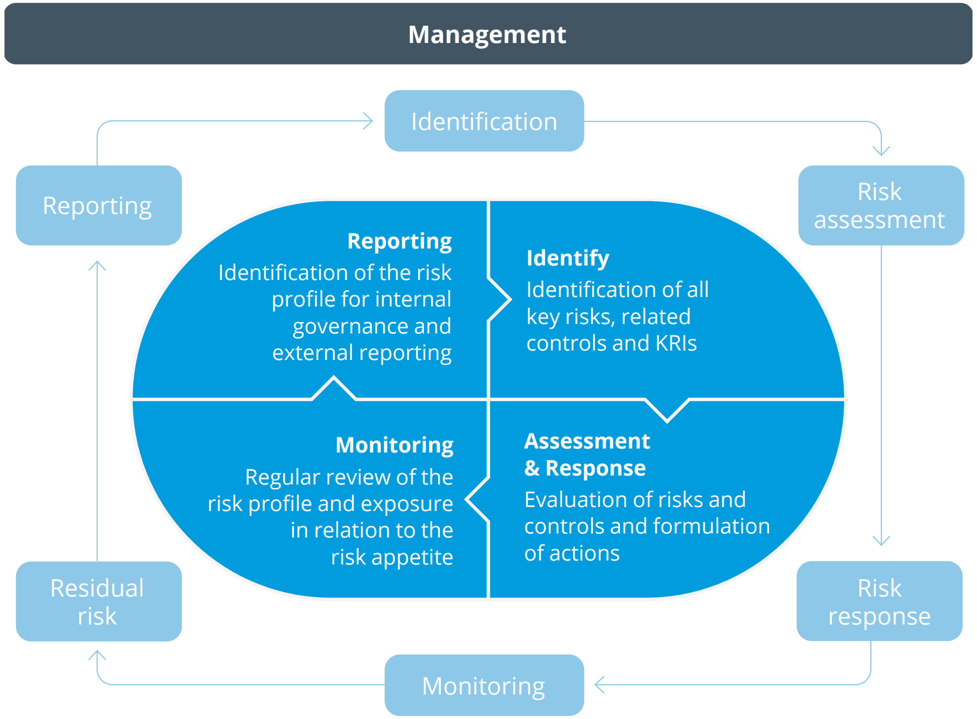
The overall risk appetite statement supports our strategy to be a bank with the strongest customer relationship in the Netherlands and to have a substantial and measurable positive impact on society. To reduce the concentration risk that is inherent to our current business model, well-diversified sources of revenue are an important objective of our strategy.

We have a moderate risk appetite with respect to financial risks, implying a limited degree of net risk with a sufficient risk premium. We aim to minimise non-financial risks at reasonable costs, while respecting regulatory requirements.

Risk management framework

To manage risks, de Volksbank applies the COSO[1] Enterprise Risk Management (ERM) Framework. To properly apply all COSO ERM elements, we have set up a Risk Management Cycle (RMC), which serves as a generic tool for both the first line and the second line. The RMC ensures consistent terminology and provides a compatible methodology for the identification, assessment, measurement, monitoring, management and reporting of all risks.

[1] COSO: The Committee of Sponsoring Organizations of the Treadway Commission, www.coso.org



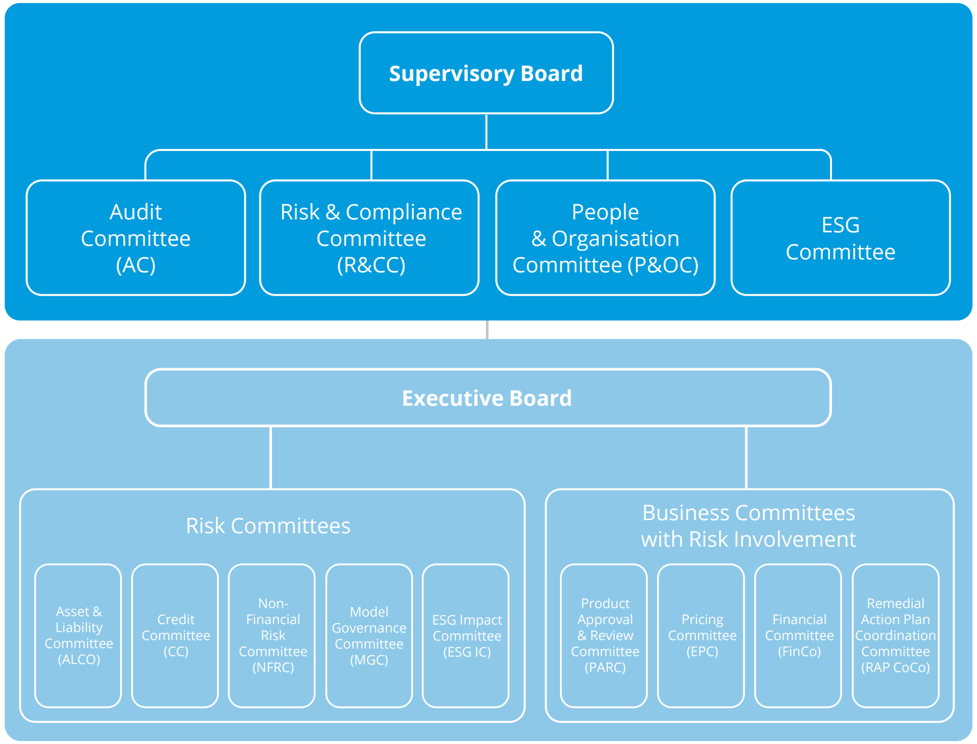
Risk governance

De Volksbank's risk governance is based on the three lines model. In this model, the first line, i.e. the business, is responsible for setting up and executing its own processes and for the identification and assessment of the risks involved. The business measures the risks against the defined risk appetite and reports on relevant risks. The second line, consisting of the Risk Management function and the Compliance function, supports the first line, sets the frameworks, gives advice and monitors if the business takes its responsibility. More specifically, the Compliance function monitors how de Volksbank complies with laws and regulations and its internal policies on integrity. The third line, the Audit function, independently assesses the effectiveness of the first and second line.

The Executive Board (ExBo) is ultimate responsibility for risk management within the organisation. Various risk committees support the ExBo in fulfilling this task.

The Supervisory Board is charged with the supervision of the ExBo and in that role is provided with advice by the Audit Committee, the Risk and Compliance Committee, the People and Organisation Committee and the ESG Committee.

Risk governance



In 2024, de Volksbank redesigned its risk committee structure to reduce complexity and enhance effectiveness. The bank now has five risk committees and four so-called business committees. Other former risk committees have been repositioned as a sub-committee of the Non-Financial Risk Committee (NFRC). Each risk committee is chaired by an ExBo member and is responsible for the monitoring and steering of exposures in one or more risk types of the risk taxonomy. Business committees address questions that involve aspects of various risk types. In 2024, business committees were chaired by an ExBo members or a designated replacement for the CCO-vacancy[2]. The third line has a standing invitation for all risk and business committee meetings but has no voting rights. Both types of committees, are made up of officers who

[2] As from 1 March 2025, this vacancy has been filled by Isold Heemstra.

represent the business and manage the risks, and officers from the Risk Management function and/or Compliance function, who monitor risks and the risk-related response.

Decision-making related to, or with impact on, risk management follows the lines of risk governance and is assessed against risk guidelines. If risk limits are exceeded, or if the risk appetite is not otherwise observed, risk committees will discuss the issue and take subsequent remedial actions. A risk committee may escalate and present a point of discussion to the ExBo. Regularly, the Risk Management function facilitates a complete self-assessment for all risk committees, defining areas for improvement where necessary.

Supervisory actions

In January 2025, DNB imposed a fine of € 5 million for deficiencies under the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) in the period from 2020 up to and including 2023.

DNB imposed another fine of € 15 million for risk management-related deficiencies in the period from 2018 up to and including 2023 by which de Volksbank failed to meet the requirements that follow from the Financial Supervision Act (*Wft*) to ensure sound business operations.

We acknowledge and regret the deficiencies identified by DNB that have led to the above-mentioned fines.

We have, in the meantime, initiated a Remediation plan to fight money laundering and the financing of terrorism. This Remediation plan was submitted to DNB at the end of 2024. For more detailed information on the Anti-financial crime (AFC) remediation, see Section Anti-financial crime in the Sustainability statements in the Annual Report 2024.

Underlying the second fine was the fact that the bank had not structured its business activities in such a way as to ensure sound business operations. De Volksbank failed to manage relevant risks, including credit and counterparty risks, capital risks and operational risks, mainly due to an ineffective framework of internal governance and internal controls. As a result, de Volksbank had insufficient overview and understanding of the possible risks to which it was exposed and the way to manage and mitigate these risks.

We are fully committed, and have set to work, to sustainably and adequately address the identified deficiencies in risk management in order to comply with laws and regulations. De Volksbank is giving the highest priority i.a. to improved monitoring, reporting and tightened escalation mechanisms.

Risk awareness and culture

Risk culture

De Volksbank's Risk Management function is an integral, but independent, part of the organisation. On the one hand, the Risk Management function informs, challenges, takes positions and gives solicited and unsolicited advice, and on the other hand it is essential that they listen and liaise with stakeholders. They take into consideration all stakeholders and try to find solutions that do justice to the various stakeholder interests and contribute to the realisation of the strategy.

A strong risk culture identifies, manages and controls relevant risks in line with the bank's vision, risk appetite, customer needs, all within the applicable legal frameworks. It shapes management's and employees' day-to-day decisions and fosters an atmosphere of open communication and constructively challenging each other, which is a prerequisite for effective risk management and risk awareness. We aim for the envisaged risk culture to be endorsed by the entire organisation. This starts by using de Volksbank's ERM policy that describes our overall risk management governance.

In addition to this, the Compliance function develops and executes an Integrity Awareness Plan for all employees on an annual basis. This plan not only includes ongoing training and communication initiatives such as workshops, e-learning courses, intranet publications, but also thematic initiatives such as sharing dilemmas during Integrity Week or the publication of decisions made by the Ethics Committee. Moreover, it is the Compliance function's responsibility to oversee ethical employee conduct within the organisation.

In 2023, we measured the perceived integrity and risk culture within de Volksbank with an employee survey. This survey included the main elements from de Volksbank risk culture model and EBA requirements. The results of the 2023 employee survey on integrity in the organisation showed that employees experience an improvement in certain areas of the risk culture, mainly in commitment (94%), transparency (83%) and consequence management (83%). In addition to this, they show that employees are familiar - and agree - with the contents of the code (93%) and are motivated to comply with the code. They also feel that that management observes and acts in accordance with the code.

Throughout 2024, almost all departments initiated improvement plans and rolled out activities where survey results gave reason to do so. The effectiveness of these activities will be measured in the survey in the first quarter of 2025.

The way in which de Volksbank manages its behavioural risk is described in multiple policy documents. To gain a better overview of conduct and culture-related risks that support enhanced risk management of these specific risks across the three lines, we introduced a Conduct Risk Policy.

As far as leadership and senior management are concerned, we launched a new leadership and culture programme (Stronger together in Transformation) in the second quarter of 2023 for all members of the ExBo and de Volksbank Leadership Team. This programme stresses the desired leadership behaviour and enhances risk awareness. Moreover, we rolled out an organisation-wide development KPI: 'Risk awareness' in 2024. On top of this, especially for senior management, we organised several workshops that focus on simplifying the organisation. The objective of the programme is that, by the end of 2025, all leads within de Volksbank exhibit the envisaged leadership behaviour so they will exemplify a culture in which de Volksbank works in a collaborative, risk-aware and results and responsibility-oriented way under directive leadership to achieve its mission and strategy.

Risk awareness

De Volksbank has risk policies in place on its risk appetite, duties and responsibilities, reporting, communication as well as on various other guidelines. These reflect our position as a bank with low-risk activities. We encourage a critical consideration of the risk-return ratio by focusing on the interests of our customers, society, our employees and the shareholder.

Risk awareness is the ability to spot risks that could impact the organisation, we raise risk awareness among our employees by helping them identify, assess and respond better and more consciously to (potential) risks. We do this by providing training courses, workshops and e-learning programmes as well as by sharing risk awareness-related success stories and lessons learned with our employees.

This risk awareness framework is carefully maintained and continuously improved, and new rules and regulations are embedded into the different policies that are accessible to employees in the policy house.

Internal code of conduct

We expect our employees to show ethical behaviour. They are guided in this by our Code of Conduct entitled 'Common Sense, Clear Conscience', which focuses on moral dilemmas and how to deal with them. A well-spread network of Confidential Counsellors offers staff the opportunity to raise concerns about malpractices.

Remuneration policy

De Volksbank pursues a remuneration policy that is based on its Manifesto, and on the strategy to build strong customer relationships and increase its social impact. We do not grant any variable remuneration in order to discourage employees from taking undesirable risks that may give priority to short-term individual interests over long-term collective objectives. For more detailed information on our remuneration policy, see Section Remuneration report in the Annual Report 2024.

Risk profile

De Volksbank focuses primarily on private individuals, self-employed persons and small businesses in the Netherlands. We offer a limited but relevant range of products and services, i.e. mortgages, payments, savings, small business financing, retail investments and insurances. We accept the risk profile appropriate to a business model with such low net-risk activities, a limited product range and geographical diversification, while aiming for a sufficient risk premium in return. Like any other bank, we are exposed to risks in our business operations, but we work hard to identify these risks and take control measures.

Top risks

De Volksbank carries out regulated and supervised activities that may be impacted by external and internal developments. These developments and related risks may prevent us from achieving our strategic objectives. For more details on our strategic objectives, see Section Our strategy in the Annual Report 2024. To anticipate these developments and related risks, de Volksbank annually carries out a Strategic Risk Assessment (SRA), which identifies and assesses the top risks in relation to its strategy.

We assess these top risks and will adjust the risk taxonomy when necessary. If so, we will take measures to align our strategy and risk appetite to the potential impact of any such top risks. Below is an overview of our top risks resulting from external and internal developments in 2024, in which we have incorporated any mitigating effects.

Top risks resulting from external developments

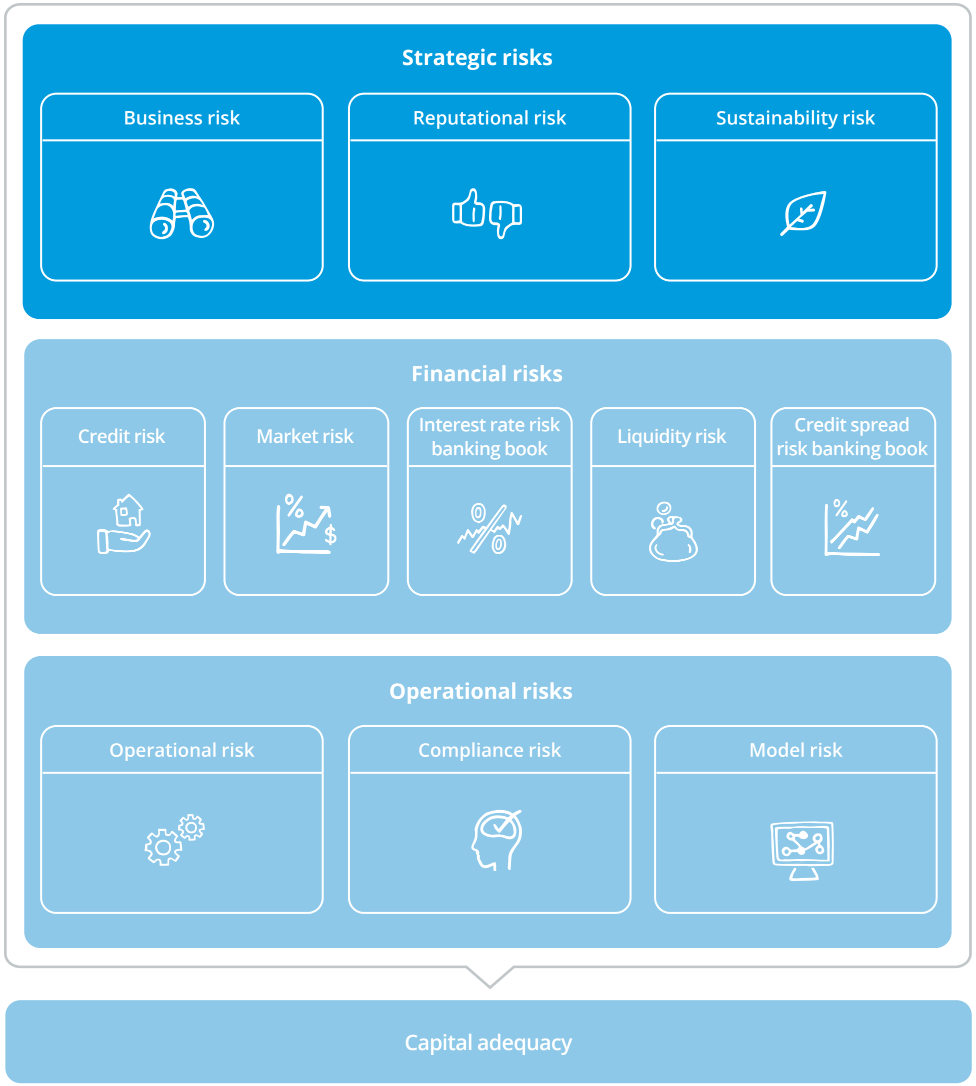
Event	Description of risk and impact	Measures
Dependence of interest income on volatile interest rates in an uncertain economic environment	There is a risk that highly volatile interest rates result in the dependence on the interest income from movements in money market rates and actions from peers. Consequently, the stability of the net interest margin may decrease, and a main source of profit may, therefore, depend on external factors.	• Strategic forecasts and stress testing provide insight into the impact. • We monitor developments in the macroeconomic environment to anticipate trends that might affect our interest rate profile, and to adapt these in our commercial and pricing strategy. • We use both linear and non-linear instruments to hedge the interest rate exposure. • To reduce the dependence on net interest income, our strategy is aimed at diversifying our income base by growing our net fee and commission income.
High pressure on organisation due to the implementation of new laws and regulations, insufficient compliance with existing ones and intensified supervision	There is a risk that required implementation of new laws and regulations place prolonged high pressure on the organisation and that we fail to comply timely with existing regulatory requirements or interpret them correctly. This could ultimately result in high costs, sanctions or in delays in the execution of the strategy.	• We have included the agenda of the supervisory authorities in our top 5 priorities and made a complete inventory of all our outstanding actions. • We have incorporated additional budget to implement new laws and regulations in our strategic plan, and made a substantial reservation to be able to remediate serious supervisory concerns. • We have set to work to sustainably and adequately address the identified deficiencies in risk management.
Shortage of skills, permanent employability and vitality of employees	There is a risk that a tight labour market and a remuneration that is not fully in line with market conditions may prevent us from attracting and retaining skilled employees, especially in the field of IT, data analytics, compliance and risk. Prolonged high work pressure due to understaffing might affect employees' vitality. This could cause our performance and change capacity to fall short of our objectives.	• We strive to be an attractive employer for both existing and new employees. • To improve our employees' vitality and employability – and to reduce absenteeism at the same time - we invest in employee vitality and encourage our employees to work on their personal development and to embrace lifelong learning. In addition to this, we address leadership and corporate culture issues. For more information, see Section Genuine attention for employees in the Annual Report 2024.

Top risks resulting from internal developments

Event	Description of risk and impact	Measures
Failure in executing the transformation	There is a risk that we fail to execute the transformation in time and on quality. As a result, our financial targets may not be reached, and the motivation of our employees could be harmed.	• We closely monitor the progress of the strategic objectives with focus on the balance between achieving results, quality and carefulness. We installed a Transformation Office for coordination and monitoring of our efforts.
Inadequate IT systems	There is a risk that our IT systems are unable to adequately keep up with market and supervisory developments. As a result, agility and innovative strength may fall behind and prevent strategic priorities from being achieved. Infractions might affect the availability of our systems, as well as of our customers' and our own data or funds.	• We ultimately strive for well-designed and robust IT systems to deliver high- quality services to our customers and our employees. We are continuously working on transforming our technology landscape into a modern, flexible and customer-oriented environment. In addition, we continuously assess our IT risk and control framework for relevant security and continuity threats. In addition, we run a programme to embed the DORA requirements.
Inadequate data management and data quality	There is a risk that data management is unable to adequately keep up with market and supervisory developments, or that (customer) data is not reliable or easily accessible. As a result, agility and innovative strength could fall short of our expectations, hindering us in achieving our strategic objectives.	• Data management and data quality improvement is one of our key priorities and an important part of our strategic plan. In 2024, we took an important step by launching a separate Center of Expertise for Data Management. The Data Roadmap will straighten the data and reporting capabilities in line with BCBS 239 regulation.
Insufficient cost control	There is a risk that de Volksbank does not achieve the intended cost savings or achieves them unintendedly at the expense of other objectives. As a result, we cannot execute the strategy and achieve its objectives, which could lead to a decline in customer and shareholder satisfaction.	• We launched a strategic transformation, aimed at a simpler and more cost-efficient organisation. We closely monitor cost development and take mitigating measures where possible
Insufficient regulatory capital data and models	There is a risk that de Volksbank is unable to build and implement the credit risk rating system that meets the quality requirements set by the supervisory authority. As a result, the supervisory authority might not approve the use of the models or impose increasingly higher capital surcharges and sanctions.	• We are executing a Remediation programme to implement a so-called Material Change Application. We cooperate closely with the supervisory authorities regarding our plans and results.
Insufficient implementation and steering of ESG requirements and sustainability goals	There is a risk that de Volksbank is neither able to meet broad and increasing ESG regulations, nor its own sustainability, CSR or ESG objectives. This may result in the bank not being compliant, not creating the intended sustainability value, not sufficiently substantiating its social identity or reputation or its external sustainability claim.	• We launched an extensive compliance programme comprising dedicated taskforces and hiring additional external staff. Part of the programme is a solid incorporation of ESG throughout the organisation and implementation of a dedicated ESG governance.
Insufficient change capabilities and change management in the organisation (ability to deliver)	There is a risk that de Volksbank, or parts of the bank, does not adequately execute strategic initiatives. This might result in strategic objectives and benefits not being achieved (on time) or being achieved at higher costs, in the agility and effectiveness of the organisation being inadequate, or in decreasing employee engagement.	• We launched a leadership and culture programme in which the focus was shifting towards exemplary conduct by senior management, team complementarity and constructive conflict management. To follow up on changes that were brought about, we organised quarterly bank-wide events.
Insufficient or non-demonstrable compliance with customer integrity and sanctions regulations	There is a risk that the bank does not meet relevant regulatory requirements due to the magnitude of the requirements and insufficient resources. This might ultimately result in high costs and sanctions.	• We launched an extensive Remediation programme, comprising dedicated taskforces and hiring of additional external staff. We cooperate closely with the supervisory authorities regarding our plans and results.

Risk appetite and risk indicators

Risk taxonomy



All risks that may have a material impact on our risk profile and strategic objectives are included in de Volksbank's risk taxonomy in which we have clustered the main types of risk, i.e. strategic risks, financial risks and operational risks. When the results of the Strategic Risk Assessment (SRA) lead to a new material risk, we will include this risk in our taxonomy.

In the fourth quarter of 2024, we decided to adopt the ORX taxonomy categories for the operational risk types. ORX is a market standard for operational risks. We have started the preparations and expect the use of these categories to come into full effect in 2025. In this annual report we will still report on operational risks categories along the lines of the 2024 risk taxonomy.

To measure and report risks, de Volksbank has a comprehensive risk management framework in place, which is continuously maintained and improved to bring and keep it up to the required standard.

We determine the risk appetite for all types of risk included in our risk taxonomy in conjunction with the bank's general risk appetite and strategic objectives. The results are laid down in the RAS. We specify the risk appetite in greater detail by setting up specific risk indicators and attaching risk thresholds to them. When risks manifest themselves at a decentralised level within de Volksbank, risk indicators are also measured and monitored at that level, allowing us to manage any such risks effectively.

We follow up on the developments of the risks and the levels of the risk indicators in particular. Each month and each quarter, the second line produces a risk and compliance reports giving an overview of the risk exposure developments. The reports are sent to the ExBo and each quarter to the Risk & Compliancy Committee, to support them in their oversight and review responsibilities.

To illustrate the risk profile per risk type, these reports contain the actual level of the risk indicators and a general description of the risk type's exposure. The reports summarise the actual risk profile by measuring it against the formulated risk appetite, thus producing an overall risk score, which is reflected in a green, amber or red box, depending on the score. A forecast for the risk score for the next quarter is also included in the reports.

For each risk indicator, we have established an intervention ladder defining ranges for follow-up action. These ranges are determined on the basis of results from internal stress tests, economic capital and the recovery plan.

Other risk reports comprise an Incident Report based on information gathered in the incident and loss process, the annual SRA and Tactical Risk Assessments, and ad hoc reports that analyse the impact of sudden risk developments.

The tables below present de Volksbank's risk appetite and show how our current risk profile scores in relation to our risk appetite. Every quarter, the scores are reported to the risk committee that monitors and controls the relevant risk. The different risk types are defined and discussed in more detail in the remainder of the Risk Management section of the Annual Report 2024.

Please note that the response to sustainability risk drivers is integrated in the risk management of the other risk types when affected by said drivers.

Legend of score relative to the risk appetite

Green	Within risk appetite	Red	Above risk appetite
Orange	Slightly above risk appetite	Purple	Breaches limits from a business continuity or regulatory perspective

Risk appetite statement - Strategic risks

	Description	Score	Note to the score
Business risk	De Volksbank aims to generate a stable and sufficient return for its shareholder(s) thus ensuring the sustainable viability of de Volksbank's business model.	Green	Business risk is within risk appetite. Our margins were bolstered by external market circumstances. The operating expenses will temporarily rise due to the upcoming transformation.
Reputational risk	Reputational Risk is inherent to (financial) organisations. De Volksbank aims to optimise its risk position in accordance with our shared values. De Volksbank's appetite for reputational risks is to accept a low level of negative reputational impact from internal and external events. Any events that may endanger the bank's reputation are assessed and followed up in a pro-active and adequate manner in order to minimise the risks involved.	Orange	Reputational risk is above our risk appetite. In 2024, reputational risk was elevated primarily as a result of the ongoing fine procedures at that time and the introduction of the bank's Transformation programme. Future reputational events will be monitored closely.
Sustainability risk	De Volksbank aims to minimise (the financing of) activities that lead to negative impacts on society or the environment and limit (the financing of) activities that are vulnerable to the impact of ESG events. Therefore, we have a low appetite for Sustainability risk.	Orange	Progress on making the mortgage portfolio more sustainable and the realisation of sustainable projects must be accelerated to achieve our long-term net zero and Science Based Targets ambitions on time.

Risk appetite statement - Financial risks

	Description	Score	Note to the score
Credit risk	De Volksbank is primarily a retail bank that provides loans predominantly secured by (residential) real estate to private individuals, self-employed persons and small businesses in the Netherlands. De Volksbank also finances activities related to the sustainable energy sector, such as wind- and solar energy production. In addition, it is our responsibility to help our customers become and remain financially resilient. As such, we will only engage in low-to-medium risk lending activities that result in a high and stable number of financially resilient customers. We ensure that our strategic focus does not result in undesired concentration risks and/or sustainability risks. Therefore, our credit risk appetite is low to medium.	Green	The overall credit risk profile of de Volksbank is within risk appetite. Stable portfolio performance over the past years and the favourable outlook warrants a green score.
Market risk	De Volksbank has low appetite for Market risk, which implies that trading book exposure to potentially adverse movements in market variables should be limited.	Green	De Volksbank's current and forecasted market risk appetite is low and metrics are within appetite.

Interest rate risk in the banking book	De Volksbank aims to protect and stabilise its net interest income (NII), economic value (EV) and capital from potentially adverse impact of interest rate movements. We have a moderate risk appetite regarding IRRBB, which implies that the impact of adverse changes in market rates on short-term NII and EV of equity (long-term perspective of NII) is limited. The net interest rate risk position of the bank is driven by the balance sheet composition, high complexity of the rate sensitive behavioural option embedded in our products and model risk.		IRRBB metrics are within appetite. The uncertainty with regard to the magnitude and timing of ECB rate cuts remains a concern, and we continue to strive to protect the bank's income against expected interest rates decline.
Credit spread risk in the banking book	De Volksbank aims to protect and stabilise its NII, EV and capital from potentially adverse impact of credit spread movements in. The risk appetite for CSRBB remains moderate. Current balance sheet developments, however, require growth in the investment books, which leads to increased credit spread risk.		CSRBB metrics are within appetite. Room to grow the investment book remains limited.
Liquidity risk	Taking into account the different types of liquidity risk, de Volksbank aims to maintain an adequate liquidity and funding position. To ensure this, de bank has a low liquidity risk appetite.		De Volksbank's current and forecasted liquidity position is adequate, and the Loan-to-Deposit ratio is gradually improving towards its internal green threshold as a result of steering the balance sheet.

Risk appetite statement - Operational risks

	Description	Score	Note to the score
Operational risk	De Volksbank aims to minimise operational losses within reasonable expenses whilst respecting regulatory requirements. During the transformation we are willing to accept a moderate level of operational risk.		Operational risk has been elevated for several years, among other things data management risk, crime risk and outsourcing risk. Multiple improvement plans are being executed.
Compliance risk	De Volksbank accepts a low level of reputational damage, negative impact from reporting issues and losses resulting from compliance risk.		Compliance risk is elevated, primarily in the field of ani-money laundering, privacy risk and several prudential topics. The bank is investing in improvement plans that are currently being executed.
Model risk	The bank strives to build models with acceptable model risk that are intuitive and easy to understand. The remaining model risk is mitigated by allocating capital reserves to model risk and optimising the quality of model development and use, while simultaneously weighing the resources required to improve this quality. The bank aims for complete adherence to the model governance process and therefore accepts only a limited number of models without timely validation. Therefore, the risk appetite level for model risk is low.		Remediation activities for the most important models are ongoing and will lead to gradual mitigation of model risk over the course of 2025. Enhancement of data quality is important to achieve a level of model risk that falls within our risk appetite.

Risk appetite statement - Capital adequacy

	Description	Score	Note to the score
Capital adequacy	De Volksbank targets a solid capital position that supports its strategy and suits its risk profile. De Volksbank targets to operate well above the minimum regulatory capital ratios and safeguard its retail clients and suppliers from bail-in in case of resolution.		De Volksbank's current and projected capital position is adequate. The ratios are expected to remain relatively stable in the coming years, although several uncertainties may lead to a certain degree of volatility.

Stress testing
In addition to monitoring our risk indicator-based risk appetite, we use stress tests to gain insight into the sensitivity to changes in the underlying causes and the interrelationship of risks. Several times a year, we calculate a severe yet plausible macroeconomic scenario to determine its effects on aspects such as our profitability, capital and liquidity position. In 2024, we also performed a climate stress test to gain insight in the impact of climate change resulting from both physical and transitional climate-risk drivers. We carry out different types of stress tests to reveal potential vulnerabilities.

For the use of stress tests in relation to credit risk, market risk, liquidity risk and capital adequacy, see sections Credit risk - Management and control, Market risk in the banking book, Liquidity risk management and funding strategy - Management and control, Capital management - Management and control. For more information on the continued development of climate stress testing, see Section Sustainability risk - Areas of focus and activities in the Annual Report 2024.

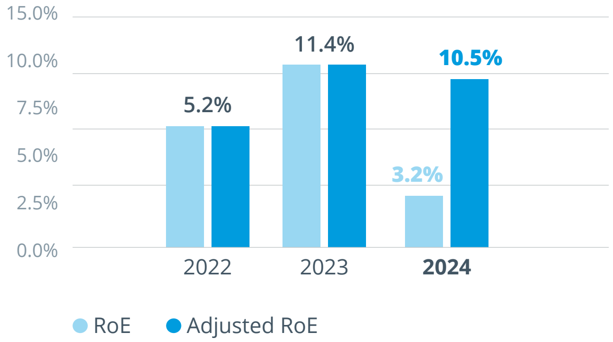
Strategic risks

Strategic risks are closely related to the bank's strategy and business model, and can have an impact on the desired and expected value creation.

Strategic risks

- Business risk
- Sustainability risk
- Reputational risk

Return on Equity



De Volksbank distinguishes three strategic risks, i.e. business risk, reputational risk and sustainability risk.

We have established three strategic risk types because the risks differ in nature. They all have a material impact on the viability of our strategy. They potentially threaten the bank's ability to add long-term value if we fail to adequately identify, and respond to, internal and external changes and events. An exception to this is reputational risk, which always materialises through events caused by other risk types. In order to manage this dynamic interaction in an appropriate manner, reputational risk is classified and managed as a separate risk type.

In general, we established indicators for all types of risk, ensuring that the development of risks is continuously monitored and that adjustments are made when necessary.

Business risk

Business risk is defined as the risk that de Volksbank's profitability deviates from limits that may negatively impact the viability of the bank's business model and sustainability of the bank's strategy. Business risk-sub types are:

- Business model risk, which is defined as the risk that the profitability of de Volksbank deviates from limits that may have a negative impact on the viability of the bank's business model and sustainability of the bank's strategy.
- Transformation risk, which is defined as the incapability to (rapidly) transform the business in response to changes in the market such as the entry of new competitors, the development of new industry-changing technologies, regulatory requirements or shifts in overall market conditions that may negatively impact the viability and sustainability of the bank's business model.

Developments in 2024

Business model risk

Net interest income in 2024 decreased as a result of lower margins on savings as a result of higher interest rates on customer deposits.

Uncertain macroeconomic conditions are putting pressure on the bank's revenues. For the coming year, we expect net interest income in 2025 to decline compared to 2024, mainly as a result of lower expected short-term capital market interest rates. In the second half of 2024, the ECB gradually decreased the deposit facility rate as inflation levels in Europe dropped.

In line with our ambition to further diversify income, gross and net fee and commission income continued to grow in 2024, mainly due to higher fees for basic banking services as a result of customer base growth and pricing. Despite fierce competition, we managed to grow our active multi-customer base in 2024, strengthening the basis for future earnings.

In 2024, both the mortgage and savings market grew. In these markets, we managed to reduce excess liquidity as loan growth outpaced the increase in retail deposits. As a result, our loan-to-deposit ratio improved, which makes us less sensitive to future changes in short-term interest rates. In the coming year, we will continue our efforts to optimise our balance sheet.

Total operating expenses increased sharply in 2024, driven by substantial incidental items, mainly consisting of a restructuring charge for our Transformation programme and a provision related to our Anti-financial crime (AFC) remediation programme.

Total operating expenses, adjusted for incidental items, decreased due to lower regulatory levies, a non-recurring gain related to an adjustment in recoverable VAT in previous years and lower marketing costs. These elements compensated for the impact from (wage) inflation, a higher average number of staff compared to 2023 and increased AFC costs.

Despite lower operating expenses excluding incidental items in 2024, we observe an underlying trend that costs are increasing, impacted by (wage) inflation and large investments needed to comply with laws and regulations and improving the data quality and IT systems. Therefore, to become an effective and cost-efficient bank, we decided to launch a transformation programme that focuses on the simplification of the organisational structure, the optimisation of the distribution model and the rationalisation of the brand portfolio.

The simpler organisation in this phase of the transformation will lead to an expected FTE reduction of 700–750, both internal and external, by 1 July 2025 which is anticipated to result in an annual structural cost saving of approximately € 70 million, of which approximately half is expected in 2025. At the same time, to comply with increasing laws and regulations, we will incur additional running costs in the areas of anti-financial crime and risk management, including the temporary hiring of external staff. These temporary costs and temporary investments related to realising the transformation, will offset the structural cost savings in 2025. Therefore, we expect operating expenses, adjusted for the one-off provisioning charges (incidental items) in 2024, to be at a higher level in 2025.

De Volksbank has drawn up a Financial Plan & Budget (FP&B) for the 2025-2029 period. This plan sets mission-driven objectives for growth and improvement and includes efficient capital management, also on product level, by providing profitable loans to meet de Volksbank's strategy objectives. At the same time, it carves out a path with actions to achieve our financial objectives.

For more information on ongoing and future actions refer to Section Strategy and performance.

Transformation risk

In 2024, de Volksbank made significant progress in its transformation journey to support its long-term strategy. This effort focuses on simplifying the organisational structure, optimising the distribution model, and consolidating the brand portfolio to create a customer-centric, agile, and sustainable bank.

Key milestones achieved during the year include the decision to consolidate the existing brands under the ASN Bank name, a move that reinforces the bank's social and sustainable mission. Additionally, the bank has implemented measures to streamline its branch network, reducing the total number of locations while maintaining a nationwide presence to ensure accessibility and a personal touch for customers.

The primary transformation risk remains the potential inability to sustain the required pace of execution of forementioned decisions. This ambitious programme, which involves substantial investments, places high demands on the organisation. To mitigate this risk, de Volksbank has established a Transformation Team to oversee dependencies, align stakeholders and ensure effective decision-making. Strengthened governance and reporting structures provide the agility needed to promptly address any challenges.

Maintaining momentum is critical for the success of the transformation. De Volksbank is committed to balancing short-term priorities with long-term objectives, thus securing its position as a socially responsible, customer-focused challenger in the Dutch banking landscape.

Reputational risk

Reputational risk is defined as the risk that de Volksbank becomes subject to negative public opinion due to internal or external events that may negatively impact de Volksbank's ability to attract and retain (the support of) customers, employees, society, counterparties, shareholders and supervisory authorities. This may be caused by internal and/or external events and/or developments, which may subsequently result in the loss of stakeholder support and motivation and a direct or indirect financial loss. Reputational risks may be related to our own conduct in events that are subject to the public's attention, but also to policy decisions, our day-to-day actions and issues regarding products, or the actions of individual employees. External developments may also affect reputational risk as they may change stakeholder expectations of de Volksbank.

De Volksbank measures reputation scores on a quarterly basis. They are conducted by RepTrak Company, the leading global reputation research company, not only for de Volksbank, but also for its four brands i.e. SNS, ASN Bank, RegioBank and BLG Wonen.

The Corporate Communications department actively manages issues at sector and bank level by actively monitoring and mitigating current and upcoming internal and external events that may result in reputational damage for the bank and its brands. In addition, de Volksbank's Crisis Communication Plan (CCP) includes (press) policies, communication strategies and key messages for various crisis communication scenarios. The CCP is tested and updated annually.

Developments in 2024

In 2024, de Volksbank's reputation scores continues showing stable reputation scores for both de Volksbank as its brands. De Volksbank especially outperforms on relevant reputational drivers such as conduct, products and services and citizenship. Apart from these stable reputation scores, de Volksbank still holds the top position in the Dutch banking industry, specifically with regard to the perception scores on ESG related themes.
In 2024, de Volksbank conducted an ESG materiality assessment, the results of Reputational risk are included in the Section Sustainability risk in the Annual Report 2024.

The two main pillars of our strategy, i.e. strengthening the relationship with our customers and having a positive and measurable impact on society, were and will continue to be key in maintaining the stable reputation of de Volksbank. Several activities of de Volksbank and its brands continue to support the bank's reputation, such as healthy financial results, which creates confidence and trust in the bank's performance, as well as positive media attention around high sector rankings and consumer-related awards.

Over the past year, de Volksbank got both positive and negative media attention. The year started with the inclusion of de Volksbank in the Sustainalytics' 2024 list of Top-rated ESG companies. We also did well in consumer surveys, such as being ranked

1, 2 and 3 in the most customer-friendly bank survey, for the third year in a row, and being ranked 1, 2 and 4 in the Dutch Bank monitor, for the second year in a row. De Volksbank also presented sound financial results for 2023, and appointed a new CEO on 1 July 2024.

In August, we presented our interim financial results, which were in line with expectations. Simultaneously, we shared the announcement that DNB had initiated two administrative fine procedures. This led to negative media attention and a revision of the outlook on our credit rating at S&P from 'stable' to 'negative'. S&P affirmed its 'A/A-1' long-term and short-term issuer credit ratings on de Volksbank and related issue credit ratings on the bank.

At the same time, the transformation process was announced, followed by a press release in October about the start of the Transformation Office. This message led to several external media publications. On 16 December, de Volksbank announced that its current retail brands ASN Bank, RegioBank and SNS would continue to operate under the banner of ASN Bank. These disclosures led to several external media publications.

In the first half of 2024, our customer-weighted average NPS score rose, due to the continued increase in active multi-customers, who inherently give a higher score, and the outflow of mono-customers, usually with a low NPS, contributed positively to the overall NPS. In the second half of 2024, the NPS remained stable despite the aforementioned media attention.

The above-mentioned developments did not lead to significant fluctuations in the banks' 2024 reputation scores.

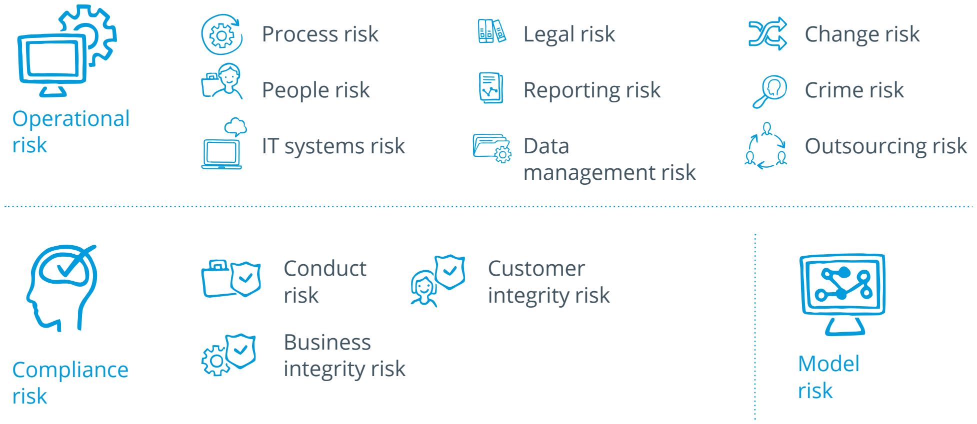
Sustainability risk In scope of CSRD

Sustainability risk is the risk of financial and/or reputational damage as a result of Environmental, Social and Governance (ESG) developments.

Developments related to sustainability risk are elaborated on in Section Sustainability risk.

Operational risks

Operational risk is the risk of direct or indirect losses from inadequate or failed internal processes and (IT) systems, human failures and errors or external events, which may result in a weaker financial position and/or in reputational damage. This may have a substantial impact and therefore, we measure the results of process and system controls to further improve them.



De Volksbank is exposed to operational risks caused by internal and external factors and developments. For a description of these developments, see Section Top risks.

Risk management approach

The Executive Committee is ultimately responsible for managing and controlling operational risks. To that end, de Volksbank has a Risk Control Framework in place to closely monitor status and solution of events and incidents. De Volksbank distinguishes three main categories for non-financial risks: operational risk, compliance risk and model risk. Operational risk and compliance risk are further subdivided into various sub-risk types.

The Non-Financial Risk Committee (NFRC) reviews and assesses the status and progress of most of the risk types on a monthly basis. For some risk types, a dedicated risk committee is in place, e.g. the Model Governance Committee (MGC), see also Section Risk governance. Overall, our operational risk score exceeded our risk appetite in 2024 (see Section Risk appetite and risk indicators). We are executing dedicated 'Path to Green' programmes for relevant operational risk types to meet our risk appetite again.

In the section below, we address the most important developments with regard to all risk types and sub-risk types in 2024.

Operational risk

People risk

People risk is the risk of direct or indirect loss caused by lack of sufficient quality and quantity of staff.

Developments in 2024

To have a positive impact on our employees, de Volksbank offers good working conditions and actively promotes equal treatment and opportunities for all. This helps us to attract and retain employees with the right skills. Despite the efforts to be an attractive employer we run risks of not having the right people with the right skills in the right role at the right time. These risks may occur if there is insufficient inflow or unwanted outflow, especially in a tight labour market, a skills gap or high absenteeism. These risks have a direct impact on the quantitative and qualitative availability of employees we need to achieve our strategic goals. Below we describe some of the measures we took to mitigate these risks. More information can also be found in Section Own workforce in the Annual Report 2024.

The percentage of vacancies that had been open for more than six months increased in 2024. This could partly be explained by the restraints on vacancies, which meant that recruitment only took place for critical positions, roles that were often difficult to fill anyway. Our remuneration package cannot always compete with other banks. Labour market allowances were awarded where necessary. Also, de Volksbank is less visible as an employer due to a reduction in the number of labour market campaigns. The announced transformation of de Volksbank also has an impact, as job security is an important driver for many candidates. We took various measures to ensure sufficient inflow, for example through extra initiatives by the recruitment team to improve (online) visibility. On the other hand, both the first-year resignation rate, i.e. the outflow within 12 months after onboarding, and the talent attrition rate, i.e. the rate at which internal talented individuals left de Volksbank, decreased.

The risk of unwanted outflow of key staff increased due to the announced transformation. Although the outflow of talent (talent attrition) decreased in 2024, the first-year resignation rate increased in the last quarter of 2024 after a decrease in the first three quarters of 2024. When necessary, we take retention measures to mitigate unwanted outflow and other workforce-related risks.

Talent retention is essential if we are to have the right organisational capabilities, now and in the future. In the annual talent review we identified high performers and high potentials. We also updated the list of single points of knowledge (SPOK). The number of SPOKs was reduced in 2024 due to mitigating actions of leadership teams. De Volksbank launched new talent programmes in June 2024, designed especially for employees who have the potential and ambition to grow. Our investments in the continuing education of employees have resulted in 99% of our employees meeting the professional competence requirements.

The employee absenteeism rate remained above 5% in 2024. Absenteeism guidance has been further optimised based on a root cause and best practices analysis in the organisation. When absenteeism is work-related, workload stress is and remains the main underlying cause. All departments have drawn up an absenteeism reduction plan and taken actions to reduce absenteeism and promote vitality and wellbeing. As we expect the transformation might put additional pressure on the absenteeism rate due to job insecurity and employees not being able to cope with the change, we need to pay extra attention to this issue in the coming period.

Process risk

Process risk is the risk of direct or indirect loss resulting from inadequate or failed processes, run and change, including the completeness and structure of processes and process governance.

Developments in 2024

In 2024, de Volksbank continued its commitment to improving its key risk indicators (KRIs): overdue high-risk issues, ineffective (key) controls and out-of-date process descriptions. The Overdue high issues KRI remained outside the scope of risk tolerance in certain areas. Strategic programmes are in place for several issues. An issue team has also been set up to analyse the issues database, to eliminate possible redundancies and inefficiencies and to increase the speed of resolving (overdue) issues. To ensure a more accurate monitoring of our risk profile, we will use an adjusted KRI as from 2025.

Effective key controls remained stable, but below the required minimum of 95%. We are making ongoing efforts to achieve and surpass this benchmark. The percentage of process descriptions remains green, indicating that our processes are consistently updated and maintained. The Process Risk Policy has been revised and underlying policies have been newly drafted and are currently being implemented. We have made significant progress in implementing the new process management framework, which is expected to be fully operational by the end of 2025. This structure supports cross-functional collaboration and provides governance for end-to-end value streams, ensuring that our processes are demonstrably in control. The new process architecture has enhanced our understanding of the exhaustiveness of our process model by leveraging reference standards.

Additionally, we have strengthened our process management team by appointing a dedicated Process Management Lead and increasing resources to further support our efforts in managing process risks effectively.

IT systems risk

IT systems risk is the risk of direct or indirect loss resulting from inadequate or failed internal (IT) systems.

Developments in 2024

With the rapid digitalisation in today's world, cybercrime and financial crime unfortunately remain a fact of life. Cybercriminals are becoming more sophisticated in their attacks, also benefiting from easier access to Ransomware-as-a-Service (RaaS) and to generative artificial intelligence (AI). Cybercrime has also moved from the banking environment to the customer environment. This means that criminals persuade customers to enter into a transaction and authorise it themselves. We respond to this shift by increasing cybercrime awareness among our customers.
Faced with ever-increasing cyber(crime) threats, we also continued to strengthen the bank's resilience and (cyber)security. The effectiveness of these efforts was confirmed in the outcome of the latest Threat-Led Penetration Test. This extensive security testing by ethical hackers is also required by the Digital Operational Resilience Act (DORA), which became applicable on 17 January 2025. DORA introduces a uniform and comprehensive framework for the digital operational resilience of financial institutions in the EU. De Volksbank has to put in place safeguards to protect its business operations and activities against cyber threats and other ICT risks. In the past two years, we executed a programme to implement DORA. We did so by developing, testing, enhancing and implementing security capabilities and our insight into IT health and security, including the coverage and effectiveness of our IT control framework.
In 2024, we continued to focus on increasing the coverage and quality of our IT control framework by broadening, automating and improving the IT key controls, partly in order to meet supervisory expectations and applicable DORA requirements. This IT key controls improvement programme is scheduled to continue until the end of 2026. Furthermore, regarding the further embedding of DORA in 2025, we will finalise the implementation of the required register of information and will make all relevant IT third-party contracts compliant.

Our employees are our human firewall: the first and last line of defence. We do not consider people to be the weakest link, we regard them as an essential part of our security. For that reason, our employees completed the mandatory Human Firewall course again in 2024. Furthermore, they participated in the organisation-wide Risk Awareness Days, Cybersecurity Month and phishing awareness campaigns, in which they were trained in dealing with cyber resilience and data privacy challenges. We will continue our efforts and initiatives to further strengthen our corporate security culture and mindset.

We are modernising our applications and underlying infrastructure, based on our IT architecture roadmap. In the last quarter of 2024, we updated this roadmap as part of the bank-wide transformation plan. This especially resulted in speeding up the decision-making process and implementation timelines. For our IT architecture, we apply the 'cloud first, but not cloud only' principle. We also performed a disaster recovery scenario, crisis management team tests and back-up and data recovery tests. Like many other organisations, de Volksbank is investigating the use of AI, including pilot testing, while being cautious about the risks associated with these new technologies at the same time.

In 2024, we continued to execute our Path to Green programme for IT systems risk, especially in terms of priority setting combined with improved reporting, active follow-up and support. This resulted in strong improvements in the scores of our Key IT Risk Indicators, bringing most scores within our risk appetite at year-end 2024. In preparation for 2025, we are updating our set of IT Key Risk Indicators to further improve them and ensure that they reflect the actual IT risks of our organisation.

Data management risk

Data management risk is the risk of failing to appropriately manage and maintain data.

Developments in 2024

At the end of 2023, the ExCo approved the new de Volksbank Data Strategy & Roadmap, including a new data operation model and governance. In 2024, de Volksbank started to execute this new data strategy.

The Data Strategy & Roadmap challenges in relation to KYC (anti-financial crime, AFC), BCBS 239, GDPR, ESG and IRB are addressed in an integrated way to manage the risk of overlapping data management-related root causes.
A first deliverable of the strategy execution was the bank-wide Data KPI entitled 'Data quality' in early 2024. It ensures that data quality performance is frequently discussed and that action is taken at different levels in the organisation, such as in the Leadership Teams of the hubs and in the ExCo.
A second new element of the bank's data strategy is the establishment of a Data Council, a data governance body representing all hubs, centres of expertise and staff departments at ExCo level and one or two levels below the ExCo, to monitor the execution of the strategy and roadmap and the performance on data-related KRIs/KPIs.
Thirdly, de Volksbank decided to centralise its data management capabilities, which had been fragmented and spread across various departments until then. A request for advice was drafted and approved leading to the establishment of a new Expertise Center (EC) Data which went live on 1 October 2024. In October and November, 180 colleagues working on data management activities were transferred from the EC Business and the EC Tech to the new EC Data, which consists of six data clusters and one Data Management Core Team.

Besides the establishment of the new centralised EC Data, de Volksbank has further strengthened its data maturity. We implemented Collibra, a data management tool, to get more control of our data. First of all, all our Critical Data Elements (CDEs) are now captured in Collibra. Collibra is also the only formal storage system for the bank's data quality (DQ) issues, replacing numerous Excel sheets with DQ issue listing that were used before the tool was implemented. Each data domain, i.e. each hub, EC and staff department, also appointed a Data Domain Owner and Data Steward who are responsible for the quality of data owned by the domain. We designed and implemented a new process to register and resolve data quality issues, including instruction manuals and dashboards to track progress and draw up management reports on the progress in resolving DQ issues. With these improvements we provide additional insight into the state of the bank's data, that requires action. This helps us bring CDEs within the norm, supplement CDEs with complete metadata and resolve overdue data issues. Another deliverable to improve control of data and data initiatives is a bank-wide data roadmap, consolidating the main data-related projects such as Customer Integrity, Return to Compliance IRB, ESG, BCBS 239 and Ignite.

BCBS 239 is the main programme that focuses on getting in control of the data and making sure that all data risks are managed in conformity with Risk Data Aggregation and Risk Reporting (RDARR). The BCBS 239 programme started in the summer of 2024 with the drafting of the letter to the JST, followed by the delivery of a Baseline Assessment and Remedial Action Plan after the summer, and then a Detailed Action Plan in the autumn. BCBS 239 is moving into the execution mode and is expected to deliver the first reports as planned in the first quarter of 2025.

Reporting risk In scope of CSRD

Reporting risk is the risk that internal management reports, external financial reports and/or supervisory reports are not relevant, not reliable and/or not comprehensible and therefore not fit for purpose.

Developments in 2024

In 2024, we integrated several major regulatory reporting processes into our central data warehouse, thereby increasing the level of automation and quality of control over the data used. Our risk reporting on IFRS 9 provisioning for the ASN Bank sustainable loan portfolio was transferred to our central data warehouse environment and we will continue this effort for other credit risk reporting. We also expanded the control test framework for the central data warehouse environment for mortgages and continued to resolve data quality issues.
We will continue the execution of our multi-year programme to improve and centralise our finance and risk data infrastructure.

We have implemented the Basel IV / CRR3 RWA calculations and will continue this work towards the first submission of the supervisory reporting for the 31 March 2025 reporting period.

Our external reporting suite - consisting of the Annual Report and the Pillar 3 Report - was redesigned to comply with the latest regulatory changes and supervisory expectations regarding the disclosures, with the largest change being the new Corporate Sustainability Reporting Directive (CSRD). Our external auditor has performed a limited assurance engagement on the Sustainability statements for the first time. In the period ahead, we will address continuously evolving insights, phase-in requirements and remaining gaps for the next reporting year.

Legal risk

Legal risk is the risk of financial loss or reputational damage due to legal or regulatory events originating from lack of awareness, or incorrect or altered interpretation of or non-compliance with laws and regulations that apply to de Volksbank and its entities in relation to its agreements, liabilities, processes, products and services. As of 2025, CRR3 introduces a definition for legal risk, which also applies to de Volksbank.

Developments in 2024

In 2024, de Volksbank was informed by DNB that it had started proceedings to impose an administrative fine in relation to anti-financial crime (AFC) and sound business operations for shortcomings in risk management in previous years. At the end of January 2025, DNB imposed these two administrative fines for deficiencies under the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) and for risk management-related deficiencies in relation to the Financial Supervision Act (*Wft*).

In order to sustainably and structurally remedy the identified deficiencies, de Volksbank has prepared an ambitious Remediation plan in relation to the AFC-related deficiencies. To remediate the deficiencies in relation to the obligation under the Financial Supervision Act (*Wft*) to ensure sound business operations, the ExCo also put more focus on topics related to risk management, including improvements to internal risk models and improving data quality and data management in 2024. Going forward, the implementation of the Transformation programme should also contribute to the remediation of the shortcomings in question. We expect this to positively affect legal risk. For more details on these fines, see Section Compliance with laws and regulations in the chapter Our strategy and Note 15 Provisions - Administrative fines to the consolidated financial statements in the Annual Report 2024.

At the same time, the Transformation programme, which includes the optimisation of the distribution model may slightly increase the legal risk in the short term and it cannot be ruled out that legal proceedings will result from decisions taken in relation to the transformation.

De Volksbank has reached a settlement in the Madoff cases, as a result of which both legal proceedings have now ended. For more details on this settlement, see Note 19 Contingent liabilities and commitments - Legal proceedings and Note 15 Provisions - Litigation to the consolidated financial statements in the Annual Report 2024.

In other fields, the number of legal claims filed against de Volksbank remained stable and relatively low and no material new litigation has been initiated. An overview of the material legal proceedings involving de Volksbank can be found in Note 19 Contingent liabilities and commitments - Legal proceedings to the consolidated financial statements in the Annual Report 2024.

De Volksbank's Regulatory Radar process was evaluated in 2023 and 2024. This process embeds the process of implementing new laws and regulations within de Volksbank. Several potential improvements have been identified, such as input for the implementation of cross-departmental laws and regulations and ownership, which are expected to have a positive effect on legal and compliance risk. Identified improvements will be implemented as part of the Transformation programme.

Change risk

Change risk is defined as the risk of direct or indirect loss due to inadequate design, execution or implementation of changes or of deployment of processes, resources, products or services, as a result of insufficient execution power or change competencies.

Developments in 2024

Managing the risk associated with the execution of changes has become increasingly important as the number of changes required from regulatory and transformational perspectives is high. Since the implementation of the agile way of working, change has been an integral part of day-to-day business operations. We perform change risk assessments for the major changes.

In 2024, after approval from the Works Council, we set up and launched a Strategic Portfolio Office (SPO). It will provide an overview of priorities and interdependencies of major changes such as the bank-wide transformation, anti-financial crime, risk models and the modernisation of our IT landscape. Apart from strengthening portfolio management and progress reporting, the SPO will also monitor and manage change risk from a first-line perspective, enabling the organisation to learn from change and the controlled execution of changes.

Outsourcing risk

Outsourcing risk is defined as the risk of direct or indirect financial loss or reputational damage as a result of non-performance or poor performance of a service provider and/or as a consequence of inadequate control over the outsourced activities.

Developments in 2024

De Volksbank aims to increase its efficiency and use its capital more effectively through partnerships and by outsourcing activities. By implementing our outsourcing policies, processes and tools within the business and overarching risk management, we ensure that the bank complies and continues to comply with the EBA guidelines on outsourcing. Thus, we incorporated the recent requirements from the Digital Operational Resilience Act (DORA) into policies and processes. We also integrated the Risk Assessment of Outsourcing (RAO) into our tailor-made procurement tools. All outsourcing initiatives are carried out in accordance with the implemented policies and processes using this procurement tool. Contract management is centralised within the Procurement Centre of Expertise, enabling de Volksbank to better manage (critical) outsourcing contracts.

We carried out a risk analysis for all outsourcing contracts and will review it again if necessary. The bank conducted due diligence on all suppliers of outsourced services to determine whether they are suitable and whether they meet the requirements set by de Volksbank. Dashboards were developed and made available to the business to get a better grip on its (outsourcing) contracts. Now that these risk analyses have been completed, we are better able to analyse the risks of all our outsourced activities. Every month, the Outsourcing Board (OB) discusses new initiatives for critical outsourcing and renewals of critical outsourcing. The quarterly OB meetings focus on the overarching risk management of outsourcing risk.

In 2024, the above actions were performed to become compliant with the EBA Guidelines on Outsourcing. To this end, a report to close the regulator's findings was submitted to the JST in December 2024 and in early 2025 we received additional questions regarding the remaining outstanding items required to comply with the EBA Guidelines on Outsourcing. De Volksbank has drawn up a detailed action plan and governance structure to address these items by 30 April 2025.
In 2025, de Volksbank will continue to work on compliance with existing and new European laws and regulations and enhance control of outsourcing risk.

Crime risk (including fraud)
Crime risk is the risk of internal crime, intermediary and franchise crime, or external crime that can lead to damage or breach the trust of customers or other stakeholders of de Volksbank or its employees. These three types of risks entail respectively: criminal acts by an employee or director of de Volksbank, criminal acts by an intermediary, franchisee or their staff with authorised access to the systems and/or premises of de Volksbank, and criminal acts by third parties against de Volksbank, its organisation, customers and stakeholders.

Fraud risk is not defined as a separate operational risk type in the risk taxonomy of de Volksbank as we classify fraud as part of crime risk, a subtype of operational risk. Hence, fraud risk is described below.

Developments in 2024

Internal & external fraud
Fraud has a significant impact on society. It erodes the trust in financial systems and causes personal and financial hardship for victims. De Volksbank recognises that managing fraud risk is an important area of attention.

In 2024, the primary method of external fraud in payment transactions observed by de Volksbank involved scams where individuals impersonate trusted identities, always with the intention of gaining trust and deceiving the victim.

As fraudsters continually adapt their modus operandi, de Volksbank continues to invest in its security measures to reduce the risk of customers falling victim to external fraud. To increase the recognition of fraud and scams, we raise customer awareness through various forms of training. The online training course for customers launched in 2021, was updated in 2024 to make it more accessible for every type of customer. Furthermore, we introduced personalised fraud and scam messages in our banking environment, through a combination of AI and real-time data, thus raising awareness of the issue. In addition to these initiatives, the newsletters of SNS, ASN Bank and RegioBank include topics on fraud prevention.

We also deployed advanced monitoring and detection systems to recognise fraud patterns and identify fraudulent transactions more quickly. If, despite all efforts, a customer falls victim to fraud, de Volksbank takes measures to mitigate the damage and provides aftercare to restore trust in digital banking.

De Volksbank collaborates with other financial institutions and public entities to exchange information on trends, developments, and new modus operandi. For instance, we appealed to politicians to urgently develop legislation on information exchange in the sector. In a joint effort with the Ministry of Justice and Security and other financial market parties, we are also investigating how to further reduce online crime. Furthermore, in collaboration with the Dutch Banking Association, we closely monitor trends based on AI and fraud to respond swiftly and further safeguard customer protection.

In addition to external fraud, de Volksbank once again observed mortgage fraud in its mortgage applications in 2024. The most frequently occurring types are income fraud and concealment of (non-registered) debts, such as student loans.

De Volksbank continued its dialogues with finance services industry associations to make improvements in laws and regulations governing financial institutions.

As far as internal fraud is concerned, de Volksbank continues to protect its organisation from threats from within. It also continually invests in strengthening its preventive, detective, and responsive measures. The key development in 2024 was the launch of the external SpeakUp Reporting Point, where employees or third parties may anonymously report misconduct. In this way, de Volksbank contributes to safe and reliable business operations.

Physical incidents
The upward trend in the number of aggression and violence incidents in 2023 continued in 2024. Despite mitigating measures, more and more customers act in aggressive and intimidating ways towards our staff. In 2024, de Volksbank continued its training and awareness programme for all customer-facing staff. The challenge for 2025 is to prevent the number of aggression incidents from increasing even more.

Cybercrime
More information on cybercrime can be found in the section on IT systems risk above.

In 2025, we will continue our collaboration with public and private organisations to address upcoming legislation, closely monitor national, economic and technical developments and translate these into independent advice, infrastructure improvements and internal and external awareness programmes to make de Volksbank and its customers more resilient going forward.

Compliance risk

We define compliance risk as the risk that de Volksbank fails to comply with laws, or the spirit of any such laws, additional regulations, self-regulation and any relevant codes of conduct.

The Compliance function continuously monitors compliance with laws, regulations and internal policies. The taxonomy of compliance risk distinguishes three sub-risks:

- Customer integrity risk
- Business integrity risk
- Conduct risk

We ensure better identification and management of compliance risks by means of tools, such as regulatory technology, Compliance Management Dashboarding and new privacy tooling.

De Volksbank conducted an ESG materiality assessment in 2024; the results for compliance risk are included in the Section Sustainability risk.

Developments in 2024

Below, we describe the most important compliance risk-related developments in 2024.

Customer integrity risk - Anti-financial crime (KYC)

See Section Anti-financial crime in the Sustainability statements in the Annual Report 2024 for disclosures on AFC.

Business integrity risk

Products that meet customer needs and expectations

The financial services industry has a responsibility to provide products that are safe and comply with laws and regulations. Since it is de Volksbank's mission to bank with a human touch, we want to emphasise this responsibility. This is translated into product governance and policies that are used in the development and adjustment of services and products. Products are reviewed on the basis of standards that evolve over time.

We focus on product-related topics, including, but not limited, to the compliance of commercial communication, the development of new products and advice on appropriate savings interest rates.

New products, services and channels, and changes to them, go through the Product Approval and Review Process (PARP). The Product Approval and Review Committee (PARC) is responsible for approving new - and changes to existing - products and services of all of de Volksbank's brands. Every year, we conduct a product scan to check if our products still comply with laws and regulations and fit our core values. This scan may lead to adjustments or even the discontinuation of a product, which, however, turned out not to be necessary in 2024.

Part of the PARP is to make a balanced assessment of our stakeholders' interests, i.e. our customers, society, our shareholder and employees. In the PARP we apply the so-called 'CUSU' (Cost effective, Useful, Safe and Understandable) criteria developed by the Dutch Authority for the Financial Markets (AFM). These criteria reflect the way in which we balance our stakeholders' interests.

To ensure that what we communicate is clear and complies with the relevant laws and regulations, we use the Content Creation Process (CCP), part of which is a writing guide for all customer communications. All our product and service information goes through this process. The writing guide contains guidelines our communications should comply with. Thus, product information has to be correct and understandable for customers, has to give a fair picture of the essential product characteristics and has to be balanced. By this we mean that both the relevant benefits and the relevant disadvantages and risks of the product are clearly stated in the information.

General Data Protection Regulation (GDPR)

De Volksbank continues to improve its General Data Protection Regulation (GDPR) compliance maturity to protect the privacy of customers, employees and other stakeholders. The division between the 1st and 2nd line of privacy staff has been formalised, allowing for an adequate three lines model to further improve privacy governance, risk management and internal control. As a result, de Volksbank is making substantial progress in completing multiple GDPR compliance requirements such as Data Protection Impact Assessments, Transfer Impact Assessments, providing important insights into the most sensitive processing activities and privacy risks. We continue to monitor privacy developments as a result of court decisions as well as guidelines, sanctions and fines announced by supervisory authorities.

In particular, we took notice of developments relating to the transfer of personal data to countries outside of the European Economic Area (EEA) and the stricter interpretations of the legal grounds for processing activities with respect to consent and legitimate interests.

Conduct risk

Ethical business conduct is key to the strategy of de Volksbank and essential to safeguarding customer trust and a sound risk culture within our organisation. Conduct risk management is embedded through several risk policies as well as through the standard risk management processes, such as risk identification, assessment, mitigation, monitoring and reporting and the investigation and follow-up of concerns raised and, misconduct, including circumvention or inappropriate behaviour.

In 2024, People & Organisation (P&O) and Compliance teamed up to initiate several activities to further strengthen risk management in the area of conduct risk. For example, we rolled out the updated Code of Conduct in the organisation. We also enhanced our speak-up policy and procedure for raising concerns, entitled 'SpeakUp regulations', which included the implementation of an external SpeakUp Reporting Point enabling both internal and external stakeholders to make a report anonymously.

We also initiated several activities to enhance risk awareness, such as an all-staff personal development goal on risk awareness and a risk awareness programme based on short online learning exercises combined with team dialogue sessions.

The Ethics Committee is charged with giving advice on ethical issues and promoting ethical conduct within the bank and plays a crucial role in addressing significant normative questions and providing guidance on bank-wide ethical dilemmas. The committee comprises members from the ExCo, senior management, the Works Council and representatives from various first line and second line functions. Besides promoting ethical conduct and raising awareness of social responsibility, the committee has contributed to building 'moresprudence', i.e. the development of expertise and experience in responding to ethical dilemmas across the organisation.

Moral decision-making plays a crucial role in ensuring integrity and fostering trust within our organisation. To address this, the concept of moral decision-making, based on de Volksbank dilemma model, has been further expanded through targeted workshops across the organisation.

Moral decision-making aims to enhance our ability to conduct structured, balanced, and well-documented decision-making processes, enabling us to prevent future issues or incidents. Additionally, it strengthens transparency in decision-making, thereby increasing trust, and fosters a culture of continuous learning within the organisation.

We will continue to embed these initiatives in 2025. For more background information on this particular topic see the section on Business conduct in the Sustainability statements.

Model risk

Model risk is defined as the risk that the financial position of de Volksbank is, or customers' interests, are negatively impacted by the use of models. Model risk arises from errors in the development, implementation, use, or interpretation of models, leading to inaccurate, incompliant, or misinterpreted model output.

Developments in 2024

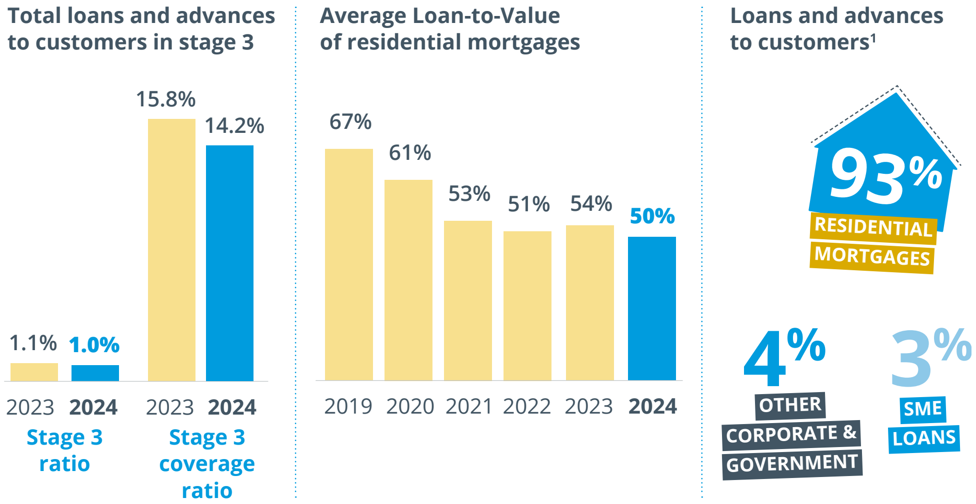
Model maintenance is an ongoing process involving many discussions and iterations with the ECB. We have paid a great deal of attention to ensuring compliance with regulatory capital and provisions-related regulations, especially with respect to the residential mortgage portfolio.

The active model versions for regulatory capital and the IFRS 9 provisioning for our residential mortgages are part of our internal ongoing validation cycle in accordance with regulatory requirements. In December 2024, model risk is outside our risk appetite, because of the large amount of overdue model validation findings in a number of important models at that time. To sufficiently mitigate this model risk, we refined our regulatory capital model add-ons, the so-called self-imposed add-ons (SIA), in 2024. As far as provisions for credit risk are concerned, we continued the use of overlays to mitigate the risks identified in on-site inspection (OSI) on IFRS 9 and regular model validations.

In 2025, we will finalise the new iteration of our regulatory capital models and provisioning models for our residential mortgage portfolio.

Credit risk

In 2024, the credit quality of the total loans and advances to customers remained virtually unchanged. Loans and advances in arrears as a percentage of total loans was 0.6%, lower compared to year-end 2023 and the stage 3 ratio decreased slightly to 1.0%. The stage 2 ratio for residential mortgages did go up, mainly reflecting the transfer of a specific group of interest-only mortgages from stage 1 to stage 2. The amounts of incurred losses due to write-offs remained low in all portfolios. The provision for credit losses decreased, mostly due a decrease in the modelled provision as a result of increased house prices and an improved macroeconomic outlook.



[1] Consumer loans are less than 1% of total loans and advances to customers

At de Volksbank, we define credit risk as 'the risk that the bank suffers a financial loss or a material decrease in solvency due to the fact that a borrower or counterparty does not meet the financial or other contractual obligations to the bank, or due to a significant deterioration of the creditworthiness of a specific borrower or counterparty'.

Risk profile

To manage its credit risk, de Volksbank clusters its loans in portfolios. We have a high concentration of residential mortgage loans in the Netherlands. Other loan portfolios on our balance sheet are much smaller in size. We have developed a policy framework to actively monitor, and thus prevent, any undesirable concentration risks within our portfolio clusters.

We use specific criteria to allocate customers and loans to a particular portfolio. One criterion is the type of customer: a natural person, an SME customer, a government authority, a financial institution or a sustainable project.

We make a distinction between secured and unsecured loans. Secured loans are collaterised by a mortgage on residential property, sometimes reinforced by a guarantee, like the National Mortgage Guarantee (NHG) or a government guarantee. Unsecured loans are overdraft facilities and personal loans for retail customers. In addition, we provide project loans for sustainable project.

In our risk policies, we have also set exposure limits for a single borrower or counterparty, to avoid excessive losses in case the counterparty in question can no longer meet its obligations. These exposure limits are regularly reassessed.

To ensure effective monitoring and the timely implementation of mitigating actions, de Volksbank draws up reports in line with the portfolio clusters. The sub-sections in this section successively describe in more detail how we manage and control the various loan portfolios, how we apply our provisioning methodology for each portfolio and how we characterise the underlying risk drivers.

De Volksbank conducted an ESG materiality assessment in 2024; the results for credit risk are included in the Section Sustainability risk.

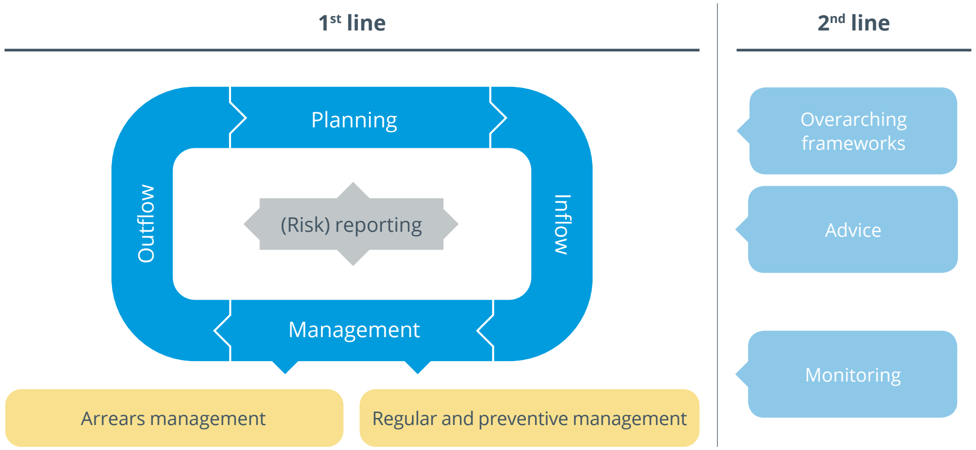
Management and control

Audited

As part of credit risk management, we internally assess and monitor the credit standing of our customers i.e. borrowers or counterparties. In this process we estimate the probability of our customers being unable to meet their contractual payment obligations arising from the loan agreement, as such inability could result in a potential financial loss for the bank.

At portfolio level, we also steer the risk by defining the desired credit quality of new and existing loans. We monitor the actual development of the credit quality and, if necessary, take corrective measures if a deviation from the risk appetite occurs. The diagram below provides a visual representation of de Volksbank's credit risk management process.

Risk reporting



Reporting
De Volksbank has a comprehensive credit risk monitoring framework, allowing it to monitor, analyse and manage the credit risk at risk appetite level.

The responsibility for credit risk reporting lies with the first and second lines of risk management. The first line monitors portfolio developments to keep the risk for which it is accountable within the risk appetite. The second line develops credit risk reports, which provide comprehensive insight into the level of credit risk and give a timely warning when the quality of the portfolio deteriorates in terms of credit risk. The first and second lines hold monthly meetings in which they discuss portfolio developments as well as various credit risk aspects, including insights gained from the credit risk reports.

The credit risk reports are periodically submitted to the Credit Committee, the ExCo and the Risk and Compliance Committee of the Supervisory Board.

Loan portfolios
Residential mortgages
When providing a new mortgage loan, we apply internal standards that align with the applicable legal frameworks, with regard to the customer’s income and the collateral value. We also use an acceptance model to predict whether customers will be able to meet their long-term obligations. For more information on risk mitigation measures, see Section Credit risk mitigation in the Annual Report 2024. To promote sustainability, we offer various options in our current residential mortgage range to make homes (more) energy efficient, for example, by the *Bespaarhypotheek*, which is also subject to the standard acceptance criteria.

Interest-only mortgages
As in previous years, de Volksbank paid special attention to customers with an interest-only mortgage. The customer outreach programme ‘Customers want to continue living carefree in their homes’ continued in 2024.

Interest-only mortgages have our continued attention. In 2024, as in 2022 and 2023, in consultation with the ECB, we explored additional de-risking measures for interest-only mortgages in the Netherlands. We implemented actions to gather information on customers' intention to repay their interest-only mortgage and the affordability of the mortgage at maturity, aligning with ECB guidance. These measures may result in further scrutiny of the future loan volume development, impairment charges and capital. The exploration of additional de-risking measures involves several legal and compliance aspects which are taken care of by the relevant departments.

As part of this programme, we contact our customers with interest-only mortgages to assess their financial situation at maturity. In the ‘Intensified Carefree Living’ customer journey we target our potentially vulnerable customers to jointly perform a validated affordability assessment of their mortgage. Customers are made more aware of how to anticipate future challenges. For example, we may offer budget coaching when needed. We continuously monitor interest-only mortgage customers’ credit risk profile to identify customers who fall into a higher risk category in a timely manner and to contact them proactively. We engage with customers to ensure the affordability of the interest-only mortgage, not only at maturity, but also at this moment, based on the customer's current and future income.

For more information on the management overlay concerning interest-only mortgages, see Figures, ratios and trends in the Annual Report 2024.

Preventive management and arrears management
De Volksbank regards customer trust as the basis for a long-term relationship. We manage our credit risk through an active and specific policy for customers who are in arrears or are expected to fall into arrears within 12 months. If there is reason to doubt the ability of a customer to fulfil his or her obligation to the bank in accordance with the agreed terms, the Preventive Management department will contact the customer. After examining the situation, they assess whether a solution needs to be found for the customer, whether it is possible to offer financial coaching, and whether any such a solution is within the commercial mandate. If this is not the case, the customer is transferred to the Arrears Management department.

The Arrears Management department is responsible for dealing with customers with financial difficulties in relation to mortgage loans, private loans or current accounts. It is important that customers are aware of what they can and should expect from this department, which is why it applies eight service promises. These promises are communicated to the relevant customers personally and are also available on our website.

When a customer's arrears exceed 30 days, or when the risk of financial instability rises, we assign a case handler to this customer. Our starting point is that customers are allowed to stay in their homes and continue to make their (mortgage) payments. To this end, Arrears Management also arranges home visits by a dedicated customer visitor to ensure that there are low-barrier options for customers to engage in a dialogue about their financial difficulties.

However, to prevent an accumulation of payment problems, or in situations in which the loan has to be called in early, we may have to apply a forbearance measure.

This is a non-commercial concession: an arrangement with the customer entailing a temporary or permanent modification of the loan, the terms and conditions of the loan and/or the payment conditions. If customers are truly unable to meet their obligations, we consult with them and may agree on a payment or restructuring measure.

If no solution can be found to resolve a customer's financial difficulties, we support them in selling their home. To preserve a good relationship, we continuously stay in touch with the customer. We do not engage debt collection agencies and only engage a bailiff if we fail to agree on a long-term solution even though the customer has the necessary financial resources. We refrain from doing so, because using external parties' services drives up the costs for the customer, worsening his or her financial problems.

In 2024, we found that the number of customers entering Arrears Management had remained stable compared to 2023. This is because of the self-service we offer, but also the strong economy, the development of house prices and wage increases had a positive effect on our customers and their payment behaviour. The outlook for 2025 is that the Arrears Management portfolio will remain at a stable low level.

For now, the solutions that we offer are adequate to help customers solve their financial problems. In 2025, we will continue to keep a close eye on market developments with regard to customers who need support, and monitor whether the (forbearance) measures are still appropriate if circumstances change.

As for our brands, SNS was the first to offer customers even more autonomy in the event of initial payment arrears by making a process available in its online environments in 2023. In this process, customers are made aware of their arrears through a notification and are then able to settle arrears themselves within the first 30 days of their arrears. In 2025, Arrears Management plans to expand this process and to offer customers multiple options to solve a payment problem through these online channels, for example by independently entering into simple payment arrangements. There are some caveats here, such as the need to properly map out the customer's financial situation. For example, for both customers and de Volksbank to get a sound understanding of the affordability of a chosen solution, we would require an online income and expenditure statement.

Consumer loans

Our consumer loan portfolio consists of personal loans, revolving credit facilities and overdraft facilities, i.e. credit limits on current accounts.

We offer personal loans to SNS and RegioBank customers, and this portfolio grew steadily over the past year.

Our revolving credit portfolio decreased by one third in 2024 as no withdrawals could be made anymore. At this rate the portfolio will have decreased to zero in 2028.

SME loans

De Volksbank focuses on the micro-sized and small-sized business market segment in the Netherlands. These businesses have a maximum turnover of € 10 million. Our SME loan portfolio consists of two basic products; firstly, mortgage loans to purchase or refinance commercial real estate with a maximum notional amount of € 2 million and a maximum maturity of 20 years and, secondly, working capital loans of up to € 150,000 for a maximum of 5 years.

Our maximum Loan-to-Value is either 80% or, for those loans with a high sustainable profile, such as an energy efficiency rating in band A or higher, 90%.

Preventive management and arrears management

De Volksbank regards customers' trust as the basis for a long-term relationship. We manage our credit risk through an active and specific policy for customers who are in arrears or anticipate other Early Warning Indicators of financial difficulties. If there is reason to doubt the ability of a customer to fulfil its obligation to the bank in accordance with the agreed terms, our department will contact the customer. After examining the (financial) situation they assess whether a solution needs to be found for the customer.

To prevent an accumulation of payment problems, or in situations in which the loan has to be called in early, we may have to apply a forbearance measure. This is a non-commercial concession: an arrangement with the customer entailing a temporary or permanent modification of the terms and conditions of the product. If customers are truly unable to meet their obligations, we consult with them and may agree on a payment or restructuring measure.

If no solution can be found to resolve a customer's financial difficulties, we support it in selling its collateral. To preserve a good relationship, we continuously stay in touch with the customer. We do not engage debt collection agencies and only engage a bailiff if we fail to agree on a long-term solution even though the customer has the necessary financial resources. We refrain from doing so, because using external parties' services drives up the costs for the customer, worsening their financial problems.

Other corporate and government loans

This portfolio is made up almost entirely of the two sub-portfolios of ASN Bank: sustainable loans and private placement loans. In addition, through our Financial Markets portfolio we provide various loans to other financial institutions and central and regional governments. Below, we describe what these sub-portfolios entail.

ASN Bank sustainable loans

ASN Bank's sustainable loan portfolio consists mainly of loans provided to organisations in the renewable energy sector. We mitigate concentration risk by our thorough knowledge of the sector, geographical distribution of investments and diversification by type of energy production, such as wind, sun, thermal storage and biomass, and underlying suppliers for solar panels and wind turbines. A substantial part of the sustainable loans involves government-guaranteed electricity prices or power purchase agreements, therefore the credit risk on these loans and advances is moderate to low.

Rates are under pressure and returns are low in the sustainable loans market. In addition to our internal sustainable loan portfolio return targets, we also consider sustainability aspects, such as CO_2e reduction, in our decision on the loan to be provided.

Furthermore, ASN Bank invests in sustainable funds. These consist of exposures to financial institutions that, in turn, provide sustainable financing.

Private placement

ASN Bank's private placement portfolio consists of loans provided to housing associations, healthcare institutions, regional water boards and local governments. The loans provided to housing associations and healthcare institutions are guaranteed by the Social Housing Guarantee Fund (*WSW*) or the Guarantee Fund for the Health Care Sector (*WfZ*). The other loans are provided to government-related parties. Hence, this portfolio has an extremely low risk profile. The portfolio is a non-selling portfolio that will decline year-on-year due to the scheduled repayments.

In addition to ASN Bank, Financial Markets also provides private placement loans, including money market loans, which have a maturity of less than 3 months.

Preventive management and arrears management

As soon as ASN Bank customers notify us that they anticipate financial difficulties or show signs of financial difficulties, we take action based on the key principles of continuity of the customer's enterprise and recovery potential. We may have to apply a forbearance measure. Together with the customer, we explore the options to make the business financially resilient again, focussing on a healthy liquidity and profitability position. When a customer has recovered, and a stable situation has been achieved, the customer is transferred back to regular management. If recovery proves impossible, we may support the customer in selling the collateral. In this case, we aim to limit the loss for the customer as well as for the bank.

Investments

Investments predominantly consist of a bond portfolio used for liquidity management. To be included in this portfolio, counterparties have to meet stringent requirements and have investment grade ratings. We also apply our Applied Sustainability Policy, which contains strict rules on ESG.

Loans and advances to banks

The loans provided to banks or other credit institutions in the Financial Markets portfolio are classified as Loans and advances to banks, including posted collateral.

Stress testing and sensitivity analyses

As part of its Risk Management Framework de Volksbank evaluates its capital and liquidity position under severe stress conditions. The level of credit risk has a significant impact on stress test results. In addition, we regularly measure the sensitivity of the loan portfolios, and the level of the loan loss provisions against fluctuations of macroeconomic parameters.

Just like other banks, we are sensitive to these fluctuations. However, thanks to its strong capital and liquidity position, de Volksbank has proven to be capable of withstanding the extreme scenarios applied in these stress tests. For further details, see Section Capital management - Management and control in the Annual Report 2024.

Provisioning methodology Audited

Loan loss provisions (IFRS 9)

Based on IFRS 9 Expected Credit Loss (ECL) models, we estimate the risk of our customers running into financial difficulties on a monthly basis. Details of how loan loss provisions are determined are set out in this section.

Under IFRS 9, de Volksbank forms a provision for expected credit losses for every customer with a loan or credit facility. This provision also includes expected losses on loan commitments and financial guarantee contracts, known as 'off-balance sheet commitments'.

ECL models and loan portfolios

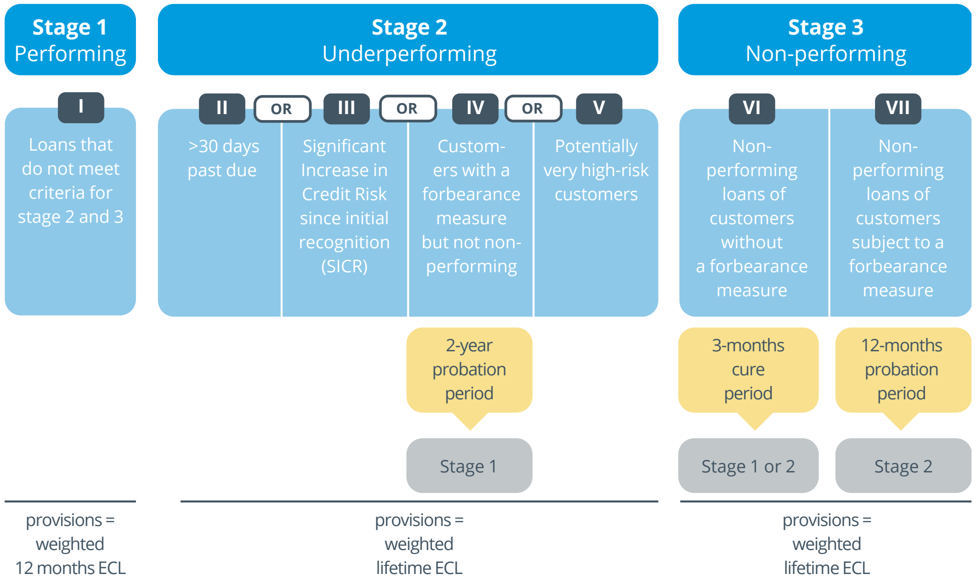
At de Volksbank, we distinguish the following specific loan portfolios for which we determine loan loss provisions:

- residential mortgages;
- consumer loans;
- SME loans;
- sustainable and private placement loans of ASN Bank (the ASN Bank portfolio, as part of the other commercial and government loans);

- Financial Markets portfolio (included in other commercial and government loans, investments and loans and advances to banks).

De Volksbank uses a specific IFRS 9 model for every portfolio to establish customers' creditworthiness and the Expected Credit Loss (ECL). The ECL models are Point-In-Time (PIT) and forward-looking, which means that, at every reporting date, they calculate the ECL for every loan in the portfolio based on internal predictions of the present economic situation in three scenarios (base, up and down), with every scenario being assigned a probability of occurrence.

Stage allocation



IFRS 9 includes three stages reflecting how the credit risk of a loan may develop over time compared with the date of origination. The stages are decisive for the calculation method and the amount of the provision to be made. The IFRS 9 stage allocation process within de Volksbank is presented in the diagram above.

Stage 1: 12-month ECL (category I)

I. Loans that do not meet criteria for stage 2 and 3

Stage 1 includes customers with loans that have shown no significant increase in credit risk since the origination date. For these customers, we form a provision for ECL in the next 12 months.

Stage 2: lifetime ECL not credit impaired (categories II-V)

We form a provision for stage 2 customers based on losses expected until maturity (lifetime ECL). A customer is included in stage 2 if at least one of the following conditions applies:

II. A customer has been in arrears for more than 30 days

A customer is in arrears if the interest payment and/or redemption amount are past due one day after the agreed payment date (monthly payment arrangement) and exceed a threshold value. When a customer is past due for more than 30 days, the loan is transferred to stage 2.

As far as the day count is concerned, we check the total amount in arrears against absolute and relative thresholds. In the case of a private obligor, the counting starts when the total amount in arrears exceeds € 100 and is higher than 1% of total outstanding exposure for days past due. For business obligors and financial institutions, the absolute threshold is set at € 500, while the relative threshold is kept at 1%, the same level as for private obligors.

III. The credit rating is subject to significant deterioration (SICR trigger), as ensures from the ECL models

For each individual portfolio, the ECL models determine when a customer's credit rating is subject to significant deterioration (Significant Increase in Credit Risk, SICR). For the residential mortgage portfolio this deterioration is assessed by comparing the current lifetime Probability of Default (PD) with the lifetime PD assigned to the customer on the origination date. If the difference between the two exceeds a pre-defined threshold, the lifetime PD is considered to have significantly deteriorated and the customer is allocated to stage 2. If the customer's lifetime PD subsequently improves, the customer may be transferred back to stage 1, keeping the threshold in mind.

For the other loan portfolios, a significant deterioration in credit risk is assessed as follows:

- In the SICR model for SME loans, customers are classified into PD buckets according to their individual credit rating calculated on the loan origination date. Depending on the PD bucket, the current credit rating may show a capped deterioration compared with the loan origination date.
- Consumer loans are assigned a rating. If this rating exceeds a pre-determined limit, the credit facility is allocated to stage 2.
- For customers in the ASN Bank portfolio, we assess whether the current PD shows that pre-determined relative and absolute limits are exceeded compared with the PD on the loan origination date. If this is the case, the loan is allocated to stage 2.
- For the exposures in the Financial Markets portfolio, the current external credit rating and PD are used to assess whether there is a significant deterioration relative to the external credit rating and the PD upon initial recognition of the bond or loan. If pre-determined relative and absolute limits are exceeded, the bond or loan is allocated to stage 2.

IV. A forbearance measure is applied to one of the customer's contracts
Customers who have been subjected to a forbearance measure and who do not meet the prudential non-performing criteria are allocated to stage 2. This category consists of:
1) customers who are subject to a forbearance measure but who have not yet been classified as non-performing, and
2) customers who were previously part of the prudential non-performing forborne category (category VII) and were reclassified to the prudential performing forborne category after a probation period of at least one year.

Following a minimum probation period of two years, a customer is allocated to stage 1.

V. Potentially very high-risk customers
De Volksbank pays specific attention to retail customers with full or partial interest-only mortgage loans.

Mortgage loans with:
1. High expected Loan-to-Value (LtV),
2. High Loan-to-Income (LtI) and
3. Nearing maturity, retirement of the borrower or the end of tax deductibility of interest payments (i.e. time-to-event)

carry a higher potential risk as an affordability and/or repayment problem may arise when these events occur.
These three variables are used to distribute full or partial interest-only mortgage loans over multiple risk segments. Depending on the risk segment a collective SICR trigger is applied. In addition, future affordability information is available from an increasing number of customers as part of our customer contact strategy. The information from this affordability test is taken into account in the provisioning methodology and used to determine whether individual customer should be classified as performing (stage 1), underperforming (stage 2) or non-performing (stage 3).

Stage 3: lifetime ECL credit impaired (VI-VII)
If a customer is credit impaired, the loans provided are considered non-performing and allocated to stage 3. The provision is formed based on losses expected until maturity (lifetime ECL). A loan is credit impaired in the following situations:

VI. Non-performing loans of customers without a forbearance measure
De Volksbank applies a specific definition of default to every portfolio for which loan loss provisions have to be determined. A default is considered to occur if at least one of the following conditions is met:
- the obligor is past due for more than 90 days on any material credit obligation, and/or
- the obligor is considered unlikely-to-pay (UtP).

Examples of these UtP triggers are the following:
- suspension of payment
- bankruptcy
- fraud
- sale of the collateral by the Arrears Management department
- sale of the collateral with a residual debt

Customers only recover from the default status once the arrears have been repaid in full or the UtP triggers have lapsed, and a three-month probation period has expired.

VII. Non-performing loans of customers subject to a forbearance measure
In addition, loans to customers - who are subject to a forbearance measure and who meet the prudential non-performing criteria - are allocated to stage 3. This is the case for forborne loans that were transferred to stage 2 after a one-year probation period in stage 3 and receive a new forbearance measure and/or later fall into arrears of 30 days. Customers in this category are in default due to a UTP trigger.

Risk management of ECL models
We calculate the various risks in the aforementioned portfolios at customer level on a monthly basis by means of our credit risk models. Monitoring the development of the customer and the portfolio is essential if we are to make proper estimates of the loss expected. We have provisions in place for expected losses and we maintain capital for unexpected credit losses.

Model techniques
To arrive at the ECL models, we use various techniques for the individual portfolios.

Residential mortgages, SME loans and ASN Bank loan portfolio
We use the survival model technique for the residential mortgage loans, SME loans and the ASN Bank loan portfolio. This is a method for calculating the month-on-month Probability of Default (PD), Probability of Cure and Probability of Foreclosure. These models determine the creditworthiness of the customer over two periods: 1) a 12-month period; i.e. we calculate the probability of the customer defaulting on payments in the next 12 months (also known as the '12-month PD'), and 2) the remaining term of the loan; i.e. we calculate the probability of the customer defaulting on payments at any time during the remaining term of the loan (also known as the 'lifetime PD').

The total expected credit loss (ECL) is determined by customers' Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), taking into account a discount rate.

Consumer loans
We apply an expert-based model to determine stage allocation and provisioning for consumer loans, consisting of personal loans and accounts, revolving credit and overdraft facilities (credit limits on current accounts). The model calculates an individual PD at loan or account level and ranks consumer contracts from low to high risk based on risk parameters. These risk parameters include the registered arrears,

use of the limit available and the date of origination. Contracts are then allocated to stages based on their credit ranking (rating). We use historical observations (default rates) to set an average PD for each stage, and the LGD is a result of the expert judgement based on historical data. We determine the ECL by multiplying the stage-dependent PD and product-specific LGD by the amount of the credit facility.

Financial Markets portfolio

For the ECL of the Financial Markets portfolio, we use a model in which the PD is derived from spreads on Credit Default Swap (CDS) curves. Specific CDS curves have been selected for various portfolio components. The ECL is the sum of the cumulative PDs multiplied by the cumulative discounted cashflows multiplied by the LGD factor. The ECL stage migration for underperforming financial instruments is based on numerical as well as qualitative triggers, such as significant increases in PD as well as three-notch credit rating downgrades. These credit ratings originate from well-known rating agencies such as S&P and Moody's.

Forward-looking information

We use three scenarios in our provisions calculations, in which we also make forward-looking information available. The three scenarios describe the expected macroeconomic forecast (baseline scenario) as well as a downside and upside development. An independent team of macroeconomic experts estimates forward-looking trends based on various macroeconomic parameters for each scenario. In making these estimates, these experts also look at trends and forecasts of external parties, such as Eurostat, Statistics Netherlands (CBS) and the Netherlands Bureau for Economic Policy Analysis (CPB). All three scenarios describe a realistic development of the macroeconomy.

Weights are also assigned to the scenarios based on the probability of the scenario becoming a reality. The development of macroeconomic parameters is predicted four years ahead. After that period, the ECL models extrapolate the values of the macroeconomic variables to a long-term average. A 12-month ECL and a lifetime ECL are calculated for each of the three scenarios and for each customer, on a monthly basis. The scenario weights are used to calculate a weighted average 12-month ECL and a lifetime ECL.

For residential mortgages, we use the following macroeconomic parameters: the relative change in house prices i.e. the house price index, and the unemployment rate. For SME loans, we use the unemployment rate and the number of bankruptcies. In the model for consumer loans, we only use the unemployment rate as a macroeconomic parameter. All macroeconomic parameters of the ECL models for residential mortgages, consumer loans and SME loans are related to the developments in the Netherlands. In the Financial Markets and ASN Bank ECL model, the macroeconomic impact is incorporated in the CDS curves used.

The Asset and Liability Committee (ALCO) approves the scenarios and the corresponding weights. The scenarios that are used to determine the provisions are also used to draw up our Financial Plan & Budget. The scenarios and the weights are assessed on a quarterly basis and adjusted where necessary.

The parameters used in the three scenarios are presented in Section Macroeconomic scenarios and sensitivity in the Annual Report 2024.

Write-off

When writing off a loan, we make a distinction between the waiver of amounts payable and the write-off of a residual debt. The following is a description of these terms:

1. Waiver of amounts payable: a loan is written off, in full or in part if the waiver of amounts payable leads to the customer's recovery. The consequence of this is that the customer can meet his or her payment obligations again. Waivers of amounts payable are debited to the credit provision;
2. Write-off of residual debt: there may be a residual debt as a result of a recovery process. This residual debt is fully provisioned for. Any collateral is realised during a period of 6 months after the execution process. After this period, any remaining debt is written off.

Management overlay

We apply a management overlay when credit-related dynamics, such as dynamics in the macroeconomic environment, are not sufficiently captured in our credit risk models. Other model deficiencies are also included in the management overlay. A management overlay is a temporary adjustment in the provision for credit risks until a long-term solution (e.g. a model adjustment) is effective. The management overlay does not result in stage transfers in terms of exposure or provision (ECL). De Volksbank reviews the elements of the management overlay at least every quarter.

At year-end 2024, only a management overlay for residential mortgages was in place and not for the other loan portfolios. For more information, please refer to Section Figures, ratios and trends - Management overlay in the Annual Report 2024.

Credit risk in capital adequacy

To determine capital requirements for credit risk of residential mortgages, de Volksbank uses the Advanced Internal Ratings-based (AIRB) approach. The AIRB approach measures credit risk by using internal models for the calculation of PD and LGD.

For the other exposures, risk-weighted assets are determined according to the Standardised Approach (SA).

Definition of Default (DoD)

As from 31 December 2021, we have implemented a uniform definition of default (DoD) for all credit exposures, which is aligned to Capital Requirements Regulation (CRR) Article 178. A default is considered to occur if at least one of the following conditions is met:

- the obligor is past due for more than 90 days on any material credit obligation and/or;
- the obligor is considered unlikely-to-pay (UtP).

Figures, ratios and trends Audited

Credit risk exposure

The following table presents the credit risk exposure based on the Exposure at Default (EAD) from the regulatory report (see also Section Capital management - Risk-weighted assets). The provisions have been deducted from the receivables, but any collateral or other credit risk mitigating instruments have been disregarded.

The maximum exposure to credit risk increased over the course of 2024 from € 75.1 billion to € 77.7 billion. Representing 74% of the total, the loans and advances to customers category is the largest on the balance sheet. Therefore, in order to provide a meaningful view of the credit risk of our loan portfolio, the remainder of this section mainly relates to the loans and advances to customers.

Cash and balances at central banks includes DNB deposits and loans and advances to credit institutions with a remaining maturity of less than one month. For more information, please refer to Note 2 Cash and balances at central banks to the consolidated financial statements.
The derivatives position mainly ensues from the hedging of the interest rate risk in the banking book, including the securitisation programmes. For more information about derivatives please refer to Note 3 Derivatives and Note 4 Hedging and hedge accounting to the consolidated financial statements.
Investments mainly consist of government bonds of EU Member States. For more information, please refer to Note 5 Investments to the consolidated financial statements.
Loans and advances to banks were up from year-end 2024, mainly driven by liquidity management actions. For more information, please refer to Note 6 Loans and advances to banks to the consolidated financial statements.

Credit risk exposure Audited

in € millions	2024 Gross carrying amount	2024 Provision for credit losses	2024 Book value	2023 Gross carrying amount	2023 Provision for credit losses	2023 Book value
Cash and balances at central banks	2,834	--	2,834	5,891	--	5,891
Derivatives	2,141	--	2,141	2,544	--	2,544
Investments	7,206	-7	7,199	6,740	-7	6,733
Loans and advances to banks	6,713	-3	6,710	4,675	-4	4,671
Loans and advances to customers	54,636	-142	54,494	51,029	-182	50,847
Other assets	247	--	247	283	--	283
Total financial assets	**73,777**	**-152**	**73,625**	**71,162**	**-193**	**70,969**
IFRS fair value adjustments[1]	1,088		1,088	1,316		1,316
Total items not subject to credit risk exposure	**1,088**		**1,088**	**1,316**		**1,316**
On-balance sheet exposure to credit risk (IFRS)	**74,865**	**-152**	**74,713**	**72,478**	**-193**	**72,285**
Loan commitments given	3,041	-8	3,033	2,204	-8	2,196
Repurchase commitment[2]	--	--	--	287	--	287
Financial guarantees given	3	--	3	4	--	4
Conditionally revocable credit facilities	--	--	--	367	-3	364
Off-balance sheet exposure to credit risk (IFRS)	**3,044**	**-8**	**3,036**	**2,862**	**-11**	**2,851**
Maximum exposure to credit risk	**77,909**	**-160**	**77,749**	**75,340**	**-204**	**75,136**
Other assets[3]	66	--	66	91	--	91
Valuation adjustments[4]			-1,755			-2,197
Recalculation off-balance credit facilities and guarantees to EAD[5]			-571			-711
Adjustment for AIRB provisions			80			118
Other differences			-10			-40
Total Exposures at Default			**75,559**			**72,397**
Credit risk RWA/Total Exposure at Default			19.7%			20.1%

1 Consist of fair value adjustments from hedge accounting and amortisations.
2 For more information, please refer to Note 19 Contingent liabilities and commitments to the consolidated financial statements.
3 Assets that are not subject to ECL according to IFRS.
4 Consists mainly of the balance of netting derivative positions and an add-on for potential future exposure and credit risk mitigating items (particularly collateral).
5 Off-balance sheet commitments are converted into EAD using a conversion factor.

Total loans and advances to customers

Total loans and advances to customers Audited

in € millions	2024 Gross carrying amount	2024 Provision for credit losses	2024 Book value	2023 Gross carrying amount	2023 Provision for credit losses	2023 Book value
Residential mortgages	50,915[1]	-80	50,835	47,885[1]	-118	47,767
Consumer loans	67	-7	60	59	-8	51
Exposure retail loans	**50,982**	**-87**	**50,895**	**47,944**	**-126**	**47,818**
SME loans	1,393	-15	1,378	1,235	-22	1,213
Other corporate and government loans	2,261	-40	2,221	1,850	-34	1,816
Total loans and advances to customers	**54,636**	**-142**	**54,494**	**51,029**	**-182**	**50,847**
Off-balance sheet items	3,044	-8	3,036	2,862	-11	2,851
Total on and off-balance sheet items for loans and advances to customers	**57,680**	**-150**	**57,530**	**53,891**	**-193**	**53,698**

1 Including IFRS value adjustments of € 1,088 million negative (2023: € 1,316 million negative), consisting of fair value adjustments from hedge accounting and amortisations.

Total loans and advances by region

Book value in € millions	2024	2023
The Netherlands	53,051	49,798
EMU excl. the Netherlands	1,005	726
Other	438	323
Total	**54,494**	**50,847**

Main developments in 2024

In 2024, gross loans and advances to customers rose by € 3.6 billion to € 54.6 billion. Fair value adjustments from hedge accounting increased by € 0.2 billion due to the decrease in interest rates. Excluding fair value adjustments and amortisations[1], gross growth amounted to € 3.4 billion. Gross residential mortgage loans grew by € 2.8 billion (2023: € 0.9 billion).

In addition, the total outstanding amount of SME loans went up by € 158 million (2023: € 150 million), other corporate and government loans by € 411 million and consumer loans by € 8 million.

[1] Consisting of fair value adjustments from hedge accounting and amortisations.

The credit quality of the total loans and advances to customers remained virtually unchanged. Loans and advances in arrears as a percentage of total loans was 0.6%, lower compared to year-end 2023 and the stage 3 ratio decreased slightly to 1.0%, from 1.1% at year-end 2023. The stage 2 ratio for residential mortgages did go up, mainly reflecting the transfer of a specific group of interest-only mortgages from stage 1 to stage 2. The amounts of losses incurred due to write-offs remained low in all portfolios.

The provision for credit losses decreased to € 150 million (year-end 2023: € 193 million), mostly due to a decrease in the modelled provision as a result of increased house prices and an improved macroeconomic outlook, in which house prices are expected to rise strongly in 2024 and 2025, given the generally perceived housing shortage.

For more details on the provision for credit losses, see Sections Management overlay and Developments per portfolio below.

Management overlay

Modelled provision and management overlay[1] Audited

in € millions	2024 Modelled provision for credit losses	2024 Management overlay[2]	2024 Total provision for credit losses	2023 Modelled provision for credit losses	2023 Management overlay[2]	2023 Total provision for credit losses
Residential mortgages	44	41	85	73	51	124
Consumer loans	9	--	9	11	--	11
SME loans	16	--	16	20	3	23
Other corporate and government loans	40	--	40	35	--	35
Total	**109**	**41**	**150**	**139**	**54**	**193**

1 Including the provision for credit losses for off-balance sheet items.
2 The management overlay concerns post-model adjustments.

We apply a management overlay when credit-related dynamics, such as dynamics in the macroeconomic environment, are not sufficiently captured in our credit risk models. Other model deficiencies are also included in the management overlay. We review the elements of the management overlay at least every quarter.

At 31 December 2024, the management overlay was entirely related to residential mortgages. A more detailed description can be found on the next page in the Residential mortgages section.

At year-end 2023, we maintained a general management overlay for SME customers who might be affected by high inflation. As expectations regarding general purchasing power were positive, this overlay was fully released in 2024.

We did not apply a management overlay for consumer loans, nor for other corporate and government loans.

Developments per portfolio

Residential mortgages

Portfolio

De Volksbank's residential mortgage portfolio, excluding IFRS value adjustments[2], grew by € 2.8 billion to € 52.0 billion (year-end 2023: € 49.2 billion). Organic growth amounted to € 2.5 billion and the accelerated execution in 2024 of an existing repurchase commitment contributed € 0.3 billion to net growth. Average mortgage rates decreased in the second half of 2024, after broadly stabilising in the first half. In 2024, 77% of new mortgage production consisted of mortgages with a 10-year fixed mortgage rate (2023: 70%). In a larger mortgage market, de Volksbank's new mortgage production increased to € 7.1 billion (2023: € 5.1 billion).

The market share of new mortgages stood at 6.3%, slightly up compared to 2023 (5.7%). Repayments amounted to € 4.7 billion, compared to € 4.3 billion in 2023. Interest rate renewals amounted to € 1.2 billion, higher compared to 2023 (€ 0.9 billion) because of increased regular renewals, while early renewals decreased.

The percentage of customers taking out NHG-guaranteed loans has been virtually flat over the past years. The weighted average indexed LtV of the residential mortgage portfolio went down to 50%, from 54% at year-end 2023. To determine the LtV, we index collateral values every month on the basis of house price developments. Increased house prices have led to a shift of mortgages to lower LtV buckets.

Provision for credit losses

In 2024, the credit loss provision for residential mortgages declined to € 85 million, from € 124 million at year-end 2023. The modelled provision decreased by € 29 million to € 44 million, and the management overlay decreased by € 10 million to € 41 million, both mainly driven by the improved macroeconomic outlook and improved LtVs. Additionally, the credit quality of the portfolio improved as loans in arrears decreased by € 99 million to € 279 million.

Management overlay

The management overlay for residential mortgages decreased to € 41 million (year-end 2023: € 51 million). The overlay component for high inflation risk was fully released (year-end 2023: € 9 million) as purchasing power expectations were positive and loans in arrears had dropped significantly.

The management overlay for the interest-only mortgage portfolio is sensitive to improved house prices as LtV is one of the risk drivers. As a result, customers migrated to lower risk buckets, resulting in lower provisioning level. In addition, a significant part of the interest-only mortgages (€ 3.2 billion), previously in scope of the management overlay, has been included in the modelled part of the stage 2 provision. Hence the associated management overlay decreased by € 12 million to € 22 million (year-end 2023: € 34 million). A part of the exposure regarding this management overlay (€ 0.7 billion), together with the corresponding management overlay (€ 19 million) is allocated to its current stage, being stage 1, while the management overlay is calculated based on lifetime expected credit losses. We will further align the staging framework in the coming period.

These decreases in the management overlay were partially offset by refinements for model deficiencies and limitations. As a considerable part of the modelled provision was released due to improved house prices, a new overlay for model oversensitivity to house prices was introduced (€ 6 million). Furthermore, a new model overlay for ESG risks was introduced in which the physical environmental risk associated with collateral, i.e. the risk of flood and drought in the Netherlands, is identified. All in all, the management overlay for model deficiencies and limitations rose from € 7 million to € 18 million. Finally, the management overlay for future interest revisions remained unchanged at € 1 million.

Provision for credit losses per stage

The stage 1 exposure decreased from € 46.1 billion to € 44.8 billion due to a large transfer to stage 2. However, the provision for stage 1 exposures decreased to € 25 million (year-end 2023: 37 million) due to other factors: in addition to a € 9 million decrease in the management overlay for stage 1 exposures, the increase in provisions due to new originations was offset by a decrease because of the improved macroeconomic outlook and LtVs.

In 2024, the stage 2 exposure went up, mainly due to the transfer of € 3.2 billion exposures of a specific group of interest-only mortgages from stage 1 to stage 2. In total, the stage 2 exposure rose from € 2,590 million to € 6,723 million. In 2023 and 2024 the provisions for credit losses related to these exposures were both calculated as stage 2. Despite this addition, stage 2 provisions decreased from € 39 million at year-end 2023 to € 24 million as a result of improved LtVs, an upwardly adjusted macroeconomic outlook, derecognitions, a release of the management overlay and improved credit quality, resulting in recoveries to stage 1.

The stage 3 exposure remained unchanged at € 473 million while the stage 3 mortgages in arrears decreased from € 149 million in 2023 to € 124 million. This was the result of stage 3 inflows with unlikely-to-pay (UTP) triggers other than 90 days past due and outflows due to recoveries. Just like the stage 1 and stage 2 provisions, the stage 3 provision was also lower due to improved LtVs and the upwardly revised macroeconomic outlook. Furthermore, derecognitions in the amount of € 8 million

[2] Consisting of fair value adjustments from hedge accounting and amortisations.

contributed to the decline in the stage 3 provision to € 31 million (year-end 2023: € 42 million). As a result, the stage 3 coverage ratio declined by 2.3 percentage points to 6.6%, even though the stage 3 management overlay nearly doubled.

Consumer loans

Portfolio

The consumer loan portfolio grew slightly and comprises three products: personal loans, revolving credit facilities and overdraft facilities. Since the second quarter of 2024, RegioBank has also offered personal loans on an execution-only basis through its adviser channel. The inflow of new personal loans exceeded the portfolio's downward trend resulting from the winding down of the revolving credit portfolio.

Provision for credit losses

In 2024, the credit quality of the consumer loan portfolio remained fairly stable, the total exposure increased slightly, as did the loans and accounts in arrears. Due to recoveries of exposures in stage 2, the provision decreased by € 1 million. The provision for off-balance sheet items also decreased by € 1 million to € 2 million as we actively reduced the revolving credit portfolio.

SME loans

Portfolio

We further simplified our SME origination process and expanded our distribution channels offering business customers a mix of personal contact and digital comfort. This resulted in new loan originations of € 286 million, and as such our SME portfolio grew from € 1,235 million to € 1,393 million in 2024.

Provision for credit losses

The credit loss provision for SME loans declined from € 23 million at year-end 2023 to € 16 million, of which € 1 million for off-balance sheet items in both periods. This decrease was caused by the release of the management overlay for the inflation risk in the SME portfolio as sectors vulnerable for inflation risk no longer have an increased risk profile. In addition, a change in model parameters resulted in a release of € 2 million, while derecognitions and write-offs also contributed to the decrease in the provision.

Stage 3 derecognitions exceeded the stage 3 net inflow, resulting in a € 7 million decline in the stage 3 exposure to € 32 million. We also saw a slight improvement in credit quality: exposures in arrears decreased from € 49 million to € 43 million, with mainly long-term arrears improving.

Other corporate and government loans

Portfolio

Other corporate and government loans consist for about 70% of ASN Bank's loan portfolio, mainly consisting of loans to renewable energy projects, such as solar and wind energy companies. The remaining 30% relate to our Financial Markets portfolio, through which we provide loans to other financial institutions and central and local governments.

Provision for credit losses

In 2024, the total credit loss provision for other corporate and government loans rose to € 40 million (year-end 2023: € 34 million), mainly due to the increase in the stage 3 provision for a few individual corporate customers.

The largest lender of these has a partial guarantee from the shareholder regarding the functioning of the financed installation. This guarantee is taken into account and mitigates the credit risk and thus the provision. There were no loans in arrears at year-end 2024 (year-end 2023: no loans in arrears).

Coverage and stage ratios loans and advances to customers Audited

in € millions	2024 Gross carrying amount	2024 Provision for credit losses	2024 Book value	2024 Stage ratio	2024 Coverage ratio	2023 Gross carrying amount	2023 Provision for credit losses	2023 Book value	2023 Stage ratio	2023 Coverage ratio
Residential mortgages										
Stage 1[1]	44,807	-25	44,782	86.2%	0.1%	46,138	-37	46,101	93.8%	0.1%
Stage 2	6,723	-24	6,699	12.9%	0.4%	2,590	-39	2,551	5.3%	1.5%
Stage 3	473	-31	442	0.9%	6.6%	473	-42	431	1.0%	8.9%
Total	**52,003**	**-80**	**51,923**	**100%**	**0.2%**	**49,201**	**-118**	**49,083**	**100%**	**0.2%**
IFRS value adjustments[2]	-1,088		-1,088			-1,316		-1,316		
Total residential mortgages	**50,915**	**-80**	**50,835**			**47,885**	**-118**	**47,767**		
Consumer loans										
Stage 1	44	--	44	65.7%	0.0%	18	--	18	30.5%	0.0%
Stage 2	15	--	15	22.4%	0.0%	33	-1	32	55.9%	3.0%
Stage 3	8	-7	1	11.9%	87.5%	8	-7	1	13.6%	87.5%
Total consumer loans	**67**	**-7**	**60**	**100%**	**10.4%**	**59**	**-8**	**51**	**100%**	**13.6%**
SME loans										
Stage 1	1,257	-3	1,254	90.2%	0.2%	1,069	-5	1,064	86.6%	0.5%
Stage 2	104	-8	96	7.5%	7.7%	127	-9	118	10.3%	7.1%
Stage 3	32	-4	28	2.3%	12.5%	39	-8	31	3.2%	20.5%
Total SME loans[3]	**1,393**	**-15**	**1,378**	**100%**	**1.1%**	**1,235**	**-22**	**1,213**	**100%**	**1.8%**
Other corporate and government loans										
Stage 1	2,168	-3	2,165	95.9%	0.1%	1,746	-2	1,744	94.4%	0.1%
Stage 2	48	--	48	2.1%	0.0%	66	-1	65	3.6%	1.5%
Stage 3	45	-37	8	2.0%	82.2%	38	-31	7	2.1%	81.6%
Total other corporate and government loans	**2,261**	**-40**	**2,221**	**100%**	**1.8%**	**1,850**	**-34**	**1,816**	**100%**	**1.8%**
Loans and advances to customers										
Stage 1	48,276	-31	48,245	86.6%	0.1%	48,971	-44	48,927	93.6%	0.1%
Stage 2	6,890	-32	6,858	12.4%	0.5%	2,816	-50	2,766	5.4%	1.8%
Stage 3	558	-79	479	1.0%	14.2%	558	-88	470	1.1%	15.8%
Total excluding IFRS value adjustments	**55,724**	**-142**	**55,582**	**100%**	**0.3%**	**52,345**	**-182**	**52,163**	**100%**	**0.3%**
IFRS value adjustments[2]	-1,088		-1,088			-1,316		-1,316		
Total loans and advances to customers	**54,636**	**-142**	**54,494**		**0.3%**	**51,029**	**-182**	**50,847**		**0.4%**
Off-balance sheet items										
Stage 1	2,916	-2	2,914		0.1%	2,772	-3	2,769		0.1%
Stage 2	117	-3	114		2.6%	76	-3	73		3.9%
Stage 3	11	-3	8		27.3%	14	-5	9		35.7%
Total off-balance sheet items[4]	**3,044**	**-8**	**3,036**		**0.3%**	**2,862**	**-11**	**2,851**		**0.4%**
Total on and off-balance sheet items for loans and advances to customers	**57,680**	**-150**	**57,530**		**0.3%**	**53,891**	**-193**	**53,698**		**0.4%**

1 At year-end 2024, a part of the exposure regarding the management overlay (€ 0.7 billion), together with the corresponding management overlay (€ 19 million) is allocated to its current stage, being stage 1, while the management overlay is calculated based on lifetime expected credit losses. 2 Consist of fair value adjustments from hedge accounting and amortisations. 3 Gross SME loans include mortgage-backed loans for a gross amount of € 1,361 million (2023: € 1,201 million). 4 Consist of off-balance sheet facilities, guarantees and repurchase commitments.

Changes in loans and advances to customers (gross carrying amount) Audited

	Residential mortgages[1]		Consumer loans		SME loans		Other corporate and government loans		Total loans	
in € millions	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	**47,885**	**46,232**	**59**	**54**	**1,235**	**1,085**	**1,850**	**1,749**	**51,029**	**49,120**
Originated or purchased[2]	7,094	5,090	20	15	286	260	3,129	5,976	10,529	11,341
Change in current accounts	--	--	-1	-4	-47	13	-8	13	-56	22
Matured or sold[2]	-4,663	-4,274	-9	-4	-81	-123	-2,706	-5,910	-7,459	-10,311
Write-offs	--	--	-2	-2	-1	-1	--	--	-3	-3
Change in fair value as a result of hedge accounting	213	690	--	--	--	--	--	--	213	690
Amortisations	15	33	--	--	--	--	--	--	15	33
Exchange rate differences	--	--	--	--	--	--	-6	20	-6	20
Other movements[3]	371	114	--	--	1	1	2	2	374	117
Closing balance	**50,915**	**47,885**	**67**	**59**	**1,393**	**1,235**	**2,261**	**1,850**	**54,636**	**51,029**

1 Including fair value adjustments from hedge accounting and amortisations.
2 Other corporate and government loans include short-term deposits with governments and pension funds in particular, with the advances and repayments being administered on a daily basis.
3 In 2024, the Other movements of residential mortgages include the repurchase of mortgages for an amount of € 349 million, which were sold in the past by legal predecessors of de Volksbank (2023: € 78 million).

Transfers between stages in the gross carrying amount Audited

	Residential mortgages		Consumer loans		SME loans		Other corporate and government loans		Total loans	
in € millions	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Transfers between Stage 1 and Stage 2:										
To Stage 2 from Stage 1	5,364	915	5	4	40	48	20	55	**5,429**	1,022
To Stage 1 from Stage 2	1,106	579	16	1	67	38	35	88	**1,224**	706
Transfers between Stage 2 and Stage 3:										
To Stage 3 from Stage 2	90	98	1	2	6	4	6	--	**103**	104
To Stage 2 from Stage 3	132	151	--	--	5	7	--	--	**137**	158
Transfers between Stage 1 and Stage 3:										
To Stage 3 from Stage 1	128	139	--	--	4	4	1	--	**133**	143
To Stage 1 from Stage 3	12	6	--	--	3	3	--	1	**15**	10

Changes in the provision for credit losses Audited

	Residential mortgages		Consumer loans		SME loans		Other corporate and government loans		Total loans		Off-balance sheet items[1]	
in € millions	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	**118**	**98**	**8**	**9**	**22**	**24**	**34**	**23**	**182**	**154**	**11**	**14**
Transfer to stage 1	-8	-6	-1	--	-4	-3	--	-1	-13	-10	-1	--
Transfer to stage 2	-1	6	--	--	4	2	--	1	3	9	1	1
Transfer to stage 3	9	15	1	1	--	1	3	9	13	26	--	--
Change in credit risk	-17	4	--	--	-3	-1	2	--	-18	3	-3	-4
Originated or purchased	3	4	--	--	3	2	1	2	7	8	2	3
Matured or sold	-14	-9	1	--	-3	-1	--	--	-16	-10	-1	-1
Change in management overlay	-10	6	--	--	-3	-1	--	--	-13	5	-1	-2
Impairment charges (releases)	**-38**	**20**	**1**	**1**	**-6**	**-1**	**6**	**11**	**-37**	**31**	**-3**	**-3**
Write-offs	--	--	-2	-2	-1	-1	--	--	-3	-3	--	--
Closing balance	**80**	**118**	**7**	**8**	**15**	**22**	**40**	**34**	**142**	**182**	**8**	**11**
- of which: management overlay	*38*	*48*	--	--	--	*3*	--	--	*38*	*51*	*3*	*3*
Impairment charges (releases)	-38	20	1	1	-6	-1	6	11	-37	31	-3	-3
Recoveries and other charges through P&L	-9	-9	--	-2	--	--	--	--	-9	-11	--	--
Total impairment charges (releases)[2]	**-47**	**11**	**1**	**-1**	**-6**	**-1**	**6**	**11**	**-46**	**20**	**-3**	**-3**

1 Consist mainly of off-balance sheet facilities, guarantees and repurchase commitments. The provision for credit losses of off-balance sheet items is reported in Provisions.
2 The total impairment charges (releases) for the period exclude charges (releases) for loans and advances to banks, investments and others, amounting a € 1 million release (2023: € 1 million release).

Macroeconomic scenarios and sensitivity

Macroeconomic scenarios used in credit risk models

The base scenario unfolds in a context of continued trade frictions worldwide, but in which the EU manages to avoid outright hikes of US import tariffs through negotiations. The Dutch economy will remain on a path of moderate growth in the period up to and including the first half of 2025 as the witnessed rise in private consumption is set to take hold. In the following four quarters the expansion will lose momentum as weak demand from the major foreign trading partners weighs on the expansion, but from Q3 2026 growth will return to its potential rate. House prices are expected to rise strongly in 2025, after the slight fall in 2023 given the indications of persistent tightness in demand/supply conditions. Housing transactions are expected to stabilise in 2025 after a strong rise in 2024.
In the down scenario worldwide trade frictions triggered by Trump's tariffs and disrupted energy markets will lead to a full-blown recession in the eurozone including

the Netherlands. Dutch unemployment will rise steadily, and the earlier cooling of the housing market will resume under the influence of the souring economic environment in spite of aggressive monetary easing of the ECB.
In the upward scenario, the outlook for Dutch exports improves greatly as US protectionist measures are averted and the American economy defies expectations of a slowdown or recession once again. Business sentiment and consumer confidence in the Netherlands soar. House prices and transactions will continue to rise strongly.

As the economy in the euro area slowly regained growth momentum, we lowered the weight of the downward scenario from 35% at year-end 2023 to 30% and the weight of the baseline scenario from 55% to 50%. The weight of the upward scenario was raised from 10% to 20%.

Analysis of sensitivity to scenario weights

The sensitivity analyses in the tables below show de Volksbank's macroeconomic projections for the next four years. They also show the sensitivity of provisioning levels as at year-end 2024 and 2023 to the upward, baseline and downward scenario weights, keeping the management overlay parameters unchanged. Looking at the different scenarios, and assuming a 100% weighting, we see that the provision for residential mortgages would increase by € 36 million in a downward scenario and would decrease by € 24 million in an upward scenario and by € 13 million in a baseline scenario. Compared to the actual provisioning levels, these differences are explained by the gap in the HPI between the upward and downward scenario and by the scenario weights used.

The sensitivity to macroeconomic projections on the loan loss provisions for SME loans is less significant. The provision for SME loans remains virtually unchanged in a base scenario, decreases by € 1 million in the upward scenario and increases by € 1 million in a downward scenario, again assuming a 100% weighting of the respective scenarios.

For consumer loans and other corporate and government loans, the sensitivity to the scenario weights is limited since the provisions in stages 1 and 2 for consumer loans are relatively low and other corporate and government loans generally have a low credit risk profile.

Sensitivity to the scenario weights as at 31 December 2024[1] Audited

	Macroeconomic parameter	2024	2025	2026	2027	2028	Weight	Unweighted ECL	Reported ECL
Residential mortgages									
Up	Relative change in house price index	16.7%	7.3%	3.6%	3.5%	3.5%	20%	€ 61 million	€ 85 million[2]
	Unemployment rate	3.9%	3.7%	3.6%	3.7%	3.7%			
Base	Relative change in house price index	13.2%	3.3%	1.4%	3.5%	3.5%	50%	€ 72 million	
	Unemployment rate	3.8%	4.2%	4.4%	4.5%	4.5%			
Down	Relative change in house price index	6.1%	-4.5%	-4.4%	3.5%	3.5%	30%	€ 121 million	
	Unemployment rate	3.9%	4.6%	5.7%	6.0%	6.1%			
SME loans									
Up	Unemployment rate	3.9%	3.7%	3.6%	3.7%	3.7%	20%	€ 15 million	€ 16 million[2]
	Number of bankruptcies (monthly)	392	392	378	375	371			
Base	Unemployment rate	3.8%	4.2%	4.4%	4.5%	4.5%	50%	€ 16 million	
	Number of bankruptcies (monthly)	404	454	490	502	498			
Down	Unemployment rate	3.9%	4.6%	5.7%	6.0%	6.1%	30%	€ 17 million	
	Number of bankruptcies (monthly)	406	494	650	690	684			

Sensitivity to the scenario weights as at 31 December 2023[1] Audited

	Macroeconomic parameter	2023	2024	2025	2026	2027	Weight	Unweighted ECL	Reported ECL
Residential mortgages									
Up	Relative change in house price index	0.1%	4.3%	4.0%	3.6%	3.6%	10%	€ 95 million	€ 124 million[2]
	Unemployment rate	3.7%	3.9%	3.6%	3.7%	3.7%			
Base	Relative change in house price index	0.1%	1.4%	2.6%	3.6%	3.6%	55%	€ 108 million	
	Unemployment rate	3.7%	4.2%	4.5%	4.5%	4.5%			
Down	Relative change in house price index	-1.2%	-3.9%	-1.0%	3.6%	3.6%	35%	€ 157 million	
	Unemployment rate	4.2%	5.5%	5.6%	5.4%	5.3%			
SME loans									
Up	Unemployment rate	3.7%	3.9%	3.6%	3.7%	3.7%	10%	€ 22 million	€ 23 million[2]
	Number of bankruptcies (monthly)	304	358	359	358	355			
Base	Unemployment rate	3.7%	4.2%	4.5%	4.5%	4.5%	55%	€ 23 million	
	Number of bankruptcies (monthly)	316	443	486	486	482			
Down	Unemployment rate	4.2%	5.5%	5.6%	5.4%	5.3%	35%	€ 25 million	
	Number of bankruptcies (monthly)	325	514	640	649	644			

1 The macroeconomic parameters look ahead with a 12-months interval from the reporting period.
2 Including the provision for credit losses for off-balance sheet items.

Management of arrears and forborne

Exposures in arrears

The table below depicts the amount of loans and advances to customers in arrears. Loans and advances in arrears as percentage of total loans was 0.6%, lower compared to 2023. For residential mortgages the percentage decreased to 0.5% and the exposures in arrears itself decreased from € 378 million at year-end 2023 to € 279 million. SME loan exposures in arrears decreased from € 49 million to € 43 million, with mainly long-term arrears improving.

Loans and advances to customers in arrears

	2024						2023					
in € millions	Gross carrying amount	No arrears	≤ 30 days in arrears	> 30 days ≤ 90 days in arrears	> 90 days in arrears	% in arrears	Gross carrying amount	No arrears	≤ 30 days in arrears	> 30 days ≤ 90 days in arrears	> 90 days in arrears	% in arrears
Residential mortgages												
Stage 1	44,807	44,787	11	2	7	0.0%	46,138	46,109	16	3	10	0.1%
Stage 2	6,723	6,588	31	52	52	2.0%	2,590	2,390	40	86	74	7.7%
Stage 3	473	349	12	19	93	26.2%	473	324	12	27	110	31.5%
Total residential mortgages excluding IFRS value adjustments	**52,003**	**51,724**	**54**	**73**	**152**	**0.5%**	**49,201**	**48,823**	**68**	**116**	**194**	**0.8%**
IFRS value adjustments[1]	-1,088						-1,316					
Total residential mortgages	**50,915**	**51,724**	**54**	**73**	**152**		**47,885**	**48,823**	**68**	**116**	**194**	
Consumer loans												
Stage 1	44	44	--	--	--	0.0%	18	18	--	--	--	0.0%
Stage 2	15	10	2	1	2	33.3%	33	29	1	1	2	12.1%
Stage 3	8	1	--	--	7	87.5%	8	1	--	--	7	87.5%
Total consumer loans	**67**	**55**	**2**	**1**	**9**	**17.9%**	**59**	**48**	**1**	**1**	**9**	**18.6%**
SME loans												
Stage 1	1,257	1,256	1	--	--	0.1%	1,069	1,068	1	--	--	0.1%
Stage 2	104	76	12	8	8	26.9%	127	96	16	5	10	24.4%
Stage 3	32	18	3	1	10	43.8%	39	22	2	3	12	43.6%
Total SME loans	**1,393**	**1,350**	**16**	**9**	**18**	**3.1%**	**1,235**	**1,186**	**19**	**8**	**22**	**4.0%**
Other corporate and government loans												
Stage 1	2,168	2,168	--	--	--	0.0%	1,746	1,746	--	--	--	0.0%
Stage 2	48	48	--	--	--	0.0%	66	66	--	--	--	0.0%
Stage 3	45	45	--	--	--	0.0%	38	38	--	--	--	0.0%
Total other corporate and government loans	**2,261**	**2,261**	**--**	**--**	**--**	**0.0%**	**1,850**	**1,850**	**--**	**--**	**--**	**0.0%**
Loans and advances to customers												
Stage 1	48,276	48,255	12	2	7	0.0%	48,971	48,941	17	3	10	0.1%
Stage 2	6,890	6,722	45	61	62	2.4%	2,816	2,581	57	92	86	8.3%
Stage 3	558	413	15	20	110	26.0%	558	385	14	30	129	31.0%
Total excluding IFRS value adjustments	**55,724**	**55,390**	**72**	**83**	**179**	**0.6%**	**52,345**	**51,907**	**88**	**125**	**225**	**0.8%**
IFRS value adjustments[1]	**-1,088**						-1,316					
Total loans and advances to customers	**54,636**	**55,390**	**72**	**83**	**179**		**51,029**	**51,907**	**88**	**125**	**225**	

1 Consist of fair value adjustments from hedge accounting and amortisations.

Forborne exposure

Forbearance is the process of granting measures to a customer that is experiencing or about to experience financial difficulties in meeting its financial commitments. The purpose of forbearance is to maintain the debtor relationship and give a customer room to meet its obligations to the bank. A summary of our current policies and practices for forbearance is set out in 4.4.4 Provisioning methodology.

Forborne assets as at 31 December 2024

in € millions	Gross carrying amount forborne assets Performing (= stage 2)	Non-performing (= stage 3)	Total	Provision for credit losses forborne assets Performing (= stage 2)	Non-performing (= stage 3)	Total
Residential mortgages	739	208	**947**	-7	-17	**-24**
Other consumer loans	3	1	**4**	--	--	**--**
SME loans	21	21	**42**	-1	-6	**-7**
Other corporate and government loans	3	45	**48**	--	-37	**-37**
Total	**766**	**275**	**1,041**	**-8**	**-60**	**-68**
Off-balance sheet items	5	2	**7**	--	-1	**-1**
Total	**771**	**277**	**1,048**	**-8**	**-61**	**-69**

Forborne assets as at 31 December 2023

in € millions	Gross carrying amount forborne assets Performing (= stage 2)	Non-performing (= stage 3)	Total	Provision for credit losses forborne assets Performing (= stage 2)	Non-performing (= stage 3)	Total
Residential mortgages	765	259	**1,024**	-12	-27	**-39**
Other consumer loans	1	5	**6**	--	-4	**-4**
SME loans	31	21	**52**	-2	-4	**-6**
Other corporate and government loans	--	38	**38**	--	-31	**-31**
Total	**797**	**323**	**1,120**	**-14**	**-66**	**-80**
Off-balance sheet items	4	3	7	--	-2	-2
Total	**801**	**326**	**1,127**	**-14**	**-68**	**-82**

Credit risk mitigation

Offsetting

The bank offsets financial assets and liabilities and reports the net amount on the balance sheet if there is a legally enforceable right to offset the recognised amounts, and if there is an intention to settle the items on a net basis, or to settle the asset and the liability simultaneously. There is an enforceable right to offset amounts, provided it is not dependent on a future event and is legally enforceable under normal circumstances as well as in the case of bankruptcy. If these conditions are not met, amounts will not be offset.

Offsetting, netting, collateral and guarantees

The table below shows how exposures were offset, netted, collateralised and guaranteed as at year-end 2024 and 2023. The table discloses the potential effect of netting arrangements and collateral agreements on de Volksbank's financial position. We included the potential effect of rights of set-off related to de Volksbank's recognised financial assets and recognised financial liabilities.

The amounts eligible for offsetting pursuant to the International Swaps and Derivatives Association (ISDA) contracts are related to derivatives and amount to € 945 million (2023: € 936 million).

Financial assets and liabilities: offsetting, netting, collateral and guarantees as at 31 December 2024 Audited

in € millions	Gross carrying amount before balance sheet netting	Offsetting balance sheet values	Maximum exposure to credit risk	Not offset in the statement of financial position: Master netting agreements	Cash collateral	Debt securities	Savings deposits	Immovable property	Financial guarantees	Net exposure	Provision for credit losses
Cash and balances at central banks	2,834		2,834							2,834	
Derivatives	2,141		2,141	945[1]	1,179[2]					17	
Investments	7,206		7,206						300	6,906	-7
Loans and advances to banks	6,713		6,713						2,664	4,049	-3
Loans and advances to customers	**54,636**		**54,636**				1,776	51,480	231	**1,149**	**-142**
- Residential mortgages	*52,003*		*52,003*				*1,776*	*50,133*	*2*[3]	*92*	*-80*
- Consumer loans	*67*		*67*							*67*	*-7*
- SME loans	*1,393*		*1,393*					*1,347*		*46*	*-15*
- Other corporate and government loans	*2,261*		*2,261*						*229*	*2,032*	*-40*
- IFRS fair value adjustments[4]	*-1,088*		*-1,088*							*-1,088*	
Other assets	247		247							247	
Total financial assets	**73,777**	**--**	**73,777**	**945**	**1,179**	**--**	**1,776**	**51,480**	**3,195**	**15,202**	**-152**
Derivatives	1,105		1,105	945[1]	152[5]					8	
Amounts due to banks	1,401		1,401							1,401	
Other liabilities	66,712		66,712							66,712	
Total financial liabilities	**69,218**	**--**	**69,218**	**945**	**152**	**--**	**--**	**--**	**--**	**68,121**	**--**
Loan commitments given	3,041		3,041					903		2,138	-8
Other commitments (repurchase commitment)[6]	--		--							--	--
Financial guarantees	3		3		3					--	--
Conditionally revocable commitments	--		--							--	--
Total off-balance sheet	**3,044**	**--**	**3,044**	**--**	**3**	**--**	**--**	**903**	**--**	**2,138**	**-8**

1 Eligible for offsetting pursuant to the International Swap and Derivatives Association (ISDA).
2 This is the amount that can be offset against the net current credit exposure. The total cash collateral received amounted to € 1,205 million.
3 Guarantees for residential mortgages provided with a National Mortgage Guarantee (NHG) and an LtV > 100%.
4 Consist of fair value adjustments from hedge accounting and amortisations.
5 This is the amount that can be offset against the net current credit exposure.
6 For more information please refer to Note 19 Contingent liabilities and commitments to the Consolidated financial statements.

Financial assets and liabilities: offsetting, netting, collateral and guarantees as at 31 December 2023 Audited

				Not offset in the statement of financial position							
in € millions	**Gross carrying amount before balance sheet netting**	Offsetting balance sheet values	**Maximum exposure to credit risk**	Master netting agreements	Cash collateral	Debt securities	Savings deposits	Immovable property	Financial guarantees	**Net exposure**	Provision for credit losses
Cash and balances at central banks	5,891		5,891							5,891	
Derivatives	2,544		2,544	936[1]	1,494[2]					114	
Investments	6,740		6,740						1,208	5,532	-7
Loans and advances to banks	4,675		4,675						959	3,716	-4
Loans and advances to customers	**51,029**		**51,029**				1,734	48,488	267	**540**	**-182**
- Residential mortgages	*49,201*		*49,201*				*1,734*	*47,313*	*6*[3]	*148*	*-118*
- Consumer loans	*59*		*59*							*59*	*-8*
- SME loans	*1,235*		*1,235*					*1,175*		*60*	*-22*
- Other corporate and government loans	*1,850*		*1,850*						*261*	*1,589*	*-34*
- IFRS fair value adjustments[4]	*-1,316*		*-1,316*							*-1,316*	
Other assets	283		283							283	
Total financial assets	**71,162**	**--**	**71,162**	**936**	**1,494**	**--**	**1,734**	**48,488**	**2,434**	**16,076**	**-193**
Derivatives	1,121		1,121	936[1]	174[5]					11	
Amounts due to banks	1,947		1,947			100				1,847	
Other liabilities	63,775		63,775							63,775	
Total financial liabilities	**66,843**	**--**	**66,843**	**936**	**174**	**100**	**--**	**--**	**--**	**65,633**	**--**
Loan commitments given	2,204		2,204					797		1,407	-8
Other commitments (repurchase commitment)[6]	287		287					287		--	--
Financial guarantees	4		4		4					--	--
Conditionally revocable commitments	367		367							367	-3
Total off-balance sheet	**2,862**	**--**	**2,862**	**--**	**4**	**--**	**--**	**1,084**	**--**	**1,774**	**-11**

1 Eligible for offsetting pursuant to the International Swap and Derivatives Association (ISDA).
2 This is the amount that can be offset against the net current credit exposure. The total cash collateral received amounted to € 1,536 million.
3 Guarantees for residential mortgages provided with a National Mortgage Guarantee (NHG) and an LtV > 100%.
4 Consist of fair value adjustments from hedge accounting and amortisations.
5 This is the amount that can be offset against the net current credit exposure.
6 For more information please refer to Note 19 Contingent liabilities and commitments to the Consolidated financial statements.

Collateral and guarantees for stage 3 exposures Audited

in € millions	Gross carrying amount before balance sheet netting 2024	2023	Offsetting balance sheet values 2024	2023	Maximum exposure to credit risk 2024	2023	Immovable property[1] 2024	2023	Net exposure 2024	2023	Provision for credit losses 2024	2023
Residential mortgages	473	473			473	473	441	430	32	43	-31	-42
Consumer loans	8	8			8	8	--	--	8	8	-7	-7
SME loans	32	39			32	39	26	24	6	15	-4	-8
Other corporate and government loans	45	38			45	38	--	--	45	38	-37	-31
Loans and advances to customers	**558**	**558**	**--**	**--**	**558**	**558**	**467**	**454**	**91**	**104**	**-79**	**-88**
Off-balance sheet exposures	**11**	**14**	**--**	**--**	**11**	**14**	**8**	**9**	**3**	**5**	**-3**	**-5**

1 Not offset in the statement of financial position.

Loans and advances to banks
The guarantees for loans and advances to banks are guarantees issued by regional or central governments. The collateral is mainly linked to derivative transactions.

Residential mortgages
As far as residential mortgages are concerned, we ensure that the inflow of loans meets adequate standards in respect of customer, income and collateral. We limit potential losses resulting from credit risk by setting conditions on collateral, such as the value of the collateral and possibly the issue of a National Mortgage Guarantee (*NHG*).

An NHG mortgage provides both the customer and the bank with additional security. On 1 January 2024, the *NHG* limit was set at € 435,000 and at € 461,100 in case of investments in energy-saving measures. With effect from 1 January 2025, these maximum amounts were raised to € 450,000 and € 477,000 respectively.

Of the residential mortgages, € 14.1 billion (2023: € 12.6 billion), i.e. 27%, of the gross carrying amount of the exposure fell under the *NHG* guarantee scheme (see also the table Breakdown of residential mortgages by LtV bucket in Section Details of residential mortgages in the Annual Report 2024).

The Loan-to-Value (LtV) is the amount of the (remaining) loan expressed as a percentage of the indexed market value of the collateral. In 2018, the maximum regulatory LtV for new mortgage loans was lowered to 100%. A low LtV is advantageous to both customers and the bank, as it reduces the likelihood of a residual debt.

Consequently, lower LtVs mean lower risk surcharges in our mortgage rates at origination. We bring this to customers' attention as part of the SNS Mortgage Term Monitoring Service. If customers' LtV has fallen during the term of the mortgage contract, they may request a risk surcharge reduction. They can do so by submitting a recent valuation report of the collateral showing that the collateral value has increased or, alternatively, by making additional repayments to reduce the mortgage amount.

Every month, we index collateral values based on house price developments by using indices, by municipality and type of collateral, which we purchase from third parties. For our portfolio management, we adjust the collateral value both upwards and downwards. If the value of collateral has dropped, we do adjust the LtV but we do not impose the higher risk surcharge on the customer.

The weighted average indexed LtV of the residential mortgages declined to 50%, from 54% at year-end 2023. Increased house prices have led to a shift of mortgages to lower LtV buckets.

In the event of foreclosure, we instruct an appraiser of our choosing to (re)value the collateral.

SME loans
The major part of our SME loan portfolio consists of mortgages on commercial real estate. All collateralised assets are located in the Netherlands, a mature market for commercial real estate.

The revaluation frequency for property depends on the amount of its exposure. If 1) the exposure exceeds € 3 million or 2) the exposure exceeds € 1 million and the LtV is above 80%, the property must be revalued once every three years.

A revaluation is also initiated as part of the (arrears) management process. This is a standard procedure once the process for a loan that has been declared to be in default has been started. A revaluation is also made if, upon a check, the information received indicates that the value of the real estate has dropped sharply in comparison with general market prices.

For every new mortgage or material change in a loan, a valuation report is required for all properties to which the loan pertains. For new developments, this is a valuation based on the specifications and underlying documents such as a building contract.

Other corporate and government loans
The major part of the sustainable loans we provide are loans with government-guaranteed electricity prices and/or power purchase agreements. Other corporate and government loans also have government-issued guarantees, such as loans provided to healthcare institutions and housing associations.

In 2024, the credit loss provision amounted to € 40 million, mainly attributable to a corporate loan in stage 3, of which the lender has a partial guarantee from the shareholder regarding the functioning of the financed installation. This guarantee is taken into account and mitigates the credit risk and thus the provision.

We do not use credit derivatives as collateral.

Counterparty risk on derivative positions
De Volksbank conducts money market and capital market transactions with various financial institutions and corporates. This also includes derivative transactions to hedge interest rate and currency risks. Here, the bank runs the risk that a counterparty to a transaction defaults before the final settlement of the cashflows associated with the transaction has taken place. The counterparties are subject to a periodic review cycle, in which their creditworthiness and the appropriateness of the internal limits are assessed. These limits are set in line with the bank's risk appetite and are assessed as part of the periodic review cycle. Additionally, the counterparties are continuously monitored for certain triggers.

To reduce this counterparty risk on derivative transactions, de Volksbank applies the following order when entering into such transactions:
- Where possible, the bank concludes derivative transactions with financial institutions and corporates using clearing via a central counterparty (CCP). Exceptions to this are transactions that are not supported by a CCP, and very short-term transactions entailing extremely high central clearing costs. Of our eligible derivatives, 98% are CCP cleared, based on par value;
- If central clearing is not possible, the bank subjects derivative transactions with financial institutions to collateral agreements. These are International Swaps and Derivatives Association (ISDA) standardised contracts with a Credit Support Annex (CSA) agreed in advance with each counterparty, laying down the collateral arrangements. In this respect, the bank limits the credit risk on counterparties by means of the provision and acquisition of collateral in the form of cash that covers the value of the derivatives. If a counterparty defaults, the bank will terminate the transactions and the collateral in the amount of the replacement value of the transactions will become available to the bank based on the CSA collateral agreement. Also, repurchase agreements are governed by Global Master Repurchase Agreements (GMRA) in case of bilateral agreements.

In relation to the above, we determine the collateral required on a regular, frequent basis (in general daily), i.e. the net market value of the outstanding derivative transactions, which we subsequently receive (or have to pay) pursuant to the CSA following a notification (margin call) to or from the counterparty.

Both counterparty risk mitigating measures reduce the EAD calculation according to the CRR/CRD rules.

Other risk-mitigating measures taken by de Volksbank include the following:
- Daily checks to determine whether the fair value development of derivative positions with collateral arrangements is proportionate to the collateral received or to be provided;
- Settlement of foreign exchange transactions via the Continuous Linked Settlement system, a global system that limits settlement risk by means of the 'payment versus payment' method and payment netting;
- Continuous monitoring to assess whether the assets available still meet the requirements to serve as collateral;
- Assessment of the fair value of the collateral received to ensure that it provides adequate cover for the underlying derivative.

For some ISDA/CSA agreements with the counterparty, de Volksbank will provide more collateral if de Volksbank's credit rating deteriorates.

De Volksbank does not use credit derivatives as a form of security or as an instrument to hedge credit risk.

Details of residential mortgages

Exposure to residential mortgages by stage Audited

	2024					2023				
in € millions	Gross carrying amount	Provision for credit losses	**Book value**	Stage ratio	Coverage ratio	Gross carrying amount	Provision for credit losses	**Book value**	Stage ratio	Coverage ratio
Stage 1[1]	44,807	-25	44,782	86.2%	0.1%	46,138	-37	46,101	93.8%	0.1%
Stage 2	6,723	-24	6,699	12.9%	0.4%	2,590	-39	2,551	5.3%	1.5%
Stage 3	473	-31	442	0.9%	6.6%	473	-42	431	1.0%	8.9%
Total residential mortgages excluding IFRS value adjustments	**52,003**	**-80**	**51,923**		**0.2%**	**49,201**	**-118**	**49,083**		**0.2%**
IFRS value adjustments[2]	-1,088	--	-1,088			-1,316	--	-1,316		
Total residential mortgages	**50,915**	**-80**	**50,835**			**47,885**	**-118**	**47,767**		
Off-balance sheet items stage 1	1,855	-2	1,853		0.1%	1,795	-3	1,792		0.2%
Off-balance sheet items stage 2	105	-2	103		1.9%	48	-2	46		4.2%
Off-balance sheet items stage 3	8	-1	7		12.5%	9	-1	8		11.1%
Total off-balance sheet items[3]	**1,968**	**-5**	**1,963**		**0.3%**	1,852	-6	1,846		0.3%
Total on and off-balance sheet items residential mortgages	**52,883**	**-85**	**52,798**		**0.2%**	**49,737**	**-124**	**49,613**		**0.2%**

1 At year-end 2024, a part of the exposure regarding the management overlay (€ 0.7 billion), together with the corresponding management overlay (€ 19 million) is allocated to its current stage, being stage 1, while the management overlay is calculated based on lifetime expected credit losses.
2 Consist of fair value adjustments from hedge accounting and amortisations.
3 Off-balance sheet items: liabilities from irrevocable facilities, guarantees and repurchase commitments.

Changes in the provision for credit losses for residential mortgages (1) Audited

in € millions	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total	Off-balance[1] 2024	Off-balance[1] 2023
Opening balance	**37**	**39**	**42**	**118**	**38**	**31**	**29**	**98**	**6**	**8**
Transfer to stage 1	--	-8	--	-8	--	-6	--	-6	-1	--
Transfer to stage 2	-1	10	-10	-1	--	14	-8	6	1	1
Transfer to stage 3	--	-2	11	9	-1	-1	17	15	--	--
Change in credit risk	-4	-6	-7	-17	-4	2	6	4	-1	-2
Originated or purchased	3	--	--	3	4	--	--	4	1	1
Matured or sold	-1	-5	-8	-14	-2	-4	-3	-9	--	--
Change in management overlay	-9	-4	3	-10	2	3	1	6	-1	-2
Impairment charges (releases)	**-12**	**-15**	**-11**	**-38**	**-1**	**8**	**13**	**20**	**-1**	**-2**
Write-offs	--	--	--	--	--	--	--	--	--	--
Closing balance	**25**	**24**	**31**	**80**	**37**	**39**	**42**	**118**	**5**	**6**
- of which: management overlay				*38*				*48*	*3*	*3*

1 Consist mainly of off-balance sheet facilities, guarantees and repurchase commitments. The provision for credit losses of off-balance sheet items is reported in the line item Provisions in the Consolidated statement of financial position.

Changes in the provision for credit losses for residential mortgages (2) Audited

in € millions	Residential mortgages 2024	Residential mortgages 2023	Off-balance[1] 2024	Off-balance[1] 2023
Impairment charges (releases)	-38	20	-1	-2
Recoveries and other charges through P&L	-9	-9	--	--
Total impairment charges (releases)	**-47**	**11**	**-1**	**-2**

1 Consist mainly of off-balance sheet facilities, guarantees and repurchase commitments. The provision for credit losses of off-balance sheet items is reported in the line item Provisions in the Consolidated statement of financial position.

Stage 3 residential mortgages vintage analysis

Time in default (as a % of total gross amount)	2024	2023
< 1 year	51%	55%
1-3 years	34%	34%
3-5 years	10%	5%
5-10 years	3%	4%
> 10 years	2%	2%
Total	**100%**	**100%**

Credit quality of the residential mortgages

Internal rating classes for residential mortgages Audited

		2024								2023							
		Gross carrying amount				Provision for credit losses				Gross carrying amount				Provision for credit losses			
in € millions		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	PD scaling																
1	0.00 to <0.15	23,092	22	--	23,114	-3	--	--	-3	15,865	1	--	15,866	-2	--	--	-2
2	0.15 to <0.25	13,629	90	--	13,719	-5	--	--	-5	13,515	1	--	13,516	-4	--	--	-4
3	0.25 to <0.35	5,510	180	--	5,690	-5	--	--	-5	8,405	1	--	8,406	-5	--	--	-5
4	0.35 to <0.50	1,828	408	--	2,236	-4	--	--	-4	5,944	4	--	5,948	-8	--	--	-8
5	0.50 to <0.75	72	757	--	829	--	--	--	--	1,768	19	--	1,787	-6	--	--	-6
6	0.75 to <1.25	85	1,419	--	1,504	--	-1	--	-1	78	161	--	239	--	-1	--	-1
7	1.25 to <1.50	56	592	--	648	--	-1	--	-1	30	150	--	180	--	--	--	--
8	1.50 to <1.75	51	426	--	477	--	-1	--	-1	29	167	--	196	--	-1	--	-1
9	1.75 to <3.50	359	1,503	--	1,862	-3	-3	--	-6	231	723	--	954	-1	-3	--	-4
10	3.50 to <10.00	119	413	--	532	-4	-2	--	-6	255	394	--	649	-8	-4	--	-12
11	10.00 to <15.00	3	176	--	179	--	-1	--	-1	6	167	--	173	-1	-1	--	-2
12	15.00 to <25.00	3	290	--	293	-1	-3	--	-4	12	316	--	328	-2	-5	--	-7
13	25.00 to <100.00	--	447	--	447	--	-12	--	-12	--	486	--	486	--	-24	--	-24
Default	100.00	--	--	473	473	--	--	-31	-31	--	--	473	473	--	--	-42	-42
Total		**44,807**	**6,723**	**473**	**52,003**	**-25**	**-24**	**-31**	**-80**	**46,138**	**2,590**	**473**	**49,201**	**-37**	**-39**	**-42**	**-118**
IFRS value adjustments[1]					-1,088								-1,316				
Total residential mortgages		**44,807**	**6,723**	**473**	**50,915**	**-25**	**-24**	**-31**	**-80**	**46,138**	**2,590**	**473**	**47,885**	**-37**	**-39**	**-42**	**-118**

1 Consist of fair value adjustments from hedge accounting and amortisations.

Residential mortgages by Loan-to-Value bucket

For an explanation of LtV and NHG for residential mortgages, see Section 4.4.6 Risk mitigation.

Breakdown of residential mortgages by LtV bucket[1] 31 December 2024 Audited

in € millions	Gross carrying amount					Provision for credit losses				Coverage ratio[2]			
	Stage 1	Stage 2	Stage 3	Total		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
NHG[3]													
≤ 75%	10,206	980	62	11,248	22%	-2	-2	-3	-7	0.0%	0.2%	4.4%	0.1%
>75 ≤ 100%	2,717	62	6	2,785	5%	-2	-1	--	-3	0.1%	1.1%	6.6%	0.1%
>100 ≤ 110%	53	--	--	53	0%	--	--	--	--	0.2%	1.6%	0.0%	0.2%
>110 ≤ 125%	1	--	--	1	0%	--	--	--	--	0.6%	3.6%	0.0%	1.0%
> 125%	1	1	-	2	0%	--	--	--	--	1.5%	5.2%	0.0%	3.4%
Total NHG	**12,978**	**1,043**	**68**	**14,089**	**27%**	**-4**	**-3**	**-3**	**-10**	**0.0%**	**0.3%**	**4.6%**	**0.1%**
Non-NHG													
≤ 75%	28,488	5,411	352	34,251	66%	-12	-14	-18	-44	0.0%	0.3%	5.1%	0.1%
>75 ≤ 100%	3,232	256	41	3,529	7%	-9	-6	-7	-22	0.3%	2.4%	16.3%	0.6%
>100 ≤ 110%	82	7	5	94	0%	--	--	-1	-1	0.4%	6.5%	23.2%	2.3%
>110 ≤ 125%	16	2	3	21	0%	--	--	-1	-1	1.8%	15.0%	14.6%	4.8%
> 125%	11	4	4	19	0%	--	-1	-1	-2	1.2%	17.7%	24.5%	11.0%
Total Non-NHG	**31,829**	**5,680**	**405**	**37,914**	**73%**	**-21**	**-21**	**-28**	**-70**	**0.1%**	**0.4%**	**6.8%**	**0.2%**
Total	**44,807**	**6,723**	**473**	**52,003**	**100%**	**-25**	**-24**	**-31**	**-80**	**0.1%**	**0.4%**	**6.5%**	**0.2%**
IFRS value adjustments[4]				-1,088									
Total residential mortgages				**50,915**					**-80**				**0.2%**
Weighted average indexed LtV				**50%**									

1 The LtV is based on the indexed market value of collateral.
2 The coverage ratios differ from the ratios in other tables because in this table the gross exposure is reduced by the savings deposits and because these are calculated with unrounded figures.
3 NHG is determined on loan part level; the size of guarantees related to NHG-guaranteed mortgages expires on an annuity basis.
4 Consist of fair value adjustments from hedge accounting and amortisations.

Breakdown of residential mortgages by LtV bucket[1] 31 December 2023 Audited

in € millions	Gross carrying amount					Provision for credit losses				Coverage ratio[2]			
	Stage 1	Stage 2	Stage 3	Total		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
NHG[3]													
≤ 75%	9,938	283	55	10,276	21%	-2	-2	-3	-7	0.0%	0.7%	6.3%	0.1%
>75 ≤ 100%	1,939	66	6	2,011	4%	-2	-1	-1	-4	0.1%	1.5%	9.2%	0.2%
>100 ≤ 110%	283	8	1	292	1%	--	--	--	--	0.1%	1.7%	7.7%	0.2%
>110 ≤ 125%	1	1	--	2	0%	--	--	--	--	0.4%	2.8%	14.6%	3.5%
> 125%	3	1	-	4	0%	--	--	--	--	1.1%	12.2%	8.5%	3.4%
Total NHG	**12,164**	**359**	**62**	**12,585**	**26%**	**-4**	**-3**	**-4**	**-11**	**0.0%**	**0.9%**	**6.7%**	**0.1%**
Non-NHG													
≤ 75%	29,145	1,736	307	31,188	63%	-14	-16	-20	-50	0.0%	0.9%	6.4%	0.2%
>75 ≤ 100%	4,404	429	75	4,908	10%	-15	-15	-10	-40	0.3%	3.4%	12.8%	0.8%
>100 ≤ 110%	338	39	12	389	1%	-2	-2	-3	-7	0.7%	6.4%	22.8%	2.0%
>110 ≤ 125%	75	16	5	96	0%	-1	-2	-1	-4	1.9%	12.3%	22.1%	4.7%
> 125%	12	11	12	35	0%	-1	-1	-4	-6	6.3%	7.6%	36.6%	17.2%
Total Non-NHG	**33,974**	**2,231**	**411**	**36,616**	**74%**	**-33**	**-36**	**-38**	**-107**	**0.1%**	**1.6%**	**9.1%**	**0.3%**
Total	**46,138**	**2,590**	**473**	**49,201**	**100%**	**-37**	**-39**	**-42**	**-118**	**0.1%**	**1.5%**	**8.8%**	**0.2%**
IFRS value adjustments[4]				-1,316									
Total residential mortgages				**47,885**					**-118**				**0.2%**
Weighted average indexed LtV				**54%**									

1 The LtV is based on the indexed market value of collateral.
2 The coverage ratios differ from the ratios in other tables because in this table the gross exposure is reduced by the savings deposits and because these are calculated with unrounded figures.
3 NHG is determined on loan part level; the size of guarantees related to NHG-guaranteed mortgages expires on an annuity basis.
4 Consist of fair value adjustments from hedge accounting and amortisations.

Additional information on residential mortgages

Residential mortgages by fixed-term maturity[1]

in € millions	2024		2023	
Floating rate	847	1%	1,050	2%
≥ 1 and < 5-year fixed rate	993	2%	914	2%
≥ 5 and < 10-year fixed rate	1,912	4%	1,549	3%
≥ 10 and < 15-year fixed rate	29,298	56%	26,847	54%
≥ 15-year fixed rate	18,547	36%	18,479	38%
Other	406	1%	362	1%
Total	**52,003**	**100%**	**49,201**	**100%**

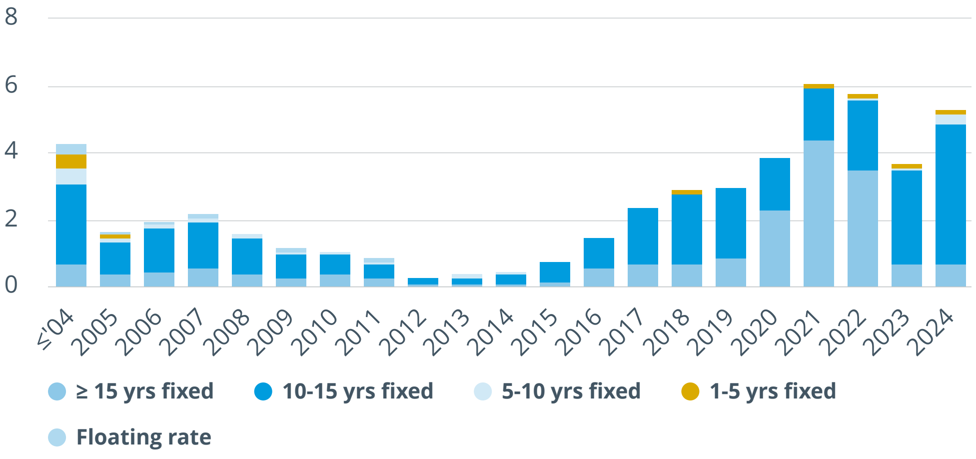
1 Gross carrying amount and excluding fair value adjustments from hedge accounting and amortisations.

Residential mortgages by redemption type[1]

in € millions	2024		2023	
Interest-only (100%)	9,077	17%	9,256	19%
Interest-only (partially)[2]	12,943	25%	13,060	26%
Annuity	23,307	45%	20,027	41%
Linear	1,289	2%	1,264	3%
(Bank) savings[3]	3,085	6%	3,198	6%
Life insurance/investments	1,896	4%	2,034	4%
Other	406	1%	362	1%
Total	**52,003**	**100%**	**49,201**	**100%**

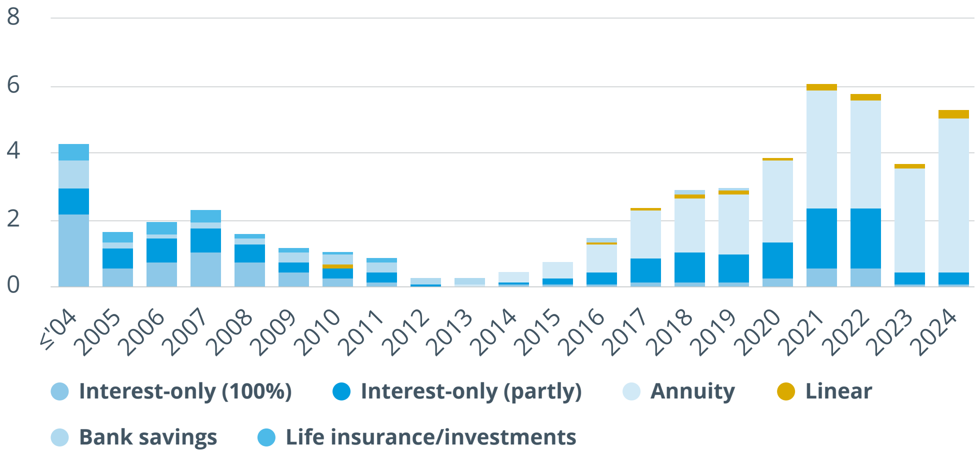
1 Gross carrying amount and excluding fair value adjustments from hedge accounting and amortisations.
2 Besides an interest-only loan part, customers also have a loan part with a repayment, such as annuity or linear repayments.
3 The guaranteed savings deposits accrued in a policy with the insurer are accounted for under (bank) savings.

Residential mortgages by fixed-rate maturity and latest year of adjustment (in € billions)[1]



1 Amounts in this chart do include mortgage renewals, but do not include bridge loans and 'Extra ruimte' mortgages.

Residential mortgages by redemption type and latest year of adjustment (in € billions)[1]



1 Amounts in this chart do include mortgage renewals, but do not include bridge loans and 'Extra ruimte' mortgages.

Details of consumer loans

Exposure to consumer loans by stage Audited

in € millions	2024 Gross carrying amount	2024 Provision for credit losses	2024 Book value	2024 Stage ratio	2024 Coverage ratio	2023 Gross carrying amount	2023 Provision for credit losses	2023 Book value	2023 Stage ratio	2023 Coverage ratio
Stage 1	44	--	44	65.7%	0.0%	18	--	18	30.5%	0.0%
Stage 2	15	--	15	22.4%	0.0%	33	-1	32	55.9%	3.0%
Stage 3	8	-7	1	11.9%	87.5%	8	-7	1	13.6%	87.5%
Total consumer loans	**67**	**-7**	**60**		**10.4%**	**59**	**-8**	**51**		**13.6%**
Off-balance sheet items stage 1	349	--	349		0.0%	361	--	361		0.0%
Off-balance sheet items stage 2	4	--	4		0.0%	4	--	4		0.0%
Off-balance sheet items stage 3	2	-2	--		100.0%	3	-3	--		100.0%
Total off-balance sheet items[1]	**355**	**-2**	**353**		**0.6%**	**368**	**-3**	**365**		**0.8%**
Total on and off-balance sheet items consumer loans	**422**	**-9**	**413**		**2.1%**	**427**	**-11**	**416**		**2.6%**

1 Consists mainly of conditionally revocable facilities.

Changes in the provision for credit losses for consumer loans Audited

in € millions	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total	Off-balance[1] 2024	Off-balance[1] 2023
Opening balance	**--**	**1**	**7**	**8**	**--**	**1**	**8**	**9**	**3**	**4**
Transfer to stage 1	--	-1	--	-1	--	--	--	--	--	--
Transfer to stage 2	--	--	--	--	--	--	--	--	--	--
Transfer to stage 3	--	--	1	1	--	--	1	1	--	--
Changes in credit risk	--	--	--	--	--	--	--	--	--	--
Originated or purchased	--	--	--	--	--	--	--	--	--	--
Matured or sold	--	--	1	1	--	--	--	--	-1	-1
Impairment charges (releases)	**--**	**-1**	**2**	**1**	**--**	**--**	**1**	**1**	**-1**	**-1**
Write-offs	--	--	-2	-2	--	--	-2	-2	--	--
Closing balance	**--**	**--**	**7**	**7**	**--**	**1**	**7**	**8**	**2**	**3**
Impairment charges (releases)				1				1	-1	-1
Recoveries and other charges through P&L				--				-2	--	--
Total impairment charges (releases)				**1**				**-1**	**-1**	**-1**

1 Off-balance sheet: liabilities from irrevocable facilities, guarantees and repurchase commitments. The provision for credit losses of off-balance sheet items is reported in Provisions (see also Note 16 to the consolidated financial statements).

Detail of SME loans

Exposure to SME loans by stage Audited

in € millions	2024 Gross carrying amount	2024 Provision for credit losses	2024 Book value	2024 Stage ratio	2024 Coverage ratio	2023 Gross carrying amount	2023 Provision for credit losses	2023 Book value	2023 Stage ratio	2023 Coverage ratio
Stage 1	1,257	-3	1,254	90.2%	0.2%	1,069	-5	1,064	86.6%	0.5%
Stage 2	104	-8	96	7.5%	7.7%	127	-9	118	10.3%	7.1%
Stage 3	32	-4	28	2.2%	12.5%	39	-8	31	3.2%	20.5%
Total SME loans[1]	**1,393**	**-15**	**1,378**		**1.1%**	**1,235**	**-22**	**1,213**		**1.8%**
Off-balance sheet items stage 1	175	--	175		0.0%	136	--	136		0.0%
Off-balance sheet items stage 2	4	-1	3		25.0%	4	--	4		0.0%
Off-balance sheet items stage 3	1	--	1		0.0%	2	-1	1		50.0%
Total off-balance sheet items[2]	**180**	**-1**	**179**		**0.6%**	**142**	**-1**	**141**		**0.7%**
Total on and off-balance sheet items SME loans	**1,573**	**-16**	**1,557**		**1.0%**	**1,377**	**-23**	**1,354**		**1.7%**

1 Gross SME loans include mortgage-backed loans for a gross amount of € 1,361 million (31-12-2023: € 1,201 million).
2 Off-balance sheet: liabilities from irrevocable facilities and guarantees.

Changes in the provision for credit losses for SME loans Audited

in € millions	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total	Off-balance[1] 2024	Off-balance[1] 2023
Opening balance	**5**	**9**	**8**	**22**	**6**	**7**	**11**	**24**	**1**	**1**
Transfer to stage 1	--	-4	--	-4	--	-2	-1	-3	--	--
Transfer to stage 2	--	4	--	4	--	4	-2	2	--	--
Transfer to stage 3	--	-1	1	--	--	-1	2	1	--	--
Change in credit risk	--	-1	-2	-3	-1	--	--	-1	-1	-1
Originated or purchased	1	2	--	3	1	1	--	2	1	1
Matured or sold	--	-1	-2	-3	--	--	-1	-1	--	--
Change in management overlay	-3	--	--	-3	-1	--	--	-1	--	--
Impairment charges (releases)	**-2**	**-1**	**-3**	**-6**	**-1**	**2**	**-2**	**-1**	**--**	**--**
Write-offs	--	--	-1	-1	--	--	-1	-1	--	--
Closing balance	**3**	**8**	**4**	**15**	**5**	**9**	**8**	**22**	**1**	**1**
- of which: management overlay				--				*3*	--	--
Total impairment charges (releases)				**-6**				**-1**	**--**	**--**

1 Off-balance sheet: liabilities from irrevocable facilities, guarantees and repurchase commitments. The provision for credit losses of off-balance sheet items is reported in Provisions (see also Note 16 to the consolidated financial statements).

Credit quality of SME loans

SME loans by LtV bucket as at 31 December 2024[1] Audited

in € millions	Gross carrying amount					Provision for credit losses				Coverage ratio[2]			
	Stage 1	Stage 2	Stage 3	Total		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
≤ 75%	426	22	13	461	33%	-1	-1	-1	-3	0.1%	4.1%	4.4%	0.4%
>75 ≤ 100%	578	46	11	635	46%	-1	-3	-1	-5	0.2%	6.9%	12.1%	0.9%
>100 ≤ 110%	171	17	2	190	14%	-1	-1	--	-2	0.3%	10.2%	21.1%	1.4%
>110 ≤ 125%	54	7	1	62	4%	--	-1	--	-1	0.4%	7.5%	30.1%	1.6%
> 125%	28	12	5	45	3%	--	-2	-2	-4	0.9%	14.7%	32.5%	8.0%
Total SME loans	**1,257**	**104**	**32**	**1,393**	**100%**	**-3**	**-8**	**-4**	**-15**	**0.2%**	**7.7%**	**12.5%**	**1.1%**

1 LtV based on foreclosure value of collateral.
2 The coverage ratios in this table are calculated with unrounded figures.

SME loans by LtV bucket as at 31 December 2023[1] Audited

in € millions	Gross carrying amount					Provision for credit losses				Coverage ratio[2]			
	Stage 1	Stage 2	Stage 3	Total		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
≤ 75%	358	31	13	402	33%	-1	-1	-2	-4	0.2%	2.9%	15.4%	0.9%
>75 ≤ 100%	503	54	13	570	46%	-2	-4	-2	-8	0.5%	6.9%	17.2%	1.5%
>100 ≤ 110%	134	21	5	160	13%	-1	-2	-2	-5	0.6%	9.1%	43.0%	3.2%
>110 ≤ 125%	44	8	1	53	4%	-1	--	--	-1	0.8%	5.4%	18.5%	1.8%
> 125%	30	13	7	50	4%	--	-2	-2	-4	1.5%	13.9%	30.1%	8.8%
Total SME loans	**1,069**	**127**	**39**	**1,235**	**100%**	**-5**	**-9**	**-8**	**-22**	**0.5%**	**7.1%**	**20.5%**	**1.8%**

1 LtV based on foreclosure value of collateral.
2 The coverage ratios in this table are calculated with unrounded figures.

Internal rating classes of SME loans Audited

in € millions		2024								2023							
		Gross carrying amount				Provision for credit losses				Gross carrying amount				Provision for credit losses			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade	PD scaling																
1	0.00 to <0.15	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
2	0.15 to <0.25	1	--	--	1	--	--	--	--	1	--	--	1	--	--	--	--
3	0.25 to <0.35	13	--	--	13	--	--	--	--	9	--	--	9	--	--	--	--
4	0.35 to <0.50	39	--	--	39	--	--	--	--	23	--	--	23	--	--	--	--
5	0.50 to <0.75	178	--	--	178	--	--	--	--	94	--	--	94	--	--	--	--
6	0.75 to <1.25	292	--	--	292	-1	--	--	-1	245	--	--	245	-1	--	--	-1
7	1.25 to <1.50	77	--	--	77	--	--	--	--	59	--	--	59	--	--	--	--
8	1.50 to <1.75	73	--	--	73	--	--	--	--	45	--	--	45	--	--	--	--
9	1.75 to <3.50	407	1	--	408	-1	--	--	-1	394	2	--	396	-2	--	--	-2
10	3.50 to <10.00	174	5	--	179	-1	--	--	-1	199	9	--	208	-2	--	--	-2
11	10.00 to <15.00	3	13	--	16	--	--	--	--	--	18	--	18	--	-1	--	-1
12	15.00 to <25.00	--	17	--	17	--	-1	--	-1	--	21	--	21	--	-1	--	-1
13	25.00 to <100.00	--	67	--	67	--	-7	--	-7	--	77	--	77	--	-7	--	-7
Default	100.00	--	1	32	33	--	--	-4	-4	--	--	39	39	--	--	-8	-8
Total SME loans		**1,257**	**104**	**32**	**1,393**	**-3**	**-8**	**-4**	**-15**	**1,069**	**127**	**39**	**1,235**	**-5**	**-9**	**-8**	**-22**

Stage 3 SME loans vintage analysis

Time in default (as a % of total gross amount)	2024	2023
< 1 year	33%	25%
1-3 years	28%	27%
3-5 years	18%	16%
5-10 years	18%	16%
> 10 years	3%	16%
Total	**100%**	**100%**

Credit risk concentration of SME loans

SME loans by sector[1]

in € millions	2024		2023	
	Gross carrying amount	Provision for credit losses	Gross carrying amount	Provision for credit losses
Agriculture, forestry and fishing	16	--	15	-1
Manufacturing	67	-1	64	-3
Water supply	1	--	--	--
Construction	127	-2	117	-2
Wholesale and retail trade	249	-3	237	-3
Transport and storage	13	--	10	--
Accommodation and food service activities	67	-1	60	-1
Information and communication	11	--	9	--
Financial and insurance activities	345	-3	291	-4
Real estate activities	208	-3	196	-4
Professional, scientific and technical activities	172	-2	129	-3
Administrative and support service activities	29	--	29	-1
Education	10	--	9	--
Human health services and social work activities	31	--	28	--
Arts, entertainment and recreation	18	--	16	--
Other	29	--	25	0
Total SME loans	**1,393**	**-15**	**1,235**	**-22**

1 Based on the activity classification of the European Union (Nomenclature statistique des activités économiques dans la Communauté Européenne, NACE).

Details of other corporate and government loans

Exposure to other corporate and government loans by stage Audited

in € millions	2024 Gross carrying amount	2024 Provision for credit losses	2024 **Book value**	2024 Stage ratio	2024 Coverage ratio	2023 Gross carrying amount	2023 Provision for credit losses	2023 **Book value**	2023 Stage ratio	2023 Coverage ratio
Stage 1	2,168	-3	2,165	95.9%	0.1%	1,746	-2	1,744	94.4%	0.1%
Stage 2	48	--	48	2.1%	0.0%	66	-1	65	3.6%	1.5%
Stage 3	45	-37	8	1.9%	82.2%	38	-31	7	2.1%	81.6%
Total other corporate and government loans	**2,261**	**-40**	**2,221**		**1.8%**	**1,850**	**-34**	**1,816**		**1.8%**
Off-balance sheet items stage 1	537	--	537		0.0%	480	--	480		0.0%
Off-balance sheet items stage 2	4	--	4		--	20	-1	19		--
Off-balance sheet items stage 3		--	--		--	--	--	--		--
Total off-balance sheet items[1]	**541**	**--**	**541**		**0.0%**	**500**	**-1**	**499**		**0.2%**
Total on and off-balance sheet items other corporate and government loans	**2,802**	**-40**	**2,762**		**1.4%**	**2,350**	**-35**	**2,315**		**1.5%**

1 Off-balance sheet: liabilities from irrevocable facilities and guarantees.

Changes in the provisions for credit losses for other corporate and government loans Audited

in € millions	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 **Total**	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 **Total**	**Off-balance**[1] **2024**	Off-balance[1] 2023
Opening balance	**2**	**1**	**31**	**34**	**1**	**--**	**22**	**23**	**1**	**1**
Transfer to stage 1	--	--	--	--	--	-1	--	-1	--	--
Transfer to stage 2	--	--	--	--	--	1	--	1	--	--
Transfer to stage 3	--	-1	4	3	--	--	9	9	--	--
Change in credit risk	--	--	2	2	--	--	--	--	-1	-1
Originated or purchased	1	--	--	1	1	1	--	2	--	1
Matured or sold	--	--	--	--	--	--	--	--	--	--
Impairment charges (releases)	**1**	**-1**	**6**	**6**	**1**	**1**	**9**	**11**	**-1**	**--**
Write-offs	--	--	--	--	--	--	--	--	--	--
Closing balance	**3**	**--**	**37**	**40**	**2**	**1**	**31**	**34**	**--**	**1**
Impairment charges (releases)				6				11	-1	--
Recoveries and other charges trough P&L				--				--	--	--
Total impairment charges (releases)				**6**				**11**	**-1**	**--**

1 Off-balance sheet: liabilities from irrevocable facilities, guarantees and repurchase commitments. The provision for credit losses of off-balance sheet items is reported in Provisions (see also Note 16 to the consolidated financial statements).

Credit risk concentration of corporate and government loans

Breakdown of other corporate and government loans Audited

in € millions	2024	2023
Government	**780**	**402**
- of which money market loans	*680*	*282*
- of which other private placement loans of ASN Bank	*100*	*120*
Other financial corporations	**315**	**274**
- of which sustainable funds of ASN Bank	*315*	*262*
- of which money market loans	--	3
- of which other loans	--	*9*
Non-financial corporations	**1,166**	**1,174**
- of which other private placement loans of ASN Bank	*211*	*240*
- of which sustainable loans of ASN Bank	*955*	*934*
Gross other corporate and government loans	**2,261**	**1,850**
Provision for credit losses	-40	-34
Total other corporate and government loans	**2,221**	**1,816**

Loans to non-financial corporations by sector[1]

in € millions	2024		2023	
	Gross carrying amount	Provision for credit losses	Gross carrying amount	Provision for credit losses
Manufacturing	32	--	11	--
Electricity, gas, steam and air conditioning supply	754	-35	785	-32
Construction	9	--	20	--
Financial and insurance activities	75	-1	54	-1
Real estate activities	146	--	163	--
Professional, scientific and technical activities	39	-1	29	--
Administrative and support service activities	7	-3	7	-1
Human health services and social work activities	78	--	93	--
Arts, entertainment and recreation	26	--	12	--
Other	--	--	0	--
Total non-financial corporations	**1,166**	**-40**	**1,174**	**-34**

1 Based on the activity classification of the European Union (Nomenclature statistique des activités économiques dans la Communauté Européenne, NACE).

Loans to the government

in € millions	2024	2023
The Netherlands	100	281
EMU excl. the Netherlands	254	--
Switzerland	426	121
Total	**780**	**402**

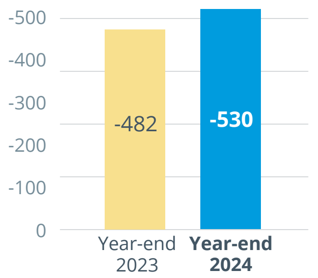
Market risk

The interest rate risk position expressed in the sensitivity of NII and Basis Point Value remained limited during 2024. No active position towards short- or long-term rates based on our interest rate outlook was taken.

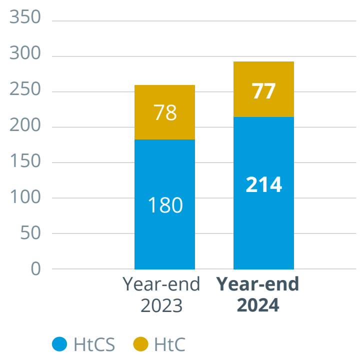
Volume of net interest income at risk year-end 2024

€ 54 MILLION

Basis point value (in € 1,000)



Credit spread risk (in € millions)



Market risk is the risk that may arise from de Volksbank concluding contracts and entering into obligations with customers and professional counterparties. Market risk may occur in the banking book and the trading portfolio.

Market risk in the banking book

Market risk in the banking book mainly comprises market interest rate risk, i.e. the risk that the bank's future interest income deteriorates when market rates change. This risk is part and parcel of a bank that provides mortgage and savings products. In addition, market liquid instruments with direct or indirect reference to market prices may be affected by credit spread risk. Other risks that may be qualified as market risk are limited for de Volksbank. De Volksbank has a low risk appetite for currency risk. With equity holdings in other companies totalling € 16 million (2023: € 14 million), the equity (price) risk is small. Moreover, the banking book does not contain any exposure to commodities.

Interest rate risk in the banking book Audited

Interest rate risk management aims to protect and generate stable net interest income. In the assessment and management of interest rate risks, we take into account:

- anticipated prepayments on mortgage loans;
- anticipated early adjustments of mortgage rates;
- behavioural aspects of demand deposits;
- customer options in the products;
- effects of the current and anticipated interest rate environment;
- effects of interest rate developments that deviate from our expectations.

When managing the banking book's interest rate risk we focus on the interest income (NII) sensitivity to market rate movements. We measure the short to medium- term impact of market rate movements by using the Net Interest Income-at-Risk (NII-at-Risk) methodology, and the long-term impact by using the Economic Value of Equity (EVE) methodology. Apart from that, to properly assess and mitigate equity and P&L volatility we assess the fair value sensitivity for banking book items that are marked-to-market (MtM).

Short-term interest rate risk: NII

To determine the short-term risk to NII, we apply the NII-at-Risk measure, which expresses the change in interest income due to gradual deviations from the expected interest rate development over a horizon of one year. This assessment is based on a dynamic balance sheet, which is aligned with the regular planning process. Deviating interest rate scenarios are calibrated using statistical analysis. To capture basis risk, the NII-at-Risk calculations take into account diverging rate movements of different benchmark rates as part of the scenario-set. Complimentary to the internal perspective, the NII sensitivity is measured and steered in relation to the supervisory outlier test on net interest income.

Long-term interest rate risk: economic value

When we apply the economic value (EV) methodology, we determine the economic value of equity (EVE) by considering all future incoming and outgoing cashflows based on current market rates. The key control measures of EVE sensitivity for day-to-day steering purposes are basis point values at total level and per tenor. The basis point value at total level is used to express the sensitivity of the EVE in euros in the event of a parallel interest rate increase of one basis point. The basis point values per tenor expresses this sensitivity at specific points on the yield curve, enabling us to identify sensitivity to non-parallel shifts in the market yield curve.

Complementary to the basis point value measurements, protecting the EVE against stress in market interest rates is managed by considering its sensitivity to parallel and non-parallel curve movements of a greater magnitude, with a specific focus on potential adverse effects from (behavioural) non-linearity.

Fair value impact on P&L and equity

Fair value changes of positions marked-to-market may result in P&L and/or (indirect) capital effects from marking-to-market. To manage this risk, we monitor and manage the sensitivity of fair value movements from different interest rate scenarios for these items within our risk management framework.

Credit spread risk in the banking book Audited

Credit spread risk management in the banking book comprises a short-term perspective based on NII, a long-term perspective based on EV, and a perspective that considers the impact of fair value changes from credit spread movement on P&L and equity. As credit spread risk is limited to instruments with a direct or indirect reference to market prices, we monitor and control the asset and liability side separately for credit spread risk in the banking book. When assessing the impact of fair value changes, we only consider the asset-side, given there is no risk of adverse P&L and equity effects from changes in the fair value of instruments issued.

Short-term credit spread risk: NII

The short-term risk to interest income is assessed by considering the impact of changes from a parallel change in credit spreads on interest income on assets and liabilities. This assessment is based on a dynamic balance sheet, which is aligned with the regular planning process.

Long-term credit spread risk: EV

In the assessment of long-term credit spread risk, we measure the sensitivity of the EV in euros in the event of a credit spread increase of one basis point.

Fair value impact on P&L and equity

Fair value changes of positions marked-to-market may result in P&L and/or (indirect) capital effects from marking-to-market. To manage this risk, the sensitivity of fair value movements from credit spread scenarios is monitored and managed for these items within our risk management framework.

On top of assessing the risk of direct revaluations being reflected in the P&L and/or capital, we take into account the impact of adverse credit spread movements on the fair value of our Hold to Collect (HTC) bond portfolio. This assessment supports the management of the potential risk of realising losses not reflected in the book value of these items, should a sale occur under conditions in which credit spreads are at stressed levels.

Currency risk Audited

Foreign exchange risk (or currency risk) is the risk arising from adverse foreign exchange rate movements that may change the value or the cash flows of financial instruments. Currency risk is managed by the Treasury Department for both the banking book and trading book.

De Volksbank has a low risk appetite for currency risk. Currency risk is mitigated by hedging most of our foreign currency exposures through FX swaps. Currency risk is managed on a day-to-day basis. To avoid concentration risk in one single foreign currency, limits are used for the positions in each currency. These limits are reviewed periodically. All portfolios that are allowed to contain currency risk are actively monitored to ensure that they remain within the approved limits.

Market risk profile in the banking book

Breakdown of interest rate risk and credit spread risk

	2024	2023
Basis point value (in € 1,000)	-530	-482
NII-at-Risk (in € millions)	54	53
Credit spread risk liquidity portfolio (in € millions) HTCS	214	180
Credit spread risk liquidity portfolio (in € millions) HTC	77	78

Basis point value

At year-end 2024, the basis point value was € -530 thousand, slightly more negative than at year-end 2023 (€ -482 thousand). In 2024, the basis point value on long-term buckets was increased, further closing the interest sensitivity towards associated tenors. Hedging NII risk resulted in a more negative basis point value on short-term buckets. Combined, this resulted in a more negative total basis point value.

Net Interest Income-at-Risk

At year-end 2024, the NII-at-Risk amounted to € 54 million before tax. The sensitivity to a reduction in short-term rates has been brought down by a lower cash position and actively hedging NII sensitivity. Meanwhile, assumptions underlying the dynamic balance sheet projections and changes to our NMD savings model resulted in upward pressure on NII-at-Risk. The net effect is a slight increase compared to 2023 (€ 53 million).

Credit spread risk

At year-end 2024, the credit spread risk for HTCS and HTC liquidity portfolios amounted to € 214 million and € 77 million respectively (2023: € 180 million and € 78 million). The increase in credit spread risk of the HTCS portfolio is the result of its increased volume.

Currency risk Audited

The equivalent of the total net foreign currency exposure of the bank at the end of 2024 was € 8.6 million (2023: € 5.4 million).

in € millions	2024	2023
Total net foreign currency exposure	8.6	5.4
Currency exposure as a % Total capital	0.2%	0.1%

Sensitivity analysis

Sensitivity analyses illustrate the market interest rate risk. The table below shows the impact of an immediate parallel shift of the market yield curve of +100 or -100 basis points (bps). We performed these analyses for three components: market value of equity, net interest income and IFRS equity. The impact on net interest income is shown on a one-year horizon. The reported outcomes are before taxation.

Sensitivity interest rates Audited

in € millions	2024 Interest rate +1%	2024 Interest rate -1%	2023 Interest rate +1%	2023 Interest rate -1%
Market value equity[1]	-146	57	-58	-85
Net interest income[2]	68	-70	85	-87
IFRS equity[3]	-31	34	-50	54

1 The market value of equity reflects the changes in all assets and liabilities values in the banking book at a market rate shock of 1%.
2 Net interest income shows the sensitivity of the net interest income to interest rate fluctuations for the first 12 months.
3 IFRS equity expresses the sensitivity resulting from the fair value through OCI investment portfolio and non-linear derivatives for which hedge accounting is not applied to a parallel 100 basis point interest rate increase or decrease.

Market value of equity

We derive the market value of equity from the market value of the assets and liabilities, where possible based on available market prices. If this is not possible, we determine the expected market value on the basis of the net present value of the cash flows. On top of the interest rates, we also take into account any product-specific characteristics, for both the cash flows and the discount rate. The change in the market value of equity is reflected by the difference in value that arises when 1% higher and lower interest rates are applied.

A parallel interest rate shift of +100 bps would have a negative impact of € 146 million (2023: negative € 58 million) on the market value of equity. Compared to year-end 2023, assets display a higher sensitivity to this scenario, while the hedges provide a smaller offsetting effect. The development of liabilities partly dampens this effect, mainly as a result of increased value sensitivities of retail funding and subordinated debt.

A parallel interest rate shift of -100 bps would have a positive impact of € 57 million (2023: negative € 85 million) on the market value of equity. The sensitivity for both assets and liabilities increased compared to year-end 2023, while it decreased for derivatives. As a result of convexity, the improvement compared to year-end 2023 in the -100 bps scenario is of a higher magnitude than the deterioration in the +100 bps scenario. This explains why the sensitivity of the market value of equity moves from a negative to a positive sign in the -100 bps scenario.

Net interest income

An instantaneous parallel interest rate shift of +100 bps would yield a positive impact on one-year forward-looking net interest income of € 68 million at year-end 2024 (2023: € 85 million), while a parallel interest rate shift of -100 bps would have a negative impact of € 70 million (2023: negative € 87 million). The sensitivity of net interest income is primarily driven by the liquidity position and derivatives, the majority comprising of short-term repricing items. The considerable reduction in net interest income sensitivities compared to year-end 2023 is mainly caused by a reduced liquidity position and additional hedging.

IFRS Equity

An instantaneous parallel interest rate shift of +100 bps would have a direct negative impact on IFRS equity of € 31 million (2023: negative € 50 million), whereas a parallel interest rate shift of -100 bps would have a positive impact on IFRS equity of € 34 million (2023: € 54 million). The interest rate sensitivity of IFRS equity is reflected in the fair value reserve and other interest income. This is a consequence of changes in the fair value of the HTCS portfolios, including related interest rate derivatives, combined with the fair value changes of derivatives not included in hedge accounting. The reduced sensitivity for a +100 bps rate shift compared to last year is caused by a substantial increase in hedges in the HTCS portfolios.

Market risk in the Trading Book

The Trading Book may contain exposure to interest rate risk, credit spread risk and currency risk. There is no mandate for equity or commodity risk. The bank does not trade in credit default swaps.

Market risk in the trading portfolio is measured on a day-to-day basis by using Value at Risk (VaR), Expected Shortfall (ES) and stress testing indicators, that are used for internal monitoring and to specified limits. VaR, ES as well as the stress tests look ahead to the next day (one-day horizon), applying a confidence interval for VaR of 99% and for ES of 97.5%. The total VaR limit for the trading book is set in line with the risk appetite of the bank and is limited compared to core activities of the bank. The VaR methodology is based on historical simulations in which no underlying probability distribution is assumed. In these simulations, the VaR model takes into account interest rate risk, currency risk and credit spread risk.

Market risk exposure of trading risk and non-trading risk

The overview below presents the balance sheet broken down by the risks associated with the banking book and the trading book. It shows that de Volksbank, in view of its activities, is particularly sensitive to the market interest rate risk in the banking book.

The market risk exposure of the trading book decreased to a carrying amount of € 427 million for assets, and decreased to € 425 million for liabilities (2023: € 462 million and € 536 million respectively).

Market risk exposure of trading risk and non-trading risk Audited

	Carrying amount	Market risk measure		Carrying amount	Market risk measure		Primary risk sensitivity
		Non-trading	Trading		Non-trading	Trading	
in € millions	2024	2024	2024	2023	2023	2023	
Assets subject to market risk							
Investments fair value through P&L	12	12	--	28	11	17	interest rate, exchange rate, credit spread
Investments fair value OCI	3,931	3,931	--	3,279	3,279	--	interest rate, exchange rate, credit spread
Investments amortised costs	3,256	3,256	--	3,426	3,426	--	interest rate, exchange rate, credit spread
Derivatives	2,141	1,714	427	2,544	2,099	445	interest rate, exchange rate
Loans and advances to customers	54,494	54,494	--	50,847	50,847	--	interest rate
Loans and advances to banks	6,710	6,710	--	4,671	4,671	--	interest rate, exchange rate
Cash and cash equivalents	2,834	2,834	--	5,891	5,891	--	interest rate
Other	313	313	--	374	374	--	
Total assets	**73,691**	**73,264**	**427**	**71,060**	**70,598**	**462**	
Liabilities subject to market risk							
Subordinated debts	997	997	--	500	500	--	interest rate
Debt certificates	9,322	9,322	--	7,935	7,935	--	interest rate
Derivatives	1,105	680	425	1,121	685	436	interest rate, exchange rate
Amounts due to customers	56,153	56,153	--	54,910	54,910	--	interest rate
Amounts due to banks	1,401	1,401	--	1,947	1,847	100	interest rate
Other	4,713	4,713	--	4,647	4,647	--	
Total liabilities	**73,691**	**73,266**	**425**	**71,060**	**70,524**	**536**	

Liquidity risk and funding strategy

The bank has a strong liquidity position to continuously meet its financial obligations. Savings are our main source of funding. In 2024, the liquidity position remained well above de Volksbank's minimum target and regulatory minimum requirements. We consider the size and composition of our liquidity position sufficiently robust.

Liquidity position year-end 2024

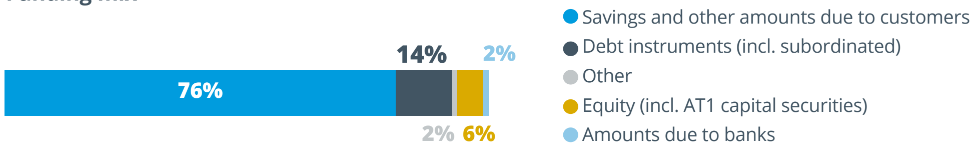
€ 13.4 BILLION

Green notes issuance in 2024

€ 1.0 BILLION

Long-term senior unsecured credit rating

Funding mix



Liquidity risk is the risk that de Volksbank, under normal circumstances as well as in times of stress, has insufficient liquid assets available in the short, medium or long-term to meet its financial obligations without incurring unacceptable costs or losses. Liquidity risk also includes the situation in which the balance sheet structure develops in such a way that de Volksbank suffers excessive exposure to a disruption of its funding sources.
Our liquidity management framework is designed to maintain an adequate liquidity and funding profile to support de Volksbank's strategy within our risk appetite.

Risk profile

De Volksbank has a strong liquidity position, enabling the bank to meet its financial obligations at all times. We manage our liquidity position such that we are able to absorb the consequences of bank-specific and market-wide stress factors, such as stress in the money and/or capital markets.
To fund our liquidity needs, we seek to diversify our funding sources in accordance with our funding strategy.

Management and control Audited

De Volksbank centrally manages its liquidity position, cash flows and liquidity risks. The risk management cycle, defined in Section Risk management structure that we use to manage liquidity risk, constitutes the Internal Liquidity Adequacy Assessment Process (ILAAP). This process is performed to monitor de Volksbank's liquidity profile on a continuous basis and to ensure the timely awareness of developments that may require action. The objective of the ILAAP is to ensure that liquidity risk and control elements are adequately covered, and to evaluate how planned and expected developments could influence the adequacy of de Volksbank's liquidity profile. The risk management lifecycle applies to liquidity risk management in the following way:

1. Identification of liquidity risks: we continuously aim to identify all potential risks within the scope of liquidity management. For example, we perform an independent risk review of all relevant liquidity management-related proposals.
2. Assessment of liquidity risks: one element of the ILAAP is that we continuously assess the adequacy of our liquidity profile and liquidity risk management. ILAAP provides input for the ECB's Supervisory Review & Evaluation Process (SREP). We present the outcome of our assessment in the annual ILAAP Liquidity Adequacy Statement (LAS) report. We compare the current and expected risk profile with the risk limits we have established. We not only use our findings to make adjustments to the actual liquidity profile, risk appetite, policy or guidelines, but also to improve the risk management process. The assessment of liquidity risks within the liquidity risk management lifecycle also entails:
   - the recalibration of the liquidity management strategy. We draw up guidelines for a balance sheet structure with optimum efficiency from a liquidity risk perspective.
   - the definition of actions in the Capital and Liquidity Plan. We do this at least once a year, giving substance to the anticipated funding and liquidity needs ensuing from the Financial Plan & Budget, which has a multi-year horizon. To this end, we make forecasts of relevant risk indicators compared with the internal thresholds and work out various scenarios.
   - the updating of forecasts in the liquidity part of the monthly Balance Sheet Management (BSM) ALCO report. The forecasts are updated every month based on the most recent insights and reported to the Asset and Liability Committee (ALCO). The BSM ALCO report is provided with a second line opinion based on the current risk profile versus the risk thresholds and a forward-looking assessment.
   - regular stress testing to provide insight into the key vulnerabilities and to assess the resilience of the liquidity position to severe but plausible adverse (economic) conditions. The results are included in the BSM ALCO report.
   - drawing up a recovery plan and contingency plan for adverse circumstances. These plans contain possible measures to strengthen de Volksbank's liquidity position. An annual update of the recovery plan contributes to de Volksbank's continuity. For more information, see Section Management and control.
3. Risk response to liquidity risks: every year, we determine the Risk Appetite Statement (RAS) for liquidity risk in conjunction with de Volksbank's general risk appetite and strategic objectives. To monitor liquidity risk, we use specific risk indicators and we determine the level we feel comfortable with on the basis of the liquidity risk appetite.
4. Monitoring of liquidity risks: we monitor specific indicators on a daily basis and monitor early warning indicators defined in the RAS for liquidity risk on a regular basis in the Treasury Committee. On top of this, the ALCO monitors the RAS indicators in the BSM ALCO report on a monthly basis.

5. Residual risk: because of (unexpected) balance sheet or regulatory developments, we may not be able to identify or fully manage liquidity risks at all times. By carrying out the liquidity risk management lifecycle, we aim to identify any such risks and formulate a risk response.
6. Reporting of liquidity risk indicators: we prepare regulatory and internal reports to measure, monitor and manage de Volksbank's liquidity profile on an ongoing basis.

Management instruments

Liquidity position

In order to be able to instantly absorb unexpected increases in its liquidity need when necessary, de Volksbank maintains a liquidity position, which includes the central bank reserves. In addition, the liquidity position comprises a liquidity portfolio with unencumbered (highly) liquid investments that are eligible as ECB collateral and are registered in the DNB collateral pool. Investments in our liquidity portfolio are required to meet our sustainability criteria.

Besides the central bank reserves, the liquidity position mainly consists of government (guaranteed) bonds and bonds of de Volksbank's own securitisations, known as Residential Mortgage Backed Securities (RMBS), backed by mortgages issued by de Volksbank. We determine the liquidity value of bonds in the liquidity position on the basis of the fair value of the bonds after applying the percentage haircuts as determined by the ECB.

Liquidity stress testing

We test the robustness of the liquidity position by means of stress tests. To this end, we have defined various scenarios, of which the so-called combined severe stress test has the highest impact. In this scenario we take the following into account:
- a strong outflow of savings and current account balances;
- a lack of funding options in money and capital markets;
- a decline in the fair value of bonds in the liquidity position;
- additional collateral requirements in the event of a 3-notch downgrade in our credit rating;
- additional collateral requirements caused by margin requirements on derivatives;
- a possible liquidity outflow in the event that committed credit lines are drawn.

The objective of de Volksbank's liquidity management is to survive this severe stress scenario for a certain period of time. The impact of this stress scenario on the liquidity position therefore serves as input to determine and monitor de Volksbank's risk capacity and risk appetite.
We perform the combined severe stress test every month and review the stress test scenarios every year.

Key liquidity ratios

The Liquidity Coverage Ratio (LCR) indicates whether we have adequate liquid assets to absorb a prescribed 30-day liquidity stress scenario. The Net Stable Funding Ratio (NSFR) serves to determine the extent to which longer-term assets are financed with more stable forms of funding. Both liquidity standards are subject to a 100% regulatory minimum.

In addition to the LCR and NSFR, we manage the Loan-to-Deposit (LtD) ratio and the degree of asset encumbrance. Whereas the liquidity position focuses on liquidity that is instantly available to function as counterbalancing capacity when necessary, we also manage liquidity with a short-term horizon through short-term loans and investments and money market funding. Apart from this, we monitor the liquidity that may potentially be generated from our assets. On this basis, we assess the extent to which we can absorb certain stress and extreme outflows of funds.

Figures, ratios and trends

In 2024, the liquidity position remained well above de Volksbank's own minimum target and regulatory minimum requirements. We consider the size and composition of our liquidity position sufficiently robust, and in managing the liquidity position we prudently consider any possible impact from the announced strategic transformation.

Liquidity indicators

Liquidity indicators

	2024	2023
LCR	191%	262%
NSFR	160%	166%
Loan-to-Deposit ratio[1]	99%	95%
Liquidity position (in € millions)	13,355	15,600

1 For the measurement methodology of this KPI, see Section Reconciliation of alternative performance measures.

The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) remained well above the regulatory minimum of 100%. At year-end 2024, the LCR stood at 191% (2023: 262%) and the NSFR at 160% (2023: 166%). The reduction in the LCR is mainly explained by the increased investment of available liquidity with several counterparties in the money market outside the 30-day LCR window to optimise the return on our liquidity position.

Fundamental changes in the LCR are mainly driven by net cash flows resulting from loan growth, deposit changes, capital market funding developments and the net cash collateral position related to derivative positions. However, the resulting net cash impact is not necessarily reflected in actual withdrawable central bank reserves as part of high-quality liquid assets, because de Volksbank invests part of its available liquidity with several counterparties in the money market and also attracts money market funding. These cash management choices affect the liquidity included in the scope of the 30-day LCR window via both high-quality liquid assets and cash inflows and outflows.

The LtD ratio, increased to 99% at year-end 2024, from 95% at year-end 2023. This increase was driven by € 3.0 billion loan growth accompanied by a € 1.4 billion increase in deposits.

Liquidity position Audited

Liquidity position Audited

in € millions	2024	2023
Central bank reserves	3,281	6,334
Sovereigns	1,378	473
Regional/local governments and Supranationals	2,118	1,758
Eligible retained RMBS	4,549	5,545
Other liquid assets	2,029	1,490
Liquidity position	**13,355**	**15,600**

The liquidity position amounted to € 13.4 billion at year-end 2024 (2023: € 15.6 billion).

Apart from changes in loans and deposits, cashflows in 2024 mainly came from capital market and money market funding developments. In 2024, cash outflows were comparable with cash inflows. Nonetheless, central bank reserves decreased from € 6.3 billion at year-end 2023 to € 3.3 billion as we invested more available liquidity in the money market and in the bank's bond portfolio to optimise the return on our liquidity position. At year-end 2024, € 7.4 billion in assets had been invested for cash management purposes (2023: € 4.9 billion). Of this amount, € 3.7 billion was held at Swiss cantonal banks (2023: € 1.7 billion) and was, therefore, not included in the central bank reserves. Attracted money market funding amounted to € 1.5 billion at year-end 2024 (2023: € 0.6 billion), mainly due to a higher amount of Commercial Paper.

The liquidity value of bonds in the DNB collateral pool amounted to € 10.1 billion at year-end 2024 (2023: € 9.3 billion), of which:

- the liquidity value of eligible retained RMBS declined to € 4.5 billion (year-end 2023: € 5.5 billion) due to the impact of i) a higher ECB haircut based on an increased estimated weighted average life of the mortgages in the underlying mortgage pool and ii) a lower ECB valuation for retained RMBS in general following a methodology update;
- the value of other liquid assets in the liquidity position increased by € 1.8 billion due to a rise in both the nominal and the liquidity value, including a € 0.6 billion impact from ECB-eligible bond investments in the money market for cash management purposes. The increase is also due to the fact that a higher amount of sovereign bonds was registered in the DNB collateral pool at year-end 2024. These bonds were not ring-fenced for other purposes, such as potential repo transactions.

Encumbered and unencumbered assets

The level of asset encumbrance provides insight into the amount of assets that have been pledged or are subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which they cannot be freely withdrawn.

Encumbered and unencumbered assets

	Median for four quarters								Year-end							
	Encumbered assets				Unencumbered assets				Encumbered assets				Unencumbered assets			
	Carrying amount		Fair value		Carrying amount		Fair value		Carrying amount		Fair value		Carrying amount		Fair value	
in € millions	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Equity securities	--	--	--	--	12	11	12	11	--	--	--	--	13	12	13	12
Debt securities	485	495	473	481	6,289	5,785	6,070	5,574	520	571	504	560	6,663	6,148	6,634	5,753
Other assets	8,356	7,849			57,215	58,529			8,189	7,812			58,298	56,511		
- of which mortgage loans	*7,439*	*6,730*			*44,322*	*42,864*			*7,253*	*6,715*			*46,024*	*43,545*		
Assets of the reporting institution	**8,841**	**8,344**			**63,516**	**64,271**			**8,709**	**8,383**			**64,974**	**62,671**		

The importance of asset encumbrance

De Volksbank's main sources of funding are savings deposits and current account balances. In addition, we attract funding from the capital market through various funding instruments, as explained in more detail in Section Funding strategy. These funding instruments include secured debt instruments such as covered bonds and securitisations. We have encumbered a limited part of our loan portfolio in these secured transactions. Other sources that contribute to asset encumbrance are the margining of derivative exposures to manage interest rate risk, a savings-based mortgage arrangement with Athora Netherlands and mandatory minimum reserve requirements.

Total encumbered assets
Based on the median of the four quarters, € 8.8 billion of the assets was encumbered during 2024. At year-end 2024, € 8.7 billion of the assets was encumbered (2023: € 8.4 billion), mainly on account of:
- outstanding covered bonds;
- collateral deposited in connection with derivative transactions;
- a savings-based mortgage arrangement with Athora Netherlands;
- cash reserve requirements;
- outstanding securitisations;
- foreign exchange transactions;
- payment transactions.

The increase in 2024 was primarily due to the increase in outstanding covered bonds.

At year-end 2024, the total amount of liabilities related to total encumbered assets stood at € 7.5 billion (2023: € 7.1 billion).

Unencumbered assets
The unencumbered part of the assets amounted to € 65.0 billion at year-end 2024 and may partly be converted into cash, for example through a securitisation. Securitised mortgages of which the bank itself holds the bonds are considered to be unencumbered, except if these bonds are used as collateral, for instance in a repurchase transaction.

Collateral received
At year-end 2024, de Volksbank received a total amount of € 1.2 billion in collateral (2023: € 1.6 billion), consisting entirely of cash deposits that serve as collateral for the positive fair value of outstanding derivative positions.

Funding strategy
De Volksbank's funding strategy supports its overall strategy.

Retail savings are de Volksbank’s main source of funding. We attract funding by providing term deposits, demand deposits and current accounts to retail customers. We also attract funding by providing savings and current accounts to SME customers. In 2024, total customer deposits increased to € 55.7 billion, from € 54.3 billion at year-end 2023.

The objective of our funding strategy is to optimise the bank’s liquidity and funding profile and to ensure access to diversified funding sources to maintain the bank’s short-term and long-term funding position.

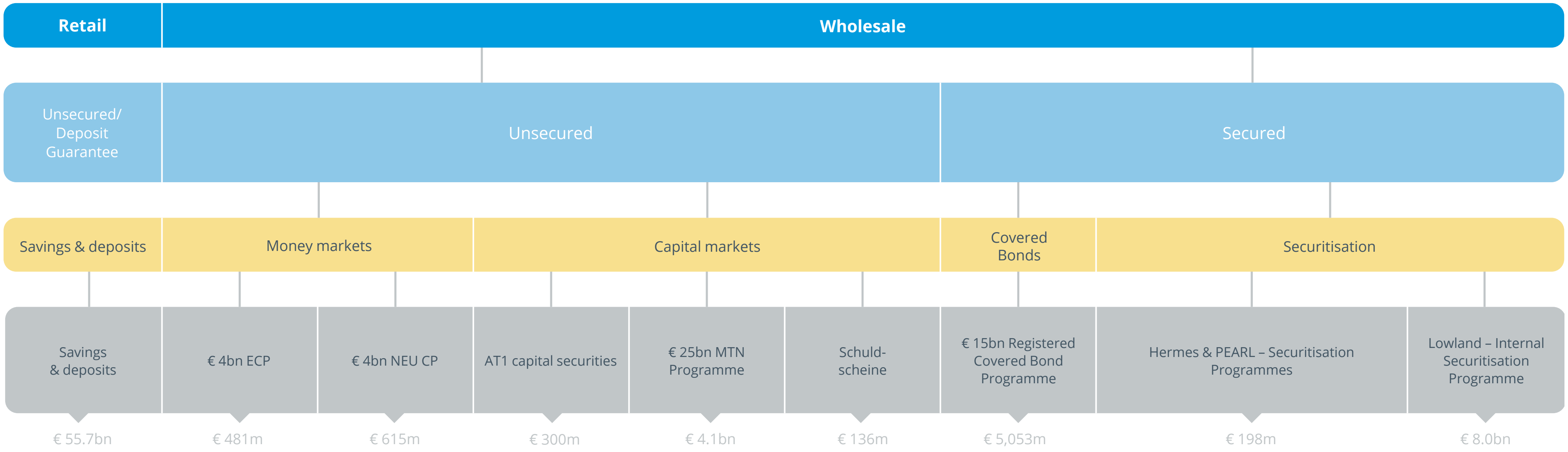
Therefore, in addition to attracting customer deposits, we also attract long-term funding from capital markets. For regulatory purposes and funding diversification, this funding is attracted through various instruments with different terms and investor types spread over regions.

In addition to (subordinated) capital market funding to strengthen the bank's capital and MREL position, de Volksbank can issue capital market funding with maturities over one year through:
- senior (unsubordinated) unsecured debt;
- (mortgage) securitisations (RMBS);
- covered bonds.

The covered bond programme not only permits the issue of public covered bonds but also of private placements.

We issue short-term funding with a term of up to one year in the money markets via our Euro Commercial Paper (ECP) and Negotiable European Commercial Paper (NEUCP) programmes.

The overview below presents the various public funding programmes, including maximum amounts and outstanding nominal value available to de Volksbank at year-end 2024. The overview also includes other important funding sources.



Outstanding amounts as at year-end 2024

Equity and liability mix

	2024: € 73.7 billion	2023: € 71.1 billion
Amounts due to customers	76%	77%
Debt instruments (incl. subordinated)	14%	12%
Equity (incl. AT1 capital securities)	6%	6%
Amounts due to banks	2%	3%
Other	2%	2%

The table above provides an overview of the book value-based composition of equity and total liabilities at year-end 2024 and 2023. The percentage of our funding that is made up of savings and other amounts due to customers declined to 76% (year-end 2023: 77%), mainly due to an increase in both capital market and money market funding.

The table below provides an overview of the outstanding Commercial Paper (CP) and capital market funding with an original term of more than one year at year-end 2024 and 2023.

Commercial paper and capital market funding mix (nominal)

in € millions	2024	% of total	2023	% of total
AT1 and Tier 2 capital instruments	1,300	12%	800	9%
Of which green bonds	*1,300*		*800*	
Senior non-preferred	3,000	28%	2,500	27%
Of which green bonds	*3,000*		*2,500*	
Senior preferred	257	2%	1,013	11%
Of which green bonds	--		*500*	
Covered bonds	5,053	46%	4,553	50%
RMBS	198	2%	229	3%
Commercial Paper	1,096	10%	--	0%
Total CP and capital market funding	**10,904**	**100%**	**9,095**	**100%**
Of which green bonds	*4,300*		*3,800*	

For an explanation of the bank's green bond framework, see our website Green Bonds/de Volksbank.

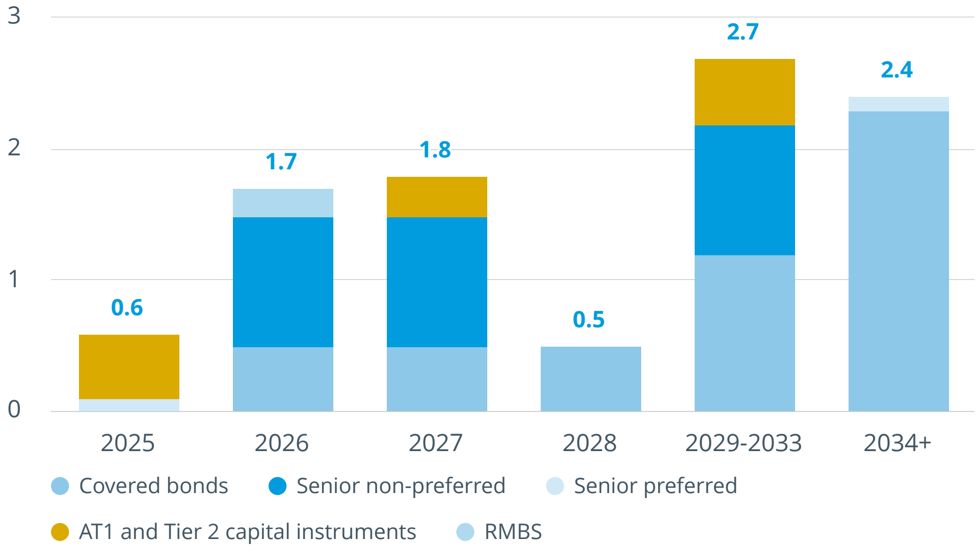
In 2024, de Volksbank successfully executed two capital market funding transactions to strengthen its capital and MREL position, in anticipation of an outstanding SNP instrument becoming MREL ineligible in 2025 and the opportunity to call the outstanding Tier 2 capital instrument in 2025:
- € 0.5 billion in green senior non-preferred debt with a 7-year maturity;
- € 0.5 billion in a green Tier 2 capital instrument with a call option on 27 November 2030.

De Volksbank also successfully issued € 0.5 billion in covered bonds with a 7-year maturity.

As capital market funding redemptions in 2024 were limited to € 0.8 billion, capital market funding increased from € 9.1 billion to € 9.8 billion.

Capital market funding maturity calendar

(in € billions)



The bar chart presents an overview of the maturity calendar of the capital market funding outstanding with an original maturity of more than one year. In this chart we apply the assumption that this funding will be redeemed at the first call dates.

Maturities of assets and liabilities

We can break down the assets and liabilities according to the remaining contractual term. The net maturing nominal amounts, i.e. assets minus liabilities per maturity are an indication of the:
- liquidity risk;
- obligations that may not be met on time from inflows.

The table on the next page represents de Volksbank's liquidity profile at year-end on the basis of the remaining contractual maturity. Demand deposits and current account balances are presented in the '<1 month' column. In the tables, we maintain the contractual maturity without taking into account behavioural aspects such as mortgage prepayments.

We do however, take into account behavioural aspects in the bank's asset and liability management. A shorter term to maturity is used for mortgages due to anticipated prepayments. A longer term to maturity is used for demand deposits and balances in customers' current accounts as, in normal circumstances, customers tend to hold on to such products for longer periods of time.

Loans and advances to banks and amounts due to banks also include collateral delivered and received in relation to derivative transactions. This collateral is allocated to the maturity buckets in accordance with the maturity classification of the derivative contracts.

Remaining (contractual) maturity of assets and liabilities Audited

in € millions amounts discounted	< 1 month		1 - 3 months		3 months - 1 year		1 - 5 years		> 5 years		Not determined		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Assets														
Investments	373	711	143	71	805	824	3,152	2,638	2,710	2,475	16	11	7,199	6,730
Derivatives	197	231	154	96	241	128	424	451	1,125	1,638	--	--	2,141	2,544
Loans and advances to customers	456	212	315	337	1,024	956	4,704	3,856	47,995	45,486	--	--	54,494	50,847
Loans and advances to banks	2,223	1,947	1532	632	2,263	1,257	517	642	175	193	--	--	6,710	4,671
Cash and balances at central banks	2,834	5,891	--	--	--	--	--	--	--	--	--	--	2,834	5,891
Tangible and intangible assets	1	1	2	2	7	19	11	2	1	8	33	45	55	77
- of which right of use assets	*1*	--	*2*	*2*	*7*	*19*	*11*	*1*	*1*	*8*	--	--	*22*	*30*
Tax assets	--	--	--	--	--	--	--	--	--	--	11	*14*	11	14
Other assets	--	1	1	--	3	--	243	282	--	--	--	*3*	247	286
Total assets	**6,084**	**8,994**	**2,147**	**1,138**	**4,343**	**3,184**	**9,051**	**7,871**	**52,006**	**49,800**	**60**	**73**	**73,691**	**71,060**
Equity and liabilities														
Total equity	--	--	--	--	1	1	298	298	--	--	3,749	3,792	4,048	4,091
Subordinated debts	--	--	--	--	499	--	--	500	498	--	--	--	997	500
Debt certificates	513	--	583	5	20	700	4,269	3,795	3,937	3,435	--	--	9,322	7,935
- of which senior unsecured	--	--	--	*5*	--	*700*	*2,594*	*2,067*	*573*	*585*	--	--	*3,167*	*3,357*
- of which covered bonds	--	--	--	--	--	--	*1,500*	*1,498*	*3,364*	*2,849*	--	--	*4,864*	*4,347*
- of which RMBS	--	--	*8*	--	*15*	--	*175*	*230*		--	--	--	*198*	*230*
Derivatives	155	253	101	104	161	163	162	232	525	369	--	--	1,105	1,121
Amounts due to customers	53,392	50,776	65	84	207	977	729	1,201	1,760	1,872	--	--	56,153	54,910
- of which due on demand	*39,930*	*39,047*	--	--	--	--	--	--	--	--	--	--	*39,930*	*39,047*
- of which senior unsecured	*46*	--	*21*	--	*31*	*52*	*21*	*119*	*24*	*24*	--	--	*143*	*195*
- of which covered bonds	--	--	--	--	*46*	--	--	*46*	*112*	*112*	--	--	*158*	*158*
Amounts due to banks	307	537	87	59	136	78	239	275	633	998	--	--	1,401	1,947
- of which senior unsecured	--	--	--	--	--	--	--	--	--	--	--	--	--	--
- of which other	*307*	*537*	*87*	*59*	*136*	*78*	*239*	*275*	*633*	*998*	--	--	*1,401*	*1,947*
Provisions	--	--	--	--	--	--	--	--	--	--	405	44	405	44
Tax liabilities	--	--	--	--	--	--	--	--	--	--	20	82	20	82
Other liabilities	199	379	3	3	11	12	12	23	1	1	14	12	240	430
- of which lease liabilities	*1*	*1*	*3*	*3*	*11*	*12*	*12*	*23*	*1*	*1*	--	--	*28*	*40*
Total equity and liabilities	**54,566**	**51,945**	**839**	**255**	**1,035**	**1,931**	**5,710**	**6,324**	**7,354**	**6,675**	**4,188**	**3,930**	**73,691**	**71,060**

The table below provides a breakdown of the liquidity profiles for financial liabilities and derivatives on the liability side of the balance sheet at year-end. The table also shows the related future undiscounted contractual cashflows.

Maturity schedule for financial liabilities Audited

In € millions	< 1 month		1 - 3 months		3 months - 1 year		1 - 5 years		> 5 years		Total	
cashflows not discounted	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Subordinated debts	--	--	--	--	529	9	83	509	521	--	1,133	518
Debt certificates	520	7	636	38	101	775	4,159	4,129	4,752	3,737	10,167	8,686
Amounts due to customers	53,394	50,779	65	85	166	984	752	1,179	1,841	1,958	56,217	54,985
Amounts due to banks	307	537	87	59	136	78	239	275	633	998	1,401	1,947
Lease obligations	1	1	3	3	11	12	12	23	1	1	28	40
Total	**54,221**	**51,324**	**790**	**185**	**943**	**1,858**	**5,244**	**6,115**	**7,748**	**6,694**	**68,946**	**66,176**
Derivatives												
Interest rate derivatives	11	11	9	13	88	82	349	344	317	259	774	709
Currency contracts	143	204	108	84	166	90	4	1	--	--	422	379
Total	**155**	**215**	**117**	**97**	**254**	**172**	**353**	**345**	**317**	**259**	**1,196**	**1,088**
Off-balance sheet commitments												
Loan commitments given	3,041	2,204	--	--	--	--	--	--	--	--	3,041	2,204
Financial guarantees and other commitments	3	291	--	--	--	--	--	--	--	--	3	291
Total off-balance sheet commitments	**3,044**	**2,495**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**3,044**	**2,495**

Expected maturities based on behavioural models

The following table provides an overview of the amounts estimated to mature within twelve months and after twelve months based on the behavioural maturity profile.

Expected maturity of assets and liabilities Audited

in € millions	Up to one year		More than one year		Total	
amounts discounted	2024	2023	2024	2023	2024	2023
Assets						
Investments	1,321	1,606	5,878	5,124	7,199	6,730
Derivatives	592	455	1,549	2,089	2,141	2,544
Loans and advances to customers	4,214	3,796	50,280	47,051	54,494	50,847
Loans and advances to banks	6,018	3,836	692	835	6,710	4,671
Cash and balances at central banks	2,834	5,891	--	--	2,834	5,891
Tangible and intangible assets	10	22	45	55	55	77
Tax assets	--	--	11	14	11	14
Other assets	3	1	244	285	247	286
Total assets	**14,992**	**15,607**	**58,699**	**55,453**	**73,691**	**71,060**
Liabilities						
Subordinated debts	499	--	498	500	997	500
Debt certificates	1,116	705	8,206	7,230	9,322	7,935
Derivatives	417	520	688	601	1,105	1,121
Amounts due to customers	5,188	5,652	50,965	49,258	56,153	54,910
Amounts due to banks	529	674	872	1,273	1,401	1,947
Provisions	--	--	405	44	405	44
Tax liabilities	--	--	20	82	20	82
Other liabilities	213	394	27	36	240	430
Total liabilities	**7,962**	**7,945**	**61,681**	**59,024**	**69,643**	**66,969**

For Loans and advances to customers and Amounts due to customers, the behavioural maturity profile differs from the contractual cash flows. A shorter term to maturity is used for mortgages due to anticipated prepayments based on an internally developed prepayment model. A longer term to maturity is used for demand deposits and balances in customers' current accounts based on an internally developed liquidity maturity model. This reflects that, in normal circumstances, customers tend to hold on to such products for longer periods of time. The models are based on historically observed client behaviour and use a combination of internal and external risk drivers. We use the models for monitoring the bank's liquidity mismatch position.

Credit ratings

Credit ratings as at 31 December 2024

	Long-term rating	Short-term rating	Outlook
S&P	A	A-1	Negative
Moody's	A2	P-1	Positive
Fitch	A-	F1	Stable

In 2024, rating agencies S&P, Moody's and Fitch all reaffirmed de Volksbank's credit ratings. In March 2024, Moody's changed its outlook on our credit ratings to positive, and in August 2024, S&P changed its outlook to negative.

Rating ambition
De Volksbank strives for solid long-term stand-alone credit ratings that are in line with its business profile, where possible supported by additional increases as a result of a strong balance sheet structure. A stable development of the mortgage portfolio and adequate profitability are prerequisites for solid stand-alone ratings. Although rating agencies generally regard de Volksbank's focus on Dutch mortgages as a concentration risk, our strong capital position sufficiently compensates for this.

Developments in chronological order
On 21 March 2024, Moody's changed its outlook on de Volksbank's deposit and senior unsecured ratings from stable to positive and reaffirmed the credit ratings. The change in outlook reflects Moody's view that the bank's capacity to generate earnings has increased since the rise in interest rates. At the same time, Moody's expects that the bank will preserve very low asset risk and strong capital buffers. Finally, the rating agency also expects the bank to remedy the shortcomings identified by the Dutch central bank in 2023 in its anti-money laundering (AML) systems and processes without incurring exorbitant costs.

On 14 August 2024, S&P revised its outlook on de Volksbank from stable to negative, and reaffirmed the credit ratings. The negative outlook followed on our announcement that DNB had started two administrative fine procedures. The outlook reflects S&P's view that the bank's governance and risk management practices could be lagging regulatory and peers' standards, and associated costs could hinder the bank hitting financial targets and undermine its competitiveness.

On 16 October 2024, Fitch published a rating action commentary in which they reaffirmed our credit ratings and outlook. According to Fitch, the ratings reflect de Volksbank's straightforward but concentrated business model, which results in weaker earnings diversification than larger domestic peers'. The bank's sound asset quality and overall moderate risk profile, with a focus on low-risk residential mortgage lending, are rating strengths. The ratings also capture improved earnings generation, satisfactory capitalisation and leverage, and robust funding underpinned by a granular and stable deposit base.

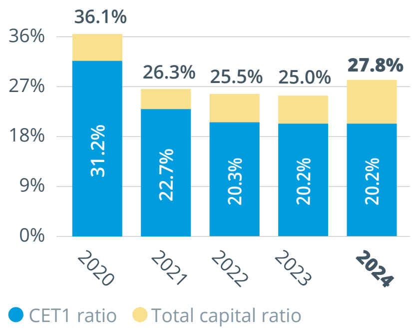
On 10 December 2024, S&P published an update on de Volksbank following our announcements on the transformation programme and the intention to take a substantial provision over 2024, largely related to the Transformation programme and the Anti-financial crime remediation programme. In the update, S&P reaffirmed the credit ratings and (negative) outlook.

The rating agencies' rating reports are available on our website.

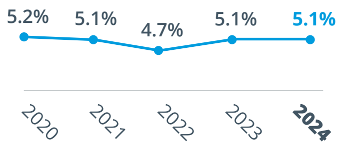
Capital management

Our capital position continued to be strong. The CET1 capital ratio remained unchanged at 20.2%, as an increase in CET1 capital was offset by higher risk-weighted assets. The leverage ratio remained unchanged at 5.1% as the increase in CET1 capital was offset by a higher balance sheet total.

Total capital ratio



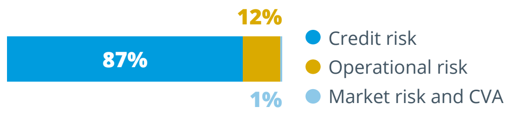
Leverage ratio



Common Equity Tier 1 ratio year-end 2024

20.2%

Risk-weighted assets



The primary objective of capital management is to ensure that the amount of de Volksbank's available capital is sufficient to support our corporate strategy. Our capital targets are determined on the basis of the bank's strategy, risk appetite and exposures, now and in the future. Considering our ambition to optimise shared value, we take into account the supervisory authorities' requirements, rating agencies' expectations and customers' and investors' interests, while aiming to deliver an adequate return for the shareholder. We also are required meet our internal targets that are in line with our strategy to be a stable bank with a moderate risk profile.

Capital requirements

CRR/CRD requirements

With effect from 1 January 2025, de Volksbank is required to meet a minimum total Overall Capital Requirement (OCR) of 16.2%, of which at least 11.1% has to be composed of Common Equity Tier 1 (CET1) capital. This obligation stems from the Supervisory Review and Evaluation Process (SREP) performed by the ECB in 2024.

The OCR includes the 8.0% Pillar 1 capital requirement and the 3.5% Pillar 2 capital requirement – together forming the Total SREP Capital Requirement (TSCR) – and the Combined Buffer Requirement (CBR). The Pillar 2 capital requirement has been raised by 0.5 percentage point relative to the previous SREP decision.

CRR/CRD requirements as from 1 January 2025

	Total capital	of which Tier 1 capital	of which CET1 capital
Pillar 1 requirement	8.00%	6.00%	4.50%
Pillar 2 requirement	3.50%	2.63%	1.97%
Total SREP Capital Requirement (TSCR)	**11.50%**	**8.63%**	**6.47%**
Capital conservation buffer	2.50%	2.50%	2.50%
O-SII buffer	0.25%	0.25%	0.25%
Countercyclical capital buffer	1.91%	1.91%	1.91%
Combined Buffer Requirement (CBR)	**4.66%**	**4.66%**	**4.66%**
Overall Capital Requirement (OCR)	**16.16%**	**13.29%**	**11.13%**

The CBR, to be held in the form of CET1 capital, consists of a capital conservation buffer, a capital buffer for Other Systemically Important Institutions (O-SII buffer) and a countercyclical capital buffer. As at 1 January 2025, de Volksbank's capital conservation buffer equalled 2.50% and the O-SII buffer 0.25%. The countercyclical capital buffer for exposures to counterparties is currently 1.91%. This buffer is intended to protect banks against risks arising from excessive credit growth.

Based on the current capital requirements and the capital position at year-end 2024, the Maximum Distributable Amount (MDA) trigger level amounted to 11.5% of CET1 capital, including a 0.4% Additional Tier 1 (AT1) shortfall. In case of a breach of the MDA trigger level, the maximum amount available for dividend payments and/or AT1 coupon distributions would be restricted in accordance with the Capital Requirements Directive (CRD).

Internal minimum level

De Volksbank sets its target for the leverage ratio at a level of at least 4.5% and for the CET1 ratio target at a level of at least 17.0%, applicable under both current regulations and fully phased-in Basel IV rules. Our leverage ratio target of at least 4.5% is in line with the leverage ratio of comparable European banks and includes an ample management buffer to withstand severe stress situations.

The CET1 ratio target of at least 17% includes an ample management buffer - above the current CET1 Overall Capital Requirement (OCR) of 11.1% - to withstand severe stress scenarios and to provide flexibility to absorb potentially higher capital requirements.

Capital expected to sustainably exceed our minimum targets is available for distribution, subject to regulatory approval.

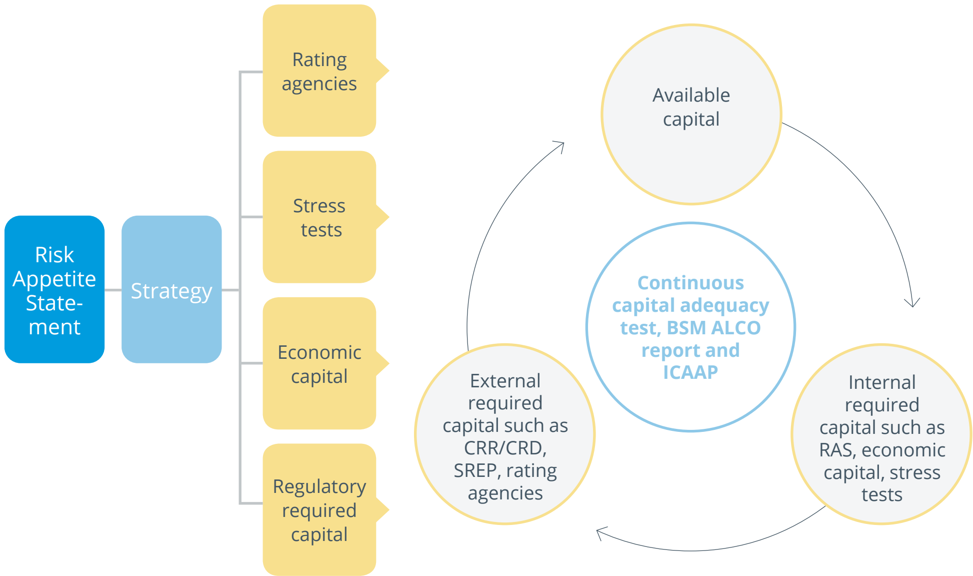
Management and control Audited

Capital management strategy

Our capital strategy incorporates the objective of having a solid capital position at our disposal to support de Volksbank's corporate strategy, combined with an adequate Return on Equity (RoE). As for the RoE, de Volksbank applies a (long-term) target in the range of 8-10%. The basic principle for the capital amount held is that the bank maintains buffers in addition to the minimum amount of capital required by the supervisory authority to guarantee sufficient capitalisation in the event of a severe yet plausible stress scenario.

De Volksbank manages its capital from several perspectives, as is shown in the following figure.

Risk Appetite statement



Regulatory capital and MREL

The minimum amount of capital required by law, i.e. regulatory capital, is based on risk-weighted capital ratios (CET1 capital, Tier 1 capital, total capital) and the required non-risk-weighted capital ratio, i.e. the leverage ratio. The minimum risk-weighted capital ratios are based on the SREP. In addition to these required capital ratios, de Volksbank is subject to the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) on both a risk-weighted and non-risk-weighted basis.

Economic capital

De Volksbank also makes its own internal (economic) estimate of the amount of capital required. This differs from regulatory capital in two significant respects, namely:

1. We include in our calculations of economic capital risks from which material losses may ensue within a one-year horizon according to internal insights. This means that we consider more types of risk than in regulatory capital calculations.
2. We use our own insights to translate our risk appetite into internal capital requirements, partly based on the desired credit rating.

We share the economic capital requirements with the supervisory authority. This is part of the Internal Capital Adequacy Assessment Process (ICAAP). We also use the economic capital requirements to determine our internal capital targets and thresholds for specific types of risk, as applied in the Risk Appetite Statement (RAS).

Stress testing

Every year, de Volksbank performs several stress tests to test the robustness of capital adequacy and examine other financial aspects, such as in the areas of liquidity and profitability. Stress tests may either be initiated internally or requested by supervisory authorities.

The scenarios to be calculated are drafted on the basis of a detailed risk identification that considers both systemic risks and idiosyncratic risks, i.e. financial system-related risks and de Volksbank-specific risks. In addition to scenario analyses, used to calculate the impact of, for example, a macroeconomic scenario on de Volksbank's capital position, we also perform sensitivity analyses and reverse stress tests. The latter starts from a pre-determined outcome, such as a situation in which the bank is unable to meet its minimum capital requirements, and then looks at events that could lead to such a situation.

For the scenarios for which the impact is calculated by means of a stress test, we estimate the development of unemployment, economic growth, the interest rate and other factors. In these stress tests, the macroeconomic variables adversely impact aspects such as the net interest margin, the creditworthiness of the outstanding loan portfolio and the fair value of the interest-bearing investment portfolio.
This subsequently results in a deterioration of the bank's capital position. The stress test results are not only used to analyse the bank's sensitivity to various types of stress, but also as input to determine risk appetite-related thresholds and management buffers to set the internal capital ratio target levels. Finally, they are used as input for de Volksbank's recovery plan.

Rating agencies

The bank's creditworthiness is assessed by credit rating agencies S&P, Moody's and Fitch. To determine a credit rating, they look at aspects such as our capital position. To ensure that our capital ratios are in line with our credit rating ambition, we include the corresponding capital requirements in our capital planning.

Capital adequacy lifecycle
The risk management lifecycle applies to capital management by:
1. Identifying risks within the scope of capital adequacy: we continuously aim to identify that all potential, material and emerging risks are within the scope of capital adequacy. For example, we perform an independent risk review of all relevant capital adequacy-related proposals.
2. Assessing the risk profile against the risk thresholds by comparing the risk exposure to the available capital from own funds and MREL eligible liabilities: as part of the ICAAP, we continuously assess the adequacy and effectiveness of the risk management framework as far as capital adequacy and its compliance with internal policies and the risk appetite framework are concerned. ICAAP provides input for the ECB's SREP. We present the outcome of the assessment in the annual ICAAP Capital Adequacy Statement (CAS) report. The assessment of (expected future) capital exposure and developments also comprises the:
   - recalibration of the capital management strategy;
   - definition of actions in the capital and liquidity plan that we draw up at least once a year, giving substance to the anticipated capital needs ensuing from the Financial Plan & Budget (FP&B). As the FP&B has a multi-year horizon, we make forecasts of relevant risk indicators and compare these with the internal thresholds. We work out various scenarios, taking into account the anticipated effects of future regulations;
   - update of forecasts in the capital part of the monthly Balance Sheet Management (BSM) Asset and Liability Committee (ALCO) report. The BSM ALCO report is provided with a second line opinion based on the current risk profile versus the risk thresholds and a forward-looking assessment;
   - regular stress tests to provide insight into the key vulnerabilities and to assess the resilience of the capital position to severe but plausible adverse (economic) conditions. The results are used to set the risk appetite thresholds.
3. Defining the risk response to capital adequacy: every year, we determine the RAS for capital adequacy in conjunction with the bank’s general risk appetite and strategic objectives. To monitor capital adequacy, we use specific risk indicators and determine the level above which we feel comfortable based on the risk appetite for capital adequacy.
4. Monitoring capital adequacy: the Treasury Committee monitors early warning indicators defined in the RAS for capital adequacy on a regular basis. The ALCO monitors the actual and forecasted development of the RAS indicators in the BSM ALCO report on a monthly basis.
5. Identifying residual risk: not all risks to capital adequacy are identified or fully managed at all times, because of expected or unexpected balance sheet or regulatory developments. By following the capital adequacy lifecycle, we intend to identify these risks and formulate a risk response.
6. Reporting capital adequacy indicators: we prepare regulatory and internal reports to measure, monitor and manage the bank’s capital adequacy on an ongoing basis.

Recovery plan and contingency planning
Contingency planning, i.e. the planning for unforeseen events, is part of the bank’s recovery plan. This plan's key objective is to prepare de Volksbank for a crisis in a way that enables us to recover independently and safeguard the bank’s continuity.

Contingency planning encompasses the drafting and implementation of an action plan that allows us to take prompt measures as soon as our capital position deteriorates as anticipated or unexpectedly, for example as a result of financial market conditions. In addition to capital aspects, we also monitor the situation with respect to potential liquidity problems, both of which are identified by frequently monitoring early warning indicators. Changes in these indicators may be a first sign of stress.

On top of early warning indicators, we have defined recovery indicators that may trigger activation of the recovery plan. Applying the recovery plan-based measures helps us reinforce the capital ratios and recover independently. The scope of these measures is wide and not only relates to capital and liquidity, but also to operations and communications. The nature and severity of the deteriorating conditions will determine the measures, for example raising capital, lowering the risk-weighted assets or raising funding, whatever is appropriate.

Besides a description of the available measures and conditions to be met before any measures are implemented, the recovery plan also contains an analysis of the expected recovery capacity. The analysis is supported by several (severe) stress scenarios in which the effectiveness of these measures has been assessed, the so-called recoverability assessment.

Every year, the recovery plan is updated and discussed with the Joint Supervisory Team (JST) of the ECB. At the latter's request, the recovery plan for 2024 included four scenarios that addressed system-wide macroeconomic and idiosyncratic stress. This analysis proved de Volksbank's capital and liquidity recoverability capacity to be adequate.

Developments in capital requirements

Countercyclical capital buffer in the Netherlands
In Europe, the countercyclical capital buffer (CCyB) aims to ensure that banking sector capital requirements take account of the macro financial environment, i.e. to increase banks' resilience as cyclical risks build up, and to release the buffer as soon as these risks materialise. On 31 May 2024, the CCyB for Dutch exposures increased from 1% to 2%, as announced by DNB on 31 May 2023.

O-SII buffer
On 31 May 2024, the capital buffers for Other Systemically Important Institutions (O-SII buffers) of Dutch systemically important banks were reduced, for de Volksbank from 1.0% to 0.25%. Lower O-SII buffers better reflect that large banks pose less systemic risk to national economies compared to 2016, the year in which the O-SII buffers were implemented. This is explained by the decline in the size of the Dutch banking

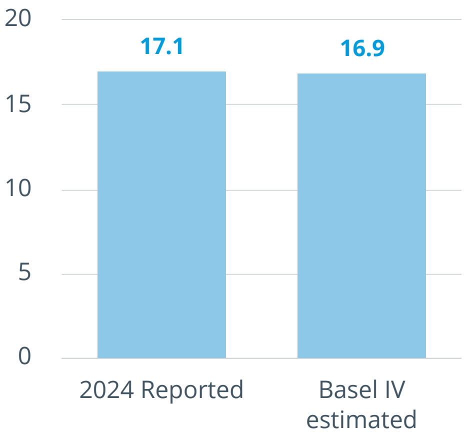
sector relative to the economy, and by the progress made on European regulations and integration, such as the development of the banking union, allowing problems in the banking sector to be addressed more effectively.

SREP
De Volksbank is currently required to meet a minimum total Overall Capital Requirement (OCR) of 16.2%, of which at least 11.1% is to be composed of CET1 capital, including the raised CCyB. This obligation stems from the Supervisory Review and Evaluation Process (SREP) performed by the ECB in 2024. De Volksbank operates well above the OCR, with an ample management buffer to withstand severe stress scenarios and to provide flexibility to absorb potentially higher capital requirements.

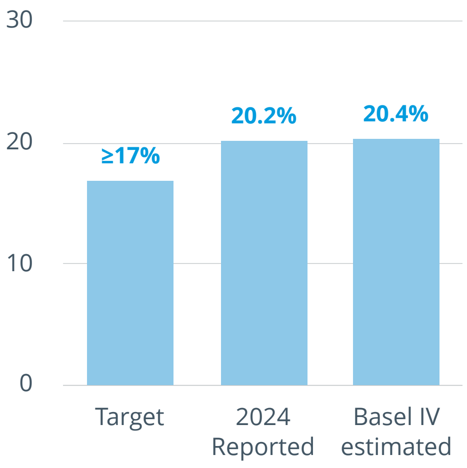
Basel IV
In late 2017, the Basel Committee on Banking Supervision (BCBS) presented the agreement on the completion of the Basel III capital framework, also known as Basel IV. On 30 May 2024, the Council of the European Union announced that it had adopted new rules updating the CRR and the CRD, which translate Basel IV into EU legislation. The resulting final texts were published on 19 June 2024 and entered into force on 9 July 2024 and most amended regulations - except for the market risk framework - apply from 1 January 2025. As from its publication, the Dutch Ministry of Finance has 18 months (until 11 January 2026) to implement the updated CRD into Dutch legislation. With effect from 15 January 2025, the Dutch Minister of Finance has implemented the Member State option to phase in the impact (when applicable) of the output floor on low-risk residential mortgages for which the risk weighting is calculated on the basis of the Internal Ratings Based (IRB) approach. De Volksbank closely monitors all these developments, paying particular attention to new rules for residential mortgages.

Since year-end 2024, we estimate that our total risk-weighted assets (RWA) according to the fully phased-in Basel IV standards would be below our total RWA under current regulations, mainly due to the removal of a 1.06 scaling factor to determine residential mortgage-related RWA and the adjustment of the credit conversion factor for off-balance sheet items under the revised IRB approach. However, the potential RWA reduction is partly offset by applying a 18% floor for the calculated residential mortgage-related IRB-based risk weight of 16.8% to include additional conservatism. RWA based on the revised IRB approach is estimated to be higher than RWA fully based on the Standardised Approach (SA) after application of the fully phased-in 72.5% output floor.

Basel IV
RWA in € billions



Basel IV (fully phased-in) CET1 ratio



The Basel IV fully phased-in CET1 ratio at year-end 2024 is estimated to equal 20.4% (2023: 21.1%), which is well above our target of at least 17%.

Minimum floor for risk weighting of mortgage loans
In anticipation of the implementation of Basel IV, DNB announced in October 2019 that it would increase the minimum risk weighting for mortgage portfolios of Dutch banks, with the exception of mortgages with (partial) National Mortgage Guarantee (NHG) coverage. This measure applies to banks that use internal risk models to calculate capital requirements for their mortgage portfolios, such as de Volksbank. The regulation entered into force on 1 January 2022 and would initially expire on 1 December 2022 but has now been extended until 30 November 2026. As at year-end 2024, this measure had no impact on de Volksbank, given the bank's RWA level for residential mortgages.

Provision for non-performing exposures
With effect from 26 April 2019, the CRR was amended to introduce common minimum loss coverage levels, i.e. a statutory backstop, for newly originated loans that become non-performing. Non-performing exposures (NPEs) represent a risk to a bank's balance sheet as future losses may not be fully covered by appropriate reserves.

In addition to these CRR requirements, the ECB published its expectations for the level of provisions for NPEs originated before 26 April 2019 and classified as non-performing on or after 1 April 2018. It also made a recommendation in its SREP decision in relation to loans that were classified as non-performing before 1 April 2018.

De Volksbank will deduct any insufficient coverage for NPEs under the CRR statutory backstop from its CET1 capital. As at year-end 2024 this CET1 capital deduction amounted to € 2 million. The prudential provisions for outstanding NPEs according to the ECB expectations and SREP recommendation resulted in a CET1 capital deduction of € 16 million at year-end 2024.

Gone-concern capital: MREL
On 29 January 2025 the National Resolution Authority (NRA) updated the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirements for de Volksbank with effect from 29 January 2025. The MREL requirement based on the non-risk weighted leverage ratio exposure (LRE) amounts to 7.93% and the MREL requirement based on RWA to 21.16%, excluding the Combined Buffer Requirement. Both the LRE and RWA MREL requirements are to be fully met with subordinated instruments, i.e. Tier 1 capital, Tier 2 capital and senior non-preferred (SNP) notes with a residual contractual maturity of at least 1 year. The non-risk-weighted MREL requirements are more restrictive for de Volksbank than the risk-weighted MREL requirements.

In 2024, de Volksbank successfully executed two capital market funding transactions to strengthen its capital and MREL position in anticipation of expected future redemptions:
- € 0.5 billion in green SNP debt with a 7-year maturity;
- € 0.5 billion in a green Tier 2 capital instrument with a call option on 27 November 2030, temporarily resulting in two outstanding Tier 2 capital instruments.

Including these instruments de Volksbank operates well above the MREL requirements.

Figures, ratios and trends

Capital overview

Capital Overview Audited

in € millions	2024	2023
CRD Common Equity Tier 1 capital	3,442	3,318
Tier 1 capital	3,740	3,616
Tier 2 capital	997	505
Total capital	4,737	4,116
RWA:		
Credit risk - AIRB	9,938	10,079
Credit risk - SA	4,918	4,430
Securitisations	28	13
Market risk	159	193
Operational risk	1,961	1,695
Credit Valuation Adjustment (CVA)	54	60
Total RWA	**17,059**	**16,470**
Ratios:		
Common Equity Tier 1 ratio	20.2%	20.2%
Tier 1 capital ratio	21.9%	22.0%
Total capital ratio	27.8%	25.0%

De Volksbank's CET1 ratio remained unchanged at 20.2%, well above our target of at least 17%.

Capital structure
In 2024, total equity declined by € 43 million to € 4,048 million due to the net profit of € 144 million, offset by the € 164 million dividend payment for 2023, the payment of AT1 coupons of € 21 million and a € 2 million decrease in the fair value reserve. Available distributable items[1] amounted to € 3,436 million (2023: € 3,478 million).

[1] Equalling the sum of share premium, retained earnings and other reserves.

Capitalisation Audited

In € millions	2024	2023
Capital instruments	381	381
Share premium	3,537	3,537
Net result for the period	144	431
Accumulated other comprehensive income (OCI)	-67	-66
Other reserves including retained earnings	-245	-490
AT1 capital securities	298	298
Total equity	**4,048**	**4,091**
Non-eligible interim profits	-139	-332
Additional Tier 1 capital	-298	-298
Total equity for CRD purposes	**3,611**	**3,461**
Cashflow hedge reserve	-13	-15
Other prudential adjustments	-5	-5
Total prudential filters	**-18**	**-20**
Intangible assets	-5	-5
IRB shortfall[1]	-128	-101
Additional deductions of CET1 capital due to Article 3 CRR	-18	-17
Total capital deductions	**-151**	**-123**
Total regulatory adjustments to total equity	**-169**	**-143**
CET 1 capital	**3,442**	**3,318**
Additional Tier 1 capital	298	298
Tier 1 capital	**3,740**	**3,616**
Eligible Tier 2	997	500
IRB Excess[1]	--	--
Tier 2 capital	**997**	**500**
Total capital	**4,737**	**4,116**

1 The IRB shortfall/excess is the difference between the expected loss under the CRR/CRD directives and the IFRS provision for the residential mortgage portfolio.

Total equity according to the Capital Requirements Directive (CRD) is determined by deducting non-eligible interim profits and the amount of Additional Tier 1 capital of € 298 million from total equity.

After profit appropriation by the General Meeting of Shareholders (GMS) in April 2024, € 168 million was added to CET1 capital from the € 332 million non-eligible (interim) profits as at year-end 2023, after the deduction of € 164 million for the dividend payment.

Profit not yet eligible as equity for CRD purposes for 2024, namely € 139 million, is made up of 60% of the net profit for the first half of 2024 (€ 231 million). In effect, € 5 million of the 2024 net profit has been included in CET1 capital at year-end 2024. This reflects an addition of € 92 million, being 40% of the net profit for the first half of 2024 of € 231 million, as well as the deduction of the net loss for the second half of 2024 of € 87 million.

CET1 capital is determined by subtracting multiple regulatory adjustments from total equity for CRD purposes. At year-end 2024 these regulatory adjustments amounted to € 169 million negative (2023: € 143 million negative), consisting mainly of a € 128 million deduction related to the IRB shortfall and an € 18 million deduction due to the Article 3 CRR deduction of € 16 million following the ECB's guidelines on non-performing exposures (NPEs) and a deduction of € 2 million related to interest-only mortgages.

The IRB shortfall is the result of our Advanced Internal Ratings Based (AIRB) model calculations. To determine the credit risk in our residential mortgage portfolio, de Volksbank avails itself of an AIRB model entitled Particuliere Hypotheken Interne Rating Model (PHIRM). This model is continuously redeveloped to comply with new rules and regulations.

Our CET1 capital rose by € 124 million to € 3,442 million. Tier 2 capital rose by € 497 million due to the issuance of € 0.5 billion in a green Tier 2 capital instrument and the recognition of accrued interest following new EBA guidance on the valuation of non-CET1 own funds instruments.

Tier 2 capital instruments Audited

in € millions	Maturity date	First possible call date	Nominal amount 2024	Nominal amount 2023
Bond loan (subordinated)	22-10-2030	22-07-2025	**500**	500
Green bond loan (subordinated)	27-11-2035	27-11-2030	**500**	--
Total			**1,000**	**500**

Risk-weighted assets

Pillar 1 sets the minimum capital requirements based on the risk-weighted assets (RWA) for three types of risk: credit risk, market risk and operational risk.

In addition to using the AIRB model PHIRM to determine the credit risk in our residential mortgage portfolio, we use the SA - rather than internal models - to calculate the credit risk of other portfolios (including non-residential mortgages and loans to governments, businesses and financial institutions), market risk and operational risk. For more information on credit risk, please refer to Section Credit risk, on market risk to Section Market risk and on operational risk to Section Operational risks.

RWA development

in € millions	2024	2023
Opening amount	16,470	15,306
Credit risk standardised approach:		
Development portfolio	490	-12
Total movement credit risk standardised approach	**490**	**-12**
Model updates	344	176
Development portfolio (including PD and LGD migrations)	-475	611
Additional risk exposure due to fixed multiplier	-10	72
Additional risk exposure due to interest-only mortgages	--	83
Additional risk exposure amounts due to Article 3 CRR	--	--
Total movement AIRB approach	**-141**	**942**
Movement securitisation credit risk	15	--
Market risk development	-34	-43
Operational risk	266	267
Movements in credit risk CVA	-6	10
Total movement	**590**	**1,164**
Closing amount	**17,060**	**16,470**

In 2024, total RWA rose by € 0.6 billion to € 17.1 billion, mainly due to a € 0.5 billion increase in risk-weighted assets (RWA) for credit risk calculated according to the Standardised Approach (SA), which was primarily caused by increased exposures to financial institutions.

The RWA for credit risk based on the AIRB approach decreased due to the lower average risk weighting of residential mortgages, decreasing to 18.4%, from 19.7% at year-end 2023. This development was partly offset by portfolio growth. The lower risk weighting mainly follows from an improvement in our customers' average credit quality given more favourable macroeconomic conditions, expressed in higher house prices and a decrease in loans in arrears.

The RWA for operational risk increased by € 0.3 billion to € 2.0 billion. The RWA for market risk decreased by € 34 million. The RWA for the Credit Valuation Adjustment and securitisation notes went up slightly to a total of € 82 million.

The following table shows the RWA per type of risk, exposure category and method of calculation.

Risk-weighted assets (RWA) and capital requirement Audited

	EAD		RWA		8% Pillar 1 capital requirement	
in € millions	2024	2023	2024	2023	2024	2023
Credit risk AIRB approach						
Residential mortgages	53,972	51,056	9,938	10,079	795	806
Total credit risk AIRB approach	**53,972**	**51,056**	**9,938**	**10,079**	**795**	**806**
Credit risk standardised approach						
Central governments and central banks	5,857	9,203	--	--	--	--
Regional governments and local authorities	1,335	866	103	73	8	6
Public sector entities	1,276	1,173	42	35	3	3
Multilateral development banks	444	457	--	--	--	--
International organisations	310	241	--	--	--	--
Financial institutions	6,897	4,631	1,737	1,292	140	103
Corporates	2,311	2,166	1,811	1,798	145	144
Retail excl. mortgages	540	107	351	70	28	6
Secured by mortgages on immovable property	1,066	1,172	431	694	34	56
Exposures in default	37	40	44	52	4	4
Covered bonds	947	812	95	81	8	6
Collective investments undertakings (CIU)	--	1	--	8	--	1
Shares	16	13	16	13	1	1
Other Items	329	342	288	314	23	25
Total credit risk standardised approach	**21,365**	**21,224**	**4,918**	**4,430**	**394**	**355**
Securitisation positions	222	117	28	13	2	1
Total credit risk	**75,559**	**72,397**	**14,884**	**14,522**	**1,191**	**1,162**
Market risk standardised approach						
- Specific risk	--	21	--	4	--	--
- General risk	--	--	159	189	13	15
Operational risk						
- Standardised approach	--	--	1,961	1,695	157	136
Total market- and operational risk	**--**	**21**	**2,120**	**1,888**	**170**	**151**
Credit Valuation Adjustment (CVA)	--	--	54	60	4	5
Total	**75,559**	**72,418**	**17,059**	**16,470**	**1,365**	**1,318**

Exposure at Default

The Exposure at Default (EAD) from de Volksbank's total assets increased from € 72.4 billion at year-end 2023, to € 75.6 billion at the end of 2024. The residential mortgage portfolio EAD increased from € 51.1 billion to € 54.0 billion.

The EAD for specific risk on traded debt instruments amounted to nil per year-end 2024 (2023: € 21million) given the absence of a trading position in debt instruments.

Breakdown of residential mortgages by rating grade

The table below shows the breakdown of our mortgage portfolio by Probability of Default (PD) class.

PD risk category residential mortgages as at 31 December 2024[1]

Internal rating grade	PD scaling	Average LGD	Obligor grade	EAD	RWA
1	0.00 to <0.15	23.04%	0.13%	22,361	1,708
2	0.15 to <0.25				
3	0.25 to <0.35	25.18%	0.26%	25,530	3,649
4	0.35 to <0.50				
5	0.50 to <0.75	35.68%	0.61%	1,250	462
6	0.75 to <1.25	33.83%	1.14%	245	131
7	1.25 to <1.50				
8	1.50 to <1.75	29.03%	1.53%	2,506	1,394
9	1.75 to <3.50	23.88%	2.30%	92	54
10	3.50 to <10.0	25.05%	7.95%	1,187	1,402
11	10.0 to <15.0	28.51%	12.06%	149	240
12	15.0 to <25.0	28.12%	16.97%	114	201
13	25.0 to <100	26.55%	48.88%	57	81
Default	100.00	16.82%	100.00%	481	616
Total				**53,972**	**9,938**

1 Based on the CRR AIRB model

PD risk category residential mortgages as at 31 December 2023[1]

Internal rating grade	PD scaling	Average LGD	Obligor grade	EAD	RWA
1	0.00 to <0.15	22.51%	0.13%	17,505	1,296
2	0.15 to <0.25			--	--
3	0.25 to <0.35	24.65%	0.26%	26,073	3,612
4	0.35 to <0.50			--	--
5	0.50 to <0.75	39.72%	0.60%	2,814	1,147
6	0.75 to <1.25	36.81%	1.13%	362	209
7	1.25 to <1.50			--	--
8	1.50 to <1.75	28.36%	1.51%	2,254	1,214
9	1.75 to <3.50	26.27%	2.27%	104	67
10	3.50 to <10.0	25.60%	7.29%	1,034	1,192
11	10.0 to <15.0	26.46%	11.90%	163	243
12	15.0 to <25.0	30.58%	16.83%	179	342
13	25.0 to <100	29.00%	47.37%	83	132
Default	**100.00**	18.27%	100.00%	485	625
Total				**51,056**	**10,079**

1 Based on the CRR AIRB model

Leverage ratio

The leverage ratio is the ratio between a bank’s amount of Tier 1 capital and its total risk exposure. To prevent banks from building up excessive debts a minimum Pillar 1 requirement for the leverage ratio of 3.0% applies with effect from June 2021. As from 2022, the ECB also assesses the risk of excessive leverage among supervised banks. This has not resulted in an additional Pillar 2 leverage ratio requirement for de Volksbank.

To manage the risk of excessive leverage, leverage ratio control is part of our continuous capital planning process as explained in Section Management and control. Wholesale funding that affects the leverage ratio denominator is only attracted when this is consistent with our liquidity management and funding strategy. For more information, please refer to Section Liquidity risk and funding strategy.

The table below presents de Volksbank's leverage ratio according to the composition of the CRR-prescribed risk exposure measure.

The leverage ratio remained unchanged from year-end 2023 at 5.1%, balanced by the € 124 million increase in CET1 capital and the € 3.0 billion increase in the leverage ratio exposure.

The 5.1% leverage ratio is well above the regulatory requirement of 3.0% and above our target of at least 4.5%.

Leverage ratio

in € millions	2024	2023
Tier 1 capital	**3,740**	**3,616**
Exposure values:		
Derivatives: market value	24	160
Derivatives: add-on mark-to-market method	647	620
Off-balance: undrawn credit facilities	--	36
Off-balance: medium/low risk	1,480	1,072
Off-balance: other	3	289
Other assets	71,550	68,515
Receivables for cash variation margin provided in derivatives transactions	-152	-174
Exposures exempted in accordance with Article 429 (14) of the CRR	--	--
Regulatory adjustments (Tier 1)	-169	-143
Exposure measure as defined by the CRR	**73,383**	**70,375**
Leverage ratio	5.1%	5.1%

MREL

The table below presents the risk-weighted and non-risk-weighted MREL ratios of de Volksbank.

Total capital and eligible SNP liabilities rose by € 1.1 billion to € 7.7 billion. This was the result of the issuance of € 0.5 billion in green SNP debt, € 0.5 billion in a green Tier 2 capital instrument and a € 124 million increase in CET1 capital. With the issuance of green SNP debt and Tier 2 capital in 2024 we anticipate that € 0.5 billion of outstanding SNP debt will become MREL ineligible in 2025, and that there will be an opportunity to call the outstanding Tier 2 capital instrument in 2025.

At year-end 2024, the non-risk-weighted MREL ratio based on the LRE stood at 10.5% (2023: 9.4%), including total capital and SNP liabilities eligible for MREL.

The risk-weighted MREL ratio stood at 45.4% (2023: 40.2%).

MREL

in € millions	2024	2023
CET1 capital	3,442	3,318
Additional Tier 1 capital	298	298
Tier 2 capital	997	500
Total capital	**4,737**	**4,116**
Senior non-preferred (SNP) liabilities with remaining maturity >1 year	3,000	2,500
Total capital and eligible SNP liabilities	**7,737**	**6,616**
MREL BRRD2 exposure measures:		
Leverage ratio exposure measure (LRE)	73,383	70,375
Risk-weighted assets	17,059	16,470
MREL LRE:		
MREL (Total capital and eligible SNP liabilities) (LRE)	10.5%	9.4%
MREL RWA:		
MREL (Total capital and eligible SNP liabilities) (RWA)	45.4%	40.2%

Dividend

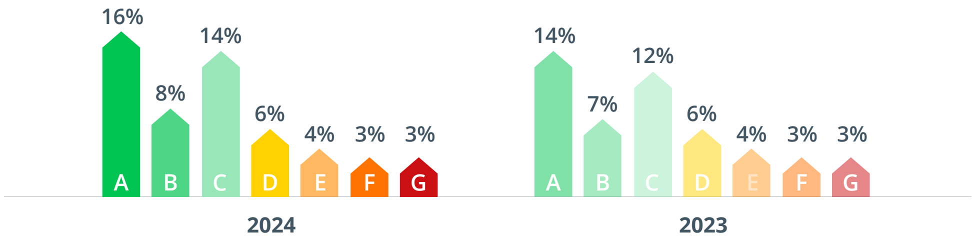
De Volksbank has set a target range of 40%-60% of net profit for regular dividend distribution. In line with this policy, de Volksbank decided in its General Meeting of Shareholders (GMS) in April 2024 to distribute a dividend of € 164 million for 2023, corresponding to a pay-out ratio of 40% of the net profit attributable to the shareholder.

Although the bank's long-term objective is to generate a solid return and pay regular dividends to the shareholder, we will propose to the General Meeting of Shareholders that we retain our net profit for 2024. This is consistent with prudent management, taking into account the implementation of remediation programmes to address the shortcomings identified by the supervisor. These will require additional operating expenses in 2025.

Sustainability risk In scope of CSRD

Our goal is to make a positive impact on society and the environment. But we also consider the possible financial and reputational impact that sustainability can have on the bank.

Distribution of definitive energy efficiency rating of residential mortgage portfolio

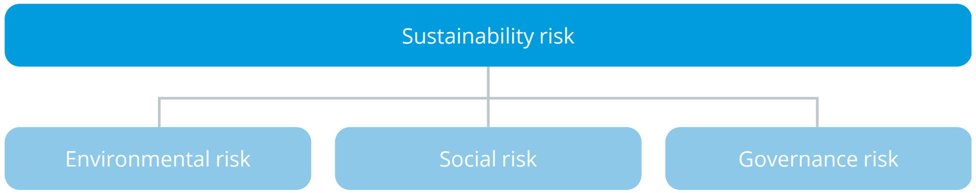


* In 2024 46% of our residential mortgage portfolio did not have a definitive energy efficiency rating compared to 51% in 2023.

The figure above shows our residential mortgage portfolio broken down by energy efficiency rating category. The energy efficiency ratings serve as an identification of transition risk and show the environmental performance of the properties.

Sustainability risk is one of de Volksbank's strategic risks and is part of the bank's risk taxonomy as a stand-alone risk type with the aim of developing a holistic approach to the incorporation of ESG risk drivers into its overall business strategy, governance, risk management framework, organisational structure and reporting.

We define sustainability risk as the risk arising from Environmental, Social or Governance-related (ESG) factors over the short, medium or long-term that may have an (in)direct financial or reputational impact on de Volksbank - either directly or by acting as a driver for other risk types - as well as the risk arising from the value chain of de Volksbank that may have an (in)direct negative impact on the environment or society.



As shown in the diagram, we divide sustainability risk into the three ESG sub-risk types and define them as follows.

Environmental risk
Environmental risk is the risk of (in)direct financial or reputational damage to the bank due to acute or chronic physical environmental events (outside-in risk) or due to the bank's or third parties' role in the transition to an environmentally sustainable economy (inside-out risk), as well as the risk arising from the bank's value chain, which may have an (in)direct negative impact on the environment. Environmental risk encompasses several risks, such as biodiversity loss and water scarcity, which may pose both a physical risk and a transition risk:

- Physical risk is the risk of a negative financial impact on the institution, including its counterparties or invested assets, stemming from the current or prospective impacts of the physical effects of environmental factors such as extreme weather events, climate change and environmental degradation. A distinction can be made between acute physical risks, such as floods, and chronic physical risks, such as rising sea levels.
- Transition risk is the risk of a negative financial impact on the institution stemming from current or prospective impacts of the transition to an environmentally sustainable economy on its counterparties or its invested assets. For example, if our emissions become relatively high, we might face higher transition risks as a result of stricter climate-related policy changes.

The occurrence of physical and transition risks is often inversely related. In response to the potential impact of physical risks, the government may rapidly introduce stringent and far-reaching policies, which may, in turn, lead to increased transition risks. Alternatively, physical risks may increase over time if the government fails to draw up and implement effective policies.

Social risk
Social risk is the risk of (in)direct financial or reputational damage to de Volksbank due to social events or to the bank's role in the transition to a sustainable economy, or of damage caused by parties with whom the bank may interact, as well as the risk arising from the bank's value chain that may have a negative impact on social topics such as human rights and privacy. Despite the development of social standards, preferences and policies, de Volksbank's ESG materiality assessment includes all relevant social risk drivers. These drivers may well be triggered by environmental risks; they may, for example, lead to pandemic outbreaks that could affect the social and mental wellbeing of our employees and customers.

Governance risk
Governance risk is the risk of (in)direct financial or reputational damage to the bank due to governance-related events or the bank's role in the transition to a sustainable economy, as well as, the risk arising from the bank's value chain that may have a negative impact on the environment or society due to inadequate corporate governance, ethical management or transparency. Governance risks may be driven

by various risk drivers, such as inadequate management of environmental and social issues or a lack of action to combat money laundering. These examples may have a negative impact on de Volksbank's reputation, and thus on its financial performance or solvency. Governance also plays an important role in ensuring the environmental and social inclusion of our counterparties, i.e. customers and suppliers.

Sustainability risk management refers to the management of all of the above-mentioned risk drivers that may affect our risk profile, or the environment or society. In this respect, sustainability risk management concerns the control of outside-in risks, in particular the risks arising from negative inside-out impacts.

Risk profile

De Volksbank's Risk Appetite Statement (RAS) supports its strategy to be the bank with the strongest customer relationship in the Netherlands and to have a substantial and measurable positive impact on society. As such, we aim to minimise (the financing of) activities that lead to negative impacts on society or the environment and limit (the financing of) activities that may negatively affect our financial results as a consequence of ESG events or climate-related hazards. Therefore, de Volksbank has a low appetite for sustainability risk. Our business model and strategy are the main factors determining our sustainability risk profile. Being a retail bank with a high concentration of residential mortgage loans in the Netherlands, our exposure to transition risk largely depends on the transition to a more sustainable housing sector. We actively encourage and help our customers to reduce their energy costs by making their home more sustainable.

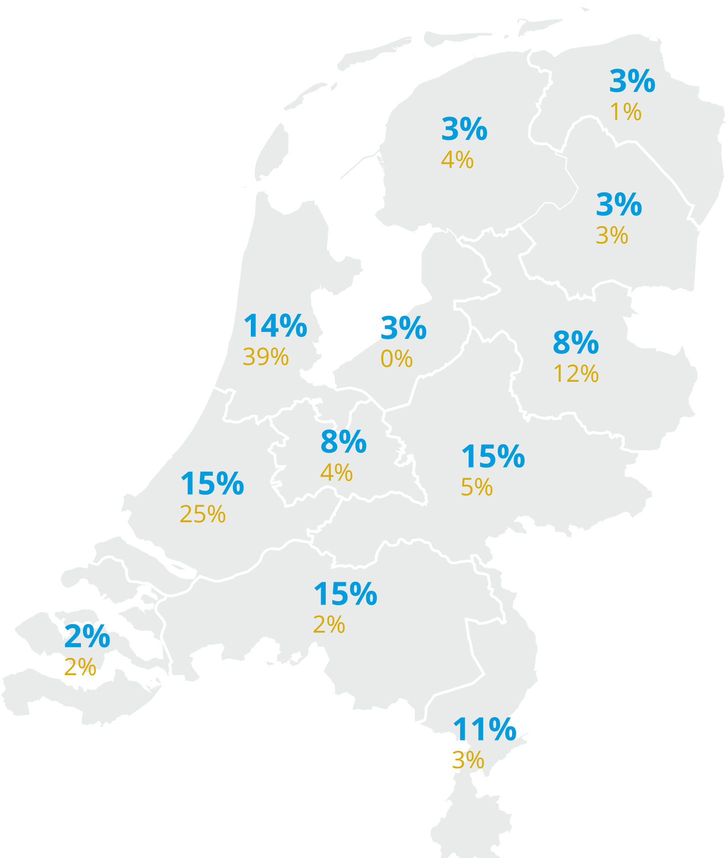
Banking book[1] - Indicators of potential climate change transition risk

	Gross carrying amount		GHG financed emissions[2]	
In € millions	**2024**	2023	**2024**	2023
Exposures towards sectors that highly contribute to climate change[3]	**1,616**	**1,485**	**102,126**	**74,147**
A - Agriculture, forestry and fishing	1	1	98	133
B - Mining and quarrying	--	--	--	--
C - Manufacturing	174	130	54,746	51,598
D - Electricity, gas, steam and air conditioning supply	849	837	20,879	8,840
E - Water supply; sewerage, waste management and remediation activities	--	--	7	--
F - Construction	59	74	2,671	1,209
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	125	97	8,025	6,211
H - Transportation and storage	94	64	6,535	1,190
I - Accommodation and food service activities	2	4	27	47
L - Real estate activities	312	278	9,138	4,919
Exposures towards sectors other than those that highly contribute to climate change[3]	**9,616**	**7,137**	--	--
K - Financial and insurance activities	9,190	6,775	--	--
Exposures to other sectors (NACE codes J, M - U)	426	362	--	--
Total[4]	**11,232**	**8,622**	**102,126**	**74,147**

1 This includes loans and advances and debt securities to non-financial corporations.
2 Scope 1, scope 2 and scope 3 emissions of the counterparty (in tonnes of CO2 equivalents).
3 In accordance with the Commission Delegated Regulation EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006.
4 In accordance with the Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks - Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006.

The table 'Banking book - Indicators of potential climate change transition risk' shows the loans and advances and debt securities to non-financial corporates by sector as indicators of our exposure to potential climate change transition or physical risks. De Volksbank has exposures in sectors that significantly contribute to climate change, mostly in the electricity, gas and steam sectors. However, we assess our exposure to transition risk in these sectors to be low, as our project finance portfolio solely consists of renewable energy companies within that sector and does not include any customers in the (fossil) gas sector.

Geographical distribution of mortgage portfolio and related climate risk



% = mortgage portfolio by province
% = of which mortgages that are sensitive to climate change events based on data from the Dutch Climate Impact Atlas

The figure 'Geographical distribution of mortgage portfolio and related climate risk' shows our mortgage portfolio by province and the share of mortgages that is sensitive to climate change events by province. To assess which exposures within our mortgage portfolio are sensitive to climate change events, we consulted the data from the Dutch Climate Impact Atlas (*Klimaateffectatlas*), an initiative of the Dutch government. The categorisation of all maps is available at the level of the collateral's coordinates. We mapped the coordinates of the underlying collateral in our database to the categorisation of the maps in the atlas, irrespective of the (loan) portfolio.

As far as physical risk is concerned, environmental and climate change will also have an impact on the housing sector in the Netherlands. The intensity and frequency of floods is increasing and houses will consequently be impacted by the deterioration of foundations and soil. To keep track of our risk profile, we closely monitor the likelihood and impact of these developments.

Management and control

Clear roles and responsibilities are preconditions for an effective risk governance framework. In order to manage sustainability risk appropriately, de Volksbank has implemented the three lines model. The roles and responsibilities of the different lines in the risk governance have been strengthened and clarified.

The ECB has set institution-specific deadlines for full alignment with its expectations as set out in the 'Guide to climate-related and environmental risks' by the end of 2024. De Volksbank has been increasing its efforts, including assigning a dedicated project team, to work towards full implementation of the ECB guide on climate-related and environmental risks in its risk management framework in a timely manner.

Integration of ESG risks in the risk framework

The integration of short, medium and long-term sustainability risk within the risk management framework is based on the ECB Guide on climate-related and environmental risks and the draft EBA guidelines on the management of ESG risks.

As sustainability risk is classified as a stand-alone risk type, both a Risk Management Policy (RMP) and a Risk Appetite Statement (RAS) for this risk type are in place. Our Sustainability Risk RMP covers climate-related risks, including physical risks and transition risks. The RMP is the overarching policy regarding sustainability risk and elaborates on the risk management cycle for managing this risk type, which includes the processes and instruments for risk identification, measurement, response, monitoring, incident management and issue and action management. The risk management cycle is the basis for identifying, assessing, prioritising and monitoring risks and opportunities and their financial impact. There are various methods to assess risks in the material risk assessment. Risks are typically expressed in euros as much as possible, and there is always a rationale behind prioritising risks. The RMP applies to de Volksbank N.V., including all underlying legal entities, brands, Centers of Expertise, Hubs, staff departments and portfolios. The Chief Risk Officer is accountable for the implementation of the Sustainability Risk RMP.

Since sustainability risk is considered both a stand-alone risk type and a risk driver for other risk types within the risk framework of de Volksbank, specific sustainability key risk indicators (KRIs) are included in the RAS for sustainability risk and in those for credit risk and reputational risk. Other KRIs are not specific to sustainability risk, but do include the impact of sustainability as a risk driver. For example, the KRI regarding compliance with prudential laws and regulations includes ESG regulations.

To monitor sustainability risk, we have developed sustainability KRIs with the corresponding thresholds. Where possible, we have determined quantitative indicators to monitor ESG risks. The determination of the indicators and the associated thresholds is an annual process and is approved by the ExCo.

There are several KRIs as shown in the table 'Sustainability risk indicators'. A threshold has been set where possible.

- The sustainability risk KRIs related to environmental risks monitor the contribution to our long-term ambition to obtain a climate-neutral balance sheet and a net zero balance sheet, and our contribution to the Science Based Targets. Insufficient growth of the Sustainable Project Finance Portfolio and insufficient reduction in emissions from the mortgage portfolio could hamper de Volksbank's long-term environmental targets to achieve a climate-neutral balance sheet, to have a (net) positive impact on biodiversity by 2030 and to have a net zero balance sheet by 2050. Being a retail bank with a high concentration of residential mortgage loans in the Netherlands, it is important for de Volksbank to increase the average energy efficiency rating of its residential mortgage portfolio. Progress is currently being made on achieving the long-term ambitions, but additional measures need to be defined in order to achieve the ambitions on time.
- The credit risk KRIs related to environmental risk are based on the view that customers with a high LTI and LTV carry a potentially higher credit risk.
- The sustainability risk KRI related to social risk is intended to provide more insight into IT suppliers whose production takes place in countries where there is a greater risk of human rights violations. Although progress has been made, not all locations are known at this time.
- The KRIs related to governance risk affect the existing compliance KRIs with regard to employee conduct and privacy. Progress still has to be made on these KRIs.
- The reputational risk KRI related to ESG monitors how stakeholders assess de Volksbank's ESG performance. This KRI is within the risk appetite.

The main KRIs for sustainability risk are integrated in the risk reports, which provides the ExCo on a monthly basis and the Risk & Compliance Committee on a quarterly basis with risk exposure information. All risk committees receive a quarterly risk report, which includes the KRIs that apply to their domain.

Areas of focus and activities

ESG materiality assessment

De Volksbank performs an annual ESG materiality assessment that reveals institution-specific physical and transition risks, taking into account the specificities of the business model, operating environment and risk profile. The primary objective of this assessment is to identify material risks arising from ESG risk drivers. The scope of the ESG materiality assessment encompasses the following aspects of our own business operations as well as of the upstream and downstream value chain, i.e. all of de Volksbank's activities, including all underlying legal entities, brands, Hubs, Centers of Expertise, staff departments and portfolios.

In assessing the risks, important considerations are de Volksbank's business model, products and services, geographical coverage and customers. In the identification and assessment process of de Volksbank's physical and transition risks, we identified and assessed climate-related hazards and transition events over several time horizons (see below) to determine whether and how our assets and business activities are exposed to these hazards and events. We considered the following time horizons:

- Short-term (< 1 year)
- Medium-term (1 –5 years)

Sustainability risk indicators

Risk Appetite Statement	Risk indicator	Quantitative threshold
Sustainability risk – environmental risk	Growth of ASN Bank's Sustainable Finance portfolio - monitors the expected total volume of CO_2e compensated by sustainable projects financed	Yes
Sustainability risk – environmental risk	Average energy efficiency rating of the residential mortgage portfolio - monitored in kWh/m^2	Yes
Credit risk – environmental risk	Share of customers classified as high sustainability risk regarding drought	Yes
Credit risk – environmental risk	Share of customers classified as high sustainability risk regarding flooding	Yes
Sustainability risk – social risk	Percentage of IT contracts for which the production location is known	Yes
Compliance risk – governance risk	Conduct: number of observed incidents with employees	Yes
Compliance risk – governance risk	Privacy: non-compliance with GDPR	Yes
Reputational risk – E, S, G risks	A significant deterioration of the RepTrak – ESG score[1] as opposed to the previous quarter and/or a lasting negative deviation from the long-term average	No

1 The RepTrak – ESG score is calculated through an assessment of what stakeholders think of the bank, specifically in relation to ESG, by means of nine indicators (three for Environmental, three for Social and three for Governance). As the quarterly RepTrak - ESG is provided (by an external party) with a delay, the data of the quarter before last is therefore be included in the Risk Report (e.g. the Q2 score is be included in the Q3 report).

- Long-term (> 5 years, including a time horizon of at least 10 years)

The ESG materiality assessment process started with a long list of potential material ESG and climate-related hazards, taking into consideration the ESRS hazards and the physical risks of the European Climate Adaptation Platform, Climate Adapt, enriched with expert insights and other available information.

A panel of experts, comprising first and second line staff members across the business units and business lines, assessed whether the ESG topics and climate-related hazards posed a risk to the bank (outside-in), and whether the risk factor constituted a risk for the environment or society (inside-out). The assessment was supported by data when available.

The aforementioned time horizons are aligned with the expected lifetime of our assets, strategic planning and capital allocation plans. As such, the medium-term time horizon (1-5 years) is in line with the (annual) business planning cycle and capital stress testing horizons of three years. The long-term time horizon is beyond five years due to the long-term nature of our assets: residential mortgages have an average maturity of around eight years. Furthermore, the time horizons are in line with the EBA Consultation paper on draft Guidelines on the management of ESG risks. Our GHG emission reduction targets (SBTs) are aligned with the long-term time horizon.

To determine the exposure to climate-related hazards and transition events of our assets and business activities, as well as our supply chain, we considered the likelihood, financial impact (or magnitude) and duration of the hazards, supplemented with the geospatial coordinates of the locations of our own offices and the locations of our mortgage portfolio collateral. As far as our own locations are concerned, we considered two data centres, our head office and the current and future IT office, and assessed their exposure to floods, wildfires, (urban) heat islands, pole rot and subsidence on a scale of none, very small, small, medium, medium-high and high. We plotted the property locations of our mortgage portfolio by means of the Climate Impact Atlas.

Potential size of the financial impact	Likelihood of the impact
5 Extreme	5 Certain (< 1 year)
4 High	4 Almost certain (1 - 3 years)
3 Medium	3 Likely (3 years)
2 Low	2 Possible (3 - 5 years)
1 Very low	1 Unlikely (> 5 years)

In the process of identifying and assessing the transition risks and opportunities of de Volksbank, we identified and assessed transition events over the short, medium and long-terms to determine whether and how our assets and business activities are exposed to these events. In the ESG assessment, the transition events from the ESRS were considered to determine whether they were relevant to de Volksbank, enriched with expert insights and other available information. We did identify a transitional risk, but our assessment did not reveal any transition opportunities. When identifying and assessing transition events, we did not consider the climate-related scenario analysis consistent with the Paris Agreement. For the identification of climate- related hazards, we did consider high-emission climate scenarios, such as the high scenario of KNMI’14, which is in line with the IPCC SSP5 8.5 pathway (4 degree Celsius warming by 2100).

We identified which assets are compatible with the transition to a climate-neutral economy according to the requirements for EU Taxonomy alignment under Commission Delegated Regulation (EU) 2021/2139. The residential mortgage category is the largest on the balance sheet. For that part of the mortgage portfolio that is not Taxonomy aligned, we recognise that a significant effort is needed, but the options to reduce the emissions in our mortgage portfolio are limited, as we can only engage with and enthuse homeowners to make their home more sustainable.

In 2024, we continued to improve our ESG materiality assessment. We paid special attention to the quantification of the ESG risks with data, when available. We analysed our assets on the balance sheet, including our residential mortgage and SME portfolio, liquidity portfolio and sustainable finance projects, and assessed the ESG risks related to those portfolios.

Results

ESG materiality assessment

				Portfolio				Time horizon[1]		
Type	Environmental risk	Risk type	Description	Residential mortgages	SME loans	ASN sustainable loans	Financial Markets loans[2]	Short -term	Medium-term	Long -term
Physical risk	Pole rot following drought	Credit risk	Pole rot occurs when wooden poles under a foundation decay due to severe drought, harming the house's foundation.	•	•		•	•	•	•
	Subsidence following drought	Credit risk	Differential settlement refers to the uneven sinking of a building's foundation due to non-uniformly compacted soil.	•	•		•	•	•	•
	Flooding	Credit risk	The risk of damage as a results of floods. This includes the risk from coastal, fluvial, groundwater and pluvial floods (depending on the portfolio).	•	•	•	•	•	•	•
	Wind	Credit risk	The risk of damage or lower anticipated financial results for onshore and offshore wind farms.			•		•	•	•
Transition risk	Changing market sentiment	Reputational risk	Risk of reputational consequences if the bank fails to align with shifting market sentiments towards ESG	•					•	•
	Legal and regulatory changes - GHG emissions	Credit and business risk	The risk of legal and regulatory changes related to GHG emissions for the banking network.	•	•		•		•	•
	Not meeting GHG targets in time	Reputational, legal and compliance risk	The risk of reputational consequences in case of failure to meet GHG targets, due to increased regulatory scrutiny and stakeholder expectations	•					•	•
	New regulations related to managing physical climate risk	Reputational, legal and compliance risk[3]	Failure to identify new legislation and regulations in a timely manner and the subsequent failure to implement them in a timely and/or correct manner	•	•	•	•	•	•	
	New regulations related to managing transition risk			•	•	•	•	•	•	
	Negative energy prices	Credit risk	The risk of negative prices for energy leading to lower than anticipated financial results for renewable energy projects.			•		•	•	•

1 Time horizons as determined during the workshops in May 2024. The quantitative assessment was focused on the long term only.
2 Pole rot, subsidence following drought and risk of flooding are considered material for the long term only as underlying assets of the securitisation portfolio.
3 Risk drivers determined at Group level and assigned to all portfolios for the purpose of this overview.

The findings of the 2024 ESG materiality assessment are shown in the table above. It reveals that the majority of risks stemming from ESG drivers are addressed as one of the existing risk types. We assessed the impact of sustainability risk as a material risk driver for the following risk types: credit risk, business risk, reputational risk, legal risk and compliance risk. The assessment is based partly on qualitative judgements, internal and external studies and the impact of upcoming regulations, and partly on quantitative information (where possible). The following risk drivers are considered material for the various risk types at de Volksbank:

- The risk of pole rot, drought and flooding as a potential credit risk arising from the loss of the collateral value of loans and mortgages provided.

- The risk of flooding and extreme winds as a potential credit risk for the sustainable finance portfolio arising from the potential loss of investment value, in particular of renewable energy projects (onshore and offshore wind farms)
- The risk of negative energy prices as a potential credit risk for the sustainable finance portfolio arising from the loss of revenue and the decrease in cashflows from impacted assets.
- The risk of legal and regulatory GHG emission changes is quantified by measuring the energy efficiency ratings as part of the residential real estate (RRE) and SME portfolio.

We conclude that for the following other financial risk types, the climate-related and environmental (C&E) risk drivers are not material:
- Liquidity risk: C&E risks potentially have a long-term impact and arise from the securitised portfolio. In the short term, they are not considered material.
- Credit spread and interest rate risk in the banking book: we did not identify any material C&E risk drivers. We developed a quantification method to enrich the analysis for credit spread risk.
- Market risk: for the trading book portfolio, we applied the concept of proportionality. This means that, due to the relatively small risk exposures of our trading book portfolio, we did not consider any risk quantification methods.
- Operational risk: all operational risk sub-types were in scope of the ESG materiality assessment and, except for legal risk (see the table above), all operational risk sub-types were assessed as not material.

These assessment results were then used to formulate specific actions to further assess the impact of the identified ESG risk drivers. In 2024, de Volksbank further enhanced the incorporation of sustainability risk into its Internal Capital Adequacy Assessment Process (ICAAP) framework. Quantification methods and risk appetite thresholds are in place to ensure adequate capital allocation for sustainability risks.

Methodology, materiality criteria and thresholds for our mortgage portfolio

Materiality criteria and thresholds

Risk type	Component	Materiality criteria	Threshold
Physical risks	Concentration risk	% of exposure at risk from an event	>15%
	Expected loss (EL)	Increase in portfolio-level EL (non-default)	<2.50%
	Capital impact	CET1 ratio change	<-0.50%
Transition risks	Concentration risk	% of exposure to EPC labels E, F & G	>15%
	Alignment with GHG emission targets	Improvement of average energy rating (A=1; G=7)	<0.12

To assess the exposure of the bank's mortgage portfolio to flood risk, the geographic distribution of the mortgage portfolio is mapped to the location-specific probabilities of three different flood depths (>20 cm, >50 cm and >200 cm) occurring by 2050. In our model to calculate economic capital for sustainability risk, the probabilities of flooding are classified into different risk categories. We also make a prudent choice by defining a cut-off at the flooding probability levels of 1/3,000 to 1/30,000 per year, which means that the residential mortgages with the flooding probability levels of 1/3,000 to 1/30,000 per year or less are deemed to be 'not at risk'.

Risk of flooding in 2050

High probability	>1/30 per year
Medium probability	1/30 to 1/300 per year
Low probability	1/300 to 1/3,000 per year
Very low probability	1/3,000 to 1/30,000 per year
Extremely low probability	<1/30,000 per year

Based on the assessment, the flood risks for the Dutch residential mortgage portfolio could be considered material under two scenarios, i.e. one scenario in which the flood depth exceeds 20 cm and one in which it exceeds 50 cm, both by 2050. Specifically, the percentage of exposure at risk in case of a flood depth exceeding 20 cm is above the threshold of 15%. Additionally, the Expected Loss (EL) at portfolio level in the event of a flood depth scenario exceeding 50 cm surpassed the materiality threshold of 2.50%.

To assess which exposures in our mortgage portfolio are sensitive to climate change events, we consulted the data from the Climate Impact Atlas. We categorised all exposures in regions with a high or very high risk to pole rot and/or soil subsidence in the scenario '2050 Low'. As for pole rot, mortgages in areas of Moderate, High and Very high risk were identified as being at risk. Considering the potential impact of pole rot on our mortgage collateral, we established that the risk posed by this factor is insignificant. This analysis showed that none of the thresholds considered for the materiality assessment of physical risks are breached. As for soil subsidence, mortgages in areas of Moderate, High and Very high risk were identified as being at risk. This analysis was performed under two different climate change scenarios, namely 'low climate change by 2050' and 'high climate change by 2050'. Based on this analysis, we determined that this risk is material under the 'high climate change by 2050' scenario and immaterial for the current rate of climate change by 2050.

Efforts to improve data availability, quality and accuracy

Our exposure to sustainability risk primarily follows from our focus on residential mortgages in the Netherlands. In the medium or long-term, sustainability risks may have a material financial impact on the financial results of de Volksbank. As ESG risk management is still evolving, we continue to analyse what internal and external data is required and what data sources are already available and may be used in risk analyses.

It is worth noting that the Climate Impact Atlas data only consists of an address and a location, as a result of which properties on higher floors are considered just as vulnerable to flooding as ground-floor properties.

Stress testing and scenario analysis
De Volksbank conducts capital stress testing as part of its ICAAP. The test stresses the bank's material business areas. The stress scenarios comprise material risks that are expected to negatively affect capitalisation over the short, medium and long-terms. Many of these risks are macroeconomic in nature, but de Volksbank also takes into account the physical climate risks of floods and droughts on its residential mortgage portfolio. As for physical risk, de Volksbank uses scenarios, including the Network for Greening the Financial System's 'hot house world scenarios', that are in line with scientific climate change pathways. De Volksbank then considers how climate-related and environmental risks might evolve under various scenarios, considering that these risks are not fully reflected in historical data.

As part of its capital planning, de Volksbank assesses its capital adequacy under a credible baseline scenario and specific adverse scenarios. For the latter, de Volksbank assumes severe but plausible developments that are expected to negatively affect capital ratios. In accordance with the ECB Guide with respect to ICAAP, the normative perspective covers a four-year forward-looking horizon. De Volksbank takes developments beyond this horizon into account in its strategic planning if they are expected to have a material impact. To capture the interaction of various types of risk, the bank uses a holistic capital stress testing framework, incorporating climate-related risks.

The capital stress test outcomes are submitted to and discussed in the Asset and Liability Committee (ALCO) and the Credit Committee. The outcomes are also used to calibrate Risk Appetite Statement (RAS) thresholds for capital adequacy.

Climate risk is included as a material risk in the stress testing. The 2024 mid-year capital stress test included a scenario that assumed the physical climate risks of floods and droughts on its residential mortgage portfolio. Data for flood and drought risks is sourced from the Climate Impact Atlas. We source data on property damage amounts from this external source for floods and droughts. We concluded from the stress test that the capital position of de Volksbank is resilient and can withstand severe climate stress.

Resilience analysis
The outcomes of the ESG materiality assessment, stress testing and scenario analysis help us assess the resilience of our business model and strategy in relation to climate change. The annual Strategic Risk Assessment (SRA) is an important tool to recalibrate the strategy against internal and external trends, including important developments in ESG risks. The outcomes of the ESG materiality assessment, stress testing and SRA may result in adjustments to our strategy and business model for the short, medium or long-term in the following areas:

- securing ongoing access to finance at an affordable cost of capital
- the ability to redeploy, upgrade or decommission existing assets
- shifting the products and services portfolio
- reskilling the workforce

There are several areas of uncertainty in the analyses, as the development of ESG risk drivers depends on various uncertain factors that may materialise in different time frames. Our assets and business activities at risk are assessed within the definition of our strategy (through the SRA), within our investment decisions (through our sustainability policies) and within current and planned mitigating actions (through our ESG MA). Although we see some material physical and transitional risks, we expect that our strategy and business model are resilient in the short, medium and long-terms in relation to climate change. We reached this conclusion based on the performance of our KRIs and the results of the ESG materiality assessment, stress testing and scenario analysis and the SRA. We did not exclude any identified material physical and transition risks from the assessment.

The periodic update of the macroeconomic scenarios considers the impact of ESG events, including the transition to a lower carbon and resilient economy such as energy prices and net congestion, on macroeconomic levels. The Scenario Expert Group, guided by the expertise of its members, challenges the macroeconomic scenarios proposed by the macroeconomists.

Mitigating risk controls
When risks stemming from ESG events or climate-related hazards are assessed as material, we evaluate current risk control mechanisms and subsequently formulate additional risk responses. De Volksbank has strict sustainability criteria in place to make a positive contribution to society, reducing its exposure to inside-out ESG risk drivers. These criteria also act as an important mitigant of our exposure to outside-in ESG risk drivers. We continuously assess whether investments still meet our sustainability criteria. Breach of these criteria leads to the termination of specific loans or investments in our investment universe or portfolio. As insights on ESG-related issues and regulations are continuously evolving, our policies are reviewed and updated regularly. A significant transition risk in our mortgage portfolio is the risk that our customers are faced with high energy costs and a decreasing collateral value as energy efficiency standards for homes are raised. De Volksbank mitigates this risk by actively aiding its customers in their efforts to make their homes more sustainable. It does so by raising awareness of various financial products, such as the *Bespaarhypotheek*[1] and by promoting them. With regard to physical risks, we monitor our exposure to material physical risks at portfolio level.

1 A mortgage product providing an interest rate discount when homeowners implement energy-saving measures to obtain a higher energy efficiency rating

Integration of ESG in the credit granting and credit monitoring process

The integration of ESG factors is a component of the credit granting process, which is aligned with our overarching strategy and risk appetite, thus ensuring that ESG criteria are incorporated in credit decisions. The process evaluates the ability of customers and counterparties to manage and absorb ESG-related costs, with tailored approaches for different business lines. The focus is on assessing physical and transition risks, as well as fostering sustainable lending practices through incentivised pricing and monitoring frameworks.

Due diligence

The due diligence process evaluates the exposure of customers and projects to physical and transition risks and, at the same time, assesses their financial ability to absorb these impacts. This first stage identifies and addresses potential climate and environmental vulnerabilities early in the credit granting process. The specific considerations within the due diligence process vary across portfolios.

Due diligence for the residential mortgages includes the mandatory assessment of physical climate risks of drought-related foundation issues, as well as transition risks associated with energy efficiency ratings. An indication of foundation risks is a mandatory part of the property valuation report. On occasion, this risk warrants additional due diligence. When there is a clear indication that the foundation-related damage cannot be borne by the customer in question, this might result in disapproval of the customer taking out a mortgage. With regard to transition risks, a definitive energy efficiency rating is mandatory for newly mortgaged homes. We provide mortgages that offer an interest rate discount for homes with a higher or improved energy efficiency rating.

For commercial real estate (CRE), due diligence incorporates ESG considerations that are similar to residential mortgages. Physical risks are reviewed in conjunction with valuation reports to assess if there is an indication of high risks. Transition risks, particularly compliance with regulatory requirements for energy efficiency ratings, is assessed along with the borrower's financial capacity to implement the required retrofitting or upgrade. Loan-to-Value (LTV) limits are applied to reflect the impact of deviating energy efficiency rating levels, with stricter thresholds for properties having an energy efficiency rating of D or lower.

As far as ASN Bank's sustainable finance portfolio is concerned, our main aim is to ensure that financed projects align with sustainability goals at the sector level. Exclusion criteria are applied to exclude sectors and counterparties that do not meet the bank's sustainability criteria. For Financial Markets & Treasury (FMT), ESG due diligence focuses on the evaluation of bond issuers with a credible credit rating that is partly based on an evaluation of their ESG-related risks.

Collateral valuation

As part of the credit granting process, collateral valuation complements the due diligence phase by assessing the financial value of the collateral while incorporating ESG factors. Collateral valuation encompasses both loan origination and the loan management process, with specific practices tailored to each portfolio.

For residential mortgages, collateral valuation during the mortgage process is conducted by independent property valuers. In the Netherlands, property valuers use the NRVT model property valuation report, which does incorporate assessments of energy efficiency and drought-related foundation risks but does not include flood risks at this time. Loan management involves ongoing monitoring of collateral values, as improved energy efficiency ratings have an impact on the value. Non-performing loans are also periodically re-evaluated to ensure their values remain accurate and consistent with actual market values.

The property valuation report for SME loans also contains a section on the energy performance of the building and the physical climate risks. For SME loans, a property valuation is not mandatory for making a credit proposal to the customer, as we have the right to cancel the offer after we have received the property valuation. This is different for a mortgage offer for a residential home. However, for the purpose of climate and environmental (C&E) risks, we require a property valuation report before completing the credit assessment in case of a high physical risk indication.

For the ASN Bank sustainable finance portfolio and the liquidity portfolio, collateral valuation is not a primary requirement due to the nature of project-based and loan-based financing structures. Instead, material C&E risks are integrated into the broader credit assessment.

Loan pricing and provision

A C&E risk management overlay for flood and drought risks on current facilities follows the Economic Capital methodology, where this is quantified via the overlay and recalibrated on a semi-annual basis. The scaling factors for flood and drought risks are weighted by their exposure in the residential mortgage portfolio and incorporated into the Expected Credit Loss (ECL) cost price component of the portfolio at an aggregated level. In this way, the additional cost of risk is shared uniformly across all retail mortgage segments. The C&E risks are therefore incorporated into the cost pricing framework of loans through the ECL component. The scaling factors have been embedded in the ECL pricing component in such a way that it will automatically feed into the pricing model when the impact on the SME portfolio reaches the materiality threshold.

The funding cost component does not differentiate between green and non-green assets on the bank's balance sheet and an equivalent liquidity spread curve applies to all assets. This is because the subordinated debt component fully consists of green instruments.

In addition to these core pricing components, the bank incorporates C&E risks into customer pricing incentives to promote sustainable practices. For the residential mortgage portfolio, products such as the *Bespaarhypotheek* offer reduced interest rates for properties with high energy efficiency ratings (A or B). Customers who improve the energy efficiency of their property after origination automatically benefit from adjusted, lower pricing. Similarly, the ASN Sustainable Housing loan provides discounts to finance energy efficient improvements, such as installing solar panels or upgrading insulation. In the ASN Bank sustainable finance portfolio, the bank supports its sustainability objectives by setting a lower return-on-equity (RoE) target of 4% for sustainable projects, compared to the bank-wide target of 8%. This pricing strategy helps drive climate-neutral initiatives in the project finance portfolio.

Credit risk classification

Credit risk classification builds on insights from earlier evaluations in the due diligence and collateral valuation stage. These insights are transformed into a framework to segment customers, counterparties, and assets based on C&E risks and financial resilience for the purposes of ongoing credit risk management.

The classification process has been implemented by using a segmentation matrix that combines pure C&E risk scores with financial resilience metrics. This enables us to assess exposures to physical transition risks, while at the same time evaluating the customer’s capacity to absorb these risks. High-risk customers or assets are assigned to categories that may trigger stricter credit terms, targeted monitoring, or reduced exposure limits. Additionally, this segmentation provides granular information at customer and portfolio levels, offering insights into risk concentrations and potential vulnerabilities.

Credit risk monitoring

Credit risk monitoring ensures continuous tracking and management of ESG risks throughout the lifecycle of loans and investments. By using dashboards, key risk indicators (KRIs) and regular reporting, the bank ensures that the identified risks are addressed effectively.

Monitoring focuses on tracking geographic and sectoral concentrations of collateral exposed to high physical risks, such as flood-prone areas or properties with a low energy efficiency rating, as well as on identifying transition risk exposures across portfolios. For residential mortgages and SME loans, these concentrations are analysed along with customers’ financial resilience, ensuring continuous alignment with credit classification criteria. For the sustainable loans of ASN Bank and the portfolio of Financial Markets, we use C&E dashboards to monitor projects or counterparties with elevated risk profiles.

Sustainability statements

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Sustainability statements

Sustainability statements

This chapter provides insight into how de Volksbank deals with important environmental, social, and governance (ESG) topics. We describe how we determine our material ESG topics and how we relate to them.

General information

Basis for preparation

General basis for preparation of the Sustainability statements

The Corporate Sustainability Reporting Directive (CSRD), which entered into force on 5 January 2023, requires de Volksbank to disclose information in its Annual Report on the way it operates and manages ESG challenges. The CSRD mandates the European Sustainability Reporting Standards (ESRS). In anticipation of the transposition of the CSRD into Dutch law, we have decided to voluntarily use this framework and to adhere to the ESRS. De Volksbank thus prepares its Sustainability statements in accordance with the CSRD. Reporting under the CSRD requires de Volksbank to formulate, for example, targets and policies and to conduct due diligence for its own operations and its supply chain.

The ESRS provide detailed disclosure requirements on a broad spectrum of ESG topics. The data points of those topics that have been assessed as material by de Volksbank are reported in these Sustainability statements. Where we make use of other guidance, this is stated in the relevant (topical) sections in the Sustainability statements. Information related to the EU Taxonomy is included in the topical Section on Environmental information and is based on the relevant directives and annexes. Furthermore, we are committed to the UN Principles for Responsible Banking, of which we provide an overview in Section Principles for Responsible Banking[1]. The extent of this scope coincides with all our upstream and downstream activities and our own operations as shown in the Section How we create value.

The reporting period covers the period 1 January 2024 up to 31 December 2024. The information provided pertains to de Volksbank N.V. and its subsidiaries. This scope is the same as for the consolidated financial statements. During this reporting period, de Volksbank did not use the option to omit information corresponding to intellectual property, know-how or the results of innovation. Nor did we use the exemption from disclosure due to impending developments or matters in the course of negotiation, as provided for in Articles 19a(3) and 29a(3) of Directive 2013/34/EU.

External review

None of the information in the Sustainability statements is legally subject to a limited assurance engagement. However, we have chosen to provide the Sustainability statements with limited assurance, conducted by our auditor Ernst & Young (EY). Please see our auditor's assurance report for more information.

Disclosures in relation to specific circumstances

Time horizons

In the preparation of the Sustainability statements, specifically for the performance of the double materiality assessment (DMA), de Volksbank used the following definitions for short, medium and long-term time horizons:
- Short-term: <1 year;
- Medium-term: ≥1 year and ≤5 years; and
- Long-term: >5 years (including the time horizon of at least 10 years)

Metrics and estimations

Several metrics in the Sustainability statements, such as sector-average data, are (partly) based on value chain data estimations. In the case of value chain data estimations, we have added a reference to the source.

The data we use is subject to continuous improvement, given also that sustainability-related regulations will increase the availability of standardised data in the future. The following information with regard to data is described in the corresponding topical section in the Sustainability statements: the methodology, sources of uncertainty, assumptions and approximations, the resulting level of accuracy and planned actions to improve the accuracy of data.

These are the metrics that are subject to a high level of measurement uncertainty:
- CO_2e emissions in our own operations, upstream and downstream value chain (including our investments) see Section Gross scope 1, 2, 3 and total GHG emissions. Regarding the methodology, please see Section Methodology financed emissions
- Energy consumption, see Section Energy use

Incorporation by reference

Some ESRS disclosure requirements are closely linked to requirements that are already met by de Volksbank. These requirements are therefore not included in the Sustainability statements, but in other sections of this Annual Report. An overview of the requirements that are 'incorporated by reference' is included in the Section ESRS content index. In addition, the sections that are incorporated by reference have been labelled as 'In scope of CSRD'.

[1] Not in scope of limited assurance.

Strategy

Strategy, business model and value chain

With our Strategy 2021-2025, we aim to create benefits for our customers, give genuine attention to our employees, take responsibility for society and achieve returns for our shareholder. We are aware that we can only do so if we remain a sound and solid bank. For more information, please see Section Our strategy. Our value creation model, visualises how we create long-term value for our stakeholders. For more information, please see Sections How we create value and Company profile.

De Volksbank aims to have a positive impact on society and to reduce its negative impact. We achieve this by implementing our sustainability policies, through our investments, by developing and setting relevant KPIs and by offering socially responsible propositions. This approach, in turn, also contributes to the resilience of de Volksbank against sustainability-related transition and physical risks. For more information regarding these topics, see Sections Sustainability governance, Double materiality assessment and Sustainability risk.

De Volksbank performs a strategy review on an annual basis. The aim of the strategy review process is to review, adjust and reconfirm agreed long-term targets and strategic decisions by taking into account internal and external events and/or factors and various plausible scenarios of marketplace developments (for example, changes in capital markets, customer demand, crisis implications, etc.) and their implication. De Volksbank carefully considers the interests of its stakeholders when formulating or adapting its strategy and business model. The strategy review process is continuously assessed and the strategy and upcoming plans are updated in the short term (1 year) if necessary. The strategy review process is based on key inputs, such as (but not limited to) the DMA, the annual Strategic Risk Assessment (SRA) (including climate and environmental risk), ESG assessments, and other analyses such as risk appetite statements and financial business reports, as well as other key inputs such as sustainability scenarios, consultations with our stakeholders and stress tests. The annual SRA is an important tool to recalibrate the strategy against internal and external trends, including important developments in ESG risks. These analyses are important inputs for the yearly strategy review process. Some of our strategic sustainability objectives are listed below.

Adjustments are always aimed at strengthening stakeholder relationships, considering transparency, responsiveness and a commitment to aligning interests. Furthermore, adjustments arise from a reassessment of key strengths and weaknesses along with the current and anticipated opportunities, impacts and risks, and from a reassessment of strategic goals along with the definition of implications for our strategic and business model execution. Some of our findings can be found in our DMA assessment and the respective IRO chapters, for more information see Sections Double materiality assessment, Climate change, Own workforce and Customer relationship.

De Volksbank aims to have a strategy and business model that is sustainable from a long-term perspective and is focused on achieving its strategic goals. The strategic time horizon is the medium term (5 years), being the period from 2021 to 2025. Currently, we adhere to our Strategy 2021-2025, but are busy addressing and formulating our business strategy, operating model and value chain for the short, medium and long-term period, which is part of the Transformation programme. We have announced the launch of a Transformation programme that focuses on improving our organisational structure by simplifying our commercial distribution network and streamlining operations to develop a healthier and more resilient future-proof company. In this context, we are also moving from our current four retail brands to one strong brand, namely: ASN Bank. We will start the implementation on short-term basis in 2025. For more information about our resilience, current and anticipated effects and adjustments to our strategy and our business model that may impact the relationship and how we deal with our interests and vision of our stakeholders, please refer to Sections Transformation programme, Options for the Future and Our stakeholders.

We provide an summarised overview regarding our goals, actions and targets of current significant products and services, and markets and customer groups that are based in the Netherlands, in relation to sustainability- and ESG-related goals in our Climate Action Plan [2](CAP). The majority of our sustainability- and ESG-related goals are based on significant areas such as initiatives that have a measurable positive impact on society, for example, our loan portfolio (sustainable housing and mortgages, SME loans, Project Finance), our bank's capital (SBTIs), investment funds, but also objectives to create a strong customer relationship.

To monitor the achievement and gain insight into the key challenges and solutions of the strategy's ESG-related objectives, we have set short-, medium- and long-term objectives and measure progress through performance indicators for each stakeholder group. We have implemented a set of performance indicators for monitoring purposes. For more information, see our CAP[2] and the table below referring to the specific sustainability chapter.

Entity-specific ESG metrics and targets

Definition	Target	More in chapter
Climate-neutral balance sheet	75% climate-neutral balance sheet by 2025	Climate change
Net zero	Net zero emissions by 2050	Climate change
Genuine attention	≥7.5 in 2025	Own workforce
Net promoter score	+7 in 2025	Customer relationship
Number of active multi-customers	1.3 million in 2025	Customer relationship

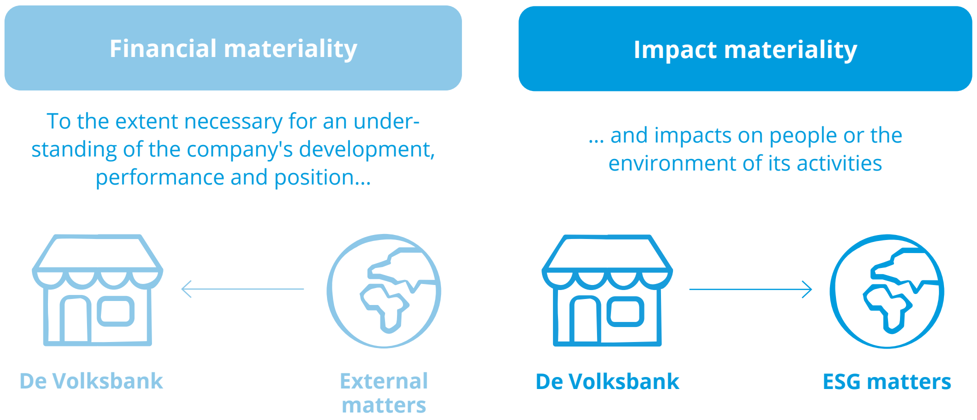
[2] Not in scope of limited assurance.

Interests and views of stakeholders
The stakeholders of de Volksbank are people, organisations or nature that are affected by, or have an interest in, our activities. The outcomes of stakeholder engagement are, amongst others, used in assessments such as the SRA and DMA. For more information on our stakeholders, please see Section Our stakeholders.

Double materiality assessment

This section describes our DMA process, in which we have identified our material impacts, risks and opportunities. We have also performed an ESG Risk assessment, in which we assessed the materiality of physical and transition risk for various risk types. For more information on the ESG materiality assessment, see Section Sustainability risk.

Double materiality means that a sustainability matter can be material either because it has a financial effect on our business ('financial materiality') or because of the impact that our business has on people and/or the environment ('impact materiality'). These impacts may be positive or negative and actual or potential. Furthermore, topics may be material from an impact perspective or a financial perspective or from both perspectives.



Our DMA approach consisted this year of the following steps:

Understanding the context of our organisation

As a starting point for our DMA, we conducted a value chain and stakeholder analysis to understand the context in which we operate. Our DMA covers impacts, risks and opportunities connected with the bank through the entire value chain: our own operations as well as the upstream and downstream activities. The value chain is shown in Section How we create value. All of de Volksbank's activities, including all underlying legal entities, brands, departments and portfolios, were taken into account as input parameters. The Netherlands was considered as a specific geographical area, since de Volksbank is mainly active in the Netherlands. We also considered activities with possible heightened risk of adverse impacts.

De Volksbank's due diligence process informed the context analysis and identification of impacts, risks and opportunities by establishing where and in which sectors our customers operate. This due diligence process is part of our sustainability policy, as described in Section Sustainability policies. Due to our daily operations and policies, we assume that the main impacts, risks and opportunities do not occur in our third-party relationships.

Identifying actual and potential impacts, risks and opportunities

A longlist of potentially material topics, topics of the ESRS and GRI and entity-specific topics was drawn up. Entity-specific topics originated from the Guide on climate-related and environmental risks from the ECB and previous materiality assessments based on internal documentation, trend reports, scientific research and literature. The longlist was narrowed down to a shortlist, based on the input of an expert panel. The expert panel consisted of internal topic experts in the first and second lines, across all business units and business lines.

This year, we have not included direct consultation with affected stakeholders to understand how they may be impacted by our business activities, nor have we directly consulted external stakeholders to review the outcome of our DMA, as we believe the insights gained from the stakeholder survey conducted in 2023 still inform our due diligence processes and DMA well. In addition, our continuous engagement with stakeholders is a solid basis for assessing the impacts and risks most material to us.

Assessing the impact and financial materiality of identified actual and potential impacts, risks and opportunities

The assessment of impacts for shortlisted sustainability topics took place during workshops and was carried out by internal topic experts from different departments within de Volksbank. The experts were asked to assess the identified impacts based on the following factors: scale, scope, irremediability (only for negative impacts), likelihood (only for potential impacts) and potential human rights impact, using a five-point Likert scale. The scores were added together per identified impact, resulting in a total impact score. We used scales indicating the threshold per impact category (negative/positive and potential/actual). The total impact scores were used to determine whether the threshold for materiality had been reached. In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood. As a general rule, all impacts that were scored as “Significant” or higher were considered to be material for disclosure purposes and were therefore prioritised. Besides this, the assessment included an identification of where the impacts occur or might occur in our value chain and which stakeholder it impacts.

During the same workshops, the topic experts were also asked to assess risks and opportunities for the sustainability topics on the shortlist. Any dependence on natural or social resources was taken into account. A heatmap was used with the potential size of the impact on the x-axis and the likelihood of the impact on the y-axis. This resulted in risks and opportunities in the categories low, medium or high. All risks and opportunities plotted in the medium or high category were considered material.

The assessment of impacts, risks and opportunities was based on qualitative expert judgement. For most sustainability matters, we have no verifiable data available at this time that we can use for a quantitative assessment. For the topics climate change and customer relationship, we were able to use data based on the PCAF methodology and customer relationship scores. By identifying and assessing impacts, risks and opportunities at the same time during the workshops, we encouraged internal experts to connect risks with potential negative impacts and opportunities with potential positive impacts.

Determining material topics and relevant ESRS standards

A sustainability topic on the shortlist was deemed material if at least one material impact, risk or opportunity (IRO) was linked to the topic. This resulted in a list of material topics. These material topics were linked to the corresponding topical ESRS standards and disclosure requirements. Disclosure requirements were considered not applicable if the information was deemed non-material or not applicable to de Volksbank. The materiality of information was assessed from one or both of the following perspectives: the significance of the information to the matter and/or the capacity of the information to meet the decision-making needs of the user of that information. The ESRS content index shows which standards and disclosure requirements are made public, including a reference to the relevant chapter. We considered a list of qualitative criteria, such as industry standards or relevance to the user of the sustainability statements, to determine whether information on metrics or disclosure requirements were to be disclosed. Therefore, no thresholds were used.

The outcomes of the DMA followed the regular governance and were reviewed, discussed and ultimately approved by the ESG Impact Committee and the Financial Committee. The results were ultimately approved by the Executive Committee.

Changes in DMA compared to previous reporting period

In 2023, we carried out a comprehensive materiality assessment in accordance with the GRI. In 2024, we redesigned this process to include requirements formulated in the ESRS. We made the following changes to the DMA process in 2024 compared to the previous reporting period:

- In 2024 we aligned the DMA with the ESG materiality assessment.
- In 2024 we used external stakeholder input to validate the shortlist topics. In 2023 we used their input to identify shortlist topics.
- The impacts, risks and opportunities were identified and assessed by means of workshops with various internal topic experts to promote discussion, whereas in 2023 the shortlist topics were assessed by filling in a template. Fewer internal experts were involved in 2023.

We will further improve our materiality assessment in 2025 where necessary. The DMA process requires us to make key judgements and use of thresholds and may also be impacted in time by sector-specific standards to be adopted or additional gained insights. Therefore, the sustainability statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.

Integration of material impacts, risks and opportunities in our management process, strategy and business model
Sustainability risk is one of the strategic risks of de Volksbank and is incorporated in the risk taxonomy as a stand-alone risk type with the aim of developing a holistic approach to the incorporation of ESG risk drivers into the bank's overall business strategy, governance, risk management framework, organisational structure and reporting practices. The opportunities identified and assessed as part of the DMA are input for de Volksbank's strategy review process. The identification, assessment and classification of all material risks related to external and internal developments and the business strategy take place in the annual Strategic Risk Assessment and have been approved by the Executive Committee.

The current financial effects related to a material risk or opportunity on the financial position, financial performance and cash flow are disclosed in the financial statements by incorporation by reference, including where there is a significant risk of a material adjustment within the next annual reporting period to the carrying amount of the assets and liabilities reported. For more information about changes related to our strategy, please see Section Transformation programme.

Double materiality assessment outcome
The table below shows the list of material and non-material topics resulting from our DMA 2024. For each material topic it is indicated whether it has been assessed as material from an impact or financial perspective, or from both perspectives.

Not assessed as material topics
De Volksbank acknowledges the importance of all ESRS topics, for many of which we have policies in place. Our scoring of impacts, risks and opportunities is based on our daily operations. The topics Pollution, Water and marine resources, Biodiversity and Resource use and circular economy are not material. However, we do have policies on many of these topics; for more details see Sustainability policies.

Pollution
De Volksbank did screen its site locations and business activities and did not identify actual and potential pollution impacts, risks and opportunities in its own operations or upstream and downstream activities, because as a financial service provider it has no or limited exposures to polluting substances in its own operations. Consequently, no affected communities were consulted.

Water and marine resources
De Volksbank did screen its site locations and business activities and did not identify actual and potential water and marine resource-related impacts, risks and opportunities, because as a financial institution it only has exposure to water impact through household activities in its own operations and upstream and downstream activities. Consequently, no affected communities were consulted.

Material topics

ESRS	Sustainability topic	Impact materiality	Financial materiality	
			Risk	Opportunity
Environmental				
E1	Climate change	√	√	
E2	Pollution			
E3	Water and marine resources			
E4	Biodiversity and ecosystems			
E5	Resource use and circular economy			
Social				
S1	Own workforce	√	√	√
S2	Workers in the value chain			
S3	Affected communities			
S4	Customers and end-users[1]	√	√	√
Governance				
G1	Business conduct		√	
ES[2]	Anti-financial crime		√	

1 In our Annual Report this topic is called Customer relationship
2 Entity-specific topic

Biodiversity and ecosystems
We did screen our site locations and business activities and did identify an impact on biodiversity and ecosystem services and concluded that we have a non-material impact. Based on the assessment we made the following considerations.

Primarily our mortgage portfolio, investments in sovereign bonds and project finance investments have a negative impact on biodiversity. At year-end 2024, our net impact on biodiversity was negative at -28,222 hectares, compared to -37,109 hectares in 2023. The negative impact amounted to -61,922 hectares (-63,956 in 2023), the avoided negative impact through renewable energy projects and climate bonds was 33,699 hectares (26,847 in 2023). We use the Biodiversity Footprint for Financial Institutions (BFFI) methodology to assess the expected impact of our investments and loans. We report negative and avoided negative impact separately following the PBAF Footprinting Standard.

We consider biodiversity an important emerging topic, for us as de Volksbank but also for the financial sector as a whole. In 2020, de Volksbank signed the Finance for Biodiversity Pledge, committing itself to protecting and restoring biodiversity through its finance activities and investments.

In addition to the DMA process, no further impact and dependency analysis for biodiversity has been conducted. The materiality assessment covered our own operations, as well as our upstream and downstream value chain. The three main biodiversity impact categories are climate change, land use and water use.

We assessed that our risks and dependencies related to biodiversity are low, due to the fact that we have a very limited amount of investments and financing activities in the agricultural and food sectors in our portfolio, resulting in low transition and physical risks. Biodiversity loss affects more than just agriculture and food production; it could potentially lead to systemic risks. However, in our agriculture and food portfolio dependencies on systemic risks are expected to be low. The rest of our portfolio was assumed to not face biodiversity-related transition or physical risks.

As a financial institution we do not source raw materials in our own operations and therefore we have no impact on ecosystem services of relevance to potential affected communities. Consequently, we did not conduct consultations with affected communities in our DMA.

We have a limited number of branch offices and shops that are located in populated areas. We therefore assume that we have a limited impact on biodiversity and ecosystems, or threatened species associated with our branch offices and shops.

Resource use and circular economy

De Volksbank did screen its site locations and business activities and did not identify actual and potential resource use or circular economy-related impacts, risks and opportunities, because as a financial institution it has no exposures to polluting substances in its own operations or in its upstream and downstream activities. Consequently, no affected communities were consulted.

Changes in material topics compared to 2023

The changes in material topics compared to 2023 are as follows:

- In 2024, six topics were no longer assessed as material due to the updated process in accordance with ESRS and due to renewed insights gained during this process: Responsible investments and financing, Fair and transparent products, Local entrepreneurship, accessible housing and quality of life in communities, Corporate governance and ownership, Macroeconomic and geopolitical developments and Responsible financial results.
- We reassessed the opportunity related to climate change and the impacts related to business conduct and anti-financial crime from 2023. This resulted in a different conclusion in 2024.
- One material topic was new in 2024 to provide better alignment with the ESRS: Own workforce.
- One topic was made more specific in 2024 to better align with de Volksbank's risks: Compliance with laws and regulations was turned into the entity-specific topic Anti-financial crime.
- One topic was renamed in 2024 to better align with the ESRS: Ethical business conduct was renamed Business conduct.

Change in material topics

Sustainability topic	ESRS	Material topic 2023	Impact, risk or opportunity	Material topic 2024	Impact, risk or opportunity
Environmental	E1	1. Climate change	Impact and opportunity	1. Climate change	Impact and risk
	Entity-specific	2. Responsible investments and financing	Impact and opportunity		
Social	S1			2. Own workforce	Impact, risk and opportunity
	S4	3. Customer relationship and service	Impact and opportunity	3. Customer relationship	Impact, risk and opportunity
	Entity-specific	4. Fair and transparent products	Impact		
	Entity-specific	5. Local entrepreneurship, accessible housing and quality of life in communities	Opportunity		
Governance	Entity-specific	6. Corporate governance and ownership	Impact		
	G1	7. Ethical business conduct	Impact	4. Business conduct	Risk
	Entity-specific	8. Compliance with laws and regulations	Impact and risk	5. Anti-financial crime	Risk
Other		9. Macroeconomic and geopolitical developments	Risk		
		10. Responsible financial results	Impact		

Impacts, risks and opportunities in the value chain

The following tables list the sustainability-related impacts, risks and opportunities (IROs) we have identified and assessed as material as a result of our DMA.

Brief descriptions of the material IROs are included in the tables. More information on the effects of our IROs on our strategy or business model is included in the topical sustainability sections.

Environmental

		Value chain location			Time horizon		
Description	**IRO**	**Up-stream**	**Own operations**	**Down-stream**	**Short-term**	**Medium-term**	**Long-term**
E1 - Climate change							
Climate change adaptation: Climate adaptation brings additional costs which have a negative effect on our financial position or on the financial position of our customers, which in turn can lead to credit risk for de Volksbank.	Risk		•	•			•
Climate change mitigation: We are making a negative contribution to climate change. Via sustainable investments in, e.g., renewable energy, de Volksbank can make a positive contribution to mitigating climate change.	Impact (actual, negative)		•	•			•
Pole rot following drought: Pole rot decreases the value of collateral and is expected to occur more in due course. Consequently, this can pose a reputational and legal risk: there is the risk of breaching our duty of care as a bank.	Risk			•	•	•	•
Subsidence following drought: Subsidence following drought decreases the value of collateral and is expected to occur more in due course. Consequently, this can pose a reputational and legal risk: there is the risk of breaching our duty of care as a bank.	Risk			•	•	•	•
Flooding (coastal, fluvial, pluvial, ground water): Floods are expected to occur more in due course and to decrease the value of collateral. Consequently, this can pose a reputational and legal risk: there is the risk of breaching our duty of care as a bank.	Risk			•	•	•	•
Legal and regulatory changes with regard to greenhouse gas emissions: Regulatory changes towards a climate-neutral economy can have an impact on the bank's financial position. New laws can negatively impact the value of collateral (for example with low energy ratings) and compliance with new legislation might increase costs, for example due to energy rating C being required for offices since 2023. Not meeting such requirements can also result in fines.	Risk	•			•	•	•
Legal and regulatory changes with regard to insulation/renovation of (commercial) collateral: Negative market sentiment towards (autonomous) insulation or renovation of (commercial) collateral poses a risk to the portfolio. Negative sentiment poses a risk to the reduction targets of de Volksbank. With less autonomous insulation and/or renovation, de Volksbank needs to increase its efforts to reduce its financed emissions. This results in non-compliance risk, financial risk and reputational risk.	Risk	•			•	•	•
Gross scopes 1, 2, 3 and total GHG emissions/targets related to climate change mitigation and adaptation: There is a greenwashing risk associated with legal and regulatory changes in regard to our GHG reduction targets. We depend on others in our supply chain to reach the reduction targets. If they are not able or willing to increase their efforts to reduce emissions, this poses a risk to the reduction targets of de Volksbank.	Risk		•		•	•	•
Wind: The risk driver is primarily material for the onshore and offshore wind farm project type. An increase in frequency, severity and variability of high winds can cause physical damage to buildings, infrastructure and equipment like wind turbines, increasing the need for repairs and maintenance and increasing insurance costs, and could lead to inconsistent wind speeds and unpredictable power generation at wind farms.	Risk			•	•	•	•
Changing market sentiment: There is a risk of reputational consequences if the bank fails to align with shifting market sentiments towards ESG. Ignoring the shift towards ESG is not just a matter of ethical concern for the bank; it is a significant business risk that can have far-reaching reputational, financial, and legal consequences. The bank must proactively integrate ESG factors into its business strategy, operations, and risk management to maintain its competitiveness and ensure its long-term sustainability. This includes developing robust ESG policies, investing in sustainable finance products, and transparently reporting on its ESG performance.	Risk			•		•	•

Social

Description	IRO	Value chain location			Time horizon		
		Up-stream	Own operations	Down-stream	Short-term	Medium-term	Long-term
S1 - Own workforce							
Working conditions / secure employment: Working at de Volksbank provides employees with good working conditions. A potential negative impact on employees might occur when they have to leave de Volksbank.	Impact (actual, positive and potential, negative)		•			•	
Equal treatment and opportunities for all / diversity: Employees of de Volksbank are offered a working environment where we promote equal treatment and opportunities for all. However, employees may potentially not experience equal treatment or opportunities.	Impact (actual, positive and potential, negative)		•			•	
Undesirable outflow and/or insufficient inflow: Not offering an appealing working environment and working conditions would harm our reputation as an attractive employer, damaging our ability to attract and retain employees.	Risk		•			•	
Employees do not have the necessary skills: de Volksbank has insufficient employees with the necessary skills in time to reach its goals.	Risk		•			•	
Less capacity available due to sickness and lower productivity: Employees might be less productive because of sickness or low motivation if we do not offer good working conditions and a healthy and safe working environment where they feel treated equally and are offered opportunities.	Risk		•			•	
Attracting and retaining employees: By offering good working conditions and providing equal treatment and opportunities for all, we nourish the reputation of an attractive employer, which strengthens our position to attract and retain employees.	Opportunity		•			•	
Developing a workforce with the right skills: We offer all employees equal treatment and opportunities regarding training and skills development, for them to acquire, maintain and develop the right skills now and in the future.	Opportunity		•			•	
Enabling employees to perform to their full potential: We enable our employees to perform to their full potential by helping them retain their mental, physical and financial health.	Opportunity		•			•	
S4 - Customers & end-users							
Customer relationship: We focus on making a positive impact on our customers through the banking products and services that we offer. A personal customer approach through seamless and pleasant interactions and suitable propositions are key for us.	Impact (actual, positive)			•	•	•	•
Customer relationship: Through building strong customer relationships, we see opportunities to retain our customer base, to cross-sell to satisfied customers, and to attract new customers.	Opportunity			•	•	•	•
Privacy - transparency: There is a risk that customers cannot exercise their privacy rights if we are not transparent about the processing of personal data of customers. This may result in reputational damage, sanctions (fines), and litigation costs for de Volksbank.	Risk			•	•	•	•
Privacy - illegitimate processing: There is a risk of breaches of the privacy of customers if we do not process personal data in a legitimate manner. This may result in reputational damage, sanctions and fines, and litigation costs for de Volksbank.	Risk			•	•	•	•

Governance

Description	IRO	Value chain location			Time horizon		
		Up-stream	Own operations	Down-stream	Short-term	Medium-term	Long-term
G1 - Business conduct							
The risk that employees and/or ExCo members of de Volksbank and/or business partners (such as intermediaries or franchisees) insufficiently behave according to (the rationale of) written and/or unwritten rules of (business) conduct, including related internal policies and values, and can be held responsible for such conduct, with the possible consequence of criminal or regulatory enforcement, sanctions, material financial loss or reputational damage.	Risk		•		•	•	•
Entity-specific - Anti-financial crime							
The risk of insufficient implementation and compliance with supervisory laws and regulations applicable to customer integrity, including related internal policies, with the possible consequence of criminal or regulatory enforcement, sanctions, material financial loss or reputational damage.	Risk		•		•	•	•
The risk of accepting customers and/or executing transactions that are against the law and/or are regarded as improper in society, which threaten the integrity of our business operations and the safety of society.	Risk		•		•	•	•

Sustainability governance and policies

Sustainability governance

The ExCo is responsible for managing the overall sustainability objectives and ESG risks. The Supervisory Board exercises oversight over the exposures and responses relating to ESG risks. The Supervisory Board sets the performance objectives for the ExCo, including performance objectives for our impact on society. These objectives are derived from de Volksbank's (long-term) strategic objectives, and in setting them the Supervisory Board takes into account de Volksbank's desired ESG related risk profile in the Supervisory Board ESG Committee. In accordance with the suitability requirements, the management body has an induction and lifelong learning programme. In 2024, internal experts organised knowledge sessions on sustainability topics for the Supervisory Board and ExCo, for example, on Net Zero. On 2 December 2024, the Supervisory Board established the Environmental, Social and Governance Committee (ESG Committee). For more information, see Section Environmental Social and Governance Committee.

The ExCo is the highest governing body for sustainability. The Executive Board ultimately approves the strategic direction and targets, oversees our performance on material sustainability impacts, risks and opportunities (IROs) as well as policies, actions and targets, and approves the DMA results annually. The ExCo is presented with a progress update annually across material IROs and strategic priorities and targets to further integrate the developments into its execution and oversight of the overall strategy. For more information regarding which IROs were addressed, as well as further details on this topic, please refer to Section Double materiality assessment.

The Chief Executive Officer is accountable for sustainability risk and is specifically responsible for identifying, monitoring and signalling developments in the exposures for sustainability risk. One or more ExCo members are responsible for supporting the accountable ExCo-member in the fulfilment of his/her tasks and vice versa. To increase efficiency and allow greater focus in specific risk areas and/or business themes, the ExCo has established risk committees.

The ESG Impact Committee (ESG IC) is a risk committee chaired by the Chief Risk Officer. The ESG IC steers and monitors the implementation of de Volksbank's ESG strategy (including approval of de Volksbank's sustainability policy (inside-out) and monitors compliance with the ESG aspects (sustainability risk) of the Risk Framework and regulations (outside-in). Furthermore, it steers and monitors the balance between the two. Besides monitoring and steering the implementation of and compliance with policies on sustainability risk and ESG in the business strategy, governance and risk management framework, the committee also oversees all ESG-related KRIs in the risk taxonomy.

De Volksbank has monthly and quarterly risk reports in place, which include ESG risks. These monitoring reports consist of two levels:
- Level 1: Enterprise level (de Volksbank)
- Level 2: Business line level (i.e. department level)

Level 1 risk indicators are reported to the ExCo and Supervisory Board by the second line. Level 2 indicators are reported to specific risk committees by the first line or the second line. KRIs with an actual risk profile outside the ESG-related risk appetite must receive heightened management oversight and attention from the risk committee. The first line must define and execute actions to have these KRIs comply with the risk appetite again. The first line also submits a progress report on the progress made towards fulfilling the KPI climate-neutral balance sheet in 2030.

The ESG IC also regularly receives implementation progress reports on the fulfilment of ESG laws and regulations, such as the expectations of the ECB Guide on climate-related and environmental risks.

The expected impact of decisions on our four stakeholder groups, i.e. customers, society, employees and the shareholder, is included in the decision-making in all ExCo and ESG IC meetings. For detailed information on de Volksbank's governance structure, the role of the highest governance bodies and their composition and diversity, please refer to Section Leadership and governance.

Sustainability-related performance in incentive schemes

De Volksbank has no variable remuneration scheme. Nevertheless, every year the Supervisory Board sets performance objectives for the ExCo, including performance objectives for our impact on society. These objectives are derived from de Volksbank's (long term) strategic objectives, and in setting them the Supervisory Board takes into account de Volksbank's desired ESG risks-related risk profile. For details, see Section Performance objectives and the link with remuneration.

Sustainability policies

The purpose of our sustainability policies is to minimise the negative impact and increase our positive impact we have through the investments and loans. We use the sustainability policies also for due diligence and to identify, monitor and mitigate ESG risks as much as possible. In addition we want to have a well-understood and accepted governance and definition of sustainability for de Volksbank and its stakeholders.

The sustainability policy documents are accessible to all employees of de Volksbank and ASN Impact Investors through the bank-wide policy system and to the public via the websites of ASN Bank, de Volksbank and ASN Impact Investors. Our approach to sustainability covers all investments, financing to corporates and governments and our own operations and is applied at three levels, which are described below. Besides our sustainability policies, we also have a Risk Management Policy Sustainability Risk and several business policies in place. Several components of our policies are related to how our counterparties deal with social and governance risks.

Sustainability Policies and Specific Sustainability Policies

We distinguish three pillars in our Sustainability Policies (SPs): climate, biodiversity and human rights. We assess countries, organisations and businesses on the basis of these sustainability policies. The approach to our SPs consists of two elements: 1) a set of sustainability criteria to exclude or avoid investments that have a negative impact and 2) a set of criteria to assess how to support investments that contribute to sustainability. Below, we elaborate on the two elements of our approach for each pillar.

The SPs and Specific Sustainability Policies (SSPs) contain information on the sustainability of content, for instance, our investments in corporate and sustainable bonds. We update our SPs so that it incorporates recent developments. For certain SPs, we engage with stakeholders including NGOs, other financial institutions, academics, politicians and the media. In SSPs, we provide additional guidance and criteria for specific themes, such as animal welfare or plastics, sectors, such as financial services, or asset classes, such as ESG bonds. These SSPs are related to one or more SPs.

Climate
Our sustainability criteria avoid involvement in entities that have a substantial negative impact on climate change and support investments that contribute to combating climate change. Activities we refuse to invest in are, for instance, the exploration, extraction and production of fossil resources and electricity generation by means of fossil resources.

Biodiversity
Before we invest, we analyse whether potential investments meet our sustainability criteria, since we aim to reduce the negative ecological impact from our investments. Our biodiversity criteria are in line with the main threats concerning loss of nature and biodiversity: land use change, overexploitation, climate change, invasive and exotic species, and pollution. At the same time, we invest in ways to protect nature and relieve the pressure society puts on nature, such as renewable energy and the circular economy leading to a reduction in the use of natural resources.

Human rights
We base our human rights policy on the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights (UNGPS) and the ILO Declaration on Fundamental Principles and Rights at Work.

We have a wide range of policies to avoid violations of human rights in our loan and investment portfolios. We do not want to invest in companies that engage in or profit from war or armed conflict. We cannot and will not reconcile ourselves with the idea that these types of companies benefit from the existence of an increase in armed conflicts. This implies that we also want to refrain from every form of financing of or investment in companies involved in the development, maintenance, testing, storage and distribution of arms. All listed companies are screened and then monitored periodically to ensure that they are not involved in the arms industry. For this purpose, we make use of external data providers specialised in this field.

Examples of criteria to support investments that uphold collective, human and labour rights are: equal treatment and anti-discrimination, no forced or child labour, safe and healthy working conditions, freedom of association and respect for the rights of local communities and indigenous people. This is in line with the Core Conventions of the International Labour Organization.

Our policy also addresses human rights in our own operations and has own workforce and consumers and end users in scope.

Human rights due diligence
Our human rights policy also prescribes how we conduct our human rights due diligence. In 2023, we completed a salience risk analysis to assess whether our activities could be linked to human rights risks in the international value chains to which we are connected. In conducting this analysis, we followed the United Nations Guiding Principles for Business and Human Rights. This analysis showed that the risks of forced labour and degradation of livelihoods in the mining and metals chain are the most salient human rights risks. For instance, our investments related to renewable energy could be related to potential human rights risks in the value chain, but this is not assessed as a material risk for de Volksbank.

We continue our efforts in exploring how we can influence these supply chains to address these forms of abuse in line with international guidelines. The first step we have taken is to join the IRBC covenant for the renewable energy sector. The purpose of this covenant is to jointly tackle and prevent risks in the area of human rights violations and environmental damage by collaborating with solar and wind energy companies, industry associations, the Dutch government, knowledge institutes, NGOs and trade unions.

In 2024, we focused on further broadening our network and expertise in the area of human rights in renewable energy and integrated this in our new policy on renewable energy.

We are strongly convinced that a living wage is a salient human right that requires urgent attention by global companies. ASN Bank is a founding member of the Platform Living Wage Financials (PLWF) and a member of the Garment and Footwear Working Group of the platform. On 20 August 2024, ASN Impact Investors sold all of its investments in the clothing industry. This decision was made in connection with the impact investor’s tightened policy. Moving forward, ASN Impact Investors will exclude all companies that produce fast fashion and do not take sufficient steps to achieve a circular business model. The PLWF will continue its efforts without ASN Bank. ASN Bank continues to work towards legislation aimed at good working conditions in international production chains.

Applied Sustainability Policies
The Applied Sustainability Policies specify how specific policies are implemented in various processes. Thus, compared with other policies that deal with the

'why' and 'how', these policies have a more practical approach, i.e. 'what to do'. The responsibility for implementing these operational policies lies with the relevant departments.

Foundation of our policies
Our sustainability policies are based on relevant and important global conventions, reports and initiatives that aim to ensure a bright and sustainable future for next the generations. De Volksbank regards the following international treaties and conventions as the fundamental starting points for its policies and their implementation. These international treaties and conventions are subject to change and do not constitute an exhaustive list. Several components of our policies are related to how our counterparties deal with social risks, such as their attitude towards human rights, the (local) community and society, employee relationships and labour standards, customer protection and product responsibility, healthcare, a living wage, privacy, housing, and social needs.

Implementation of the sustainability policies in relation to counterparties we invest in or finance
As we invest in several different asset classes, the way these policies are implemented varies.

Corporate and green bonds
We conduct an assessment for corporate (green) bonds by analysing whether the activities or projects that are financed with the bond or loan involve activities we exclude or avoid. For corporate bonds we assess whether the company has policies in place for sustainability risks and check whether the company is not listed as an UN Global Compact violator. For green bonds we always include the second opinion in our assessment. This second opinion is an independent third-party assessment on the selection criteria or the green, social or sustainable bond itself. If the second opinion contains a recommendation, we may enquire whether the issuer has followed up on it or we may set the recommendation as a condition.

Government bonds and loans
Government bonds and loans must meet our exclusion criteria as described in our specific policy for government bonds. We base these criteria on the endorsement of relevant international conventions, through ratification or accession. We select countries that meet the exclusion criteria based on sustainability criteria for climate, biodiversity and human rights. Some countries are therefore excluded from our investment portfolio.

Stock-listed companies
We expect stock-listed companies to be transparent about their performance with respect to governance, including counterparties' overall strategy and risk management, independence and diversity within the board, inclusion, ethical conduct, corruption, conflict of interest management, respect for the local legal system, tax evasion and tax avoidance, transparency and lobbying, political contributions and internal communication on critical concerns. We expect each stock-listed company to have a policy that regulates the ethical conduct expected of its employees and that incorporates a level of due diligence that aligns with our own high standard, no matter where the company operates or is located. We assess our counterparties

Policy Foundations

Climate

- Paris Agreement
- Intergovernmental Panel on Climate Change (IPCC) of the World Meteorological Organization (WMO)
- United Nations Environment Programme Finance Initiative (UNEP FI)
- Montreal Protocol

Biodiversity

- Convention on Biological Diversity (CBD)
- The Kunming-Montreal Global Biodiversity Framework (GBF)
- Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) report
- Five Freedoms of the Farm Animal Welfare Committee
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- Convention on Wetlands (also known as the Ramsar Convention)
- UNESCO World Heritage Convention (WHC)

Human rights

- United Nations' Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- Conventions of the International Labour Organization (ILO)
- Guidelines of the Organisation for Economic Co-operation and Development (OECD) for MNE
- UN Global Compact
- Conventions in relation to weapons

in the onboarding process; for example, we look at whether they have complex organisational structures, do business in and/or with sanctioned countries or carry other integrity-related risks. The assessment is discussed and taken into account by the investment committee of ASN Impact Investors. To monitor if companies are involved in ESG-related misconduct, we use a tool that identifies material ESG risks. If a company does not provide us with sufficient information to complete our ESG analysis, we contact this company and ask questions.

ASN Bank sustainable loan portfolio

For project financings in the ASN Bank sustainable loan portfolio we have developed a tool which is used to determine whether a potential project meets our sustainability criteria or whether extra research is required.

SME customers

We do not assess our SME customers on specific governance aspects such as the highest governance body or committees responsible for decision-making on economic, environmental and social topics or their highest governance body's role in non-financial reporting, since these criteria are considered disproportionate for this customer group. But we do exclude certain businesses. We base that on SBI-codes/ their core business. For example, we exclude businesses in fossil fuel.

Mortgage portfolio

For us, it is important that the collateral of our mortgage portfolio becomes more energy efficient. We have a Specific Sustainability Policy Housing in which we describe our ambitions and actions to directly or indirectly engage with customers to make their homes more energy efficient. In our mortgage products, we do not exclude (potential) homeowners because of low energy efficiency ratings. Furthermore, we proactively engage with our customers by offering products and services aimed at home energy efficiency improvement.

Monitoring sustainability matters of companies we invest in or finance

We have continuous monitoring and periodic assessments in place to ensure that our current and potential investments and loans are in line with our sustainability criteria. We also monitor and actively engage with companies in case of observed controversies or misconduct. In case of misconduct, we approach the relevant stakeholder and engage in a conversation to set up a request for action. If the stakeholder cannot uphold this request, we may decide to withdraw as an investor or financier. For the ASN Bank sustainable loan portfolio in particular, we engage directly and indirectly with businesses. We periodically update the countries that are eligible for our government bond portfolio, and analyse whether financial institutions comply with our sustainability policies.

Statement on due diligence

The table below states where in our sustainability statements we provide information about our due diligence process, including how we apply the main aspects and steps of our due diligence process.

Statement on due diligence

Core element of due diligence	Climate change	Own workforce	Customer relationship	Business conduct	Anti-financial crime
a) Embedding due diligence in governance, strategy and business model	Strategy, business model and value chain				
b) Engaging with affected stakeholders	Interests and views of stakeholders				
c) Identifying and assessing negative impacts on people and the environment	Double materiality assessment				
d) Taking action to address negative impacts on people and the environment	Actions and resources in relation to climate change policies	Actions for Own workforce	Actions for Customer relationship	Actions for Business conduct	Actions for Anti-financial crime
e) Tracking the effectiveness of these efforts	Targets related to climate change mitigation and adaptation	Targets for Own workforce	Targets for Customer relationship	Policies, management and actions for Business conduct	Targets for Anti-financial crime

Risk management and internal controls on sustainability reporting

In preparation for the CSRD, a plan was further developed to perform walkthroughs to identify risks, reassess existing controls, and identify additional controls for sustainability reporting. These walkthroughs of sustainability reporting processes were partly prioritised based on the results of the DMA performed. The management and control systems for sustainability reporting are a part of the risk management and control systems of de Volksbank; see for more details Section Management statement[1]. Additionally, the ExCo, the Supervisory Board and other committees assess material risks and internal controls associated with our integrated reporting process. This includes sustainability reporting, where work to mature our sustainability reporting was undertaken during 2024 with a focus on improving and implementing controls to support a faithful representation (completeness and accuracy) of reported ESG data.

Specific control activities related to sustainability reporting risks have been defined and implemented for each business segment. The monitoring of risk management and control systems associated with sustainability reporting includes ongoing assessments and control at different levels within the company. For more information on the developments, see Section Reporting risk.

[1] Not in scope of limited assurance.

Environmental information

De Volksbank has an impact on the environment and the environment impacts de Volksbank. Our environmental impact is driven by our investments, financing activities and our own operations. We have a responsibility to minimise our negative and maximise our positive impact on the environment.

Climate change

Introduction

In response to the 2015 Paris Agreement, the Dutch financial sector committed itself to the National Climate Agreement of the Netherlands (*het Klimaatakkoord*). In 2019 de Volksbank endorsed the Climate Commitment Financial Sector, after which de Volksbank's Climate Action Plan (CAP) was developed in 2022. In 2025, based on our CAP, we will alter our KPI from a climate-neutral balance sheet, to net zero by 2050. Our net zero KPI will include our financial emissions, and additionally, we consider the emissions from our own operations and upstream and downstream activities. De Volksbank has validated Science Based Targets (SBTs) since November 2022 to support it GHG reduction targets to achieve net zero by 2050.

Impacts, risks and opportunities

We emit greenhouse gases into the atmosphere through our own operations and our investments and financing activities, thereby contributing to climate change. This negative impact on the environment is considered a material impact in our double materiality assessment (DMA). In our DMA we also concluded that climate change brings risks for the bank.

Negative impact

To identify and assess the impact that we have on the environment, we measure, report and set targets for both our indirect (financed) and direct emissions. In 2024 our environmental impact was 1,602.3 ktCO_2e, excluding the emissions from our subsidiary. For more details about our emissions and GHG protocol, see Section Gross scope 1, 2, 3 and Total GHG emissions.

The direct negative impact that we have on people and the environment resulting from our own activities is limited, i.e. less than 1% of our total emissions. Most of the emissions from our own operations are caused by commuting and business travel, heating, and IT hardware and software.

The other 99% are caused by our indirect negative impact through our business relationships, specifically by our investments and financing activities. Our sovereign bonds portfolio and the mortgage portfolio of residential and commercial real estate, especially properties with a low energy efficiency rating, contribute the most to our negative impact.

Positive impact

De Volksbank makes a positive contribution to climate change mitigation through its investments in sustainable projects. These projects are related to wind and solar energy, innovative sources of sustainable energy and the storage of the different sources of sustainable energy. Through the Science Based Target initiative (SBTi), we have committed ourselves to only financing renewable energy production. This is an integral part of our strategy and our commitment to the Climate Commitment Financial Sector.

By supporting our mortgage customers with banking and non-banking products, we have an indirect positive impact as well, either via our own banking products or through products and services from our partners. We increase living comfort and help our customers by encouraging and enabling them to make their homes more sustainable.

We participate in various working groups to co-create uniform sustainability definitions, methodologies and reporting methods for the financial sector. This resulted, among other things, in the development of the Partnership for Carbon Accounting Financials (PCAF), of which we are co-initiators. The PCAF developed an internationally recognised method to measure the CO_2e performance of the financed emissions of companies and to track progress. Other initiatives in which we participate include the Partnership for Biodiversity Accounting Financials (PBAF), and the Energy Efficient Mortgage NL Hub.

Risks and opportunities

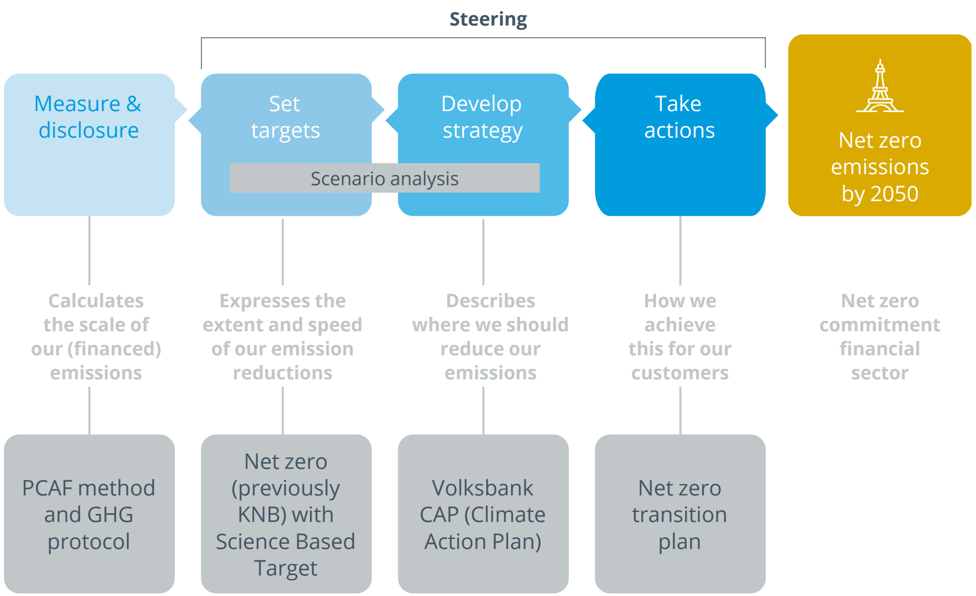
In our DMA we included the risks which we identified in our ESG materiality assessment (ESG MA). In the ESG MA we considered climate related hazards to identify and assess climate change related physical risks, and we considered transition events to identify and assess transition risk relevant to de Volksbank. In Section Sustainability risk, we specify the time horizons, likelihood, magnitude and duration of identified hazards, events and risks and we describe the identified material risks and how they interact with our business activities, strategy and investment capacity.

The identified risks might have a financial impact on the bank. To mitigate the potential impact, a new model overlay for ESG risks has been introduced in which the physical environmental risk associated with collateral, i.e. the risk of flood and drought in the Netherlands, is identified per portfolio; see Section Developments per portfolio in our Annual Report 2024. To calculate the overlay, we used the same scenarios of the Dutch Climate Impact Atlas (*Klimaateffectatlas)* as we did to determine the IROs.

We disclose our physical and transition risk in the ESG materiality table in Section Areas of focus and activities in the Sustainability risk chapter.

We did not identify any opportunities in the DMA or our ESG MA regarding climate change mitigation and adaptation and have therefore not included opportunities in policies, targets, metrics and other analyses.

Transition plan for climate change mitigation
In December 2022, we published our Climate Action Plan (CAP). In our CAP we describe our strategy to reduce emissions from our own operations and the emissions that originate from our investments and financing activities. In the CAP we clarify our intention to move beyond our climate-neutral balance sheet target to the new target of net zero by 2050: KPI net zero, see Section Targets. To achieve this target, we formulated actions in our Net zero transition plan. Below we visualise how our strategy, targets and transition plan relate to each other.



Net zero transition plan
During 2024, we developed our Net zero transition plan. In this plan, we describe that we will explore actions that could contribute to a transition towards a net zero business model by 2050, given changing prudential and changing customer behaviour. We have validated Science Based Targets (SBTs) for scope 1 and 2. For our scope 3 categories, we only have targets for category 15: Investments for our mortgage portfolio and corporate bonds. These reduction targets have been set for 2030 and cover 30% of our GHG inventory.

The human and financial resources allocated to our transition plan for 2025 are utilised for pilots to determine the effectiveness or our decarbonisation levers, to improve data quality and for customer outreach. With these insights we will further develop our scope 1, 2 and 3 targets and actions that will contribute to our net zero target and assess what resources are required for 2026 and onwards.

Net zero entails that we have to reduce our direct emissions from our own operations and our financed emissions, to as close to zero as possible, and that we have to remove the residual emissions from the atmosphere. The CAP and the Net zero transition plan cover all relevant activities of the bank: residential mortgages, SME loans and other corporate and government loans, including project finance loans for renewable energy projects. These choices were made in line with our climate objective. This is explained in the climate policy, where we justify our action to the stakeholder groups involved.

After the net zero target was internally validated, we included in our Net zero transition plan a net zero roadmap per business unit. These plans show how to intensify our organisation's efforts to raise awareness among retail and SME customers about the need to reduce emissions. In our business strategy we consider all our KPIs, this includes our net zero KPI. The data and calculation method for determining the progress on the KPI, are registered and monitored in automated IT processes. The KPI is reported to and managed by the management team and ESG Impact Committee (ESG IC) on at least a monthly basis.

The Net zero transition plan has been reviewed by the Customer and Brand leadership team and the ESG IC and approved by the Executive Committee (ExCo) in December 2024. Stakeholders were involved with the CAP, climate-neutral balance sheet and net zero target development.

Carbon mitigation hierarchy
To minimise our negative impact, we use the carbon mitigation hierarchy in our Net zero transition plan as a tool to manage our mitigating actions and to prioritise the effectiveness of climate change mitigation measures. The hierarchy is structed as follows:

First, the greatest impact is achieved by reducing greenhouse gas (GHG) emissions. Consequently, we do not invest in companies that are involved in fossil fuel production, that produce energy using fossil fuels or that use fossil fuels in their production process.

Second, it is important to reduce GHG emissions in our own operations and our value chain, including our financed emissions.

The third measure in the carbon mitigation hierarchy is to substitute energy sources that produce large quantities of GHG emissions for renewable energy sources with a low carbon footprint, or to replace energy sources that emit greenhouse gases with energy sources that avoid such emissions. Via the SBTi we have committed ourselves to only invest in renewable energy through 2030 to promote the energy transition.

Fourth, we remove and store GHG emissions from the atmosphere for a long time. We prefer financing natural solutions for removing GHG emissions over technical options, like Carbon Capture and Storage. Regenerative agriculture and biobased construction are examples of natural storage that we focus on. Man-made carbon removal options are not only more expensive in terms of construction and operation, but are also more energy intensive and limited available. Nature-based solutions are widely available and have a positive effect on biodiversity. We consider the four principles of carbon dioxide removal[1]:

- The CO_2e is physically removed from the atmosphere.
- The CO_2e is permanently stored (for more than 100 years).
- The total emissions resulting from the process are included in the emission balance.
- The total amount of CO_2e taken from the air is greater than the total quantity emitted.

Policies related to climate change mitigation and adaptation

We have policies in place to manage our impacts, risks and opportunities related to climate change mitigation and adaptation. Our sustainability policy and RMP sustainability risk are included in our House of Policies. See Section Sustainability policies for our policies.

To manage our potential negative impacts, our investments must comply with de Volksbank's sustainability policy. Like the CAP and Net zero transition plan, the policy applies to our entire value chain as described in Section How we create value in our Annual Report 2024. The sustainability policy describes the process of policy development, states which stakeholder groups can be involved, and indicates how we provide accountability to the stakeholder groups that were involved. We engage with representatives of society like NGOs, peers, academics, politicians and the media, and also with our direct customers, advisers, partners, installation companies and network organisations. We have involved external stakeholders in the development of the policy documents of our three sustainability pillars – Climate, Biodiversity and Human Rights – or with the development of new policy documents, like our agriculture policy. Other policy documents, such as our Climate policy are updated every two years and were last updated in 2024.

Climate change mitigation and adaptation policy

Our policies describe how we intend to contribute to climate change mitigation, include climate change adaptation measures for our home-owners, energy efficiency and the energy transition through investments in renewable energy and other initiatives that benefit climate and the environment.

Loan portfolio

Of our total emissions (excluding subsidiaries), 31% originate from our loan portfolio from the provision of private and business mortgages (including overdraft facilities). Since we include the emissions of our mortgage portfolio in our financed emissions inventory, we have developed activities to reduce these emissions. These activities are considered in our Net zero transition plan, in which we indicate the actions and financial resources for the coming year.

Additionally, we realise that climate change is inevitable and therefore we invest in climate adaptation measures. We offer discounts to homeowners when they want to finance climate adaptive measures, like water retainment and more greenery in their garden.

Investments

Our investment policy sets out that we assess whether countries considered for our government bond portfolio have committed themselves to the Paris Agreement. We exclude countries if they do not actively reduce their impact on climate change. We also test countries for carbon emissions per inhabitant and the progress they are making towards increasing the percentage of sustainably generated electricity of the total amount of electricity generated.

Under its sustainability policy, de Volksbank excludes investments in companies that are active in the exploration and refining of fossil fuels. We also avoid financing and investing in activities that have significant GHG emissions. We do invest in activities that emit few greenhouse gases. We expect companies to have policies in place to reduce their impact on climate and biodiversity and to manage the associated risks. We also assess whether they have implemented mitigating measures, we determine the quality of the measures and whether there are any controversies.

Additionally, in line with the climate mitigation hierarchy, our sustainability criteria avoid involvement in entities that have a substantial negative impact. We exclude investments in the following three categories:

1. The production of electricity and heat involving high emissions.
   The production of electricity and heat based on lignite, coal, shale gas and oil (such as tar sands oil) accounts for the largest share of GHG emissions per unit of energy generated. Although these emissions can be reduced by improving efficiency, we do not consider this sufficient. We do not regard 'clean coal-fired power plants' as a sustainable energy source, not even if the CO_2e is stored in gas fields, for example Carbon Capture and Storage.
2. Activities that emit high levels of substances during production.
   Activities that emit large amounts of greenhouse gases include mining, the extraction and production of lignite, coal, oil (e.g. tar sands oil) and gas (e.g. shale gas), basic chemicals (including petrochemistry), base metals, and cement production.
3. Products emit high levels of substances during the use phase.
   This includes products from transport, agriculture and livestock farming.

Where we avoid heavily polluting sectors, we support investments that contribute to combating climate change.

[1] Four principles of carbon dioxide removal, Tanzer & Ramírez, 2019.

De Volksbank cannot be excluded from the EU Paris-aligned benchmarks. De Volksbank has signed a treaty that requires the Nationally Determined Contributions and contributes to the Dutch climate agreement through the Climate Commitment Financial Sector. Every year we provide qualitative and quantitative data to calculate and report progress on the Climate Commitment for the financial sector.

Actions and resources in relation to climate change policies
To assess what actions and resources are necessary to implement our policies, we took various preparatory steps in 2023; we established the baseline emissions and developed a scenario analysis, allowing us to work out the reduction objective in more detail. Throughout 2024, we continued with the scenario analysis to determine the rate at which we need to reduce our emissions. The ExCo approved the scenario that is aligned with our SBTs for 2030 and 2050. For this analysis we developed an internal tool to assess different scenarios to determine the impact of our actions on the target and target year. A scenario in line with the Paris Agreement and a conservative scenario were considered. The difference between the two scenarios determined the decarbonisation levers and their effectiveness and appropriateness for our financed emissions.

In this respect, we considered an increase in emissions related to portfolio growth, autonomous development due to external factors such as policy, legislation and regulations, as well as the market. The remaining emissions must be reduced with the help of our products and services.

Decarbonisation levers
Decarbonisation levers are the tools and mechanisms that are used to reduce emissions to achieve climate mitigation goals. Supported by the carbon mitigation hierarchy, as described in Section Transition plan for climate change mitigation, we have identified various decarbonisation levers.

Decarbonisation levers that address the scope 1 and 2 emission reduction targets include moving to smaller offices with better energy performance in 2026. We estimate that moving offices could lead to a scope 1 and (location-based) scope 2 emission reduction of 570 to 700 tCO_2e per year, depending on the amount of floor space we need.

Furthermore, we are continuously replacing natural gas-based heating systems with electricity-based heating systems at our branch offices and shops. Currently, the data necessary to calculate the reduction of this decarbonisation lever is insufficiently accurate to determine the impact. In addition, as a result of the transformation of de Volksbank, we anticipate an absolute reduction in the emissions of the branch offices and shops as a number of them will be closed.

To reach our scope 3 financed emission reduction targets we develop decarbonisation levers for both banking and non-banking products. The budget to achieve the reduction targets, the FTEs and out-of-pocket costs are included in the Financial Plan & Budget for 2025. The following decarbonisation levers tools and mechanisms are used to reduce emissions to contribute to our GHG emission reduction targets.

1. Banking products and services to private entities
   We offer several banking products and services that serve as decarbonisation levers. These products and services either attract new customers with more energy efficient collateral, or help existing customers improve the energy efficiency of their current home. These products and services include: *Bespaarhypotheek,* an ASN mortgage including a loan component for sustainable housing, a personal loan for sustainability, and advice for sustainable renovation.
2. Non-banking products and services
   De Volksbank works together with several partners to offer its customers multiple non-banking products and services aimed at improving the energy efficiency of their home. These products and services could serve as decarbonisation levers in addition to our banking instruments and include energy advice – the *huisscan* and offering energy-saving measures such as insulation, solar panels, heat pump and a green roof.
3. Removing CO_2e from the atmosphere
   For the remaining emissions, such as emissions from mortgages, the last step of the carbon mitigation hierarchy, is to extract those emissions from the atmosphere and store them for a long period of time. We set requirements on CO_2e removal and storage in line with the four principles of carbon dioxide removal as stated in paragraph Carbon mitigation hierarchy.

The decarbonisation levers do not cover all our scope 3 categories. We are currently in the phase were we are determining the key decarbonisation levers for our scope 3 environmental impact. As we are in this explorative phase, we cannot quantify the contributions of these levers to achieve our GHG emission reduction targets.

To take action on our emissions that we cannot reduce, we invest in projects that remove CO_2e emissions from the atmosphere. We currently do this through our biodiversity fund.

Resources
For the implementation of the Net zero transition plan, budget is allocated to reduce the CO_2e emissions of our mortgages. We continue to invest in our sustainability strategy and a specialised team to reach our targets. Initially, the budget will be used to improve data quality, develop non-banking products such as energy-saving advice or an insulation voucher, and carry out pilots to gain experience with direct customer approach. The resources are only allocated to the Net zero transition plan in order to reduce CO_2e emissions; sustainable financing instruments are excluded from this budget. To determine a precise budget, we are improving our understanding of the effect of the aforementioned decarbonisation levers.

No significant monetary amounts of CapEx or OpEx are required to implement the actions in 2025. The Net zero transition plan is evaluated annually to include changes in data, scenario analysis or organisational changes, to determine what resources are necessary.

Locked-in GHG emissions

Locked-in emissions are the future emissions that are likely to be emitted over the lifetime of the key assets of de Volksbank. Our main assets are mortgages. As part of our social profile, our policy is to finance homes with the entire range of energy efficiency ratings (A-G), to keep the financing of these homes accessible. We develop products and initiate partnerships on sustainable housing to increase the energy efficiency of these homes, allowing homeowners with a low energy efficiency rating to implement measures to make their home more sustainable. However, we are dependent on homeowners, asset characteristics and external factors, in reducing our mortgage portfolio emissions.

The dependency on homeowners is linked to their willingness and ability to make their homes more sustainable. If they do not want or are not financially able to make their house more sustainable, the energy efficiency rating of their home and consequently our mortgage portfolio will not improve.

For some of our assets, for example monumental real estate, increasing the energy efficiency rating is challenging as options for improvement are limited.

Finally, external factors – such as effective government policy implementation, macro-economic development and the high energy prices – play a significant role.

Currently we have not determined the extent to which locked-in GHG emissions are present in the financial assets of de Volksbank. In 2024 we increased our insights to determine the potential locked-in emissions in order to identify potential transition or physical risks. You can read more about our risks in Section Sustainability risk.

Targets related to climate change mitigation and adaptation

Since climate change is the main driver of our identified physical and transition risks, our efforts to mitigate climate change contribute to the mitigation of our risks. By externally validating our targets via the Science Based Target initiative (SBTi), we recognise that we have to take action to mitigate the material risks.

Since 2015, we have been monitoring our impact on climate change of all our financing and investments with the climate-neutral balance sheet, with the aim of reducing our impact. As we move beyond our climate-neutral balance sheet KPI, de Volksbank's investment policy and the choices we made are aligned with the net zero KPI. To identify and assess our climate impacts, we measure, report and set targets for both our direct and indirect (financed) emissions. We do this in our CAP and Net zero transition plan.

Science Based Targets

Net zero entails that we need to reduce our emissions from our own operations and financing activities with 90-95% and remove the residual emissions from the atmosphere. De Volksbank's Science Based Targets (SBTs) express the extent to which, the speed and means by which our emissions need to be reduced to align with the 1.5°C Paris Agreement scenario; see table 'Validated Science Based Targets'.

The SBTs apply to our scope 1 and 2 and our scope 3 mortgage portfolio emissions and contribute to the climate-neutral balance sheet and net zero balance sheet target that we have set for 2030. This near-term target ensures sufficient progress to stay on track for our net zero target by 2050. For 2050 we do not have validated targets by the SBTi.

The scope 1 and 2 target is aimed at our own operations, where we have direct influence on our car fleet, our energy consumption and our renewable energy contracts, see Section Gross Scope 1, 2, 3 and total GHG emissions.

Validated Science Based Targets

	Base year 2020 value	2024 progress	2030 target
Scope 1 and 2 target			
De Volksbank commits to reduce absolute scope 1 and 2 GHG emissions with 45% by 2030 compared to the base year 2020	735.5 tCO_2e	13%[1]	45%
Scope 3 portfolio targets			
De Volksbank commits to continue financing only renewable electricity	100%	100%	100%
De Volksbank commits to reduce its mortgage portfolio GHG emissions with 59% per square meter by 2030 compared to the base year 2020.	34.4 $kgCO_2e/m^2$	40%	59%
De Volksbank commits to 29% of its corporate bond portfolio by total value held, have set SBTi validated targets by 2025, and 53% of its corporate bond portfolio by invested value have set SBTi validated targets by 2030.	5%	39%	53%

1 We measure our progress with 2023 data. 2023 was the first year in which our operational activities were not affected after the Covid pandemic. Furthermore, the base year 2020 was set with unvalidated data from 2019. The data from 2023 was validated and is therefore considered a representative year.

Our scope 3 targets relate to our financing activities. The first scope 3 target supports our ambition to contribute to a positive impact on climate change mitigation by increasing the share of renewable energy sources. The second scope 3 target pertains to the reduction of our mortgage portfolio's emissions. The third commitment reflects our ambition to have a corporate bond portfolio where our counterparties have set SBTi validated targets themselves. The objective is to increase our positive impact by means of motivating our business partners to commit to reduction targets in line with the 1.5°C scenario.

Climate-neutral balance sheet target

In 2015, we were the first to introduce a climate-related target that takes into account all relevant asset classes on our balance sheet and accounts for both negative and positive impacts, to obtain a climate-neutral balance sheet by 2025. Since then, we have reported our financed emission targets via the climate-neutral balance sheet. The climate-neutral balance sheet KPI indicates the ratio between the emissions of our financing activities and the avoided emissions through our financing activities. As it is a ratio, there is no baseline value for this target.

In 2024, we reached 100% on our climate-neutral balance sheet target. The table 'Financed emissions per asset class' gives an overview of our emissions and avoided emissions per asset class, showing that we avoid or remove more emissions than we cause through our financing activities.

Net zero target

Own operations

In 2024 we implemented our net zero target. This is an absolute reduction target covering our scope 1, 2 and 3 emissions. As we do not expect to be able to completely reduce all emissions to zero by 2050, we finance nature-based carbon removal projects that remove emissions from the atmosphere. By aligning our own operations and investments with the net zero target we contribute to mitigating our negative impact on the environment.

Our net zero target is a gross GHG reduction target that covers the GHG inventory of scope 1, 2 and 3 within our organisational boundaries (own operations of all brands and the upstream and downstream activities, but excluding subsidiaries), which does not include greenhouse gas removals. Of our total emissions in our GHG inventory, 30% are covered by reduction targets. Were we have a target for our scope 1 and 2 impact combined, and an intensity target on our mortgage portfolio, we do not have reduction targets for other scope 3 categories in our upstream and downstream activities. For our investments and financing activities in category 15 we have SBTi validated targets.

As validated by the SBTi, the targets follow sector decarbonisation approaches in line with a 1.5°C reduction pathway: the scope 1 and 2 target follows the World B2DS service buildings scenario, and the target for the mortgage portfolio follows the IEA NZ scenario of 1.5°C.

Financed emissions

We moved beyond the climate-neutral balance sheet to a net zero balance sheet. This entails that avoided emissions are no longer taken into account. In the clarification note 'Difference between climate-neutral balance sheet and net zero balance sheet' we explain the similarities and differences and present the impact these differences.

The target for the mortgage portfolio is determined with a sectoral decarbonisation approach using the net zero emissions 2050 scenario from the International Energy Agency (2021) as a benchmark. This target is expressed as an intensity metric ($kgCO_2e/m^2$) and is obtained by dividing the total emissions of the mortgage portfolio by the total floor area.

Progress on emission reduction targets

	Scope 1 and market-based scope 2 emissions	Scope 3 category 15: Mortgages
Type of target (unit)	Absolute (in tCO_2e)	Intensity (in $kgCO_2e/m^2$)
% of emissions in scope(s) and categories covered	100%	31%
% of emissions under target scope relative to total emissions	0.04%	30%
Decarbonisation methodology	Sector Decarbonisation Approach using World B2DS service buildings scenario	Sector Decarbonisation Approach using IEA NZ emissions scenario for residential buildings
Base year	2020	2020
Base year value	735.5	34.4
Target year	2030	2030
Target year value	404.5	14.1
Value of total GHG emissions reduction	-45%	-59%
Reporting year value (tCO_2e)	637.5	20.5
Reporting year value	13%[1]	40%

1 We measure our progress with 2023 data. 2023 was the first year in which our operational activities were not affected after the Covid pandemic. Furthermore, the base year 2020 was set with unvalidated data from 2019. The data from 2023 was validated and is therefore considered a representative year.

Financed emissions per asset class

		Net zero financed emissions (Scope 3, category 15)								Climate neutral balance sheet	
Asset class	in € millions	Scope 1 emissions (tCO_2e)	Scope 2 emissions (tCO_2e)	Scope 3 emissions (tCO_2e)	**Total emissions (tCO_2e)**	Of which biogenic emissions	Emission removals (tCO_2e)	GHG intensity (tCO_2e/ M€)	Data quality score (1 to 5)	Avoided emissions (tCO2e)	**Financed emissions (tCO2e)**
Business loans	341	9,231	3,599	7,125	**19,955**	-	-	58	4	-	**14,228**
Unlisted equity	16	1	2	95	**98**	-	-	6	3	-5	**3**
Listed equity	0	0	0	0	**0**	-	-	660	2	-	**0**
Corporate bonds	13,736	31,196	16,319	199,724	**247,240**	-	-	18	4	-492,399	**76,718**
Sovereign bonds	2,866	412,113	10,268	335,643	**758,025**	-	-	264	2	-33,710	**23,127**
Retail mortgages	52,571	322,974	118,324	-	**441,298**	-	-	8	2	-	**746,417**
Business mortgages	1,388	35,380	9,421	-	**44,801**	-	-	32	5	-	**44,801**
Project finance	1,262	86,065	-	-	**86,065**	3,555	-	68	3	-473,632	**86,065**
Total	**72,180**	**896,961**	**157,934**	**542,588**	**1,597,483**	**3,555**	**-**	**22**	**3**	**-999,746**	**991,360**

In the net zero balance sheet, we attribute the emissions of our mortgage portfolio with the Loan-to-Value at origination attribution, while for the climate-neutral balance sheet we attribute 100% of the emissions. This is why the financed emissions of our mortgage portfolio on the net zero balance sheet are lower.

The SBT for the IFRS Accounting Standards category Investments applies to non-governmental organisations and does not include covered bonds according to the SBTi methodology. The counterparties in this portfolio should commit to and approve their own SBTs, leading to a coverage of 53% in 2030.

As it is the first year de Volksbank reports on its net zero target with the net zero balance sheet, the amount of CO_2e emitted in reporting year 2024 is the baseline value for this target. If significant changes occur on the balance sheet, a new baseline value will be set.

No changes were made to targets and corresponding metrics or underlying measurement methodologies, as this is the first time we report the financed emissions under our net zero by 2050 target.

Monitoring impact

We continuously measure our impact on climate change and we monitor the progress of our portfolio targets on a monthly basis and discuss the progress on a quarterly basis in the ESG Impact Committee (ESG IC), which includes internal stakeholders, like the Customer and Brands leadership team.

To monitor the negative impact of our branch offices and shops and our vehicle fleet, we have set a medium-term target (2030) and a long-term target (2050). The negative impact from our mortgage portfolio is also monitored, for which we follow the timelines of our approved targets validated by the Science Based Targets initiative (SBTi); see Section Science Based Targets. If interim targets are not achieved, a proposal for adjustment is drawn up in consultation with internal stakeholders. The proposal is sent to the ESG IC for decision-making.

We periodically reassess our investments to determine whether they are still appropriate and comply with our sustainability policies. Our sustainable finance portfolio is assessed on a best-effort basis against the EU Taxonomy criteria. One of the criteria relates to assessing the projects and suppliers that meet the Minimum Safeguards. To prevent abuses, projects and suppliers are checked for controversies. At Financial Markets and Treasury (FMT), the Risk department monitors and checks a number of financing activities and investments to see whether they still meet our sustainability criteria.

When we determine that our investments are no longer in line with our sustainability policies, we distance ourselves from the business partner. However, we always engage with our business partners to give them the opportunity to explain and resolve the situation.

Clarification note: difference climate-neutral balance sheet and net zero balance sheet

The climate-neutral balance sheet target and the net zero balance sheet target include the same set of balance sheet items, however the methodology and approach to calculate the CO_2e impact is different. The differences result in two different financed emissions. The table below shows a step by step comparison between the two balance sheet totals.

Asset class	Emissions (tCO_2e) Climate-neutral	Net zero	Difference
Business loans	14,228	19,955	5,728[1]
Unlisted equity	3	98	95[1]
Listed equity	0	0	-
Corporate bonds	76,718	247,240	170,522[1]
Sovereign bonds	23,127	758,025	734,897[2]
Retail mortgages	746,417	441,298	-305,119[3]
Business mortgages	44,801	44,801	-
Project finance	86,065	86,065	-
Financed emissions total	**991,360**	**1,597,483**	**606,123**
Avoided emissions	-999,746	-[4]	

1 The difference is mainly caused by the inclusion of scope 3 of our counterparties. Please refer to Appendix Methodology of financed emissions for more details.
2 For the climate-neutral balance sheet target we applied the methodology proposed in a PCAF Netherlands report from 2019, as this was the only methodology available at the time. For the net zero balance sheet we are applying the methodology proposed in the PCAF global GHG accounting standard from 2022. Please refer to Appendix Methodology of financed emissions for more details.
3 The difference is caused by the Loan-to-value attribution for the net zero balance sheet target, contrary to the 100% attribution in the climate-neutral balance sheet target. Please refer to Appendix Methodology of financed emissions for more details.
4 Avoided emissions are not considered in the net zero methodology.

Energy use

We are committed to minimising the adverse impact of our own operations. We do this by aiming for an annual reduction in CO_2e emissions, procuring green energy where possible, and adjusting our office buildings in an energy efficient way and we have applied the principle of the New World of Work (NWW) since 2011.

Our scope 1 and 2 target is validated by the SBTi. This target includes the emissions from our own operations and purchased energy over which we have operational control. Data of energy-related information is available to de Volksbank through energy providers. The data from the energy providers was given in GJ (district heating), m3 (natural gas), or litres (diesel or petrol). Conversion factors are applied to convert the different energy units to MWh.

All energy-related information is reported as final energy consumption based on the invoices from our energy suppliers and facility managers, who collect energy contracts, including electricity, gas, and district heating, for each location of the Volksbank. For district heating only budgeted quantities are available. This is in line with the calculations of previous years.

As shown in table 'Energy consumption and mix', we reduced our total energy consumption with 15%. We relocated one of our offices to a building with lower energy consumption. Since the 16% reduction in electricity use - which is primarily from renewable sources - exceeded the 13% reduction of fossil based energy use, the share of energy from renewable sources decreased to 53%, from 54% in 2023.

We use fossil energy sources to heat our offices, primarily with natural gas. As a conservative assumption we considered district heating a high emission energy source and included it in the total of fossil energy consumption. One office has no renewable energy contract and therefore uses the energy mix of the Netherlands, including fossil energy sources. In addition, some company-controlled vehicles have diesel or petrol engines. The overall fuel consumption decreased in 2024. See Section Actions and resources in relation to climate change policies for the decarbonisation levers that will support our energy reduction.

Energy consumption and mix

	2023	2024	Δ
Total fossil energy consumption (MWh)	4,881	4,267	-13%
Share of fossil sources in total energy consumption (%)	46%	47%	2%
Consumption from nuclear sources (MWh)	-	-	-
Fuel consumption for renewable sources, including biomass[1]	-	-	-
Consumption of purchased or acquired energy (MWh)[2]	5,820	4,862	-16%
The consumption of self-generated non-fuel renewable energy (MWh)	-	-	
Total renewable energy consumption (MWh)	5,820	4,862	-16%
Share of renewable sources in total energy consumption (%)	54%	53%	-2%
Total energy consumption (MWh)	10,701	9,128	-15%

1 Biomass also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen
2 Energy from electricity, heat, steam, and cooling from renewable sources

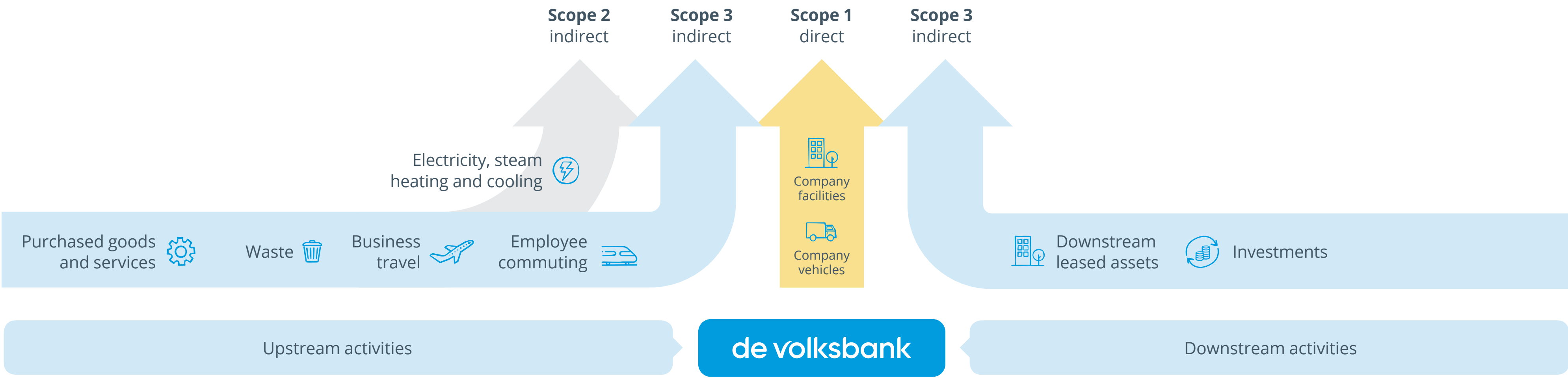
Gross scope 1, 2, 3 and total GHG emissions
The emissions from scope 1, scope 2 and the relevant scope 3 categories are calculated in accordance with the Greenhouse Gas Protocol 'Corporate Value Chain Standard', following the operational control approach to determine which categories and activities are relevant to de Volksbank. In our GHG accounting and reporting, we follow the principles of relevance, completeness, consistency, transparency and accuracy.

We included emissions within our organisational boundaries covering our own operations, upstream and downstream activities except for franchises and the investment funds of ASN Impact Investors. We chose to apply the operational control, because we deem ourselves accountable for emissions that de Volksbank can influence directly via its internal operations approach. Emissions caused upstream or downstream in our value chain are reported in scope 3 if the emission data is considered sufficiently reliable, influenceable, significant and quantifiable. There were no significant changes to the undertaking's organisational boundaries compared to previous years.

To align with the methodology as stated in the ESRS, we adjusted the emission factors for our market-based and location-based emissions in scope 2. To ensure comparability over time, we have recalculated the corresponding emissions for 2023. In addition, because of data quality improvements for our energy data in scope 1 and 2 we adjusted the emissions accordingly for 2023.

The categories that are relevant are included in the table 'Scope 1, 2, 3 and total GHG emissions'. The data quality underlying the scope 3 calculations is expected to improve in the coming years, possibly leading to the disclosure of other relevant scope 3 emission categories. Due to the transformation of de Volksbank, we anticipate that category 14: Franchises will be included in next year's scope.

In the table 'Scope 1, 2, 3 and total GHG emissions' we have included the emissions of our own operations and our financed emissions. In category 15: Investments we included the emissions from our net zero balance sheet. As this reporting year is the first year in which we report on our net zero financed emissions, we cannot show performance progress yet.



Scope 1, 2, 3 and total GHG emissions

	Unit	2023	2024	Δ	2030 target	2050 target
Gross scope 1 GHG emissions						
Scope 1 GHG emissions	tonnes	371[1]	247	-33%	SBTs[2]	N.A.
Gross scope 2 GHG emissions						
Location-based scope 2 GHG emissions	tonnes	2,281[1]	1,915	-16%	N.A.	N.A.
Market-based scope 2 GHG emissions	tonnes	364[1]	391	7%	SBTs[3]	N.A.
Gross scope 3 GHG emissions						
Total scope 3 GHG emissions	tonnes	N.A.	1,601,666	N.A.	N.A.	N.A.
1. Purchased goods and services	tonnes	3,477[1]	2,829	-19%	N.A.	N.A.
5. Waste generated in own operations	tonnes	49[1]	42	-14%	N.A.	N.A.
6. Business travel	tonnes	530	477	-10%	N.A.	N.A.
7. Employee commuting	tonnes	649	761	17%	N.A.	N.A.
13. Downstream leased assets	tonnes	38	74	95%	N.A.	N.A.
15. Investments[4]	tonnes	N.A.	1,597,483	N.A.	SBTs[5]	N.A.
Biogenic CO_2e emissions from biomass projects	tonnes	4,412	3,555	-19%	N.A.	N.A.
Total gross GHG emissions						
Total GHG emissions location-based[6]	tonnes	N.A.	1,603,828	N.A.	N.A.	N.A.
Total GHG emissions market-based[6]	tonnes	N.A.	1,602,304	N.A.	N.A.	N.A.

1 Comparative figures updated to align methodology, scope and emission factors with current reporting year.
2 The target is validated by SBTi as a combined target with scope 2 GHG emissions.
3 The target is validated by SBTi as a combined target with scope 1 GHG emissions.
4 Based on the transitional provision to omit value chain information, this excludes the scope 3 emissions of our asset manager.
5 For category 15 we have a SBTi validated reduction target for our mortgage portfolio.
6 This does not include the scope 3 emissions of our asset manager.

Accounting principle

Scope 1 Direct GHG emissions
In scope 1 we included the direct emissions from the natural gas use in our offices and the fuel used by company-controlled vehicles and multiplied it by the corresponding emission factor of the activity.

Scope 2 Indirect GHG emissions
In scope 2 we report the emissions from purchased energy, either electricity or district heating. We multiplied the purchased or budgeted energy by both the location-based and the market-based emission factor. For district heating we applied grid-specific emission factors in the market-based approach. Location-based emissions are average country-based emissions, while market-based emissions include renewable electricity, and regular electricity is regarded as residual energy. We have adopted a conservative approach to market-based emissions.

Scope 3 Indirect GHG emissions
In scope 3 we calculated the relevant categories in our value chain, both upstream and downstream, including the financed emissions in category 15: Investments.

Category 1: Purchased goods and services is calculated using a hybrid method, combining supplier-specific data with average data and supplemented with spend-based data.

Category 5: Waste generated in own operations is calculated using supplier-specific and waste-type specific data provided by the external waste management partner.

Category 6: Business travel is calculated using the distance-based method for which we considered the distance travelled and the mode of transport. Where distance-based data was unavailable, we included spend-based data.

Category 7: Employee commuting is calculated using the distance-based method for which we considered the distance travelled and the mode of transport.

Category 13: Downstream leased assets is calculated by considering the leased floor space and the scope 1 and market-based scope 2 emissions from our own offices.

Category 15: Investments calculates the financed emissions for the climate-neutral balance sheet and the net zero balance sheet in accordance with the PCAF global GHG Accounting and Reporting Standard. This does not include the scope 3 emissions from our asset manager.

Emission factors
We used CO2emissiefactoren.nl for the emission factors of energy and transport in Scope 1, 2 and Scope 3 categories 6, 7 and 13. In Scope 3, category 1 we used annual reports or our suppliers to determine the emission factor based on revenue and their scope 1, 2 and 3 emissions. In Scope 3, category 5 we used the emission factors provided by our waste service provider.

In Section Energy use we explain which factors contributed to our energy reduction. As our energy use decreased our emissions in scope 1 and 2 also decreased accordingly.

We reduced the emissions of most of our scope 3 categories, with the exception of employee commuting and downstream leased assets. Our employees travelled more and our emissions rose accordingly. In downstream leased assets the increase in emissions was the result of lower data quality. The aim is to improve this in the coming reporting year.

In the Integrated Annual Report of 2023, we reported in category 1: Purchased goods and services the CO_2e impact of our paper use. In 2024, we broadened the scope of the category and included purchased IT hardware, software services, paper and other relevant services, like consultancy services. To increase comparability we calculated the emissions for 2023 with the adjusted scope.

Our collaboration with our waste service provider has led to better insights in our waste stream and waste emissions. We have therefore adjusted our emissions for 2023. For 2024, we had lower volumes of waste from our own operations. Combined, this resulted in a more representative and smaller footprint in category 5.

The impact of category 6: Business Travel decreased by 10%. We travelled less and when we travelled we flew less.

99% of our GHG emissions are from category 15: Investments. In table 'Financed emissions per asset class', a breakdown of the emissions is provided for the climate-neutral balance sheet and the net zero balance sheet. In 2024 we reached our climate-neutral balance sheet target KPI (at year-end 2023 this was 75%). We experienced higher temperatures in the Netherlands in the past years which led to lower consumption of natural gas. Furthermore, we observe more consumer awareness in heating behaviour and other energy-saving measures to reduce natural gas use in response to higher energy prices.

These effects are reflected in the anonymised energy consumption data for our mortgage portfolio and is used in calculating our climate-neutral balance sheet KPI. In addition to this external factor, in 2024 we financed additional renewable energy projects and purchased more green bonds with a strong focus on renewable energy projects. This resulted in a significant increase of our avoided CO_2e emissions. At year-end 2024, our climate-neutral balance sheet included 991.4 kilotonnes (kt) of CO_2e emissions (year-end 2023: 1,249 kt) and 999.7 kt of avoided emissions (year-end 2023: 943 kt).

Clarification note: attribution of avoided emissions

De Volksbank currently has two means to steer on avoided emissions:
- (1) directly, through project finance for renewable energy projects;
- (2) indirectly, by financing green bonds with a strong focus on renewable energy projects, also resulting in avoided emissions. Most of the avoided emissions attributed to de Volksbank by financing green bonds, comes from our climate bond portfolio.

We apply the project finance methodology included in the PCAF Standard. The PCAF Standard does not (yet) provide explicit guidance on methods to calculate financed emissions for every financial product, amongst of which green bonds. As the green bonds also contain projects, we also apply the project finance methodology to attribute these avoided emissions.

We did not consider all scope 3 categories in our calculations, as either the environmental impact of the category, our operational control or the data quality was limited.
- Category 2: Capital goods is excluded as our capital goods are considered in category 1: Purchased goods and services.
- Category 3: Fuel and energy-related activities is excluded as we disclose these emissions in scope 1 and 2.
- Category 4: Upstream transport and distribution is excluded as our financial services do not require transportation or distribution.
- Category 8: Upstream leased assets is excluded as the emissions of our leased vehicles are included in scope 1.
- Category 9: Downstream transportation is excluded as we outsource transportation to a post-service company, we included these emissions in category 1: Purchased goods and services.
- Category 10: Processing of sold products is not applicable since we do not sell physical products.
- Category 11: Use of sold products is not applicable since we do not sell physical products.
- Category 12: End-of-life treatment of sold products is not applicable since we do not sell physical products.
- Category 14: Franchises is considered a relevant impact category, however we could not make an estimate of the emissions as data and data quality is insufficiently available.

Metrics

Assumptions, limitations and approximations

The electricity used to charge company vehicles at home is also covered by renewable energy contracts through our company policy, which mandates that employees with a company lease car, charge their car with renewable energy at home. Following the principles of the GHG protocol, our location-based scope 2 emissions are not influenced by contractual instruments.

For our market-based scope 2 emissions we use renewable energy certificates as contractual instruments to ensure that we do not emit greenhouse gases of our electricity use. 98% of these instruments imply that the electricity is generated using renewable energy sources. Of which 5% is bundled with a renewable energy contract of Dutch wind or solar energy and 95% are purchased with an unbundled renewable energy certificate for European wind or solar energy.

In our scope 3 emission calculations, we used where possible, emission data from the 2023 annual reports of companies in our value chain. Where annual reports from our counterparties could not provide the necessary information, we opted for emission data based on macroeconomic key figures and sectoral emission data. In 2023 the effects of the energy crisis, caused by the war in Ukraine, might have had a diminishing effect on energy use and, consequently the emissions of the companies in our value chain. The same applies to the 2023 emission calculations, where 2022 emission data was used, while there were still Covid-19-related measures in place leading to lower scope 1 and 2 emissions.

Where possible we considered primary activity data in our calculations. Where this was not available, we used spend-based data. Spend-based data is less accurate as it considers monetary value, which is subject to inflation and price differences – either over time or between suppliers – and the emission factors are a sector average.

Data is considered primary data if it is input from specific activities within the entity's upstream and downstream value chain activity data or from the reported emissions from our business partners. Of our scope 3 calculations, 39% of the emissions are calculated with primary data.

In the case that data was unavailable (<5%) for a category, an extrapolation of the existing data was made as we assume that the emission intensity is comparable to the available data.

In Appendix Methodology of financed emissions, we disclose the specific reporting requirements, scope, methodology and data quality scores. Our measurement of the metric is in line with PCAF. This is not validated by an external body. As it is the base year for our net zero by 2050 target, we will report our progress starting next reporting year.

GHG removals and GHG mitigation projects financed through carbon credits

In accordance with our Net zero transition plan, we will reduce our emissions to as close to zero as possible, see table 'Progress on emission reduction targets'. In line with the carbon mitigation hierarchy, we will remove 100% of the residual emission by 2050. We aim to neutralise the remaining financed emissions by financing nature-based CO_2e removal projects. To reach our 2050 net zero target we are dependent on the availability and affordability of removal projects. Currently, we do not consider any risks as sufficient removal projects are available. We underline this risk of reversal of carbon removal, however this is not yet relevant as we do not have any removal projects that contribute to our net zero targets. In the coming years we aim to include risks associated with falls claim to our removal projects.

De Volksbank has not developed GHG removal or storage projects within its own operations or value chain. We do however, offset the market-based CO_2e emissions resulting from our own operations by purchasing carbon credits. For 2023, we offset 2,235 tonnes of CO_2e emissions, in 2024 we offset 1,991 tonnes of CO_2e emissions. The carbon credits are verified by Plan Vivo. Furthermore, the offsets for reporting year 2024 will be cancelled after one year, when we buy carbon offsets for reporting year 2025.

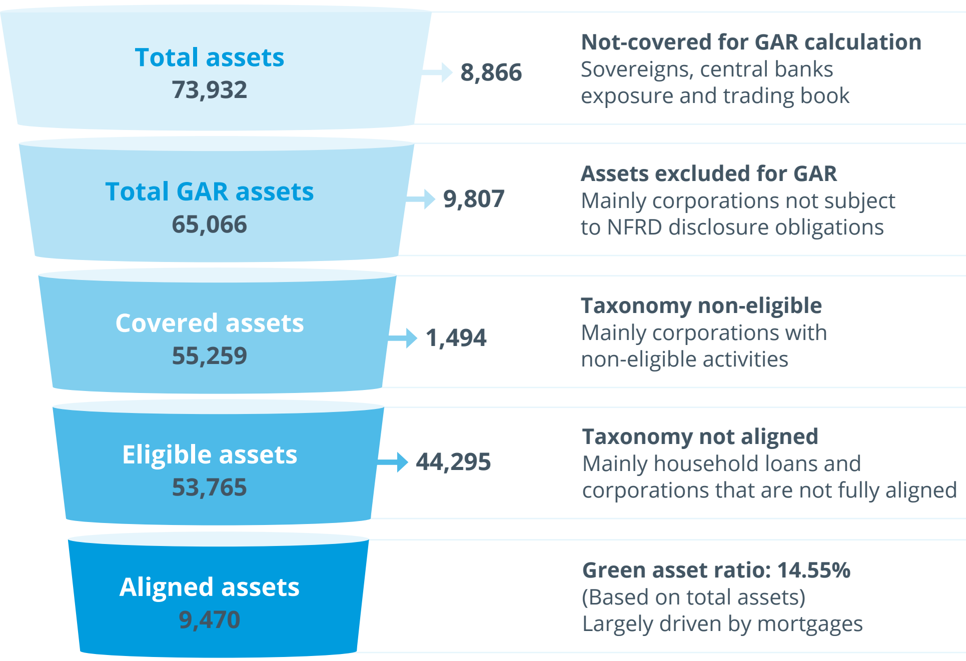
When selecting CO_2e removal methods, we also need to consider the supply chain as a whole, such as direct and indirect land use, the use of raw materials, social consequences and the impact on the environment and biodiversity. We only consider nature-based CO_2e removal projects. These have proven to be effective and benefit both climate and biodiversity.

We are now exploring the possibilities for nature-based CO_2e storage. Based on current insights, we will explore the financial and non-financial impact of biobased construction, regenerative agriculture and forestry.

Part of the CO_2e-emissions of de Volksbank were offset using carbon credits. In 2024:
- De Volksbank purchased 0% carbon credits related to reduction projects
- 100% of the carbon credits were related to removal projects, derived from projects related to biogenic sinks
- 100% of the carbon credits have a Plan Vivo certification
- 0% of the carbon credits have been issued by projects within the European Union
- 0% of the carbon credits qualifies as a corresponding adjustment under Article. 6 of the Paris Agreement.

EU Taxonomy

EU Taxonomy
Gross carrying amount in € millions (2024)



De Volksbank is subject to sustainability regulations, such as the EU Taxonomy Regulation relating to a framework to facilitate sustainable investment. These regulations require de Volksbank to include information at entity and at product level with regard to certain financial products. The information has to outline whether or not de Volksbank takes into account adverse sustainability impact, whether or not it promotes environmental or social characteristics and whether or not it meets one or more of the environmental objectives as set out in the EU Taxonomy Regulation.

The EU Taxonomy Regulation helps us identify whether we may consider economic activities that we finance or invest in to be environmentally sustainable and it helps us prepare transparent and comparable reports. Taxonomy eligible means whether an economic activity we finance is in scope of the EU Taxonomy Regulation, in other words, if it is potentially environmentally sustainable. Taxonomy aligned means that the economic activity we finance meets the requirements and is actually environmentally sustainable according to the EU Taxonomy Regulation.

The regulation comprises the following six environmental objectives:
1. Climate change mitigation (CCM);
2. Climate change adaptation (CCA);
3. Sustainable use and protection of water and marine resources (WTR);
4. Transition to a circular economy (CE);
5. Pollution prevention and control (PPC);
6. Protection and restoration of biodiversity and ecosystems (BIO).

For this reporting period, de Volksbank has the obligation to report on the eligibility and alignment on the first two objectives and on the eligibility on the remaining four objectives. This is based on public information regarding residential buildings and as published by our counterparties.

Contextual information

The EU taxonomy tables, which can be found in the appendix to this sustainability statement in Section EU Taxonomy tables, are based on the exposures of de Volksbank within the prudential scope of consolidation, which is the same scope that we use for this Annual Report (AR). The total covered assets in the denominator of the Green Asset Ratio (GAR) covers all financial assets, with the exception (as prescribed) of exposures to central governments, central banks, supranational issuers and the trading book. The tables are based on the same gross carrying amount exposures used in the rest of this AR.

We assess whether our counterparties are required to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU (NFRD) on the basis of internally or publicly available information. EU Taxonomy eligible and alignment exposure to non-financial corporations subject to NFRD only relate to debt securities.

We determined the Taxonomy eligibility and alignment of our financial and non-financial counterparties using the published percentages in their annual reports or sustainability reports for 2023. We were unable to obtain information in a very limited number of cases, which we then assessed as non-eligible and not aligned. Environmentally sustainable bonds are included up to the value of Taxonomy-eligible and aligned economic activities financed by the proceeds of those bonds based on information provided by the counterparty. Non-EU counterparties are included in the assessment of bonds with known use of proceeds.

To assess Special Purpose Vehicles (SPVs), we use a look-through approach on a best-effort basis. This implies that if an NFRD counterparty has control over the SPV, we used the eligibility and alignment of the NFRD counterparty.

All our retail mortgages collateralised by residential immovable property are eligible and form the largest part of the Taxonomy eligibility and alignment percentage.

De Volksbank categorically excludes investments in fossil fuel-related activities and nuclear activities.

Nature and objectives of Taxonomy-aligned economic activities
We have identified EU taxonomy alignment for the CCM and CCA environmental objectives in several portfolios, which we will explain further.

Financial corporations portfolio including green bonds: both CCM and CCA-related activities
For this category, we use the counterparties' annual reports and their impact and allocation reports when it concerns green bonds for the respective EU taxonomy information.

Non-financial corporations subject to NFRD disclosure obligations including green bonds: mainly CCM-related activities
For this category, we use the counterparties' annual reports and their impact and allocation reports when it concerns green bonds for the respective EU taxonomy information.

Household portfolio of which loans collateralised by residential immovable property: CCM-related activities only
Our loans collateralised by residential immovable property are related to the CCM activity 7.7: acquisition and ownership of buildings. We have assessed the loans collateralised by residential immovable property to the respective technical screening criteria as dictated by the EU Taxonomy Regulation. For the interpretation thereof, de Volksbank is also a member of the Energy Efficient Mortgages (EEM) NL Hub. This is a (financial) sector initiative that published the Dutch Energy Efficient Mortgage Framework (DEEMF), describing in detail the application of the EU Taxonomy to the Dutch residential mortgage market and its limitations. In short, the technical screening criteria for activity 7.7 are as follow:

Substantial Contribution Criteria (SCC) to CCM:
- Buildings built before 2021 should have an Energy Performance Certificate (EPC) class A or should fall within the top 15% of the national or regional building stock for residential buildings expressed as operational Primary Energy Demand (PED). To obtain information on the EPCs, we make use of the EP-online database of the Dutch Government. To define the top 15% most energy efficient residential buildings in the Netherlands, we selected a cut-off year of 2006, using a publicly available source.
- For buildings built after 2021, the PED needs to be at least 10% lower than the threshold set for nearly zero-energy building (NZEB) requirements.

Do No Significant Harm (DNSH) to CCA:
The DNSH adaptation criteria dictate that we should perform a climate and vulnerability assessment. As this is a real estate-related activity, we use the location of the collateral for an internal risk assessment. De Volksbank considers pole rot, soil subsidence and flooding as relevant physical climate hazards for the real estate in the Netherlands that we finance. We plotted the collateral to the following relevant maps and thresholds in the Climate Impact Atlas (*Klimaateffectatlas*):
- pole rot with the low 2050 scenario and a high or very high risk threshold.
- soil subsidence with the low 2050 scenario and a high or very high risk threshold.
- ≥50 cm flood with the low 2050 scenario and a probability of 1/300 and higher.

In the event of a material physical climate risk, we take a conservative approach and do not consider the respective exposure to be taxonomy aligned. In principle, if our customers plan and implement adaptation solutions within five years, it would mitigate the relevant risk, in which case the respective exposure may be considered as taxonomy aligned. However, at this stage we are not able to track the plans and implementation of adaptation solutions.

Minimum Safeguards (MS):
Although we are aware of Q&A number 37 of November 2024 related to applying MS to households, we consider the application of MS for households is not relevant since households are not considered to be an undertaking, and are not considered to carry out an economic activity. As such, we consider this criteria to be met, which interpretation is also in line with the recommendations by the Platform of Sustainable Finance. We expect further clarification and guidance on the topic will be provided in the Omnibus regulation on sustainability reporting and related amendments to the EU Taxonomy regulations.

Other household portfolio
As we were unable to fulfil all technical screening criteria dictated by the EU Taxonomy Regulation due to insufficient data availability and quality, it should be noted that we were unable to establish taxonomy alignment for the following economic activities in our household portfolio:
- Renovation of existing buildings (CCM 7.2).
- Installation, maintenance and repair of energy efficient equipment (CCM 7.3).
- Installation, maintenance and repair of renewable energy technologies (CCM 7.6).
- Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5). This activity is about the purchasing of electric and hybrid vehicles (in category M1, N1 or L) by our customers.

Assets under management: both CCM and CCA-related activities
For this category, funds containing listed equity and/or green bonds are relevant. For listed equity subject to NFRD, we use MSCI data on reported EU taxonomy alignment which in turn are based on annual reports of the listed undertakings. Where data is missing or inaccurate in MSCI, we use the annual reports directly. For the green bonds, we use the counterparties impact and allocation reports.

De Volksbank does not have financial guarantees exposures, therefore the KPI and related rows in the EU taxonomy tables have been left empty.

Evolution of Taxonomy-aligned economic activities over time
The demand for more sustainable financial products and investments is slowly rising and is expected to further grow in the upcoming years. This will lead to

more exposures which will be eligible and/or aligned under the EU Taxonomy. The information and data available of our counterparties and, for example, on physical climate risks is also expected to improve. These developments may have an impact on our reported EU Taxonomy figures.

Our GAR KPIs based on Turnover improved from 13.38% in 2023 to 14.55% in 2024. This is mainly because the total exposures of our household portfolio of which loans collateralised by residential immovable property increased. This increase included relatively more EU taxonomy-aligned residential immovable property.

Description of our compliance

De Volksbank invests in EU taxonomy aligned activities in the following portfolios:
- Household portfolio of which loans collateralised by residential immovable property.
- Financial corporation subject to NFRD disclosure obligations and, for bonds with known use of proceeds, NFRD and non-NFRD financial corporations.
- Non-financial corporations subject to NFRD and, for bonds with known use of proceeds, NFRD and non-NFRD counterparties.

Regarding future investments, we expect the EU Taxonomy Regulation KPI scores to improve on the back of achieving our climate-neutrality goal, Science Based Targets, Climate Action Plan goals and by pursuing our sustainability policies. We will continue to engage with retail mortgage customers and project financing counterparties to encourage them to make their homes and projects more sustainable.

De Volksbank has expanded the Product Approval Process framework and Product Review Process framework to include ESG questions, such as: does the product or service actively contribute to the realisation of one of the bank's non-financial objectives (e.g. our Net Zero target) and is it in line with the principles of our sustainability policy.

Additional information on the financing of Taxonomy-aligned economic activities

In 2017, de Volksbank adopted ASN Bank's sustainability policy. More information on this policy can be found in Section Sustainability policies. De Volksbank subsequently implemented this in the operations and processes of all its brands and aims to be a frontrunner in sustainability policies. These policies can be considered to be our own taxonomy as they describe our DNSH criteria and MSS in detail. They also provide guidance on the type of activities that could have a positive impact on the climate, biodiversity or human rights.

Consolidated green asset ratio

The consolidated GAR of de Volksbank includes the asset management activities. The consolidated GAR is calculated based on the proportion of revenue of de Volksbank and ASN Impact Investors and their individual KPIs as reported in template 0 Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation (2024), see Section EU Taxonomy tables.

Consolidated GAR 2024

in %	Turnover			CapEx		
	Asset management	Banking	Consolidated	Asset management	Banking	Consolidated
KPI Taxonomy-aligned	**1.42**	**14.55**	**14.33**	**1.41**	**14.58**	**14.36**
Of which climate change mitigation	1.40	14.55	14.33	1.38	14.58	14.36
Of which climate change adaptation	0.03	0.00	0.00	0.01	0.00	0.00
KPI Taxonomy-eligible	**9.12**	**82.63**	**81.41**	**6.56**	**82.39**	**81.13**
Of which climate change mitigation	3.74	82.45	81.14	4.14	82.30	81.00
Of which climate change adaptation	0.73	0.00	0.02	0.15	0.00	0.01
Of which water and marine resources	0.00	0.04	0.03	0.00	0.04	0.03
Of which circular economy	3.59	0.07	0.13	1.87	0.03	0.06
Of which pollution	1.05	0.07	0.09	0.40	0.03	0.03
Of which biodiversity and ecosystems	0.00	0.00	0.00	0.00	0.00	0.00
KPI Taxonomy non-eligible	**90.88**	**17.37**	**18.59**	**93.44**	**17.61**	**18.87**

Consolidated GAR 2023

in %	Turnover			CapEx		
	Asset management	Banking	Consolidated	Asset management	Banking	Consolidated
KPI Taxonomy-aligned	**3.38**	**13.38**	**13.20**	**3.30**	**13.41**	**13.22**
Of which climate change mitigation	3.32	13.38	13.20	3.30	13.41	13.22
Of which climate change adaptation	0.05	0.00	0.00	0.00	0.00	0.00
KPI Taxonomy-eligible	**7.44**	**84.90**	**83.49**	**5.43**	**85.01**	**83.56**
Of which climate change mitigation	7.02	84.04	82.63	4.85	84.11	82.67
Of which climate change adaptation	0.08	0.09	0.09	0.03	0.05	0.05
KPI Taxonomy non-eligible	**92.56**	**15.10**	**16.51**	**94.57**	**14.99**	**16.44**

Social information

We recognise that our impact extends beyond financial metrics to the heart of social wellbeing. Our mission is 'banking with a human touch'. We have an impact on society through our own workforce and through strong customer relationships.

Own workforce

Introduction

As an organisation, we make the most direct social impact through our own workforce: our 3,691 employees and 759 non-employees (self-employed workers and temporary workers provided by employment agencies). De Volksbank strives to offer a safe and inclusive working environment where employees feel at home and empowered, enabling them to contribute to achieving our objectives and giving them the opportunity to work on their own future and that of our customers and society.

Impacts, risks and opportunities

De Volksbank's own workforce falls within the scope of the materiality assessment of the bank's impacts, risks and opportunities. Working conditions as well as equal treatment and opportunities for all have been assessed as material in relation to our own workforce. No specific subgroups were identified in the materiality assessment.

Impacts

Working at de Volksbank provides employees with good working conditions and a working environment where we promote equal treatment and opportunities for all.

A potential negative impact on employees might occur when they have to leave de Volksbank, in which case social protection is provided. The announced Transformation programme will lead to a staff reduction of 700–750 full-time jobs as from July 2025, in which forced redundancies cannot be ruled out. A Social Plan is available for employees who become redundant and have to leave de Volksbank. Another potential negative impact might be that employees do not experience equal treatment and opportunities for all.

Risks

Our main risk related to our own workforce is the risk of undesirable outflow and insufficient inflow. Not offering an appealing working environment and attractive working conditions would harm our reputation as an attractive employer, damaging our ability to attract and retain employees. In addition, there is the risk that our employees do not have the right skills in time to reach our goals, even though we offer training and education opportunities.

Last but not least, our employees might be less productive due to sickness or low motivation if we do not offer good working conditions and a healthy and safe working environment where they feel treated equally and are offered opportunities.

All of these risks may be influenced by the announced Transformation programme and staff reduction. For more information on the announced transformation see Section Transformation programme. The transformation also has a financial effect. We recognise an opportunity in optimising our distribution model and simplification of business model and for the financial impact see Section Restructuring provision.

For more information, see Section People risk.

Opportunities

De Volksbank aims to attract and retain employees by offering good working conditions and providing equal treatment and opportunities for all. In doing so we nourish our reputation as an attractive employer, which helps us to attract and retain employees.

Another opportunity for de Volksbank is found in providing equal treatment and opportunities regarding training and skills development, enabling employees to acquire, maintain and develop the right skills now and in the future. Furthermore, we enable our employees to perform to their full potential by facilitating mental, physical and financial health.

Policies, management and actions

Policies related to own workforce

De Volksbank's business operations are based in the Netherlands and our employees are employed in the Netherlands. The following social factors or matters, amongst other things, exist within the Dutch jurisdiction:

- Limits on renewing temporary contracts
- Social protection
- Limitations on overtime
- Adequate wages (de Volksbank considers the legal minimum wage to be a suitable benchmark for an adequate wage)
- Social dialogue (de Volksbank complies with the legal requirement to have a Works Council)
- Health and safety (including the Working Conditions Act)
- Provision of family leave
- A prohibition of child labour, forced or compulsory labour and trafficking in human beings

To manage other impacts on our workforce as well as the associated risks and opportunities, we have policies in place, for which the Executive Committee is accountable and regarding which it consults with the Works Council and, when relevant, trade unions.

Working conditions

De Volksbank has several arrangements and frameworks in place with respect to working conditions for its employees, i.e. a Collective Agreement, Staff Guide, Remuneration Policy and Pension Scheme. Our working conditions apply to all employees with a permanent or temporary contract with de Volksbank.

Our Social Plan supports employees who are faced with a reorganisation by offering them extra facilities to increase their employability. It also provides timely support to employees who become redundant. They receive a redundancy payment and coaching to get from 'work to work' during a period of six months, in which they are exempted from work so they can fully focus on finding another job outside (or occasionally inside) de Volksbank.

In our New Way of Working policy 'Vision on Work', we describe how we help employees perform their work to the best of their ability, regardless of their place of work. Employees can largely decide when and where they work, unless the work is location-bound. They receive a budget for setting up their home office and a monthly allowance for working from home.

Learning and development

As described in de Volksbank's 'Vision on Learning' de Volksbank and its employees have a shared interest in and a shared responsibility for investing in learning and personal development. First of all, our employees must meet the professional competence requirements of our Professional Competence Policy. In addition, we expect employees to take responsibility for their employability and personal development. De Volksbank creates equal opportunities in learning and development by providing the resources required, such as a Learning Experience Platform, training courses, e-learnings and a personal development budget for sustainable employability.

Health and safety

Wellbeing and vitality form the backbone of our Health and Safety Policy. De Volksbank wants to offer its employees a healthy and safe workplace and encourages employees to take responsibility for a healthy lifestyle and working style. In conformity with Dutch law and regulations we have a Company Emergency Response Policy and organisation (BHV), which come into effect if a work accident should occur. We take measures to reduce safety risks and to protect and support the colleagues who might be harmed by violence or aggression while working, especially in shops and contact centres.

We support our employees in remaining vital by providing a healthy working environment and offering them a vitality programme with workshops and coaching for physical and mental health. Employees can also participate in our 'Financial Health for Employees' Programme. In return, we expect our employees to take their own responsibility in safeguarding their health. Our Collective Agreement contains arrangements to improve our employees' work-life balance.

Code of Conduct

To provide a psychologically safe working environment, we have our Code of Conduct, articulating how we treat each other and our customers. We promote a culture in which it is considered normal to call each other to account regarding behaviour. Prior to employment and during employment, employees are screened to evaluate whether they are trustworthy and honest. In addition, the Banker's Oath for employees in the Dutch financial sector provides important guidelines for appropriate professional behaviour. By taking the oath, de Volksbank's employees officially declare and promise that they will perform their duties ethically and with care, put customers' interests first and submit to disciplinary law.

Diversity, equity and inclusion

In our Diversity, Equity and Inclusion Policy, we aim to ensure that all employees are treated equally and are given equal opportunities. We offer our employees room to be themselves and make everyone feel at home at de Volksbank. We pay extra attention to the following groups of people: women, people who need extra support towards employment, people from different (bi)cultural backgrounds, and people who identify with one or more of the letters in the LGBTQIA+ acronym. Other grounds for discrimination, such as religion and political opinion, are implicitly covered by our Diversity, Equity and Inclusion policy. De Volksbank has processes in place to ensure that discrimination is prevented, mitigated and acted on once detected.

Commitment to third-party standards on human rights

De Volksbank has committed itself to various third-party standards on human rights as described in our human rights policy, see Section Sustainability policies. These standards have been integrated in our policies and are applied to the sustainability matters related to our own workforce. We also signed the Dutch SER Diversity Charter.

All of the aforementioned policies are accessible to our own workforce on the intranet and, if applicable to external stakeholders, also on the website of de Volksbank.

Employee engagement

As our employees are the most closely involved stakeholder group of our organisation, we practise continuous employee listening at all levels of the organisation. Employees are frequently informed of the progress of our strategy, for example in episodes of *!mpact TV* and !mpact talk shows with the Executive Committee (ExCo), or are asked for their opinion on current developments in employee surveys and in an interview video format called *de Volksbabbel*. Employees are also able to join dialogues on the transformation of our bank with members of the ExCo.

Another important way of engagement takes place with de Volksbank's Works Council, which represents 100% of our employees. Through its right of advice and consent, the Works Council exerts influence on important decisions that impact the organisation and its staff. The stage at which engagement takes place depends on the topic and the corresponding type of engagement: information, consultation or consent. The topics that requires engagement includes the Strategic Plan and KPIs, transformations, working conditions and management information on diversity, equity and inclusion. The Works Council, and members of the ExCo (sometimes also members of the Supervisory Board) meet at least every six weeks. Ultimate operational responsibility for ensuring engagement with the workforce or workers' representatives lies with the ExCo.

In 2024, the Works Council was informed about the transformation of de Volksbank at the earliest possible stage and intensive consultation with i.a., the ExCo took place about the request for advice on the Transformation programme and the impact it has on the organisation and its employees. During the transformation of de Volksbank, the Works Council plays a crucial role as a representative of the employees. The Works Council ensures that employees are well-informed about the planned changes and offers them the opportunity to express their opinion.

Moreover, a delegation from the Works Council was present at the meetings with the trade unions on a new Collective Agreement and a new Social Plan as an observer and made a significant contribution in terms of both process and content; with an eye for both the interests of the company and those of its employees.

Processes to remediate negative impacts and channels for own workers to raise concerns

De Volksbank is committed to a safe working environment where integrity comes first. Despite efforts to encourage the desired behaviour and prevent misconduct, complaints or incidents might occur. In such a case it is important that our workers feel safe to discuss this, report it where necessary or desirable, and are protected when raising workplace concerns, complaints and grievances.

Within de Volksbank we make a distinction between situations involving misconduct on the one hand and complaints that employees may have about certain choices or decisions by de Volksbank as an employer on the other. If anyone encounters misconduct or undesirable behaviour, de Volksbank would like them to discuss this, for example with their manager or an internal or external Confidential Counsellor, and where necessary or desirable report this via one of the available channels. The channels are easily accessible to all workers via intranet and internet, including the possibility to report anonymously via a Confidential Counsellor or an external professionally managed SpeakUp Reporting Point. In case of undesirable behaviour, next step can be to file a complaint with the Unacceptable Behaviour Committee. Employees may contact the Complaints Desk for grievances or complaints related to employee matters.

De Volksbank monitors and ensures that issues raised and addressed through the SpeakUp regulations, and the Complaints Handling Scheme are handled effectively. The procedures for receiving and investigating reports are reviewed every three years.

De Volksbank raises employee awareness of both procedures, for instance when onboarding new employees and through periodic communication. The level of trust in mechanisms for raising concerns is monitored via the integrity survey, which is repeatedly conducted, most recently in January 2025. The SpeakUp regulations and the Complaints Handling Scheme ensure protection against retaliation for individuals who use these procedures. The SpeakUp Reporting Point is handled via a professional third party. Our SpeakUp regulations are aligned with the Dutch Whistleblower Protection Act (*Wet Bescherming Klokkenluiders*, based on EU Directive 2019/1937). For more information see G1 Business conduct.

Taking action on material impacts on own workforce[1,2]

De Volksbank has taken the following actions in relation to working conditions as well as equal treatment and opportunities for all, which have been assessed as impacting our own workforce materially.

Working conditions

In December 2024, de Volksbank successfully concluded negotiations with the trade unions FNV Finance, CNV and De Unie on a new Collective Agreement and a new Social Plan. Both are effective from 1 January 2025 and they are valid for two years and three years respectively to offer employees clarity and security for a longer period of time. Important agreements have been made in relation to wages, work-life balance and learning and development opportunities. The new Social Plan is largely similar to the 2024 Social Plan. We also reached agreement on a new pension scheme, which is expected to come into effect on 1 January 2027. The new scheme is necessary to comply with the Future Pensions Act (*Wet Toekomst Pensioenen*).

The remuneration policy was reviewed in 2023. We involved employees in the process, resulting in improvements of our primary and secondary employment conditions being made in 2024. In 2024 employees' personal contribution to the pension scheme was, by exception, lowered to 0% as a result of the favourable interest rate. Each year de Volksbank chooses which tax-friendly goals the Individual Choice Budget (IKB) may be used for, apart from the regular spending goals. De Volksbank decided that in 2024 the IKB could also be used for home sustainability measures or to invest in an electric bike or car. In 2025 the IKB may also be used to repay a student loan. As part of the Financial Health programme employees were able to conduct a financial health check and attend workshops to strengthen their financial health.

In the first half of 2024 we evaluated the New Way of Working (NWW) within de Volksbank, by distributing a questionnaire among employees and by conducting in-depth interviews. This has led to a number of refinements to our NWW policy, mainly intended to optimise cooperation, innovation and social cohesion. Employees work together in a result-oriented manner and make agreements with their manager and team about how, where and when they work. When making these agreements, the

[1] The effectiveness of these actions is not tracked by internal or external auditing or verification, court proceedings and/or related court decisions, impact assessments, measurement systems, stakeholder feedback, grievance mechanisms, external performance ratings or benchmarking.
[2] Where actions are long-term in nature and follow from the implementation of a certain policy this is specifically stated. If not, they are non-recurring and result from decision-making according to the governance process.

interests of the bank, the team and the employee, as well as the requirements of the work, are taken into account. On average, employees work at the office at least one day a week. To encourage mutual social connections in the office, de Volksbank makes an extra budget available at department level for informal team meetings.

To lower the sickness absence rate, which continued to be above the desired level in 2024, departments have drawn up an absenteeism reduction plan and taken actions to reduce absenteeism and promote vitality and wellbeing. Throughout the year, de Volksbank organised several activities to promote the wellbeing and vitality of its workforce, like workshops encouraging a healthy lifestyle or dealing with work-related stress. The transformation of de Volksbank may put additional pressure on the absenteeism rate due to job insecurity, so we need to pay extra attention to the wellbeing of our employees in the coming period. From October 2024, alongside the announcement of the transformation, all managers were trained through so-called transformation sessions to be extra alert to the needs of their team members and to support them during the transformation programme.

Equal treatment and opportunities for all

In 2024 we updated the Code of Conduct. We informed employees about how to deal with undesirable behaviour and where they can go to if something happens at work that makes them feel unsafe. Regarding complaints and behavioural incidents we simplified the policy and improved the accessibility of the process for making, coordinating and recording reports. In addition to the various channels and helplines that were already available, we introduced a new external and anonymous SpeakUp Reporting Point. The SpeakUp regulations replaced our Whistleblowers' Scheme and has a broader scope. The SpeakUp regulations and the Complaints Handling Scheme have also been brought into line with the most current legislation.

The Work Ability Desk places people with a work-limiting disability at de Volksbank and is available for colleagues who have questions or need support in the area of work-limiting disabilities. In 2024 the Work Ability Desk promoted equal opportunities for people with a disability at de Volksbank and organised all kinds of activities to this end throughout the year, such as a workshop on neurodiversity in the working environment, several initiatives to raise awareness of hidden disabilities, and the '*Harrie* training course' to teach employees how to support colleagues with a work-limiting disability.

In 2024, de Volksbank Academy held another Winter School and Summer School. For the third time, employees were entitled to an annual Personal Development Budget of € 750, which can be saved up for a maximum of three years. We also launched targeted talent programmes at different job levels, to develop talent and retain this talent for the organisation. These programmes will be continued in 2025.

After senior management was already introduced to the leadership and culture programme entitled Stronger Together in 2023, all leads were included in the programme in 2024. The programme aims to strengthen the following leadership principles: encouraging collaboration, fostering risk awareness, focusing on results, and providing clear direction. To further embed a risk-aware culture in the organisation, the ExCo asked all employees to add a risk awareness goal to their personal development goals as part of their performance review for 2024.

Actions planned in the future relate to de Volksbank's Transformation programme that will take place in 2025. The outlines of the transformation as described in the framework request for advice will be worked out in detail in the first months of 2025. Then more clarity can be given about the new organisational structure and consequences for positions and employees. If applicable, a preventive mobility phase will be announced in accordance with the social plan. Employees who become redundant will be supported through tailored work-to-work programmes. The intention is for the new organisation to start on 1 July 2025.

We have allocated the following resources to the management of material impacts on our workforce: People & Organisation staff, all leads, members of the Works Council and (internal and external) Confidential Counsellors. De Volksbank reaches out to its employees on a regular basis, for example through the Works Council and employee surveys, in which it gathers feedback on its own practices to ensure these practices do not cause or contribute to material negative impacts on our own workforce.

Metrics and targets

De Volksbank has defined the following targets and metrics related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities. The set targets are continuous, therefore do not include a baseline or base year from which progress is measured. The Works Council is engaged in the process of setting targets during consultation meetings, and is informed each quarter of the progress against targets. That is when it has the opportunity to bring up lessons learned or improvements regarding our performance. The metrics are not validated by an external body.

Genuine attention for employees

Our strategic KPI for employees is ‘genuine attention’, a entity-specific metric, because we believe that genuine attention for autonomy, professionalism and personal growth empowers employees to make a meaningful contribution to our mission and strategy and promotes engagement among employees. This mitigates the risk of undesirable outflow and insufficient inflow. For its strategic KPI Genuine attention, de Volksbank has defined a target of at least 7.5 (on a scale of 1-10) in 2025, as the outcome of our employee survey that is conducted annually.
This survey took place in October, before it was announced that the transformation of de Volksbank would lead to an FTE reduction. The score for ‘genuine attention’ stood at 7.5 (2023: 7.7). As for ‘engagement’, this score stood at 7.3 (2023: 7.5), while our objective is a score of 8.0 by 2025.

KPIs[1]	2024	2023	2022	2021	Target 2025
Genuine attention	**7.5**	**7.7**	**7.6**	**7.8**	**≥7.5**
Engagement	7.3	7.5	7.4	7.4	8.0

1 On a scale from 1 to 10.

To manage the risk of qualification and skill mismatch, we want 100% of our employees to participate in the performance review cycle, which includes development goals. Each department has set targets to mitigate the risk of lower productivity due to absenteeism.

As part of our Diversity, Equity and Inclusion policy, we have defined the following targets to promote equal treatment and opportunities for all. These targets (which we introduced in 2023) remained unchanged in 2024.

- A male-female ratio between 40% and 60% across all levels of management (2024: 38% female)
- 26 employees who need extra support towards work have a sustainable, permanent workplace at de Volksbank (2024: in total 15 employees, four of which started in 2024)
- More than 22% of our employees have a bicultural background (no figure was measured in 2024)[1]
- The gender pay gap is no more than 0.5% (2024: 0.9%).
- ≥ 80% of our employees feel at home at de Volksbank (2024: 81%)

Key characteristics of our employees

Number of employees by gender, year-end

Head count	2024	2023
Gender		
Male	1,966	1,877
Female	1,724	1,670
Other[1]	1	--
Not reported	--	--
Total employees	**3,691**	**3,547**
Total employees in FTE	**3,602**	**3,449**

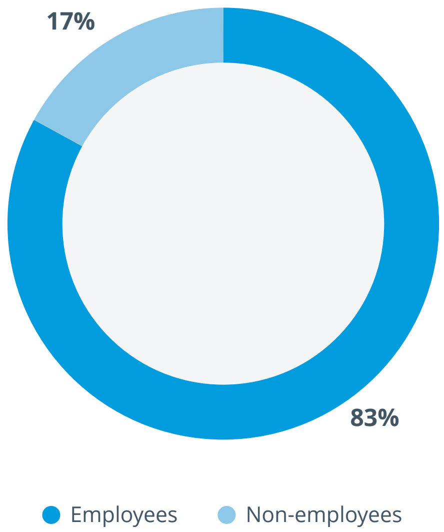
1 The gender category Other is included in the minority group for disclosures of breakdown by gender with only male and female categories.

Number of employees by contract type and full-time/part-time, year-end

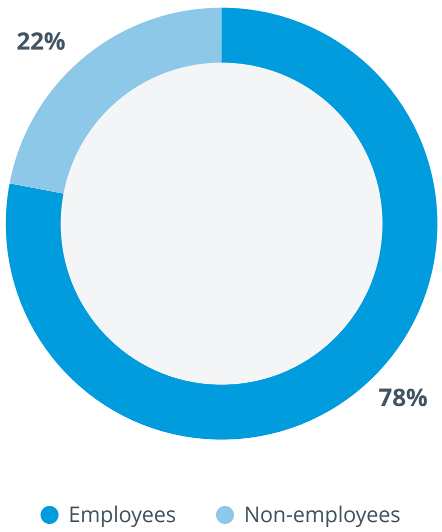
	Female		Male		Other		Not disclosed		Total	
Head count	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Total employees	1,724	1,670	1,966	1,877	1	--	--	--	**3,691**	**3,547**
Permanent employees	1,540	1,421	1,756	1,587	--	--	--	--	**3,296**	**3,008**
Temporary employees	184	249	210	290	1	--	--	--	**395**	**539**
Full-time employees	1,146	1,076	1,818	1,726	--	--	--	--	**2,964**	**2,802**
Part-time employees	578	594	148	151	1	--	--	--	**727**	**745**

In addition to our 3,691 employees who have a permanent or temporary contract with de Volksbank and are covered by our Collective Agreement, our workforce consists of 759 so-called non-employees, who are self-employed workers or temporary workers provided by employment agencies. De Volksbank does not have any contracts with non-guaranteed hours.

Employees and non-employees 2024



Employees and non-employees 2023



[1] According to CBS Research 'Barometer culturele diversiteit', bicultural background covers persons with a migration background via at least one of the parents.

Key characteristics of our non-employees

Number of non-employees by type and gender, year-end

	Female		Male		Total	
Head count	2024	2023	2024	2023	2024	2023
Temporary agency workers	131	177	337	458	468	635
Contractors (self-employed)	64	70	227	271	291	341
Total non-employees	**195**	**247**	**564**	**729**	**759**	**976**
Total non-employees in FTE					**755**	**958**

The share of non-employees as part of the workforce decreased to 17% (2023: 22%). In addition to temporarily filling vacancies, hiring non-employees is the solution of choice for dealing with specific staffing bottlenecks, such as temporary workload or change projects.

Employee turnover figures (head count) and in percentage, year-end

Employees	2024		2023	
Inflow	559	15.1%	707	19.9%
Outflow (turnover)	435	11.8%	355	10.0%

In 2024, we saw a 4% increase in the number of employees and a 22% decrease in the number of non-employees, resulting in an overall workforce decrease of 2%. In view of the upcoming transformation, there is a restraint in vacancies and hiring external staff. This not only has a financial basis in terms of reducing costs, but in the context of a transformation that entails job insecurity, it is also good employment practice when it comes to secure employment.

Collective bargaining coverage and social dialogue

Of our employees, 99% are covered by collective bargaining. i.e. the Collective Agreement (CA). The remaining 1% consist of employees with job levels above the CA. The latter category has its own arrangements that nevertheless largely follow those of the CA.

All of our employees are covered by social dialogue as the Works Council represents 100% of our employees.

Diversity metrics

Gender balance in top management

Within de Volksbank we consider CA+ (employees with job levels above CA) as Top Management. Our Top Management consists of 27 men (69%) and 12 women (31%). It is our ambition to grow the proportion of women in leadership positions. Our target for 2025 is for women to hold at least 40% of these positions, which include all levels of managerial positions. At year-end 2024 this proportion was 38% (2023: 38%). Currently, 40% of the Supervisory Board positions and 50% of the Executive Committee positions are held by women.

Age distribution

We empower our employees to shape their working conditions according to their personal needs instead of assuming what is preferred based on their age. For example, the leave hours are the same for all ages. In addition to this equal treatment principle, there are some evident topics that apply to specific age groups, like the right to retire.

Number (head count) and percentage of employees in different age groups

Employee type	Total	< 30		30-50		>50	
Employees	3,691	470	13%	2,010	54%	1,211	33%

Work Ability Desk

De Volksbank strives to provide people with disabilities with a sustainable, permanent workplace. Therefore, we have the Work Ability Desk, which facilitates the matching of persons with a permanent or temporary work-limiting disability to jobs within de Volksbank. This desk supports leads and candidates throughout the entire hiring process and offers coaching to employees with a work-limiting disability as well as to their leads during employment. A total of fifteen employees who needed extra support towards work got a job at de Volksbank via this desk, four of which in 2024.

Adequate wages

Compared to the statutory minimum wage set by the Dutch government, 100% of our employees earn an adequate wage. The lowest salary scale starts at the Dutch statutory minimum wage € 13.27 per hour until July 2024 and € 13.68 per hour from July 2024. Based on full-time monthly wage (36 hours a week) the lowest paid wage in 2024 was above the statutory minimum wage, converted from an hourly wage to a full-time monthly wage. From 2025 de Volksbank will apply € 16 per hour as the minimum wage, which is higher than the legal minimum wage. The starting salary (minimum of the salary scales) was increased and fixed at 75% of the maximum of the salary scales.

Social protection

All of our employees (100%) are covered by social protection, through public programmes or through benefits offered, against loss of income due to sickness, unemployment, employment injury and acquired disability, parental leave, and retirement.

Training and skills development

Part of our strategy is to strengthen our organisational, employee and leadership capabilities. By providing ways to develop capabilities, we increase internal employee mobility, flexibility and employability, thus making better use of the current workforce and remaining an attractive employer.

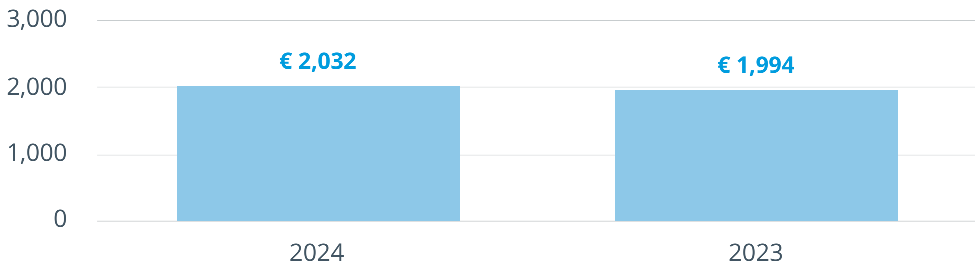
To monitor performance and promote professional maturity, 100% of our employees participate in our performance management process; 98% received a performance and career development review (98% of the male and 98% of the female employees). The last 2% exist of employees who have been absent for six months (for example due to illness) or who started working at de Volksbank after July.

De Volksbank offers employees a wide range of opportunities to develop their professional and personal skills. Since 2021, all employees of de Volksbank have received an annual personal development budget (*POB*) of € 750, which may be saved up for a maximum of three years. From 2025, the POB budget can be saved for four years up to a maximum of € 3,000.

Since we do not have insight into training hours at this time, phase in is applied for the disclosure requirement related to training hours. We have chosen to report the training costs, just like in previous years, to enable an understanding of the training and skills development activities that have been offered to employees. In 2024, investments in employee training and development amounted to € 7.3 million (2023: € 6.9 million), or € 2,032 per employee in FTE (2023: € 1,994). Besides the *POB*, employees may also use our Learning Experience Platform (LXP), which offers training courses and tools to acquire new knowledge and skills.

Investment in training and development per employee[1]

(In €)



1 In € per FTE

Health and safety

Health and vitality is a shared responsibility of de Volksbank and its employees. De Volksbank facilitates a healthy workplace and supports employees in working on their vitality and employability. We have a health and safety management system in place for 100% of our own workforce; our Working Conditions and Health Policy. The policies and processes regarding sickness absence and reintegration are only for our employees.

In 2024, the employee absenteeism rate was structurally high at 5.4% (2023: 5.2%). Each department has drawn up an absenteeism target and a plan to increase employability and reduce absenteeism. When absenteeism is work-related, workload stress is and remains the main underlying cause. In the Netherlands it is not allowed to further disclose the nature of sickness because of Dutch privacy legislation.

Work-life balance

De Volksbank supports a healthy work-life balance by offering all employees the opportunity to work from home if their jobs allow it. Our employees are free to determine their own working hours, as long as they work the number of hours stated in their employment contract and the nature of their job allows it.

Employees have the opportunity to participate in the activities of the Staff Association and colleagues under the age of 36 may participate in the activities of *Jong Volk* (the network for colleagues up to 35 years old). This not only encourages a good work-life balance but also promotes social cohesion.

All of our employees (100%) have several options to apply for family-related leave, ranging from long-term leave types such as maternity leave and parental leave, to occasional arrangements such as care leave.

Compensation indicators

Gender pay gap

One of the elements de Volksbank strives for with respect to equal treatment is equal pay. This is why we annually measure and analyse the gender pay gap, i.e. the difference between the average salary of men and women. We use the Total Fixed Income as a basis for average salary. In December 2024, the average monthly salary, adjusted to a 36 hour working week, of women was 13.1% lower than that of men. This is what we call the unadjusted pay gap.

For the calculation of the gender pay gap in the light of equal treatment (equal pay for equal work), it is important to add the element of 'equal work' to the equation. With the available data we therefore adjust for job grade and age, with the job grade being an approximation of job difficulty (equal work) and age being an approximation of work experience. Adjusted for job grade, the remaining gender pay gap is 1.4 % in favour of men. We then carried out a further correction for years of work experience, through age groups. The remaining gender pay gap for 2024 was 0.9% (2023: 0.07% and 2022: 0.04%).

Equal pay starts with inclusive recruitment: de Volksbank offers new employees a salary that fits the position, rather than matching the salary earned in a previous job. Achieving a proportional distribution of men and women across all job grades remains a point that requires attention. In the coming years, de Volksbank will continue to focus on gender equality within higher grades. The goal for 2025 is to have at least 40% of the lead positions filled by women and 40% by men. De Volksbank's Diversity, Equity and Inclusion Policy, as well as examples of the interventions and actions taken in this field, are available on our website.

Remuneration ratio

De Volksbank pays the Chair of the Executive Committee (the highest-paid individual in our organisation) 1:6 compared to the median salary of all other employees. For details and extra information, see Section Remuneration report, pay ratios.

Incidents, complaints and severe human rights impacts

Our Human Rights Policy also has our own workforce in scope. This policy is based on the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights (UNGPs). No severe human rights incidents connected to our own workforce (e.g., forced labour, human trafficking or child labour) have occurred. In 2024 no fines, penalties and compensation for damages were paid for work-related incidents, complaints and severe human rights impacts within its own workforce.

In 2024 several work-related reports of discrimination and harassment were made by employees to the Complaints Desk and the team of Confidential Counsellors. That is why we define work-related incidents of discrimination and harassment as the number of incidents that are being handled by a commission. In the majority of cases the persons reporting sought support or advice through one or more conversations with an internal or external Confidential Counsellor. One report was submitted to the Unacceptable Behaviour Committee. After preliminary conversations between the person reporting and the Chair of the Committee, the person reporting decided to follow an alternative approach. With no reports effectively brought to the Committee's hearing for a ruling, no report was classified as a formal incident to fit our definition of 'work-related incidents of discrimination and harassment'.

Over the same period we received several complaints from employees regarding their individual situation (for example their performance review), but no complaints were filed to raise concerns related to broader employee matters affecting our own workforce.

Customer relationship

Introduction

De Volksbank wants to stand out from its peers as the bank with the strongest customer relationship. We aim to meet the financial needs of our customers in a people-oriented, efficient and sustainable manner. We continuously work on understandable and transparent products, while putting our customers' interest first. We value a strong customer relationship and a local presence through our branches and shops. We continue to enhance compliance with the General Data Protection Regulation (GDPR) to secure our customers' data protection and privacy.

Impacts, risks and opportunities

In our 2024 DMA, we have assessed 'consumers and end users' as a material topic, including all our customers in its scope. As approximately 90% of our customer base consists of retail customers, our main focus in this chapter is on this group.

Impacts

Our DMA showed that we have a positive material impact on our retail customers. We aim to have a positive impact by offering relevant, fair and transparent banking products and customer-friendly services that match our customers' needs. Building strong customer relationships is one of the two main pillars of our strategy. In May 2024, our brands RegioBank, ASN Bank and SNS were once again recognised by MarketResponse, a market research company, as the most customer-friendly bank brands in the Netherlands, occupying positions 1, 2 and 3 respectively.

We are continuously working on understandable products, while putting our customers' interests first. We aim to be transparent about the impact of our products and services as fair and transparent products and services contribute to people's financial resilience and provide equal opportunities, enabling everyone to participate in society from a financial perspective. For example, in 2024, SNS helped more than 1,000 customers with filing their tax returns. We also help customers to become or remain financially healthy and offer them financial inclusion, for example by providing savings tips. Our budget coaches help customers solve their financial problems. We do not use debt collection agencies and look for long-term solutions in consultation with customers who are experiencing financial difficulties.

Risks

We identified two material risks for this topic in our DMA, both of which are related to privacy risk. Firstly, if we are not transparent about the processing of our customers' personal data, there is a chance that our customers cannot enforce their privacy rights. Secondly, if we do not process our customers' data in a legitimate manner, privacy breaches may occur. These risks may result in reputational damage, sanctions, and litigation costs for de Volksbank. As a result of complaints about data breaches or illegitimate processing de Volksbank get a bad press or a formal complaint may be lodged with the Data Protection Authority (DPA). The latter may start an investigation into compliance with the GDPR and restrict processing activities or impose fines. This may be a reason for customers to avoid becoming or remaining a customer of the bank. Any such complaints and investigations may incur litigation costs. In addition, it may also put the sound relationship with our customers under pressure.

Opportunities
Having satisfied customers is a key element to the business success of de Volksbank. Hence, we identified customer relationships as a financially material topic for our organisation. Creating a positive customer experience will result in the opportunity to potentially cross-sell products, retain customers and attract new customers. We particularly see cross-selling opportunities in the active multi-customer group.

Policies, management and actions
To manage our customer-related impacts, risks and opportunities, we have policies in place that are applicable to all our customers. The scope of these policies is limited to the Netherlands as that is the only market that we are active in.

Policies related to consumers and end users
Relevant, fair and transparent products and services
Our policy on Product Approval and Review Process (PARP) sets out our processes for developing and launching new products and making changes to existing products. It defines how to address the target audience, the scenario analyses and determines and prepares the distribution method and information provision for new products. To enhance trust in our bank, we aim to offer relevant, fair and transparent products and services. Trust is an important dimension in our customer relationship model to increase our positive impact on customers and create opportunities for more sales / cross-selling.

As we are to provide our customers with accurate and accessible product- or service-related information, we ensure that this information is clear, concise and easy to find. We also make certain that the adviser has the correct product information to give customers accurate advice. It is the adviser's responsibility to determine whether a customer belongs to the target audience. By providing the correct information to both customers and advisers, we strive to offer the right product to the right target audience.

Our PARP policy applies to all products and services that have been, or will be, developed, marketed and distributed by de Volksbank's brands. In our upstream activities, this requires input from our human and intellectual capital, in other words our employees. It is an important part of our Strategy 2021-2025, including all activities within our own operations related to the ‘Five necessary preconditions’, for more information see Section Strategy 2021-2025. In 2024, we made no significant changes to our PARP policy.

We have incorporated the so-called ‘CUSU’ - Cost Efficiency, Usefulness, Safety and Understandability - criteria, developed by the Dutch Authority for the Financial Markets (AFM), in our PARP policy. These criteria reflect the way in which we balance our stakeholders’ interests in product development and distribution management.

To assess whether our products and services still meet the requirements set out in our PARP policy, we perform annual product scans. The Product Approval and Review Committee (PARC) is responsible for approving new products and services and making changes to existing ones. The committee is chaired by the Chief Customer Officer, who is ultimately accountable for the implementation of our PARP policy. This policy is accessible to our employees through our ‘House of Policies’ on de Volksbank's intranet. For employees who want to familiarise themselves with the contents of this policy, we offer an internal e-learning.

Privacy policy
Protecting our customers' privacy and personal data is of great importance to de Volksbank and that is why we continuously enhances GDPR compliance. Our Privacy policy describes how we manage privacy risks, for example, how we store and manage customers’ personal data. In general, our customers may expect us to:
- process personal data with the same care and reliability as we manage the (savings) money entrusted to us;
- allow them to have control over their own data, where possible;
- refrain from selling personal data to third parties;
- let them decide to what extent we may use or release their personal data; it may only be released with their explicit consent, unless we are under a legal obligation to do so.

This policy applies to all departments within de Volksbank and third parties supporting our processes. On the upstream side of our value chain, we need our human and intellectual capital, i.e. our employees, and manufactured capital, i.e. tangible technology such as laptops, to implement the policy. In our own operations we have processes in place to ensure we adhere to the GDPR. In our annual policy review, the views and interests of our key stakeholders are taken into account. This reporting year, we did not make any significant changes to our Privacy policy.

To embed and monitor our Privacy policy, we have assigned specific functions and roles within the organisation to that end, such as the Data Protection Officer, Privacy Officer and Privacy Employee. Our Privacy Committee is responsible for monitoring GDPR compliance and our privacy-related risk appetite. Our Chief Risk Officer is ultimately accountable for the policy implementation.

Information about personal data processing is available to our customers and other external stakeholders on our website. Our Privacy policy is accessible to our employees through our House of Policies on de Volksbank’s intranet. The policy states that all staff is required to follow an e-learning each year on privacy and the GDPR and its application within de Volksbank. Furthermore, the policy is incorporated in processes, procedures and work instructions with which employees put their knowledge and awareness into practice in their daily work.

Human rights policy commitments in relation to consumers

De Volksbank has committed itself to various human rights standards as described in our human rights policy, see Section Sustainability policies. In relation to customers, we specifically address freedom from discrimination, right to privacy and freedom of expression in our policy.

Process for engaging with consumers and end users about impacts

We organise various initiatives and have several feedback mechanisms in place to allow customers to directly share their views, opinions, experiences and suggestions. The Directors of our brands are responsible for ensuring that customers are engaged and that the brands use the valuable information resulting from this to improve their existing products and the development of new products. Examples of stakeholder engagement outcomes are given in Section Our stakeholders.

We offer both online and offline opportunities for customers to provide feedback. Customers may call our Customer Service Desk or walk into a SNS or RegioBank branch and talk to an adviser. They are asked about their experience on completion of every online self-service process, such as a change of address or after opening a bank account. All websites have a feedback button. We also periodically gauge customer and adviser satisfaction on various topics through (online) surveys.

Apart from these offline and online channels, we organise various activities throughout the year to receive feedback from customers, such as:

- customer arenas: customers are invited to visit our headquarters to share their experiences and discuss their needs and expectations on a specific topic with a group of employees;
- the Future Money Talks platform: SNS runs a platform to engage with young adults and learn about their financial needs and concerns.
- the National Village Summit: RegioBank organises this event to engage with local entrepreneurs, financial advisers, active volunteers and experts. The goal is to gather input and translate this into concrete tools to improve the quality of life in local communities.
- the Housing Debate: BLG Wonen organises this annual debate to discuss housing issues and solutions. We find it important to stand up for the interests of people for whom buying a home is hard, such as starters, single persons, self-employed people and high rent tenants.
- User Experience Lab: We want our products to be accessible to everyone. In their research to make our products and services understandable and functional, our User Experience Lab involves persons with disabilities, a low level of literacy and elderly people.

Process to remediate negative impacts and channels for consumers and end users to raise concerns

If customers are not satisfied with our products or services, they may file a complaint. All our brands have online and offline channels available for customers to voice a complaint. When we receive a complaint, one of our employees will contact the customer in question. The employee handling the complaint aims for a careful, verifiable and consistent complaints procedure and is given the time and, if required, resources to do so. If it turns out that de Volksbank has made a mistake and the customer has suffered damage as a result of this, the latter will be compensated. Minor complaints are dealt with directly by providing customers with a financial compensation or a small gift. Other complaints are dealt with on a case-by-case basis. The considerations underlying the compensation are recorded internally. If a customer does not agree with the solution to the complaint, he or she can make an appeal or approach KIFID (Dutch Institute for Financial Disputes) to request a mediation process or a decision by KIFID's Arbitration Commission.

In 2024, we received a total of 11,636 complaints, a decrease compared 2023 when we received 13,192 complaints. Many complaints are related to failing bank cards. The renewal of the mobile payment app also led to quite a few complaints. In 2024, we started to register privacy related complaints separately to gain more insight into this topic. We received in total 52 complaints about (experienced) discrimination. We believe it is important that customers report (experienced) discrimination to us and, therefore, explicitly encourage customers to do so via a statement on the complaints page on the websites of our brands.

In case of human rights impacts, remedy is determined on a case-by-case approach and tailor-made to the customer's personal situation. We deeply regret the case where a money transfer to the State of Palestine was refused by the correspondent bank we collaborate with, and for which the customer filed a complaint with the Netherlands Institute for Human Rights. ASN Bank apologised to the customer and offered the customer to meet with Head of Customer Service and a donation to charity. In response to this issue, we instated a multidisciplinary team, consisting of colleagues who represent the entire organisation, to structure and improve our non-discrimination efforts. We are drawing up a roadmap based on 4 pillars, i.e. policies, processes, training & awareness and communication, to actively prevent these types of customer experiences from happening in the future and improving in our responses to these types of complaints.

Customers who have filed a complaint will receive a customer satisfaction survey in which we ask how they experienced the complaints process and, if applicable, the compensation offered to them. Customers are at liberty to leave their feedback. Through this means, we monitor the effectiveness of our existing complaints channels and remedy process. De Volksbank does not have a separate policy to protect individuals against retaliation when they make use of our complaints mechanisms.

Besides our own complaints procedure, we also expect that the businesses we invest in and partners we work with to have a complaint mechanism in place to ensure consumer protection. This is a criteria which is part of sustainability policies. Read more about our sustainability policies in Section Sustainability governance and policies.

Taking action on material impacts on consumers and end users

De Volksbank is continuously working on improving customer satisfaction levels and thereby strengthen our customer relationships. On the one hand we are working on solving the key dissatisfiers experienced by our customers. Dissatisfiers are the most reoccurring issues that our customers complain about. On the other hand, we have developed a strategy to gain more promoters and capitalise on the material opportunity. Promoters are customers who are highly satisfied with our product or services and are likely to recommend it to others. We are also continuously make improvements in relation to privacy risk management and GDPR compliance. The scope of these activities includes our upstream activities, our own operations and our downstream activities, and cover all banking products and services for retail customers in the Netherlands.

To manage material impacts on customers, we have allocated human resources, i.e. employees working in our Customer Journey Teams (CJTs) and employees working at our Contact Centres, and tangible and intangible resources, namely our offices and shops and our websites and apps. All improvement actions are covered by existing budgets, which are managed by product owners and our CJTs. We track the effectiveness of the actions by conducting customer satisfactions surveys, monitoring complaints and other customer feedback received.

Solving dissatisfiers to increase positive impact

We monitor all the signals that we receive from our customers, e.g. through our complaints procedure and customer satisfactions surveys. Based on the insights gained from these interactions, we identify key solutions to solve the most pressing issues that customers experience. We call these issues 'dissatisfiers'. The Top 3 most important dissatisfiers is shared with the departments that are accountable for addressing these issues and making potential improvements. This is a continuous process.

One of our priorities in solving dissatisfiers is making our anti-financial crime processes as customer friendly as possible. To comply with the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) we need to collect new data from our customers. This goes beyond name and address; we need to get a picture of what they use our products for and why they have chosen to use our services. Therefore, we are required to check customer data, transactions and identities. As this may be experienced as an inconvenient and time-consuming process by our customers, we aim to make the process as easy and customer friendly as possible.

Promotor strategy to capitalise on material opportunities

As we would like our customers to promote our bank, we have also developed a promotor strategy to capitalise on our customer relationships. We are continuously working to improve the customer journey, make use of data and feedback loops, focus on personal and relevant communication towards customers, offer attractive products and services and provide transparent information.

Each of our four brands has always had its own identity with a clear, social profile. Whether it is sustainability, decent housing, quality of life in communities or equal growth opportunities for everyone, our customers recognise our values and standards. However, we are now working towards combining these strengths and create one recognisable, strong bank brand with a distinctive social profile, as we believe that this will allow us to serve our customers even better. For more information, see Section Transformation programme.

Actions to manage privacy risks

Our Privacy policy contains 11 objectives and an implementation plan. The implementation of the last objectives is to be completed by year-end 2025. We lagged behind on 4 of the 11 objectives, which is why we prioritised these in 2024. The list of key actions taken in the current reporting year include fixing the backlogs of both the Transfer Impact Assessments and the Data Protection Impact Assessments (DPIAs), the latter resulting from an improvement in the DPIA process and template, updating the Register of Processing and compliance with the privacy statement and cookie statement. The above-mentioned actions should improve compliance with GDPR.

The scope of the actions encompasses the entire de Volksbank and may also affect our downstream value chain partners with regard to the use of personal data processors and sub-processors.

Metrics and targets

To evaluate our performance and the effectiveness of our actions in relation to customer relationships, we defined two entity-specific metrics, i.e. the customer-weighted Net Promoter Score (NPS), and the number of active multi-customers. To manage the identified privacy risks and monitor compliance with the GDPR, we have a key risk indicator 'Privacy'. However, due to the sensitivity of the information, we do not disclose this metric in this report.

Customer-weighted average Net Promoter Score

The NPS is a customer-loyalty and satisfaction metric. The score tells us how likely it is that customers will recommend our products and services to others. It expresses customer satisfaction. A high score means that customers are satisfied, which contributes to the positive impact that we aim to have on our customers.

The NPS metric is measured per brand on a quarterly basis. The input for the NPS is gathered by means of a survey. A representative sample is drawn for each brand from an external consumer panel. The sample size varies per brand and ranges from 500 to 1,000 customers. The NPS indicates the ratio between the so-called detractors and promoters on a scale from 0 to 10. Respondents are grouped as follows:

- 'Detractors' (scores 0-6), customers are on average unhappy and can damage our brands and impede growth through negative word-of-mouth.
- 'Passives' (scores 7-8), customers are on average satisfied but unenthusiastic and are vulnerable to competitive offerings.

- 'Promoters' (scores 9-10), are most likely enthusiastic loyal customers who will keep buying and recommend us to others, fuelling growth.

The NPS is calculated by subtracting the percentage of detractors from the percentage of promoters. This figure may be somewhere between -100% and +100%. The total result of the NPS for de Volksbank is calculated as a weighted average based on the total number of retail customers per brand and is reported based on the last quarter's results.

We work together with a market research agency that carries out the fieldwork for monitoring the NPS. This agency is ISO certified and ensures quality and consistency in the questionnaire, sampling, data weighing and reporting.

Despite the NPS being used around the world, the methodology is subject to some assumptions and limitations. The methodology assumes that customers adequately assess the likelihood to recommend a product or service and also that it is a good measure of customer loyalty or relationship strength. NPS is not based on a customer relationship model, which is a limitation of the methodology.

Active multi-customers

The number of active multi-customers tells us how successful we are in pursuing the material opportunity to cross sell products or services to satisfied customers and attract new ones. The metric is measured every month using our own data systems. An active multi-customer is a customer with an active current account[1] and at least one product from another product group. The measurement of this metric is not validated by an external party, other than our assurance provider.

Results and targets

In 2024, the customer-weighted average NPS of all our brands rose to +4 (year-end 2023: -1). The number of active multi-customers rose by 69 thousand to 1.23 million (year-end 2023: 1.16 million).

The targets are determined based on trend lines, our strategy and ambitions and market conditions. Although stakeholders are not directly involved in target setting, we do take insights from customer complaints into account. In the second quarter of 2024, we adjusted the NPS target for 2025 to +7 due to changing market conditions and expectations since 2020 when the Strategy 2021-2025 was initially developed. As the methodology to determine the NPS remained the same, the adjustment in targets does not have an effect on the comparability of our actual performance over time. The targets were approved by our Executive Committee.

Our customers are informed about our performance against these targets through publication in our Annual Report and Interim Financial Report. Through the various activities that we organise to foster customer engagement, we continuously identify lessons learned and potential improvements together with our customers, allowing us to adjust our products and services to their needs.

Metrics

Metric	Baseline value	Baseline year	Year-end 2024	Year-end 2025 target
Customer-weighted average NPS[1]	-9	2016	+4	+7
Number of active multi-customers (in 1,000)[2]	948	2020	1,233	1,300

1 The customer-weighted NPS involves the retail customer expressing a satisfaction rating (in terms of probability of recommendation). The higher the score, the more satisfied the customer is. The score and target are expressed in NPS points. Only the total number of retail customers per brand in our downstream activities are in scope; SME customers are excluded.
2 An active multi-customer is a customer with an active current account and at least one product from another product group. Both a retail customer and a business customers may be an active multi-customer.

[1] An active current account is a current account on which the customer initiated more than ten transactions for three months in a row. For customers under the age of 18, six transactions for three months in a row is sufficient.

Governance information

We are committed to honest and ethical business practices, acting transparently and with integrity in everything we do.

We have identified Business conduct as material with subtopic Corporate culture, including the prevention and detection of corruption and bribery. In addition, we assessed anti-financial crime as an entity-specific material topic, because as a gatekeeper, de Volksbank helps detect and prevent financial crime to protect the integrity and stability of the bank and the financial system in general.

Although we are affiliated with sector-specific partnerships such as the Dutch Banking Association (NVB), European Banking Federations (EBF) and European Savings Banks Group (ESGB), we do not take an active or leading role in this. Furthermore, no political contributions were made by the bank and no directors have been hired who have held political office in the previous two years. For this reason the subtopic political influence and lobbying activities is not assessed as a material topic.

The subtopics 'Management of relationships with suppliers' and 'Payment practices' are not assessed as material, because of our limited circle of suppliers, in particular SME suppliers. Yet, we select and deal with our suppliers in accordance with our purchasing and procurement policy.

The same applies for animal welfare, we did not assess this as material topic, but we operate in line with our policy on this, see Section Sustainability policies.

Business conduct

Introduction
Ethical business conduct is an indispensable part of how de Volksbank wants to create value. We strive to act with integrity, strengthen customer confidence and contribute to a stable financial sector.

Ethical conduct begins with our Executive Committee (ExCo) members behaving according to our shared values - i.e. shared value for our customers, society, the shareholder and employees - and the policies of de Volksbank. Hereby setting a good example: the tone at the top, will reflect on the employees.

Working with employees who observe ethical conduct creates trust in the financial sector and helps de Volksbank to be the professional, expert, discreet and ethical bank we envision.

Impacts, risks and opportunities
Conduct and culture have a big impact on the soundness, risk profile and integrity of a financial institution. When de Volksbank employees, the ExCo members and its business partners, do not or insufficiently behave according to the Code of Conduct, de Volksbank runs the risk of criminal or legal enforcement, sanctions, material financial loss or reputational damage.

Failure to comply with laws and regulations relating to our own internal governance (Code of Conduct) results in a compliance risk. In case of a failure to comply this may impact how de Volksbank is viewed by society. As a result, this may lead to reputational risk. The intrinsic motivation to deal with this in a socially responsible way which arises from our social impact strategy is high. Furthermore, we only want to conduct business with parties that have the same or similar views, share our values and ethics, and who act accordingly.

Policies, management and actions
Through initiatives that promote ethical conduct throughout the organisation we not only meet customers' expectations and avoid reputational risk, we also integrate ethical practices into the core of our daily business activities. Such initiatives include, practical guidance to prevent involvement in harmful activities and enhancing awareness of potential negative consequences of unethical business conduct.

De Volksbank aims for strong customer relationships where we carefully balance customer interests with operational interests. This is reflected in our risk policies on topics such as whistleblowing, sustainability, and a Code of Conduct, and we have set up our business operations in such a way that we achieve a highly controlled and ethical business conduct. These policies and related procedures have been communicated throughout the entire organisation, including our ExCo members.

On our intranet, we have a section that contains all policy documents and is accessible to all our employees. Based on these policies, we have implemented relevant control frameworks. We prevent negative impacts on stakeholders by properly identifying and mitigating potential risks across the entire value chain. In addition, de Volksbank strengthens its corporate (risk) culture by securing the required risk awareness and risk capabilities throughout the organisation.

Below is an overview of our most important policy documents reflecting our business conduct, that help identify and manage risks to promote ethical conduct among employees and senior management.

Code of Conduct
De Volksbank wants to prevent exposure to unethical behaviour (for criminal purposes) for itself, its customers, and/or its systems. The Code of Conduct sets out that employees are expected not to engage in any form of corruption, bribery or conflict of interest, nor to arouse suspicion thereof. These rules also set out how employees can recognise and prevent this. For example, employees must be attentive when accepting or giving away business gifts and when performing an external function. Violations of the Code of Conduct, including conflict of interest-related violations, may be reported to the Incident Reporting Desk (detection).

We expect our employees to demonstrate ethical conduct and apply our principle of shared value in their daily work. The Code of Conduct provides a framework for employees to guide ethical conduct. This is important, as we understand that employee conduct impacts the stability of and trust in de Volksbank and the financial sector as a whole. For that reason, the Code of Conduct contains rules on topics such as ancillary activities, private financial transactions, ethical decision-making, and confidential and price-sensitive information. In that sense, the Code of Conduct is an elaboration on the sector-wide Code of Conduct of the Dutch Banking Association (*NVB*), of the Banker's Oath, and the Corporate Governance Code, to which de Volksbank has committed itself.

The ExCo is responsible for the content, execution, and monitoring of the Code of Conduct. De Volksbank monitors if its employees' conduct is compliant with the Code of Conduct, investigates and sanctions breaches of ethical conduct, and sees to an effective awareness campaign. The latter consists of an awareness calendar with topics communicated through various communication channels. Topics include inside information, the role of the Ethics Committee, ethical leadership, the Banker's Oath and Integrity Week. Information about these topics is published on our intranet, dilemma workshops are organised, or employees are invited to register for Integrity Week.

An excerpt of the Code of Conduct is published on de Volksbank's website, so that customers, business relations and other stakeholders can hold the employees of de Volksbank accountable to their conduct.

The Code of Conduct is updated and kept current every year. In 2024, all employees, including management and ExCo members, were asked to read the amended applicable Code of Conduct. After perusal, employees are required to sign and confirm that they are aware of the Code of Conduct and will comply with it.

Risk policy crime

Crime risk concerns the risk of internal or external crime and crime associated with intermediaries and franchisees, which can lead to damage or violation of the trust of customers or other stakeholders of de Volksbank or its employees. In its Risk policy crime, de Volksbank specifies that it is an important condition for the bank that its employees - i.e. all employees/senior management of de Volksbank - and its customers act ethically, and that the trust of its customers and other stakeholders is not harmed. The owners of an integrated process at de Volksbank are responsible for identifying crime risks and taking preventive measures within their business process. Crime is a threat to ethical business operations and disrupts economic transactions between citizens and undermines trust in the financial system.

Conduct risk policy

The Conduct risk policy contains policy standards that aim at a working environment that makes it as easy as possible for employees including senior management, to act ethically. In doing so, de Volksbank reduces behavioural risk, or conduct risk, while promoting ethical conduct throughout the organisation.

Our envisaged risk culture reflects our mission: "A sound risk culture supports the identification and acknowledgement of relevant risks in line with the bank's vision, risk appetite, customer needs and within the applicable legal frameworks. It shapes management's and employees' day-to-day decisions and encourages open communication that motivates employees to do the right thing and have a positive impact on the risks taken."

Managing conduct risk enables de Volksbank to expose those aspects in the direct work environment of employees that may make it difficult for them to act in line with our Code of Conduct. By addressing these aspects, we increase our impact and help prevent future unintended outcomes.

For example, to mitigate the risk of a conflict of interest, it is important that employees are provided with the right tools, such as clear policies and clear rules (of conduct), work instructions and explanations. This should provide employees with sufficient knowledge to recognise and deal with situations of material conflict of interest while performing their job. It is also important that employees are involved in their work and, hence, feel motivated to act ethically. After all, this contributes to mitigating the risk that an employee or manager accepts or gives away business gifts that could affect their independence or cultural and behavioural changes.

Moral decision-making

In 2024, the dilemmas we face today continue to shape the challenges of tomorrow. To address this, the concept of moral decision-making, based on de Volksbank's dilemma model - which is part of our Code of Conduct - was further expanded with specific on-demand workshops across the organisation. Moral decision-making aims to boost our ability to conduct structured, balanced and well-documented decision-making processes, to help prevent future issues or incidents.

Ethics Committee

In 2024, the Ethics Committee, met seven times and played a crucial role in addressing significant normative questions and providing guidance on bank-wide ethical dilemmas. The committee comprises members from the ExCo, senior management, the Works Council, and representatives from various first and second line functions. Beyond promoting ethical conduct and raising awareness of social responsibility, the committee has contributed to building 'moresprudence', i.e. morality jurisprudence, which is the process of knowledge acquisition, and understanding, of how to deal with ethical dilemmas within the organisation.

Mechanisms for seeking advice and raising concerns

To meet the EU Directive on raising concerns and protecting whistleblowers (EU Directive 2019/1937), de Volksbank has implemented the required safe reporting channels and procedures for employees and other internal and external stakeholders.

In addition to the new external reporting channel, any concerns about the organisation's unethical or unlawful conduct may also be voiced through the regular internal reporting channels and procedures. Violations of the Code of Conduct may be reported via the Incident Reporting Desk. Compliance investigates all reported (possible) violations of the Code of Conduct. Depending on the seriousness of the incident, a report may be submitted to the Committee for Incidents of Unacceptable Behaviour and Wrongdoing. Compliance also carries out monitoring investigations into, for example, ancillary activities of employees and senior management, or behaviour and corporate culture from which recommendations (follow-up) emerge.

These channels may also be used to report unethical or unlawful business conduct, such as bribery or corruption.

A well-spread network of certified Confidential Advisers is available to provide support in case anyone experiences abuse, misconduct or inappropriate behaviour and to give guidance on reporting procedures and follow-up. The People & Organisation department appoints and trains Compliance and Corporate Securities Specialists to coordinate follow-up activities, guarantee the protection of whistleblowers and perform independent investigations if necessary. The ExCo and Works Council are kept informed on all reports made via the annual Complaints and Incidents Report.

Protection of whistleblowers

The protection of employees is guaranteed in various ways, such as by:

- handling reports confidentially, executing and recording fact-finding investigations carefully,
- having a network of Confidential Counsellors,
- having the possibility to make a report anonymously via an external desk and Confidential Counsellors,
- providing available guidance for the accused and providing clear information via policies and intranet.

When a report is recorded, it is guaranteed that any signals of retaliation that have been received are also recorded.

De Volksbank has committed to the Dutch Whistleblower Protection Act and guarantees an open culture in which employees are encouraged to report wrongdoings with full protection against any negative consequences.

In 2024, de Volksbank updated the existing Whistleblowing Policy, aligning it with the Dutch Whistleblower Protection Act (*Wet Bescherming Klokkenluiders*, based on EU Directive 2019/1937) and extra requirements introduced in 2024, such as reference to the free legal support for whistleblowers. Thereby, the name of the policy was changed to SpeakUp regulations. The process is designed to make it easier to raise concerns anonymously. Besides dealing with abuse, this policy also focuses on misconduct and inappropriate behaviour and explains the simplified reporting procedures within de Volksbank.

Anti-corruption and bribery

An important condition for de Volksbank to properly implement its strategy, Manifesto and shared values is that de Volksbank, its employees, partners and customers do not become involved in corruption. Corruption creates unfair competition, disrupts public confidence and damages de Volksbank’s integrity.

To prevent the risk of involvement in corruption, de Volksbank subjects its employees, partners, customers and third parties with whom it conducts business to due diligence or a screening. To this end, we have the Customer Acceptance Policy, Monitoring and Review Policy (*KAMeR* Policy) and Procurement policy in place. Upon entering employment, all (internal and external) employees and members of senior management are subjected to a screening in accordance with the Pre-employment and In-employment Screening policy.

Procedures to prevent corruption and bribery

De Volksbank has committed to the OESO guidelines and we will adhere to this commitment. We have preventive controls in place and additional policies with controls with respect to customer acceptance, procurement and outsourcing, as well as screening policies for new employees, investments and business relationships. All are included in the Risk policy crime and Code of Conduct, as well as topics such as fraud related to payments and mortgages.

A conflict of interest may lead to corruption and may occur in either business or personal situations. Regulations on dealing with a personal conflict of interest as well as on a conflict of interest with regard to the bank’s management and the supervision thereof, are described in de Volksbank’s Code of Conduct.

De Volksbank applies the rule: “keep work and private life separate and avoid even the appearance of a conflict of interest”. Ancillary activities, may cause a (possible appearance of) conflict of interest. Therefore, these activities are only permitted if they do not conflict with de Volksbank’s company interests. Any such activities must therefore be discussed with the employee’s manager to determine if there is a (possible appearance of) conflict of interest and always require written permission from the manager. The rules on ancillary activities are set out in the Code of Conduct.

Offering and accepting business gifts might encourage corruption. This practice has therefore been standardised. Business gifts may be accepted, and presented, as a sign of a good relationship or participation in a network of relationships, provided the employee’s independence is not affected and the gift is in proportion to the relationship. The rules on business gifts are detailed in the Code of Conduct.

Additional codes of conduct with respect to, conflicts of interest, ancillary activities and private investments apply for the members of the ExCo and Supervisory Board of de Volksbank, the management of ASN Impact Investors and the Supervisory Board of ASN Beleggingsfondsen N.V.

In 2024, as in 2023, no incidents of corruption and bribery were reported. This also entails that no employees were dismissed, disciplined or given a fine, and that none of our contracts with business partners were terminated or not renewed following our careful monitorisation on corruption and related aspects. As a consequence, no public legal cases were brought against de Volksbank or its employees.

Detection and follow-up of incidents

Within its integrated risk management, de Volksbank has a procedure for reporting and handling incidents. Employees also have the option to report incidents anonymously, as explained in our SpeakUp regulations. Reports of suspected corruption will be investigated by the Security Affairs.

The Compliance department is independent from de Volksbank's brands and business units, and takes into account the interests of all stakeholders in its judgement. As for the reporting lines, compliance officers hierarchically report to the Director of Compliance, who hierarchically reports to the CRO. The Director of Compliance has a functional reporting line to the CEO and has the option to escalate the issue to the Chair of the Supervisory Board of de Volksbank.

When a high-impact incident occurs, there may be grounds to inform the supervisory authority (AFM, DNB, or ECB) and/or to report to the police. In case an employee is involved, a report can also be filed with the Foundation for Banking Ethics Enforcement. The Complaints and Incidents Regulations apply to the application and imposition of sanctions on employees.

Moreover, Compliance carries out monitoring investigations (detection) into, for example, conflicts of interest-related ancillary activities of employees and management members. This helps detect corruption, fraud and other unethical conduct. Compliance also conducts behavioural and cultural research, resulting in recommendations.

Strictly independent investigation

It is required to safeguard independence of the investigation and impartial treatment of the reported issue. Therefore, members of the Committee for Incidents of Unacceptable Behaviour and Wrongdoing may not be directly or indirectly involved in the issue for which a complaint has been filed, or an incident of inappropriate behaviour or wrongdoing has been reported. In this case, the complainant/reporting person and/or defendant may challenge a member of the Committee or the entire Committee. A challenge must be properly motivated. Committee members may apply for recusal and must withdraw on their own initiative as soon as it has become clear that a potential conflict of interest exists. In the event of challenge and/or recusal, the place of the member of the Committee in question will be taken by a replacement from the pool. A request to challenge a member of the Committee or the entire Committee will be granted or rejected giving reasons by the Committee dealing with the issue. In this case, the assessment will be made on the basis of preventing the appearance of a conflict of interest as much as possible and the mission of de Volksbank. This procedure is set out in the Complaints and Incidents Regulations.

Reporting

As from 2020, we have generated a yearly report on complaints, inappropriate behaviour, incidents and wrongdoings. This report is drawn up by the Compliance Centre of Expertise in collaboration with, and partly based on input from, the People & Organisation department and the Complaints Desk, the internal and external Confidential Counsellors and Security Affairs. This annual report provides insight into the number and nature of the complaints, incidents and wrongdoings, and is submitted to the Director of Compliance, CRO, ExCo and Works Council.

Awareness

De Volksbank monitors compliance with the Code of Conduct, investigates and punishes violations. The Code of Conduct is updated every year. In 2024, all employees, including management and ExCo members, were asked to read the amended applicable Code of Conduct. After perusal, employees are required to sign and confirm that they are aware of the Code of Conduct and will comply with it.

In 2024, 97% of our employees have signed-off on the Code of Conduct (2023: 97%) and 94% of employees have completed an e-learning on ethical conduct (2023: 77%). Good communication and training for board members and all other employees on this subject was achieved through the mandatory sign-off and awareness module about the Code of Conduct.

De Volksbank has a mandatory e-learning on the Code of Conduct covering topics such as conflicts of interest, business gifts and ancillary activities in place. In 2023, it was completed by all employees employed at de Volksbank in that year, and in 2024 by all new employees who commenced employment in that year. The latter group received more information on Code of Conduct-related topics during de Volksbank's induction programme (OPEN).

On commencement of employment all employees must take the banker's oath. In 2024, the banker's oath has been signed by 94% of our employees within 3 months of commencing employment, including new joiners that started in the fourth quarter of the year. This sign-off is registered and monitored by management supported by the regular HR systems.

In addition to this, we publish a message about accepting and giving away business gifts on our intranet just before the holiday season.

Anti-financial crime

Introduction

A holistic approach to anti-financial crime (AFC) in relation to anti-money laundering (AML), countering the financing of terrorism (CFT) and ensuring compliance with sanctions is part of the gatekeeper function of de Volksbank and an integral part of our business operations.

In the first half of 2024, we formalised the Chief Financial Crime Officer (CFCO) function as part of the ExCo. In June 2024, Gwendolyn van Tunen took up the position of CFCO at de Volksbank. The CFCO is not only responsible for overseeing compliance with the Anti-Money laundering and Anti-Terrorist Financing Act (*Wwft)* and ensures that the AML/CFT policies, procedures and internal control measures are adequate and proportionate for de Volksbank, but also for fulfilling the role of gatekeeper and fight financial crime, in addition to being accountable as day-to-day policy maker.

To further strengthen a sustainable fit-for-purpose organisation, the CFCO domain is extended with an Anti-Financial Crime Intelligence & Security expertise department. This department is responsible for AFC policies and standards, risk analyses and risk control monitoring, deep dives, investigations, first-line monitoring, change support and the development of learnings. This new AFC organisation started with effect from 1 February 2025. The AFC operational activities are organised within dedicated central teams that report to the CFCO.

Impacts, risks and opportunities

AFC is part of the sustainable way forward within de Volksbank's mission and strategy. The bank wants to prevent and detect threats and the misuse of the financial system by third parties. Besides, DNB conducted a supervisory review on customer integrity at de Volksbank in 2022 and identified several shortcomings. DNB concluded among other things that de Volksbank did not sufficiently identify and assess its AML/CFT risks and that the results of the identification and assessment of its integrity risks were not up to date. In addition, de Volksbank takes insufficient account of the risk factors related to the type of customer, product, service, transaction and delivery channel and to countries or geographical areas. In 2023, DNB concluded that de Volksbank violated the *Wwft* and thus imposed an instruction to remediate the Systematic Integrity Risk Analysis (SIRA). In 2024, we complied with the instruction of DNB on the SIRA 2023. To guarantee the knowledge of our employees, we (re)designed employee learnings and awareness training courses.

The impact of the additional expenses and efforts for remediation activities and the AML/CFT risk exposure during the period that remediation is ongoing and severe. For more information on AFC expenses, see Section Financial results - Operating expenses.

De Volksbank recognised a provision related to our AFC remediation programme, aimed at the recovery of missing and/or incorrect customer data from our existing customer base as well as a reassessment of customers after data-recovery in their correct risk profile. For more information on the provision for the AFC remediation programme provision, see Note 15 Provisions - AFC remediation to the consolidated financial statements.

Additionally, at the end of January 2025, DNB imposed a fine of € 5 million for deficiencies under the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) in the period from 2020 up to and including 2023. For more details, see Note 15 Provisions - Administrative fines to the Consolidates financial statements.

Policies, management and actions

The policies primarily link to the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*), the Sanctions Act (*Santiewet*) 1977, IRS FACTCA directive pillar 2 Client ID and OECD CRS directive Client ID only.

The scope of AFC policies and standards applies to de Volksbank and its subsidiaries. In line with this, all our employees are deemed to have ample knowledge to prevent and detect financial crime activities. We have recruited professionals with in-depth *Wwft* knowledge to organise and execute the Remediation plan. To guarantee the knowledge of our employees, we (re)designed employee learnings, awareness training courses and bank-wide training programmes.

In their examinations of compliance pursuant to the *Wwft*, DNB identified deficiencies, including inadequate monitoring of risks and, therefore, the failure to identify risks, or the failure to identify them in time. The system that generates alerts about customers and their transactions does not function properly. To structurally give substance to the above mentioned deficiencies, de Volksbank submitted:

- an improved SIRA in August 2024 to DNB, after which DNB determined that this SIRA complies with the minimum regulatory requirements;
- a remediation plan to combat financial crime in December 2024, which incorporated the feedback from DNB. This remediation plan foresees in a full scope redesign of the end-to-end *Wwft* policies and processes, the strengthening of the SIRA methodology, the redesign of underlying alert frameworks and a risk control framework to provide a self-assessing environment within the AFC organisation. This includes the recovery of missing and/or incorrect customer data from our existing customer base as well as the reassessment of customers after data recovery in their correct risk profile.

We remain in close contact with DNB about our approach and execution. Implementation of the Remediation plan to structurally fight money laundering and the financing of terrorism has now begun.

Furthermore, improvements were made to the transaction monitoring follow-up processes and the identified backlogs were largely eliminated by year-end 2024.

The Executive Committee (ExCo) is provided with a bi-weekly progress report on the plan. Moreover, we set up a Remediation Board, which is responsible for the implementation and quality monitoring of the AFC remediation. It is mandated to make all necessary decisions about the scope and priorities of remediation-related topics. The Remediation Board, which is made up of representatives from the CFCO domain, the CCO domain and Compliance, is chaired by the CFCO.

Remediation will take several years and also involve rework on existing customers. This may impact the current customer portfolio as insights in AFC risk exposure will increase in the coming years.

To be effective in its remediation activities, de Volksbank increased the number of employees involved in AFC activities to approximately 800 FTE at year-end 2024. The additional costs resulting from this multi-year Remediation plan are taken into account in the financial budget process.

Metrics and targets
Our remediation goals are to comply with all relevant laws and regulations, to have real time AFC risk-related insight in customer profiles and to have an effective SIRA in place. During the remediation period, we set interim milestones and periodically draw up detailed priority plans to measure progression on the goals. This foresees e.g. in targets for effective delivery planning of Wwft remediation activities and the recovery of missing and/or incorrect customer data.
The ExCo receives a bi-weekly Progress report on the implementation of the plan and the Risk & Compliance Committee and the Supervisory Board receive a quarterly report. Furthermore, progress is periodically discussed with DNB.

Appendix to the sustainability statements
ESRS content index

Our sustainability statement disclosures are based on our material topics.

The tables also show where we have placed information relating to a specific disclosure requirement that lies outside of the sustainability statements and is 'incorporated by reference' to other sections within this annual report.

General information

ESRS		Disclosure requirement	Section reference Sustainability statements	Incorporation by reference
		General disclosures		
ESRS 2	BP-1	General basis for preparation of sustainability statements	Basis for preparation (see page 146)	Value creation model (see page 17)
ESRS 2	BP-2	Disclosures in relation to specific circumstances	Basis for preparation (see page 146)	
ESRS 2	GOV-1 20a	The composition and diversity of the administrative, management and supervisory bodies		Executive Committee - Composition and diversity (see page 35) Supervisory Board - Compositon and diversity (see page 38)
ESRS 2	GOV-1:20b	The roles and responsibilities of the administrative, management and supervisory bodies in exercising oversight of the process to manage material impacts, risks and opportunities , including management's role in these processes	Sustainability governance (see page 154)	Environmental, Social and Governance Committee (see page 47)
ESRS 2	GOV-1:20c	The expertise and skills of its administrative, management and supervisory bodies on sustainability matters or access to such expertise and skills.	Sustainability governance (see page 154)	Executive Committee - Personal details (see page 36) Supervisory Board - Personal details (see page 39) Supervisory Board - Profile (see page 40) Supervisory quality assurance and self-assessment (see page 44)
ESRS 2	GOV-1:21a	The number of executive and non-executive members		Executive Committee - Personal details (see page 36) Supervisory Board - Personal details (see page 39)
ESRS 2	GOV-1:21b	Representation of employees and other workers	Own workforce - employee engagement	Employees and employee participation (see page 44)
ESRS 2	GOV-1:21c	Experience relevant to the sectors, products and geographic locations of the undertaking		Executive Committee - Personal details (see page 36) Supervisory Board - Personal details (see page 39)
ESRS 2	GOV-1:21d	Percentage by gender and other aspects of diversity that the undertaking considers. The board's gender diversity (shall be calculated as an average ratio of female to male board members		Executive Committee - Composition and diversity (see page 35) Supervisory Board - Compositon and diversity (see page 38)
ESRS 2	GOV-1:21e	The percentage of independent board members . For undertakings with a unitary board, this corresponds to the percentage of independent non-executive board members. For undertakings with a dual board, it corresponds to the percentage of independent members of the supervisory body.		Supervisory Board - Functioning (see page 38) Roles and responsibilities (see page 34)
ESRS 2	GOV-1:22a	The identity of the administrative, management and supervisory bodies (such as a board committee or similar) or individual(s) within a body responsible for oversight of impacts, risks and opportunities	Sustainability governance (see page 154)	Environmental Social and Governance Committee (see page 47)
ESRS 2	GOV-1:22b	How each body's or individual's responsibilities for impacts, risks and opportunities are reflected in the undertaking's terms of reference, board mandates and other related policies	Sustainability governance (see page 154)	Environmental Social and Governance Committee (see page 47)
ESRS 2	GOV-1:22c	A description of management's role in the governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities, including: i. whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee, ii. information about the reporting lines to the administrative, management and supervisory bodies and iii. whether dedicated controls and procedures are applied to the management of impacts, risks and opportunities and, if so, how they are integrated with other internal functions	Sustainability governance (see page 154)	Environmental Social and Governance Committee (see page 47)
ESRS 2	GOV- 1:22d	How the administrative, management and supervisory bodies and senior executive management oversee the setting of targets related to material impacts, risks and opportunities, and how they monitor progress towards them.	Sustainability governance (see page 154)	Environmental Social and Governance Committee (see page 47)
ESRS 2	GOV-1:23a and b	(23a) The sustainability-related expertise that the bodies, as a whole, either directly possess or can leverage, for example through access to experts or training (23b) How those skills and expertise relate to the undertaking's material impacts, risks and opportunities		Personal details (see page 36) Personal details (see page 39) Profile (see page 40) Supervisory quality assurance and self-assessment (see page 44)
ESRS 2	GOV-2:26a	Whether, by whom and how frequently the administrative, management and supervisory bodies, including their relevant committees, are informed about material impacts, risks and opportunities, the implementation of due diligence, and the results and effectiveness of policies, actions, metrics and targets adopted to address them;	Sustainability governance (see page 154)	Environmental Social and Governance Committee (see page 47)
ESRS 2	GOV-2:26b	How the administrative, management and supervisory bodies consider impacts, risks and opportunities when overseeing the undertaking's strategy, its decisions on major transactions, and its risk management process, including whether they have considered trade-offs associated with those impacts, risks and opportunities	Double materiality assessment (see page 148) (paragraph: Integration of material impacts, risks and opportunities in our management process, strategy and business model) Sustainability governance (see page 154) Strategy, business model and value chain (see page 147)	Environmental Social and Governance Committee (see page 47)

ESRS		Disclosure requirement	Section reference Sustainability statements	Incorporation by reference
ESRS 2	GOV-2:26c	A list of the material impacts, risks and opportunities addressed by the administrative, management and supervisory bodies, or their relevant committees during the reporting period.	Sustainability governance (see page 154) Double materiality assessment (see page 148) paragraph: Impacts, risks and opportunities in the value chain Strategy, business model and value chain (see page 147)	Environmental Social and Governance Committee (see page 47)
ESRS 2	GOV-3:29a	A description of the key characteristics of the incentive schemes		Performance objectives and the link with remuneration (see page 48)
ESRS 2	GOV-3:29b	Whether performance is being assessed against specific sustainability-related targets and/or impacts, and if so, which ones		Performance objectives and the link with remuneration (see page 48)
ESRS 2	GOV-3:29c	Whether and how sustainability-related performance metrics are considered as performance benchmarks or included in remuneration policies		Performance objectives and the link with remuneration (see page 48)
ESRS 2	GOV-3:29d	The proportion of variable remuneration dependent on sustainability-related targets and/or impacts		Introduction (see page 48) Performance objectives and the link with remuneration (see page 48)
ESRS 2	GOV-3:29e	The level in the undertaking at which the terms of incentive schemes are approved and updated		Introduction (see page 48) Performance objectives and the link with remuneration (see page 48) Supervision on remuneration (see page 52)
ESRS 2	GOV-4	Statement on due diligence	Statement on due diligence (see page 157)	
ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting	Sustainability governance (see page 154)	Management statement (see page 56) Reporting risk (see page 75)
ESRS 2	SBM-1	Strategy, business model and value chain	Strategy, business model and value chain (see page 147) Policies related to our own workforce (see page 175)	Value creation model (see page 17) Strategy 2021-2025 (see page 15) Company profile (see page 6)
ESRS 2	SBM-2	Interests and views of stakeholders	Interests and views of stakeholders (see page 148) Strategy, business model and value chain (see page 147)	Our stakeholders (see page 18)
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment (see page 148) paragraph: Integration of material impacts, risk and opportunities in our management process, strategy and business model Sustainability governance (see page 154) Climate change (see page 159) Own workforce (see page 175) Customer relationship (see page 182) Business conduct (see page 187)	Sustainability risk (see page 134) Transformation programme (see page 25) Options for the future (see page 25)
ESRS 2	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	Double materiality assessment (see page 148)	
ESRS 2	IRO-2	Disclosure requirements in ESRS covered by the sustainability statement	Appendix to the sustainability statements (see page 193) Appendix to the sustainability statements (see page 193)	

Environmental information

ESRS		Disclosure requirement	Section reference Sustainability statements	Incorporation by reference
		Climate change		
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment (see page 148) Impacts, risks and opportunities (see page 159) Gross Scope 1, 2, 3 and Total GHG emissions (see page 167) ESG materiality assessment (see page 137)	Developments per portfolio (see page 89)
ESRS E1	E1-1	Transition plan for climate change mitigation	Transition plan for climate change mitigation (see page 160) Targets (see page 163)	
ESRS E1	E1-2	Policies related to climate change mitigation and adaptation	Transition plan for climate change mitigation (see page 160) Sustainability policy (see page 154)	How we create value (see page 17)
ESRS E1	E1-3	Actions and resources in relation to climate change policies	Transition plan for climate change mitigation (see page 160)	Sustainability risk (see page 134)
ESRS E1	E1-4	Targets related to climate mitigation and adaptation	Gross Scope 1, 2, 3 and Total GHG emissions (see page 167) Science Based Targets (see page 163)	
ESRS E1	E1-5	Energy consumption and mix	Actions and resources in relation to climate change policies (see page 162)	
ESRS E1	E1-6	Gross Scope 1, 2 and 3 and Total GHG emissions	Gross scope 1, 2, 3 and total GHG emissions (see page 167) Energy use (see page 166) Methodology of financed emissions (see page 200)	
ESRS E1	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Gross scope 1, 2, 3 and total GHG emissions (see page 167)	

Social information

ESRS		Disclosure requirement	Section reference Sustainability statements	Incorporation by reference
		Own workforce		
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Impacts, risks and opportunities (see page 175)	
ESRS S1	S1-1	Policies related to own workforce	Policies related to own workforce (see page 175)	
ESRS S1	S1-2	Processes for engaging with own workforce and workers' representatives about impacts	Employee engagement (see page 176)	
ESRS S1	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	Processes to remediate negative impacts and channels for own workers to raise concerns (see page 177)	
ESRS S1	S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Taking action on material impacts on own workforce (see page 177)	
ESRS S1	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Metrics and targets (see page 178)	
ESRS S1	S1-6	Characteristics of the undertaking's employees	Key characteristics of our employees (see page 179)	
ESRS S1	S1-7	Characteristics of non-employees in the undertaking's own workforce	Key characteristics of our non-employees (see page 180)	
ESRS S1	S1-8	Collective bargaining coverage and social dialogue	Collective bargaining coverage and social dialogue (see page 180)	
ESRS S1	S1-9	Diversity metrics	Diversity metrics (see page 180)	
ESRS S1	S1-10	Adequate wages	Adequate wages (see page 180)	
ESRS S1	S1-11	Social protection	(see page 180)	
ESRS S1	S1-13	Training and skills development metrics	Training and skills development (see page 181)	
ESRS S1	S1-14	Health and safety metrics	Health and safety (see page 181)	
ESRS S1	S1-15	Work-life balance metrics	Work-life balance (see page 181)	
ESRS S1	S1-16	Compensation metrics (pay gap and total remuneration)	Compensation indicators (see page 181)	Pay ratios (see page 51)
ESRS S1	S1-17	Incidents, complaints and severe human rights impacts	Incidents, complaints and severe human rights impacts (see page 182)	
		Consumers and end-users		
ESRS S4	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Impacts, risks and opportunities (see page 182)	
ESRS S4	S4-1	Policies related to consumers and end-users	Policies related to consumers and end users (see page 183)	
ESRS S4	S4-2	Processes for engaging with consumers and end-users about impacts	Process for engaging with consumers and end users about impacts (see page 184)	
ESRS S4	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Process to remediate negative impacts and channels for consumers and end users to raise concerns (see page 184)	
ESRS S4	S4-4	Taking action on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Taking action on material impacts on consumers and end users (see page 185)	
ESRS S4	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Metrics and targets (see page 185)	

Governance information

ESRS		Disclosure requirement	Section reference Sustainability statements	Incorporation by reference
		Business conduct		
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Business conduct: Impacts, risks and opportunities (see page 187)	
ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies	Business conduct: Policies, management and actions (see page 187) Sustainability governance (see page 154)	Environmental Social and Governance Committee (see page 47)
ESRS G1	G1-1	Business conduct policies and corporate culture	Business conduct: Policies, management and actions (see page 187)	
ESRS G1	G1-2	Management of relationships with suppliers	Not material	
ESRS G1	G1-3	Prevention and detection of corruption and bribery	Policies, management and actions (see page 191)	
ESRS G1	G1-4	Incidents of corruption or bribery	Policies, management and actions (see page 187)	
ESRS G1	G1-5	Political influence and lobbying activities	Not material	
ESRS G1	G1-6	Payment practices	Not material	
Entity-specific		Anti-financial crime	Anti-financial crime (see page 191)	
Entity-specific	MDR-A	Anti-financial crime	Anti-financial crime (see page 191)	AFC costs (see page 28) AFC remediation (see page 254) Administrative fines (see page 255)

List of disclosure requirements and data points deriving from other EU-regulations

Data points from other EU-regulations

Disclosure requirement and related datapoint	SFRD reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / not material	Section
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU)2020/1816, Annex II		Material	Composition and diversity (see page 35)
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	Functioning (see page 38)
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	Statement on due diligence (see page 157)
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not applicable	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not applicable	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (29), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not applicable	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not applicable	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	Transition plan for climate change mitigation (see page 160)
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Material	Policies related to climate change mitigation and adaptation (see page 161)
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	Targets related to climate change mitigation and adaptation (see page 163)
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Not applicable	
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	Energy use (see page 166)
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Not applicable	
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	Gross scope 1, 2, 3 and total GHG emissions (see page 167)
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Not applicable	
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Material	GHG removals and GHG mitigation projects financed through carbon credits (see page 170)
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phased in - Not disclosed	

Disclosure requirement and related datapoint	SFRD reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / not material	Section
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Phased in - Not disclosed	
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phased in - Not disclosed	
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phased in - Not disclosed	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material	
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not material	
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material	
SRS E3-4 Total water consumption in m 3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material	
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Not material	
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Not material	
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Not material	
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material	
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material	
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material	
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not material	
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not material	
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	Sustainability policies (see page 154)
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Not material	
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Not material	
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Material	Processes to remediate negative impacts and channels for own workers to raise concerns (see page 177)

Disclosure requirement and related datapoint	SFRD reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material / not material	Section
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Not material	
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	Compensation indicators (see page 181)
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Material	Compensation indicators (see page 181)
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Material	Incidents, complaints and severe human rights impacts (see page 182)
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	Incidents, complaints and severe human rights impacts (see page 182)
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not material	
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Not material	
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Not material	
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material	
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	Policies related to consumers and end users (see page 183)
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	Process to remediate negative impacts and channels for consumers and end users to raise concerns (see page 184)
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Material	Process to remediate negative impacts and channels for consumers and end users to raise concerns (see page 184)
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Material	Policies, management and actions (see page 187)
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material	Protection of whistleblowers (see page 189)
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24(a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material	Anti-corruption and bribery (see page 189)
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material	Anti-corruption and bribery (see page 189)

Methodology financed emissions

Methodology climate-neutral balance sheet

Reporting requirements

The GHG Protocol 'Corporate Value Chain Standard' offers guidance to identify and report on emissions from relevant loans. These include emissions from loans and investments reported under scope 3, category 15: Investments, which is the banks' most material category to take into account. We report on our GHG emissions in our annual reports in conjunction with our full-year financial results, as well as in our interim financial results.

Scope

Emissions from all relevant balance sheet items of de Volksbank are included. Cash and balances at central banks do not lead to changes in the real economy because they are temporary balances and are therefore left out of scope. Derivatives are also out of scope to avoid double counting. Tax assets, and 'other assets' do not cause GHG emissions and are therefore set at zero emissions. Tangible and intangible assets are already taken into account in the emission calculations of the business operations. Consumer loans are not yet incorporated in the calculation as the amount of loans is negligible. The rest of the accounting balance sheet is taken into account. The CO_2e emission calculations are performed in accordance with the GHG Protocol's operational control approach. In our GHG accounting and reporting, we follow the principles of relevance, completeness, consistency, transparency and accuracy. Furthermore, financed emissions are always accounted for with the prudence principle in mind.

Reporting

All seven gases under the Kyoto protocol are taken into account and expressed in CO_2 equivalents using the 100-year time horizon global warming potentials determined by the Intergovernmental Panel on Climate Change (IPCC). We disclose the financed scope 1 and 2 emissions of all our relevant loans and investments, and scope 3 when relevant. Avoided emissions and carbon removals are calculated and reported separately from caused emissions. For the mortgage portfolio, we also report on the energy efficiency rating distribution based on the latest available registered energy efficiency ratings (*Rijksdienst Voor Ondernemend Nederland, RVO*).

Methodology

At the end of 2022 PCAF published its latest version of the global GHG Accounting and Reporting Standard. We apply this version of the methodology but deviate on sovereign bonds and residential mortgages. On residential mortgages we apply a more strict approach and attribute full emissions to our assets instead of an attribution based on Loan-to-Value at origination. On sovereign bonds we still apply a calculation methodology developed within PCAF Netherlands instead of the methodology.

Process

For new loans and green bonds the most recent emissions data is used. Emission factors and data sources used for the calculations are updated annually in the fourth quarter to ensure we use recent data in our calculations. Our Sustainability Expertise Centre department collects emission data and financial data from investees and prepares financed emissions calculations on a monthly basis. The results are discussed and approved by the ESG Impact Committee on a quarterly basis. The results are also processed in relevant management and risk reports.

Data quality

For each of the asset classes, we apply the corresponding data quality scores of the PCAF methodology. The weighted average data quality score for all assets was calculated at 2.8 (1 = highest data quality; 5 = lowest data quality). We continually strive to increase the data quality of the data in our calculations. In 2024, we updated the anonymised energy consumption data of the customers in our mortgage portfolio. In order to do so, we clustered the mortgage portfolio of our four brands, definitive or preliminary energy efficiency rating, and the EPC score (A++++ to G). The grid operators linked gas- and electricity consumption to the portfolio and returned the results aggregated on cluster level. As such, characteristics like the presence of a preliminary energy efficiency rating are only used to cluster and not directly for carbon accounting purposes.

For the asset class-specific considerations, description of data sources used in our calculations and the data quality score (DQS), see the table below.

PCAF methodology climate-neutral balance sheet

Asset class	Chapter in PCAF global GHG standard	Considerations on attribution	Data sources used in calculations	PCAF DQS
Unlisted Equity	5.2. Business loans and unlisted equity	Attribution based on book value	Annual and sustainability reports of counterparties. When unavailable, we apply emission factors based on sector averages.	2.6
Sovereign bonds	5.7 Sovereign debt	Attribution based on outstanding nominal amount	Emissions are calculated based on the PCAF web-based emission factors database for sovereign bonds. We use consumption based emissions including LULUCF[1].	4.9
Corporate bonds	5.1. Listed equity and Corporate bonds	Attribution based on outstanding nominal amount	Reported emissions derived from annual or sustainability reports. When unavailable, we use sector averages emission factors. In the case of earmarked bonds, for example in the case of green bonds, reported emissions or carbon removals are used.	4.4
Private mortgages	5.5. Mortgages	Attribution based on market value. 100% of emissions are attributed instead of a Loan to Value at origination approach	Emissions are calculated based on standardised annual gas- and electricity consumption data as per reference date 1-1-2024. This anonymised data is retrieved from Partners in Energie and is applicable to our entire residential mortgage portfolio. The gas- and electricity use is converted to CO_2-equivalents using the Tank-to-Wheel value for natural gas from co2emissiefactoren.nl (updated in January 2024), and the emission factor for electricity in 2022, as calculated by the Dutch statistics agency (CBS) using the integral method.	2.2
Business mortgages	5.5. Mortgages	Attribution based on market value	Emissions are calculated based on the PCAF web-based emission factors database with Dutch emission factors per sector based on asset value (db.carbonaccountingfinancials.com).	5.0
Business loans	5.2. Business loans and unlisted equity	Attribution based on book value	Klimaatmonitor Waterschappen (2023), Regionale klimaatmonitor Rijksoverheid (2023), AEDES benchmark (2022), annual and sustainability reports of counterparties. When data was unavailable, we apply the PCAF web-based emission factor database with the Dutch emission factors per sector based on asset value (db.carbonaccountingfinancials.com).	4.3
Project finance	5.3. Project finance	Attribution based on book value	Ex-ante estimates of emissions and avoided emissions based on P90 energy generation values from due diligence reports. In some cases, we use actual annual energy production data.	2.8

1 Land Use, Land-use Change and Forestry

Methodology net zero balance sheet

Reporting requirements

The GHG Protocol 'Corporate Value Chain Standard' offers guidance to identify and report on emissions from relevant loans. These include emissions from loans and investments reported under scope 3, category 15: Investments, which is the banks' most material category to take into account. We report on our GHG emissions in our annual reports in conjunction with our full-year financial results, as well as in our interim financial results.

Scope

Emissions from all relevant balance sheet items of de Volksbank are included. Cash and balances at central banks do not lead to changes in the real economy because they are temporary balances and are left out of scope. Derivatives are also out of scope to avoid double counting. Tax assets, and 'other assets' do not cause GHG emissions and are therefore set at zero emissions. Tangible and intangible assets are already taken into account in the emission calculations of the business operations. Consumer loans are not yet incorporated in the calculation as the amount of loans is negligible. The rest of the accounting balance sheet is taken into account. The CO_2e emission calculations are performed in accordance with the GHG Protocol's operational control approach. In our GHG accounting and reporting, we follow the principles of relevance, completeness, consistency, transparency and accuracy. Furthermore, financed emissions are always accounted for with the prudence principle in mind.

Reporting

All seven gases under the Kyoto protocol are taken into account and expressed in CO_2 equivalents using the 100-year time horizon global warming potentials determined by the Intergovernmental Panel on Climate Change (IPCC). We disclose the financed scope 1, 2 and 3 emissions of all our relevant loans and investments. Financed carbon removals are calculated and reported separately from financed emissions. For the mortgage portfolio, we also report on the energy efficiency rating distribution based on the latest available registered energy efficiency ratings (*Rijksdienst Voor Ondernemend Nederland, RVO*).

Process

For new loans and green bonds the most recent emissions data is used. Emission factors and data sources used for the calculations are updated annually in the fourth quarter to ensure we use recent data in our calculations. Our Sustainability Expertise Centre department collects emission data and financial data from investees and prepares financed emissions calculations on a monthly basis. The results are discussed and approved by the ESG Impact Committee on a quarterly basis. The results are also processed in relevant management and risk reports.

Methodology

At the end of 2022 PCAF published its latest version of the global GHG Accounting and Reporting Standard. We apply this version of the methodology for the financed emissions in relation to our Net zero balance target and our scope 3, category 15 emissions.

Data quality

For each of the asset classes, we apply the corresponding data quality scores of the PCAF methodology. The weighted average data quality score for all assets was calculated at 2.7 (1 = highest data quality; 5 = lowest data quality). We continually strive to increase the data quality of the data in our calculations. In 2024, we updated the anonymised energy consumption data of the customers in our mortgage portfolio. In order to do so, we clustered the mortgage portfolio of our four brands, definitive or preliminary energy efficiency rating, and the EPC score (A++++ to G). The grid operators linked gas- and electricity consumption to the portfolio and returned the results aggregated on cluster level. As such, characteristics like the presence of a preliminary energy efficiency rating are only used to cluster and not directly for carbon accounting purposes.

For the asset class-specific considerations, description of data sources used in our calculations and the data quality score (DQS), see the table below.

PCAF methodology net zero balance sheet

Asset class	Chapter in PCAF global GHG standard	Considerations on attribution	Data sources used in calculations	PCAF DQS
Unlisted Equity	5.2. Business loans and unlisted equity	Attribution based on book value	Annual and sustainability reports of counterparties. When unavailable, we apply emission factors based on sector averages.	2.6
Sovereign bonds	5.7 Sovereign debt	Attribution based on outstanding nominal amount	Emissions are calculated based on the PCAF web-based emission factors database for sovereign bonds. We use consumption based emissions including LULUCF[1].	1.9
Corporate bonds	5.1. Listed equity and Corporate bonds	Attribution based on outstanding nominal amount	Reported emissions derived from annual or sustainability reports. When unavailable, we use sector averages emission factors. In the case of earmarked bonds, for example in the case of green bonds, reported emissions or carbon removals are used.	4.4
Retail mortgages	5.5. Mortgages	Attribution based on Loan to Value at origination.	Emissions are calculated based on standardised annual gas- and electricity consumption data as per reference date 1-1-2024. This anonymized data is retrieved from Partners in Energie and is applicable to our entire residential mortgage portfolio. The gas- and electricity use is converted to CO_2-equivalents using the Tank-to-Wheel value for natural gas from co2emissiefactoren.nl (updated in january 2024), and the emission factor for electricity in 2022, as calculated by the Dutch statistics agency (CBS) using the integral method.	2.2
Business mortgages	5.5. Mortgages	Attribution based on market value	Emissions are calculated based on the PCAF web-based emission factors database with Dutch emission factors per sector based on asset value (db.carbonaccountingfinancials.com).	5.0
Business loans	5.2. Business loans and unlisted equity	Attribution based on book value	Klimaatmonitor Waterschappen (2023), Regionale klimaatmonitor Rijksoverheid (2023), AEDES benchmark (2022), annual and sustainability reports of counterparties. When data was unavailable, we apply the PCAF web-based emission factor database with the Dutch emission factors per sector based on asset value (db.carbonaccountingfinancials.com).	4.3
Project finance	5.3. Project finance	Attribution based on book value	Ex-ante estimates of emissions based on P90 energy generation values from due diligence reports. In some cases, we use actual annual energy production data.	2.8

1 Land Use, Land-use Change and Forestry

EU Taxonomy tables

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation (2024)

		Total environmentally sustainable assets (in € millions)	KPI (based on Turnover)	KPI (based on CapEx)	% coverage (over total assets)[1]	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**9,470**	**14.55%**	**14.58%**	**88.01%**[2]	**13.26%**	**11.99%**
		Total environmentally sustainable activities (in € millions)	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	1,706	11.68%	11.77%	75.26%[2]	28.71%	24.74%
	Financial guarantees						
	Assets under management	52	1.42%	1.41%			

1 % of assets covered by the KPI over banks´ total assets
2 As of 2024, we calculate the % coverage by dividing the total assets in de denominator (GAR) by the total assets. Comparative figures have been adjusted accordingly.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation (2023)

		Total environmentally sustainable assets (in € millions)	KPI (based on Turnover)	KPI (based on CapEx)	% coverage (over total assets)[1]	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**7,994**	**13.38%**	**13.41%**	**83.83%**[2]	**10.60%**	**16.17%**
		Total environmentally sustainable activities (in € millions)	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	737	9.18%	9.19%	78.73%[2]	29.73%	21.27%
	Financial guarantees						
	Assets under management	128	3.38%	3.30%			

1 % of assets covered by the KPI over banks´ total assets
2 As of 2024, we calculate the % coverage by dividing the total assets in de denominator (GAR) by the total assets. Comparative figures have been adjusted accordingly.

1. Assets for the calculation of Green Asset Ratio (Turnover)

		a	b	c	d	e	f	g	h	i	j	k	o	s	w	ab	ac	ad	ae	af
		Disclosure 31-12-2024																		
	In € millions	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)	Circular Economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which taxonomy-eligible					Of which taxonomy-eligible				Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible				
				Of which taxonomy-aligned					Of which taxonomy-aligned								Of which taxonomy-aligned			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling							Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	55,259	53,649	9,469	9,367	2	31	2	0	-	0	23	45	45	0	53,764	9,469	9,367	2	31
2	**Financial undertakings**	2,621	1,254	135	91	2	1	2	0	-	0	23	5	45	0	1,329	135	91	2	1
3	Credit institutions	2,292	1,057	134	91	2	1	2	0	-	0	23	2	0	0	1,084	134	91	2	1
4	*Loans and advances*	1,010	368	28	4	0	0	0	0	-	0	0	1	0	0	369	28	4	0	0
5	*Debt securities, including UoP*	1,282	689	106	87	2	1	2	0	-	-	23	1	-	-	715	106	87	2	1
6	*Equity instruments*	0	-	-		-	-	-	-		-	-	-	-	-	-	-		-	-
7	Other financial corporations	329	197	1	-	-	0	0	0	-	-	-	3	45	-	245	1	-	-	0
8	*of which investment firms*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	*of which management companies*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	*of which insurance undertakings*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	564	321	152	94	0	30	-	-	-	-	-	40	-	-	361	152	94	0	30
22	*Debt securities, including UoP*	564	321	152	94	0	30	-	-	-	-	-	40	-	-	361	152	94	0	30
24	**Households**	52,074	52,074	9,182	9,182	-	-	-	-	-	-		-			52,074	9,182	9,182	-	-
25	*of which loans collateralised by residential immovable property*	52,046	52,046	9,182	9,182	-	-	-	-	-	-		-			52,046	9,182	9,182	-	-
26	*of which building renovation loans*	12	12	-	-	-	-	-	-	-	-		-			12	-	-	-	-
27	*of which motor vehicle loans*	16	16	-	-	-	-									16	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**9,807**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	8,158																		
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3,245																		
35	*Loans and advances*	2,747																		
36	*- of which loans collateralised by commercial immovable property*	673																		

		a	b	c	d	e	f	g	h	i	j	k	o	s	w	ab	ac	ad	ae	af
		Disclosure 31-12-2024																		
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)	Circular Economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	In € millions		Of which taxonomy-eligible					Of which taxonomy-eligible				Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible				
				Of which taxonomy-aligned					Of which taxonomy-aligned								Of which taxonomy-aligned			
		Total gross carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling							Of which Use of Proceeds	Of which transitional	Of which enabling
38	*Debt securities*	495																		
39	*Equity instruments*	3																		
40	Non-EU country counterparties not subject to NFRD disclosure obligations	4,913																		
41	*Loans and advances*	4,610																		
42	*Debt securities*	291																		
43	*Equity instruments*	12																		
44	**Derivatives**	573																		
45	**On demand interbank loans**	37																		
46	**Cash and cash-related assets**	34																		
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	1,005																		
48	**Total GAR assets**	**65,066**	**53,649**	**9,469**	**9,367**	**2**	**31**	**2**	**0**	**-**	**0**	**23**	**45**	**45**	**0**	**53,764**	**9,469**	**9,367**	**2**	**31**
49	**Other assets not covered for GAR calculation**	8,867																		
50	Central governments and Supranational issuers	5,109																		
51	Central banks exposure	3,282																		
52	Trading book	476																		
53	**Total assets**	**73,933**	**53,649**	**9,469**	**9,367**	**2**	**31**	**2**	**0**	**-**	**0**	**23**	**45**	**45**	**0**	**53,764**	**9,469**	**9,367**	**2**	**31**
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																			
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	3,684	138	52	13	0	43	27	1	-	1	-	132	39	-	336	52	13	0	44
56	*- Of which debt securities*	133	66	13	13	-	8	19	-	-	-	-	-	-	-	85	13	13	-	8
57	*- Of which equity instruments*	2,832	72	38	-	0	35	8	1	-	1	-	132	39	-	251	39	-	0	36

1. Assets for the calculation of Green Asset Ratio (Turnover)

		ag	ah	ai	aj	ak	al	am	an	ao	ap	bg	bh	bi	bj	bk
		Disclosure 31-12-2023														
	In € millions	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)[1]				
			Of which taxonomy-eligible					Of which taxonomy-eligible				Of which taxonomy-eligible				
				Of which taxonomy-aligned					Of which taxonomy-aligned				Of which taxonomy-aligned			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	52,176	50,195	7,994	7,886	18	13	55	-	-	-	50,709	7,994	7,886	18	13
2	**Financial undertakings**	2,464	654	53	-	-	-	50	-	-	-	1,163	53	-	-	-
3	Credit institutions	2,215	520	53	-	-	-	45	-	-	-	1,024	53	-	-	-
4	*Loans and advances*	1,090	2	-	-	-	-	-	-	-	-	425	-	-	-	-
5	*Debt securities, including UoP*	1,125	518	53	-	-	-	45	-	-	-	599	53	-	-	-
6	*Equity instruments*	0	-	-		-	-	-	-		-	-	-		-	-
7	Other financial corporations	249	134	-	-	-	-	5	-	-	-	139	-	-	-	-
8	*of which investment firms*	19	19	-	-	-	-	-	-	-	-	19	-	-	-	-
12	*of which management companies*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	*of which insurance undertakings*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	403	232	55	-	18	13	5	-	-	-	237	55	-	18	13
22	*Debt securities, including UoP*	403	232	55	-	18	13	5	-	-	-	237	55	-	18	13
24	**Households**	49,309	49,309	7,886	7,886	-	-	-	-	-	-	49,309	7,886	7,886	-	-
25	*of which loans collateralised by residential immovable property*	49,290	49,290	7,886	7,886	-	-	-	-	-	-	49,290	7,886	7,886	-	-
26	*of which building renovation loans*	10	10	-	-	-	-	-	-	-	-	10	-	-	-	-
27	*of which motor vehicle loans*	9	9	-	-	-	-					9	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**7,555**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	5,804														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3,093														
35	*Loans and advances*	2,620														
36	*- of which loans collateralised by commercial immovable property*	563														
38	*Debt securities*	471														
39	*Equity instruments*	2														

		ag	ah	ai	aj	ak	al	am	an	ao	ap	bg	bh	bi	bj	bk
		Disclosure 31-12-2023														
	In € millions	Total gross carrying amount	**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**				**TOTAL (CCM + CCA)**[1]				
			Of which taxonomy-eligible					Of which taxonomy-eligible				Of which taxonomy-eligible				
				Of which taxonomy-aligned					Of which taxonomy-aligned				Of which taxonomy-aligned			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
40	Non-EU country counterparties not subject to NFRD disclosure obligations	2,711														
41	*Loans and advances*	2,471														
42	*Debt securities*	231														
43	*Equity instruments*	9														
44	**Derivatives**	741														
45	**On demand interbank loans**	39														
46	**Cash and cash-related assets**	28														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	943														
48	**Total GAR assets**	**59,731**	**50,195**	**7,994**	**7,886**	**18**	**13**	**55**	**-**	**-**	**-**	**50,709**	**7,994**	**7,886**	**18**	**13**
49	**Other assets not covered for GAR calculation**	11,522														
50	Central governments and Supranational issuers	4,669														
51	Central banks exposure	6,336														
52	Trading book	517														
53	**Total assets**	**71,253**	**50,195**	**7,994**	**7,886**	**18**	**13**	**55**	**-**	**-**	**-**	**50,709**	**7,994**	**7,886**	**18**	**13**
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	3,791	266	126	11	1	74	3	2	-	1	282	128	13	1	75
56	- *Of which debt securities*	138	98	11	11	-	-	2	2	2	-	102	13	13	-	-
57	- *Of which equity instruments*	840	168	115	-	1	74	2	-	-	1	180	115	-	1	75

1 Includes exposures towards counterparties that did not specify whether activities are CCM or CCA taxonomy-eligible or taxonomy-aligned.

2. GAR sector information (Turnover)

		a	b	e	f	i	j	m	n	q	r	u	v	y	z
	In € millions	Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and Ecosystems (BIO)		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)	
		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)	
		Gross carrying amount (eligible)		Gross carrying amount (eligible)		Gross carrying amount (eligible)		Gross carrying amount (eligible)		Gross carrying amount (eligible)		Gross carrying amount (eligible)		Gross carrying amount (eligible)	
	Breakdown by sector - NACE 4 digits level (code and label)		Of which environmentally sustainable (CCM aligned)		Of which environmentally sustainable (CCA aligned)		Of which environmentally sustainable (WTR)		Of which environmentally sustainable (CE)		Of which environmentally sustainable (PPC)		Of which environmentally sustainable (BIO)		Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	27.51 - Manufacture of electric domestic appliances	7	-	-	-	-	-	-	-	-	-	-	-	7	-
2	27.90 - Manufacture of other electrical equipment	7	2	-	-	-	-	-	-	-	-	-	-	7	2
3	35.11 - Production of electricity	10	10	-	-	-	-	40	-	-	-	-	-	50	10
4	35.13 - Distribution of electricity	73	48	-	-	-	-	-	-	-	-	-	-	73	48
5	43.99 - Other specialised construction activities n.e.c.	22	19	-	-	-	-	-	-	-	-	-	-	22	19
6	46.43 - Wholesale of electrical household appliances	26	-	-	-	-	-	-	-	-	-	-	-	26	-
7	47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	5	-	-	-	-	-	-	-	-	-	-	-	5	-
8	49.39 - Other passenger land transport n.e.c.	65	65	-	-	-	-	-	-	-	-	-	-	65	65
9	52.29 - Other transportation support activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	58.11 - Book publishing	2	-	-	-	-	-	-	-	-	-	-	-	2	-
11	61.10 -Wired telecommunications activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	64.20 - Activities of holding companies	2	-	-	-	-	-	-	-	-	-	-	-	2	-
13	68.10 - Buying and selling of own real estate	37	8	-	-	-	-	-	-	-	-	-	-	37	8
14	96.09 - Other personal service activities n.e.c.	65	-	-	-	-	-	-	-	-	-	-	-	65	-

3. GAR KPI stock (Turnover)

		a	b	c	d	e	f	g	h	i	j	n	r	v	aa	ab	ac	ad	ae	af
		Disclosure 31-12-2024																		
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**				**Water and marine resources (WTR)**	**Circular Economy (CE)**	**Pollution (PPC)**	**Biodiversity and Ecosystems (BIO)**	**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)**					
	% (compared to total covered assets in the denominator)	Proportion of total covered assets taxonomy-eligible					Proportion of total covered assets taxonomy-eligible				Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible					
			Proportion of total covered assets taxonomy-aligned					Proportion of total covered assets taxonomy-aligned								Proportion of total covered assets taxonomy-aligned				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling							Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered[1]
	GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	97.09	17.14	16.95		0.06					0.04	0.08	0.08		97.29	17.14	16.95		0.06	74.74
2	**Financial undertakings**	47.83	5.17	3.46	0.04	0.03	0.08	0.02			0.90	0.21	1.72		50.74	5.19	3.46	0.04	0.03	3.55
3	Credit institutions	46.11	5.87	3.96	0.05	0.03	0.08				1.02	0.09	0.01		47.31	5.87	3.96	0.05	0.03	3.10
4	*Loans and advances*	36.43	2.78	0.40	0.01	0.04	0.02					0.06	0.02	0.01	36.54	2.78	0.40	0.01	0.04	1.37
5	*Debt securities, including UoP*	53.74	8.30	6.76	0.08	0.03	0.12				1.83	0.11			55.80	8.30	6.76	0.08	0.03	1.73
6	*Equity instruments*																			
7	Other financial corporations	59.77	0.30				0.12	0.12				1.02	13.68		74.59	0.42				0.45
8	*of which investment firms*																			
12	*of which management companies*																			
16	*of which insurance undertakings*																			
20	**Non-financial undertakings**	57.00	26.96	16.70	0.09	5.33						7.05			64.05	26.96	16.70	0.09	5.33	0.76
22	*Debt securities, including UoP*	57.00	26.96	16.70	0.09	5.33						7.05			64.05	26.96	16.70	0.09	5.33	0.76
24	**Households**	100.00	17.63	17.63											100.00	17.63	17.63			70.44
25	*of which loans collateralised by residential immovable property*	100.00	17.64	17.64											100.00	17.64	17.64			70.40
26	*of which building renovation loans*	100.00													100.00					0.02
27	*of which motor vehicle loans*	100.00													100.00					0.02
32	**Total GAR assets**	**82.45**	**14.55**	**14.40**		**0.05**					**0.04**	**0.07**	**0.07**		**82.63**	**14.55**	**14.40**		**0.05**	**88.01**

1 As of 2024, we calculate the Proportion of total assets covered by dividing the gross carrying amount per row by the total assets. Comparative figures have been adjusted accordingly.

3. GAR KPI stock (Turnover)

		ag	ah	ai	aj	ak	al	am	an	ao	bf	bg	bh	bi	bj	bk
		Disclosure 31-12-2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)[1]					Proportion of total assets covered[2]
	% (compared to total covered assets in the denominator)	Proportion of total covered assets taxonomy-eligible					Proportion of total covered assets taxonomy-eligible				Proportion of total covered assets taxonomy-eligible					
			Proportion of total covered assets taxonomy-aligned					Proportion of total covered assets taxonomy-aligned				Proportion of total covered assets taxonomy-aligned				
	GAR - Covered assets in both numerator and denominator			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	96.20	15.32	15.11	0.04	0.02	0.11				97.19	15.32	15.11	0.04	0.02	73.23
2	**Financial undertakings**	26.54	2.14				2.04				47.18	2.14				3.46
3	Credit institutions	23.48	2.38				2.03				46.20	2.38				3.11
4	*Loans and advances*	0.15									39.00					1.53
5	*Debt securities, including UoP*	46.09	4.68				4.00				53.17	4.68				1.58
6	*Equity instruments*															
7	Other financial corporations	53.73					2.13				55.86					0.35
8	*of which investment firms*	100.00									100.00					0.03
12	*of which management companies*															
16	*of which insurance undertakings*															
20	**Non-financial undertakings**	57.64	13.64		4.56	3.21	1.17				58.83	13.64		4.56	3.21	0.57
22	*Debt securities, including UoP*	57.64	13.64		4.56	3.21	1.17				58.83	13.64		4.56	3.21	0.57
24	**Households**	100.00	15.99	15.99							100.00	15.99	15.99			69.20
25	*of which loans collateralised by residential immovable property*	100.00	16.00	16.00							100.00	16.00	16.00			69.18
26	*of which building renovation loans*	100.00									100.00					0.01
27	*of which motor vehicle loans*	100.00									100.00					0.01
32	**Total GAR assets**	**84.04**	**13.38**	**13.20**	**0.03**	**0.02**	**0.09**				**84.90**	**13.38**	**13.20**	**0.03**	**0.02**	**83.83**

1 Includes exposures towards counterparties that did not specify whether activities are CCM or CCA taxonomy-eligible or taxonomy-aligned.
2 As of 2024, we calculate the Proportion of total assets covered by dividing the gross carrying amount per row by the total assets. Comparative figures have been adjusted accordingly.

4. GAR KPI flow (Turnover)

		a	b	c	d	e	f	g	h	i	j	n	r	v	aa	ab	ac	ad	ae	af
		Disclosure 31-12-2024																		
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)	Circular Economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	% (compared to flow of total eligible assets)[1]	Proportion of total covered assets taxonomy-eligible					Proportion of total covered assets taxonomy-eligible				Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible					Proportion of total new assets covered
			Proportion of total covered assets taxonomy-aligned					Proportion of total covered assets taxonomy-aligned								Proportion of total covered assets taxonomy-aligned				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling							Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	84.30	18.87	17.76	0.02	0.34	0.02				0.26	0.50			85.08	18.87	17.76	0.02	0.34	46.55
2	**Financial undertakings**	48.91	5.77	3.90	0.05	0.03	0.09	0.02			1.02	0.22			50.24	5.79	3.90	0.05	0.03	11.86
3	Credit institutions	47.10	6.68	4.55	0.05	0.03	0.08				1.19	0.08			48.45	6.68	4.55	0.05	0.03	10.16
4	*Loans and advances*	34.78	3.68	0.46		0.04	0.01					0.03	0.01		34.83	3.68	0.46		0.04	3.56
5	*Debt securities, including UoP*	53.74	8.30	6.76	0.08	0.03	0.12				1.83	0.11			55.80	8.30	6.76	0.08	0.03	6.60
6	*Equity instruments*																			
7	Other financial corporations	59.77	0.30				0.12	0.12				1.02			60.91	0.42				1.70
8	*of which investment firms*																			
12	*of which management companies*																			
16	*of which insurance undertakings*																			
20	**Non-financial undertakings**	57.00	26.96	16.70	0.09	5.33						7.05			64.05	26.96	16.70	0.09	5.33	2.90
21	*Loans and advances*																			
22	*Debt securities, including UoP*	57.00	26.96	16.70	0.09	5.33						7.05			64.05	26.96	16.70	0.09	5.33	2.90
24	**Households**	100.00	23.02	23.02											100.00	23.02	23.02			31.79
25	*of which loans collateralised by residential immovable property*	100.00	23.08	23.08											100.00	23.08	23.08			31.71
26	*of which building renovation loans*	100.00													100.00					0.03
27	*of which motor vehicle loans*	100.00													100.00					0.05
28	**Local governments financing**																			
31	**Collateral obtained by taking possession: residential and commercial immovable properties**																			
32	**Total GAR assets**	**52.14**	**11.67**	**10.98**	**0.01**	**0.21**	**0.01**				**0.16**	**0.31**			**52.62**	**11.67**	**10.98**	**0.01**	**0.21**	**75.26**

1 The exposures in this template are only new exposures that have been incurred during the year prior to the disclosure reference date, without deducting the amounts of loan repayments or disposals of debt securities/equity instruments that have occurred during the year prior to the disclosure reference date.

5. KPI off-balance sheet exposures Stock (Turnover)

		a	b	c	d	e	f	g	h	i	j	n	r	v	aa	ab	ac	ad	ae
		Disclosure 31-12-2024																	
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)	Circular Economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets taxonomy-eligible					Proportion of total covered assets taxonomy-eligible				Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible				
			Proportion of total covered assets taxonomy-aligned					Proportion of total covered assets taxonomy-aligned								Proportion of total covered assets taxonomy-aligned			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling							Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)																		
2	Assets under management (AuM KPI)	3.74	1.40	0.36	0.01	1.17	0.73	0.03	0.00	0.02	0.00	3.59	1.05	0.00	9.12	1.42	0.36	0.01	1.19

5. KPI off-balance sheet exposures Flow (Turnover)

		a	b	c	d	e	f	g	h	i	j	n	r	v	aa	ab	ac	ad	ae
		Disclosure 31-12-2024																	
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)	Circular Economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets taxonomy-eligible					Proportion of total covered assets taxonomy-eligible				Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible				
			Proportion of total covered assets taxonomy-aligned					Proportion of total covered assets taxonomy-aligned								Proportion of total covered assets taxonomy-aligned			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling							Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)																		
2	Assets under management (AuM KPI)	4.49	3.78	0.14	0.01	3.41	0.60	0.00	0.00	0.00	0.00	6.63	0.75	0.00	12.48	3.78	0.14	0.01	3.41

1. Assets for the calculation of GAR (CapEx)

		a	b	c	d	e	f	g	h	i	j	k	o	s	w	ab	ac	ad	ae	af
		Disclosure 31-12-2024																		
	In € millions	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)	Circular Economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which taxonomy-eligible					Of which taxonomy-eligible				Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible				
				Of which taxonomy-aligned					Of which taxonomy-aligned								Of which taxonomy-aligned			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling							Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	55,259	53,547	9,484	9,368	1	35	2	1	-	-	23	20	18	-	53,610	9,485	9,368	1	35
2	**Financial undertakings**	2,621	1,121	137	92	0	1	2	1	-	-	23	20	18	-	1,184	138	92	0	1
3	Credit institutions	2,292	954	136	92	0	1	2	1	-	-	23	2	-	-	981	137	92	0	1
4	*Loans and advances*	1,010	237	30	5	0	1	0	0	-	-	-	-	-	-	237	30	5	0	1
5	*Debt securities, including UoP*	1,282	717	106	87	0	0	2	1	-	-	23	2	-	-	744	107	87	0	0
6	*Equity instruments*	0	-	-		-	-	-	-		-	-	-	-	-	-	-		-	-
7	Other financial corporations	329	167	1	-	0	0	0	0	-	-	-	18	18	-	203	1	-	0	0
8	*of which investment firms*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	*of which management companies*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	*of which insurance undertakings*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	564	352	165	94	1	34	0	0	-	-	-	0	-	-	352	165	94	1	34
22	*Debt securities, including UoP*	564	352	165	94	1	34	0	0	-	-	-	0	-	-	352	165	94	1	34
24	**Households**	52,074	52,074	9,182	9,182	-	-	-	-	-	-	-	-	-	-	52,074	9,182	9,182	-	-
25	*of which loans collateralised by residential immovable property*	52,046	52,046	9,182	9,182	-	-	-	-	-	-	-	-	-	-	52,046	9,182	9,182	-	-
26	*of which building renovation loans*	12	12	-	-	-	-	-	-	-	-	-	-	-	-	12	-	-	-	-
27	*of which motor vehicle loans*	16	16	-	-	-	-									16	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**9,807**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	8,158																		
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3,245																		
35	*Loans and advances*	2,747																		
36	*- of which loans collateralised by commercial immovable property*	673																		

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	In € millions	a	b	c	d	e	f	g	h	i	j	k	o	s	w	ab	ac	ad	ae	af
		Total gross carrying amount	Climate Change Mitigation (CCM) – Of which taxonomy-eligible	CCM – Of which taxonomy-aligned	CCM – Of which Use of Proceeds	CCM – Of which transitional	CCM – Of which enabling	Climate Change Adaptation (CCA) – Of which taxonomy-eligible	CCA – Of which taxonomy-aligned	CCA – Of which Use of Proceeds	CCA – Of which enabling	Water and marine resources (WTR) – Of which taxonomy-eligible	Circular Economy (CE) – Of which taxonomy-eligible	Pollution (PPC) – Of which taxonomy-eligible	Biodiversity and Ecosystems (BIO) – Of which taxonomy-eligible	TOTAL (CCM + CCA + WTR + CE + PPC + BIO) – Of which taxonomy-eligible	TOTAL – Of which taxonomy-aligned	TOTAL – Of which Use of Proceeds	TOTAL – Of which transitional	TOTAL – Of which enabling
38	*Debt securities*	495																		
39	*Equity instruments*	3																		
40	Non-EU country counterparties not subject to NFRD disclosure obligations	4,913																		
41	*Loans and advances*	4,610																		
42	*Debt securities*	291																		
43	*Equity instruments*	12																		
44	**Derivatives**	573																		
45	**On demand interbank loans**	37																		
46	**Cash and cash-related assets**	34																		
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	1,005																		
48	**Total GAR assets**	**65,066**	**53,547**	**9,484**	**9,368**	**1**	**35**	**2**	**1**	**-**	**-**	**23**	**20**	**18**	**-**	**53,610**	**9,485**	**9,368**	**1**	**35**
49	**Other assets not covered for GAR calculation**	8,866																		
50	Central governments and Supranational issuers	5,108																		
51	Central banks exposure	3,282																		
52	Trading book	476																		
53	**Total assets**	**73,932**	**53,547**	**9,484**	**9,368**	**1**	**35**	**2**	**1**	**-**	**-**	**23**	**20**	**18**	**-**	**53,610**	**9,485**	**9,368**	**1**	**35**
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																			
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	3,684	152	51	2	1	42	6	0	-	0	-	69	15	-	242	51	2	1	42
56	*- Of which debt securities*	133	44	2	2	-	-	3	-	-	-	-	-	-	-	47	2	2	-	-
57	*- Of which equity instruments*	2,832	108	49	-	1	42	3	0	-	0	-	69	15	-	195	49	-	1	42

1. Assets for the calculation of GAR (CapEx)

		ag	ah	ai	aj	ak	al	am	an	ao	ap	bg	bh	bi	bj	bk
		Disclosure 31-12-2023														
	In € millions	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)[1]				
			Of which taxonomy-eligible					Of which taxonomy-eligible				Of which taxonomy-eligible				
				Of which taxonomy-aligned					Of which taxonomy-aligned				Of which taxonomy-aligned			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	52,176	50,238	8,007	7,886	5	17	28	-	-	-	50,776	8,007	7,886	5	17
2	**Financial undertakings**	2,464	685	53	-	-	-	26	-	-	-	1,221	53	-	-	-
3	Credit institutions	2,215	546	53	-	-	-	26	-	-	-	1,075	53	-	-	-
4	*Loans and advances*	1,090	2	-	-	-	-	-	-	-	-	425	-	-	-	-
5	*Debt securities, including UoP*	1,125	544	53	-	-	-	26	-	-	-	650	53	-	-	-
6	*Equity instruments*	0	-	-		-	-	-	-		-	-	-		-	-
7	Other financial corporations	249	139	-	-	-	-	-	-	-	-	146	-	-	-	-
8	*of which investment firms*	19	19	-	-	-	-	-	-	-	-	19	-	-	-	-
12	*of which management companies*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	*of which insurance undertakings*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	**Non-financial undertakings**	403	244	68	-	5	17	2	-	-	-	246	68	-	5	17
22	*Debt securities, including UoP*	403	244	68	-	5	17	2	-	-	-	246	68	-	5	17
24	**Households**	49,309	49,309	7,886	7,886	-	-	-	-	-	-	49,309	7,886	7,886	-	-
25	*of which loans collateralised by residential immovable property*	49,290	49,290	7,886	7,886	-	-	-	-	-	-	49,290	7,886	7,886	-	-
26	*of which building renovation loans*	10	10	-	-	-	-	-	-	-	-	10	-	-	-	-
27	*of which motor vehicle loans*	9	9	-	-	-	-					9	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**7,555**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
33	**Financial and Non-financial undertakings**	5,804														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	3,093														
35	*Loans and advances*	2,620														
36	*- of which loans collateralised by commercial immovable property*	563														
38	*Debt securities*	471														
39	*Equity instruments*	2														

		ag	ah	ai	aj	ak	al	am	an	ao	ap	bg	bh	bi	bj	bk
		Disclosure 31-12-2023														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)[1]				
			Of which taxonomy-eligible					Of which taxonomy-eligible				Of which taxonomy-eligible				
				Of which taxonomy-aligned					Of which taxonomy-aligned				Of which taxonomy-aligned			
	In € millions	Total gross carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
40	Non-EU country counterparties not subject to NFRD disclosure obligations	2,711														
41	*Loans and advances*	2,471														
42	*Debt securities*	231														
43	*Equity instruments*	9														
44	**Derivatives**	741														
45	**On demand interbank loans**	39														
46	**Cash and cash-related assets**	28														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	943														
48	**Total GAR assets**	**59,731**	**50,238**	**8,007**	**7,886**	**5**	**17**	**28**	**-**	**-**	**-**	**50,776**	**8,007**	**7,886**	**5**	**17**
49	**Other assets not covered for GAR calculation**	11,522														
50	Central governments and Supranational issuers	4,669														
51	Central banks exposure	6,336														
52	Trading book	517														
53	**Total assets**	**71,253**	**50,238**	**8,007**	**7,886**	**5**	**17**	**28**	**-**	**-**	**-**	**50,776**	**8,007**	**7,886**	**5**	**17**
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	3,791	184	125	-	2	79	1	-	-	-	206	125	-	2	79
56	*- Of which debt securities*	138	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	*- Of which equity instruments*	840	184	125	-	2	79	1	-	-	-	206	125	-	2	79

1 Includes exposures towards counterparties that did not specify whether activities are CCM or CCA taxonomy-eligible or taxonomy-aligned.

2. GAR sector information (CapEx)

		a	b	e	f	i	j	m	n	q	r	u	v	y	z
		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and Ecosystems (BIO)		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)	
	In € millions	Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)		Non-Financial corporates (Subject to NFRD)	
		Gross carrying amount (eligible)		Gross carrying amount (eligible)		Gross carrying amount (eligible)		Gross carrying amount (eligible)		Gross carrying amount (eligible)		Gross carrying amount (eligible)		Gross carrying amount (eligible)	
	Breakdown by sector - NACE 4 digits level (code and label)		Of which environmentally sustainable (CCM aligned)		Of which environmentally sustainable (CCA aligned)		Of which environmentally sustainable (WTR)		Of which environmentally sustainable (CE)		Of which environmentally sustainable (PPC)		Of which environmentally sustainable (BIO)		Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	27.51 - Manufacture of electric domestic appliances	7	1	-	-	-	-	-	-	-	-	-	-	7	1
2	27.90 - Manufacture of other electrical equipment	33	3	-	-	-	-	-	-	-	-	-	-	33	3
3	35.11 - Production of electricity	10	10	-	-	-	-	-	-	-	-	-	-	10	10
4	35.13 - Distribution of electricity	58	49	-	-	-	-	-	-	-	-	-	-	58	49
5	43.99 - Other specialised construction activities n.e.c.	27	23	-	-	-	-	-	-	-	-	-	-	27	23
6	46.43 - Wholesale of electrical household appliances	39	-	-	-	-	-	-	-	-	-	-	-	39	-
7	47.11 - Retail sale in non-specialised stores with food, beverages or tobacco predominating	5	-	-	-	-	-	-	-	-	-	-	-	5	-
8	49.39 - Other passenger land transport n.e.c.	65	65	-	-	-	-	-	-	-	-	-	-	65	65
9	52.29 - Other transportation support activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	58.11 - Book publishing	3	-	-	-	-	-	-	-	-	-	-	-	3	-
11	61.10 -Wired telecommunications activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	64.20 - Activities of holding companies	2	1	-	-	-	-	-	-	-	-	-	-	2	1
13	68.10 - Buying and selling of own real estate	38	13	-	-	-	-	-	-	-	-	-	-	38	13
14	96.09 - Other personal service activities n.e.c.	65	-	-	-	-	-	-	-	-	-	-	-	65	-

3. GAR KPI stock (CapEx)

		a	b	c	d	e	f	g	h	i	j	n	r	v	aa	ab	ac	ad	ae	af
		Disclosure 31-12-2024																		
	% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)	Circular Economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered[1]
		Proportion of total covered assets taxonomy-eligible					Proportion of total covered assets taxonomy-eligible				Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible					
			Proportion of total covered assets taxonomy-aligned					Proportion of total covered assets taxonomy-aligned								Proportion of total covered assets taxonomy-aligned				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling							Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	96.90	17.16	16.95		0.06					0.04	0.04	0.03		97.01	17.16	16.95		0.06	74.74
2	**Financial undertakings**	42.75	5.24	3.49	0.01	0.05	0.07	0.01			0.89	0.74	0.70		45.15	5.25	3.49	0.01	0.05	3.55
3	Credit institutions	41.65	5.95	3.99	0.01	0.06	0.07				1.02	0.06			42.80	5.95	3.99	0.01	0.06	3.10
4	*Loans and advances*	23.42	2.97	0.47		0.09	0.01								23.43	2.97	0.47		0.09	1.37
5	*Debt securities, including UoP*	56.01	8.30	6.76	0.02	0.04	0.12				1.83	0.11			58.07	8.30	6.76	0.02	0.04	1.73
6	*Equity instruments*																			
7	Other financial corporations	50.40	0.30			0.01	0.12	0.12				5.41	5.61		61.54	0.42			0.01	0.45
8	*of which investment firms*																			
12	*of which management companies*																			
16	*of which insurance undertakings*																			
20	**Non-financial undertakings**	62.46	29.24	16.70	0.17	6.00	0.02	0.02				0.09			62.57	29.26	16.70	0.17	6.00	0.76
22	*Debt securities, including UoP*	62.46	29.24	16.70	0.17	6.00	0.02	0.02				0.09			62.57	29.26	16.70	0.17	6.00	0.76
24	**Households**	100.00	17.63	17.63											100.00	17.63	17.63			70.44
25	*of which loans collateralised by residential immovable property*	100.00	17.64	17.64											100.00	17.64	17.64			70.40
26	*of which building renovation loans*	100.00													100.00					0.02
27	*of which motor vehicle loans*	100.00													100.00					0.02
32	**Total GAR assets**	**82.30**	**14.58**	**14.40**		**0.05**					**0.04**	**0.03**	**0.03**		**82.40**	**14.58**	**14.40**		**0.05**	**88.01**

1 As of 2024, we calculate the Proportion of total assets covered by dividing the gross carrying amount per row by the total assets. Comparative figures have been adjusted accordingly.

3. GAR KPI stock (CapEx)

		ag	ah	ai	aj	ak	al	am	an	ao	bf	bg	bh	bi	bj	bk
		Disclosure 31-12-2023														
	% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)[1]					Proportion of total assets covered[2]
		Proportion of total covered assets taxonomy-eligible					Proportion of total covered assets taxonomy-eligible				Proportion of total covered assets taxonomy-eligible					
			Proportion of total covered assets taxonomy-aligned					Proportion of total covered assets taxonomy-aligned				Proportion of total covered assets taxonomy-aligned				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	96.28	15.35	15.11	0.01	0.03	0.05				97.32	15.35	15.11	0.01	0.03	73.23
2	**Financial undertakings**	27.78	2.14				1.06				49.58	2.14				3.46
3	Credit institutions	24.65	2.38				1.18				48.56	2.38				3.11
4	*Loans and advances*	0.16									39.00					1.53
5	*Debt securities, including UoP*	48.38	4.68				2.33				57.83	4.68				1.58
6	*Equity instruments*															
7	Other financial corporations	55.56									58.61					0.35
8	*of which investment firms*	100.00									100.00					0.03
12	*of which management companies*															
16	*of which insurance undertakings*															
20	**Non-financial undertakings**	60.50	16.94		1.26	4.18	0.44				60.94	16.94		1.26	4.18	0.57
22	*Debt securities, including UoP*	60.50	16.94		1.26	4.18	0.44				60.94	16.94		1.26	4.18	0.57
24	**Households**	100.00	15.99	15.99							100.00	15.99	15.99			69.20
25	*of which loans collateralised by residential immovable property*	100.00	16.00	16.00							100.00	16.00	16.00			69.18
26	*of which building renovation loans*	100.00									100.00					0.01
27	*of which motor vehicle loans*	100.00									100.00					0.01
32	**Total GAR assets**	**84.11**	**13.41**	**13.20**	**0.01**	**0.03**	**0.05**				**85.01**	**13.41**	**13.20**	**0.01**	**0.03**	**83.83**

1 Includes exposures towards counterparties that did not specify whether activities are CCM or CCA taxonomy-eligible or taxonomy-aligned.

2 As of 2024, we calculate the Proportion of total assets covered by dividing the gross carrying amount per row by the total assets. Comparative figures have been adjusted accordingly.

4. GAR KPI flow (CapEx)

		a	b	c	d	e	f	g	h	i	j	n	r	v	aa	ab	ac	ad	ae	af
		Disclosure 31-12-2024																		
	% (compared to flow of total eligible assets)[1]	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)	Circular Economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
		Proportion of total covered assets taxonomy-eligible					Proportion of total covered assets taxonomy-eligible				Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible					
			Proportion of total covered assets taxonomy-aligned					Proportion of total covered assets taxonomy-aligned								Proportion of total covered assets taxonomy-aligned				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling							Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	84.17	19.03	17.76	0.01	0.39	0.02	0.01			0.26	0.22			84.67	19.04	17.76	0.01	0.39	46.55
2	**Financial undertakings**	47.04	5.83	3.92	0.01	0.05	0.08	0.02			1.02	0.84			48.98	5.85	3.92	0.01	0.05	11.86
3	Credit institutions	46.48	6.76	4.58	0.02	0.06	0.08				1.19	0.07			47.82	6.76	4.58	0.02	0.06	10.16
4	*Loans and advances*	28.81	3.90	0.53		0.10									28.81	3.90	0.53		0.10	3.56
5	*Debt securities, including UoP*	56.01	8.30	6.76	0.02	0.04	0.12				1.83	0.11			58.07	8.30	6.76	0.02	0.04	6.60
6	*Equity instruments*																			
7	Other financial corporations	50.40	0.30			0.01	0.12	0.12				5.41			55.93	0.42			0.01	1.70
8	*of which investment firms*																			
12	*of which management companies*																			
16	*of which insurance undertakings*																			
20	**Non-financial undertakings**	62.46	29.24	16.70	0.17	6.00	0.02	0.02				0.09			62.57	29.26	16.70	0.17	6.00	2.90
21	*Loans and advances*																			
22	*Debt securities, including UoP*	62.46	29.24	16.70	0.17	6.00	0.02	0.02				0.09			62.57	29.26	16.70	0.17	6.00	2.90
24	**Households**	100.00	23.02	23.02											100.00	23.02	23.02			31.79
25	*of which loans collateralised by residential immovable property*	100.00	23.08	23.08											100.00	23.08	23.08			31.71
26	*of which building renovation loans*	100.00													100.00					0.03
27	*of which motor vehicle loans*	100.00													100.00					0.05
28	**Local governments financing**																			
31	**Collateral obtained by taking possession: residential and commercial immovable properties**																			
32	**Total GAR assets**	**52.06**	**11.77**	**10.99**	**0.01**	**0.24**	**0.01**				**0.16**	**0.14**			**52.37**	**11.77**	**10.99**	**0.01**	**0.24**	**75.26**

1 The exposures in this template are only new exposures that have been incurred during the year prior to the disclosure reference date, without deducting the amounts of loan repayments or disposals of debt securities/equity instruments that have occurred during the year prior to the disclosure reference date.

5. KPI off-balance sheet exposures Stock (CapEx)

		a	b	c	d	e	f	g	h	i	j	n	r	v	aa	ab	ac	ad	ae
		Disclosure 31-12-2024																	
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)	Circular Economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets taxonomy-eligible					Proportion of total covered assets taxonomy-eligible				Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible				
			Proportion of total covered assets taxonomy-aligned					Proportion of total covered assets taxonomy-aligned								Proportion of total covered assets taxonomy-aligned			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling							Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)																		
2	Assets under management (AuM KPI)	4.14	1.38	0.05	0.02	1.14	0.15	0.01	0.00	0.01	0.00	1.87	0.40	0.00	6.56	1.39	0.05	0.02	1.14

5. KPI off-balance sheet exposures Flow (CapEx)

		a	b	c	d	e	f	g	h	i	j	n	r	v	aa	ab	ac	ad	ae
		Disclosure 31-12-2024																	
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)	Circular Economy (CE)	Pollution (PPC)	Biodiversity and Ecosystems (BIO)	TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	% (compared to total eligible off-balance sheet assets)	Proportion of total covered assets taxonomy-eligible					Proportion of total covered assets taxonomy-eligible				Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible	Proportion of total covered assets taxonomy-eligible				
			Proportion of total covered assets taxonomy-aligned					Proportion of total covered assets taxonomy-aligned								Proportion of total covered assets taxonomy-aligned			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling							Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)																		
2	Assets under management (AuM KPI)	5.79	4.05	0.14	0.02	3.40	0.10	0.01	0.00	0.00	0.00	3.41	0.28	0.00	9.58	4.06	0.14	0.02	3.40

Template 1 Nuclear and fossil gas related activities[1]

		Yes/No
	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

1 De Volksbank does not have exposures in nuclear and fossil gas related activities. Therefore, template 2 to 5 of Annex XII of the Disclosure Delegated Act are omitted.

Voluntary taxonomy assessment

Voluntary EU taxonomy table[1]

	Turnover		CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate Change Mitigation	14.55%	82.45%	14.58%	82.30%
Climate Change Adaptation	0.00%	0.00%	0.00%	0.00%
Water and marine resources		0.04%		0.04%
Circular economy		0.07%		0.03%
Pollution		0.07%		0.03%
Biodiversity and ecosystems		0.00%		0.00%
Total	14.55%	82.63%	14.58%	82.39%

1 This voluntary EU taxonomy table is based on tables '1. Assets for the calculation of Green Asset Ratio' and the KPIs are based on the total GAR assets.

The mandatory EU Taxonomy report is primarily based on exposures to retail customers and large NFRD counterparties. However, the business model of de Volksbank focuses on retail customers and non-NFRD or SME customers. The latter may be active in economic activities mentioned in Annex I and/or Annex II of the EU Taxonomy, and could, therefore, be considered eligible or aligned. Accordingly, on a best effort basis, we have established taxonomy eligibility and/or alignment information for:

- Our project financing portfolio, which only includes non-financial corporations not subject to the NFRD. We assessed all our projects in relation to renewable energy such as solar, wind, biomass, underground thermal energy storage on a best effort, case-by-case basis to the relevant technical EU taxonomy screening criteria. This is especially challenging since our counterparties are often SPVs and/or SMEs and, given their size, we do not have all relevant information. Not all activities could in our view be considered taxonomy aligned. The main reason for this is a lack of data to establish compliance with either exact, equivalent, or near-estimate information. In this light, we also did consider part of our legacy solar parks to be non-compliant with the MSS and, therefore, not taxonomy aligned. The reason for this is that suppliers of these projects had a high risk on forced labour as indicated by the Sheffield Report 1. These reports published by the Sheffield Hallam University, which provide insight in the supply chain of solar production and the risk to forced labour in the Xinjiang region, are considered leading. To cover every aspect, we note that since the insights from the first Sheffield report in the solar supply chain, we no longer finance new projects if suppliers are at high risk of using forced labour on the basis of these reports or other credible sources.
- Our commercial mortgage portfolio, whereby our loans collateralised by commercial immovable property are also related to CCM activity 7.7: the acquisition and ownership of buildings. In this regard, we assessed collateral with surface area of less than 830 m*2* as the cut-off point for large non-residential buildings, as we do not have insight into the energy performance monitoring and assessment. Collateral under this threshold with an EPC label A was assessed as meeting the substantial screening criteria if the collateral is built before 2021. For buildings built after 2021, the Primary Energy Demand needs to be at least 10% lower than the threshold set for nearly zero-energy building (NZEB) requirements. We also performed a Do No Significant Harm (DNSH) assessment using the location of the collateral for an internal risk assessment. De Volksbank considers pole rot, soil subsidence and flooding as relevant physical climate hazards for the real estate in the Netherlands that we finance. We plotted the collateral to the following relevant maps and thresholds in the Climate Impact Atlas:
  - pole rot with the low 2050 scenario and a high or very high risk threshold.
  - soil subsidence with the low 2050 scenario and a high or very high risk threshold.
  - ≥50 cm flood with the low 2050 scenario and a probability of 1/300 and higher.
- Supranationals with green or sustainable bonds if the counterparty indicates them as taxonomy eligible and aligned.

Voluntary EU taxonomy table based on IFRS balance sheet

				Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Total (CCM + CCA + WTR + CE + PPC + BIO)		
Before result appropriation and in € millions	Carrying amount	Impairments	Gross carrying amount	Of which taxonomy-eligible	Of which taxonomy-aligned	Of which taxonomy-eligible	Of which taxonomy-aligned	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-aligned	Taxonomy non-eligible or excluded from the GAR calculation
Cash and cash equivalents	3,353	-	3,353	-	-	-	-	-	-	-	-	-	-	3,353
Derivatives	2,141	-	2,141	-	-	-	-	-	-	-	-	-	-	2,141
Investments	7,199	(6)	7,295	1,207	259	2	-	23	44	45	-	1,321	259	5,974
Loans and advances to banks	6,191	(3)	6,194	368	28	-	-	-	1	-	-	369	28	5,825
Loans and advances to customers	54,494	(142)	54,636	52,074	9,182	-	-	-	-	-	-	52,074	9,182	2,562
Tangible and intangible assets	55	-	55	-	-	-	-	-	-	-	-	-	-	55
Tax assets	11	-	11	-	-	-	-	-	-	-	-	-	-	11
Other assets	248	-	248	-	-	-	-	-	-	-	-	-	-	248
Total assets	**73,692**	**(151)**	**73,933**	**53,649**	**9,469**	**2**	**-**	**23**	**45**	**45**	**-**	**53,764**	**9,469**	**20,169**

Voluntary EU taxonomy table based on IFRS balance sheet including non-NFRD exposures, governments and supranational issuers

				Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Total (CCM + CCA + WTR + CE + PPC + BIO)		
Before result appropriation and in € millions	Carrying amount	Impairments	Gross carrying amount	Of which taxonomy-eligible	Of which taxonomy-aligned	Of which taxonomy-eligible	Of which taxonomy-aligned	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-eligible	Of which taxonomy-aligned	Taxonomy non-eligible or excluded from the GAR calculation
Cash and cash equivalents	3,353	-	3,353	-	-	-	-	-	-	-	-	-	-	3,353
Derivatives	2,141	-	2,141	-	-	-	-	-	-	-	-	-	-	2,141
Investments	7,199	(6)	7,295	1,939	259	2	-	23	44	45	-	2,053	259	5,242
Loans and advances to banks	6,191	(3)	6,194	368	28	-	-	-	1	-	-	369	28	5,825
Loans and advances to customers	54,493	(142)	54,635	53,807	9,978	71	-	-	-	-	-	53,879	9,979	756
Tangible and intangible assets	55	-	55	-	-	-	-	-	-	-	-	-	-	55
Tax assets	11	-	11	-	-	-	-	-	-	-	-	-	-	11
Other assets	248	-	248	-	-	-	-	-	-	-	-	-	-	248
Total assets	**73,691**	**(151)**	**73,932**	**56,114**	**10,265**	**73**	**-**	**23**	**45**	**45**	**-**	**56,301**	**10,266**	**17,631**

Financial statements

Financial statements

Consolidated financial statements

Notes to the consolidated financial statements

Company financial statements

Notes to the company financial statements

Consolidated financial statements

Consolidated statement of financial position

Before result appropriation and in € millions	Notes	31-12-2024	31-12-2023
Assets			
Cash and balances at central banks	2	2,834	5,891
Derivatives	3	2,141	2,544
Investments	5	7,199	6,733
Loans and advances to banks	6	6,710	4,671
Loans and advances to customers	7	54,494	50,847
Tangible and intangible assets	8,17	55	77
Tax assets	9	11	14
Other assets	10	247	283
Total assets		**73,691**	**71,060**
Liabilities			
Derivatives	3	1,105	1,121
Amounts due to banks	11	1,401	1,947
Amounts due to customers	12	56,153	54,910
Debt certificates	13	9,322	7,935
Subordinated debts	14	997	500
Provisions	15	405	44
Tax liabilities	9	20	82
Other liabilities	16,17	240	430
Total liabilities		**69,643**	**66,969**
Equity			
Share capital	18	381	381
Reserves	18	3,225	2,981
Net result for the period	18	144	431
AT1 capital securities	18	298	298
Total equity		**4,048**	**4,091**
Total equity and liabilities		**73,691**	**71,060**

Consolidated income statement

in € millions	Notes	2024	2023
Income			
Interest income	24	2,230	2,037
Interest expense	24	1,103	734
Net interest income		**1,127**	**1,303**
Fee and commission income	25	191	171
Fee and commission expenses	25	114	107
Net fee and commission income		**77**	**64**
Investment income (losses)	26	-14	-54
Other results on financial instruments	27	118	101
Total income		**1,308**	**1,414**
Expenses			
Staff costs	28	721	487
Depreciation and amortisation of tangible and intangible assets	8	27	23
Other operating expenses	29	392	298
Total operating expenses		**1,140**	**808**
Impairment charges (releases) on financial assets	30	-51	15
Total expenses		**1,089**	**823**
Result before taxation		**219**	**591**
Taxation	31	75	160
Net result for the period		**144**	**431**
Attributable to:			
Owners of the parent company		144	431

Consolidated total comprehensive income

in € millions	2024	2023
Net result for the period	144	431
Other comprehensive income (after taxation):		
Items that are reclassified to the income statement:		
Change in cashflow hedge reserve	-2	-2
Change in fair value reserve	1	65
Total items that are reclassified to the income statement (after taxation)	**-1**	**63**
Total comprehensive income for the period (after taxation)	**143**	**494**
Attributable to:		
Owners of the parent company	143	494

Consolidated statement of changes in equity 2024

in € millions	Notes	Issued share capital	Share premium reserve	Cashflow hedge reserve	Fair value reserve	Other reserves including retained earnings	Net result for the period	AT1 capital securities	Total equity
Balance as at 1 January 2024		**381**	**3,537**	**15**	**-81**	**-490**	**431**	**298**	**4,091**
Transfer of net result						**267**	**-267**		0
Unrealised revaluations				0	-12				-12
Realised revaluations through P&L				-2	13				11
Other comprehensive income				**-2**	**1**				**-1**
Net result							144		144
Total result 2024				**-2**	**1**		**144**		**143**
Paid interest on AT1 capital securities	18					-21			-21
Dividend	18						-164		-164
Transactions with owners of the company						**-21**	**-164**		**-185**
Other movements						-1			-1
Total changes in equity				**-2**	**1**	**245**	**-287**		**-43**
Balance as at 31 December 2024		**381**	**3,537**	**13**	**-80**	**-245**	**144**	**298**	**4,048**

Consolidated statement of changes in equity 2023

in € millions	Notes	Issued share capital	Share premium reserve	Cashflow hedge reserve	Fair value reserve	Other reserves including retained earnings	Net result for the period	AT1 capital securities	Total equity
Balance as at 1 January 2023		**381**	**3,537**	**17**	**-146**	**-570**	**191**	**298**	**3,708**
Transfer of net result						**101**	**-101**		0
Unrealised revaluations				0	24				24
Realised revaluations through P&L				-2	41				39
Other comprehensive income				**-2**	**65**				**63**
Net result							431		431
Total result 2023				**-2**	**65**		**431**		**494**
Paid interest on AT1 capital securities	18					-21			-21
Dividend	18						-90		-90
Transactions with owners of the company						**-21**	**-90**		**-111**
Total changes in equity				**-2**	**65**	**80**	**240**		**383**
Balance as at 31 December 2023		**381**	**3,537**	**15**	**-81**	**-490**	**431**	**298**	**4,091**

Consolidated cashflow statement

in € millions	Notes[1]	2024	2023
Cashflow from operating activities			
Result before taxation		219	591
Adjustments for			
Depreciation and amortisation of tangible, intangible assets and right-of-use assets	8,17	27	23
Changes in other provisions and deferred tax	9,15	362	29
Impairment charges and reversals on financial assets	30	-51	15
Unrealised results on investments through profit or loss	26	-78	68
Tax paid		-133	-54
Changes in operating assets and liabilities			
Change in advances to customers	7	-3,647	-1,881
Change in liabilities to customers	12	1,243	-2,240
Change in derivatives assets	3	403	758
Change in derivatives liabilities	3	-16	197
Change in advances to banks	6	-2,039	2,213
Change in liabilities to banks	11	-546	-858
Change in trading portfolio	5	17	10
Change in other operating activities		-47	-355
Net cashflow from operating activities		**-4,286**	**-1,484**
Cashflow from investment activities			
Sale and redemption of investments	5	2,695	3,490
Purchase of property and equipment	8	-5	-10
Purchase of investments	5	-3,077	-4,348
Net cashflow from investment activities		**-387**	**-868**
Cashflow from finance activities			
Proceeds from subordinated loans	14	496	0
Proceeds from debt certificates	13	15,514	1,303
Repayment of subordinated loans	14	0	0
Repayment of debt certificates	13	-14,192	-944
Payment of lease liabilities	17	-17	-16
Interest paid on AT1 capital securities	18	-21	-21
Dividends paid	18	-164	-90
Net cashflow from financing activities		**1,616**	**232**
Net increase of cash and cash equivalents		**-3,057**	**-2,120**
Cash and cash equivalents at beginning of period	2	5,891	8,011
Change in cash and cash equivalents	2	-3,057	-2,120
Cash and cash equivalents at end of period		**2,834**	**5,891**

in € millions	Notes[1]	2024	2023
Additional disclosure with regard to cashflows from operating activities			
Interest received		1,773	1,591
Dividends received		0	0
Interest paid		983	589

1 The references next to the items relate to the notes to the consolidated financial statements.

Notes to the consolidated financial statements

Accounting principles for the consolidated financial statements

This section describes de Volksbank's material accounting policies and critical accounting estimates or judgements relating to the consolidated annual financial statements. If an accounting policy or a critical accounting estimate relates to a specific note, it is included in the disclosures of the relevant note.

To combine disclosures where possible and to reduce duplication, the IAS 1 capital management disclosures and IFRS 7 risk disclosures regarding financial instruments have been integrated in Section Risk management for those marked with the label 'Audited'. These disclosures are an integral part of the consolidated annual financial statements and as such, support the compliance to these IFRS Accounting Standards requirements.

General information

De Volksbank N.V. (referred to as 'de Volksbank'), is a public limited liability company incorporated under the laws of the Netherlands. De Volksbank is a retail bank with sustainable business operations that provides services to private individuals, self-employed persons and small businesses in The Netherlands. In addition, de Volksbank finances activities related to the sustainable energy sector such as wind and solar energy production. De Volksbank's registered office is located at Croeselaan 1, 3521 BJ Utrecht, The Netherlands (CoC 16062338 of Utrecht). All shares in de Volksbank are held by *Stichting administratiekantoor beheer financiële instellingen (NLFI)*.

Adoption of the financial statements
The consolidated financial statements of de Volksbank for the year ended 31 December 2024 were drawn up by the Executive Board and authorised for publication following approval by the Supervisory Board on 13 March 2025. The financial statements will be submitted for adoption to the General Meeting of Shareholders which will be held in April 2025. The General Meeting of Shareholders is permitted to amend the financial statements.

Basis of preparation

Statement of IFRS Accounting Standards compliance
De Volksbank prepares the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS Accounting Standards), as adopted within the European Union. Pursuant to the option offered under Book 2, Title 9 of the Dutch Civil Code, de Volksbank prepares its company financial statements in accordance with the same accounting principles as those used for the consolidated financial statements. The presentation and notes in the company financial statements are based on Title 9, Book 2 of the Dutch Civil Code.

De Volksbank's annual financial statements have been prepared on going-concern basis and there are no significant doubts about the ability of de Volksbank to continue as a going concern.

Changes in published Standards and Interpretations effective in 2024
In 2024, the following standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) respectively, became effective and were adopted by the European Union:

- Amendments to IAS 1 Presentation of financial statements:
  - Classification of Liabilities as Current or Non-current
  - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
  - Non-current Liabilities with Covenants
- Amendments to IFRS 16 Leases:
  - Lease Liabilities in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:
  - Disclosures: Supplier Finance Arrangements

None of the above-mentioned amendments have a material impact on the financial statements.

Interpretations of existing standards or amendments to standards, not yet effective in 2024
The following new standards, amendments to existing standards and interpretations, published prior to 1 January and effective for accounting periods beginning on or after 1 January 2025 were not early adopted by de Volksbank.

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (endorsed by the EU)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (Endorsed by the EU)
- Annual Improvements Volume 11 (not yet endorsed by the EU)
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (not yet endorsed by the EU)
- IFRS 18 Presentation and Disclosure in Financial Statements (not yet endorsed by the EU)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (not yet endorsed by the EU)

Although the expected impact of the amendments and improvements stemming from IFRS 18 are currently under review, it is not expected that these will have a material impact on the financial statements. The effect of IFRS 18 and IFRS 19 is explained in more detail below.

IFRS 18 Presentation and Disclosure in Financial Statement
In April 2024 the IASB published the new standard IFRS 18 Presentation and Disclosure in Financial Statement which will replace IAS 1 Presentation of Financial Statement.

IFRS 18 sets out general and specific requirements for presentation and disclosures in financial statements with focus on the income statement and reporting of financial performance. This standard also sets out requirements for the disclosure of information in the notes and enhanced requirements for grouping (aggregation and disaggregation) of information.
The new standard is effective for annual reporting periods beginning on or after 1 January 2027. The standard is not yet endorsed by the EU.

As IFRS 18 will not change de Volksbank's recognition and measurement in profit or equity, it will impact the structure of the income statement and disclosures of management-defined performance measures.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024 the IASB issued IFRS 19 Subsidiaries without Public Accountability: Disclosures. The new standard is effective for annual reporting periods beginning on or after 1 January 2027. The standard is not yet endorsed by the EU. This standard specifies disclosure requirements that certain entities are allowed to apply instead of the disclosure requirements in other IFRS Accounting Standards. This standard will not have a significant impact on financial reporting of subsidiaries of de Volksbank neither on the bank's consolidated financial statements.

Changes in accounting policies, estimates and presentation
Accounting policy change
In 2024 no changes in accounting policies were made.

Change in accounting estimates
In 2024 no changes in accounting estimates were made.

Presentation change
In 2024, de Volksbank changed the presentation of savings in the consolidated statement of financial position, the cashflow statement and the notes. As of this year, the amounts previously presented in the line items Savings (€ 45,638 million) and other amounts due to customers (€ 10,515 million) in the statement of financial position are combined into the new line item amounts due to customers. The amount due to customers amounts to € 56,153 million. De Volksbank believes this change further improves comparability with other banks.
Comparative figures in the statement of financial position of Savings and Other amounts due to customers have been adjusted accordingly to Amounts due to customers, respectively for the amounts of € 11,287 million and € 43,623 million to € 54,910 million; in the cash flow statement the change in Savings of € 878 million is included in the line item Change in liabilities to customers.

Accounting principles for the consolidated financial statements

The accounting principles set out below have been applied consistently to all the periods presented in these consolidated financial statements. All subsidiaries applied the accounting principles consistently, for the purposes of these consolidated financial statements.

Functional currency and reporting currency
The consolidated financial statements have been prepared in millions of euros (€). The euro is the functional and reporting currency of de Volksbank. All financial data presented in euros are rounded to the nearest million, unless stated otherwise. Counts are based on unrounded figures.

Material accounting policies
The use of judgements, estimates and assumptions in the preparation of the financial statements
The preparation of the consolidated financial statements requires de Volksbank to make judgements, estimations and assumptions based on complex and subjective opinions and best estimates. These estimates have a significant impact on the reported amounts of assets and liabilities and the contingent assets and liabilities at the balance sheet date, and the reported income and expenses for the financial year. In this regard, management judges situations on the basis of available information and financial data which could potentially change going forward. Although the estimates are made to the best of the managements knowledge, actual results may differ from these estimates and the use of other propositions or data may lead to materially different results.

Judgements, estimations and assumptions are reviewed on a regular basis. The impact of changes in estimates on the accounting outcome is recognised in the period in which the estimate is revised or in the period of revision and future periods if the revision impacts both the reporting period and future periods.

Valuation of certain balance sheet items is highly dependent on the use of judgements, estimations and assumptions. Further disclosure is made on the use of judgements, estimations and assumptions in the specified accounting principles of these balance sheet items. The use of judgements, estimates and assumptions in determining the fair value of financial instruments, for both balance sheet valuations and disclosures, relates to the items below. For detailed information and disclosure of the accounting judgements, estimates and assumptions reference is made to the next sections and the notes to the financial statements items.
- Impairment losses on loans and receivables – refer to Section Provisioning methodology;
- Valuation of fair value of financial instruments (including prepayment assumption mortgages and amortisation hedge accounting) – refer to Note 20 Specific disclosures of financial instruments;
- Employee benefits, restructuring provisions and other provisions– refer to Note 15 Provisions;
- Outcome of legal and/or arbitration proceedings - refer to Note 19 Contingent liabilities and commitments and Legal proceedings.

Basis for consolidation
Subsidiaries, i.e. all companies and other entities, including special purpose entities, which are controlled by de Volksbank, are consolidated in accordance with IFRS 10 Consolidated Financial Statements.

Subsidiaries are fully consolidated from the date on which control is transferred to de Volksbank. They are de-consolidated from the date control ceases. The financial statements of these subsidiaries, drafted for the purpose of de Volksbank's financial statements, are fully consolidated and aligned with the accounting principles applied by de Volksbank. Non-controlling interests are initially stated at their share in the fair value of the net assets on the acquisition date and subsequently adjusted for the non-controlling share in changes in the subsidiary's equity.

De Volksbank accounts for business combinations when control is obtained by the bank. All items of the consideration are measured and recognised at fair value at acquisition date. The excess of consideration over the share of the fair value of the identifiable net assets acquired is recorded as goodwill. Transaction costs in connection to the purchase of the business combination are expensed as incurred.

Elimination of group transactions
Intra-group transactions, intra-group balances and unrealised gains and losses arising from intra-group transactions are eliminated in the preparation of the consolidated financial statements.

Unrealised gains on transactions between de Volksbank and its associates are eliminated to the extent of de Volksbank’s interest in these investments.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Segmented information
The Financial Plan & Budget and the main internal financial management reports of de Volksbank are discussed and decided upon by the Executive Committee of de Volksbank. Therefore, the ‘Chief Operating Decision Maker’ (CODM) as described in IFRS 8 Operating Segments is the Executive Committee of de Volksbank. When deciding on the deployment of resources and performance measurement, the CODM of de Volksbank does not distinguish between the different brands or products. Based on the analysis of the requirements of IFRS 8 the bank operates and reports a single segment.

Foreign currencies
Upon initial recognition, transactions in foreign currencies are converted into euros against the exchange rate at the transaction date. Monetary balance sheet items denominated in foreign currencies are translated into euros at the exchange rate applicable on the reporting date. Exchange rate differences from these transactions and from converting monetary balance sheet items expressed in foreign currencies are recorded in the income statement under ‘investment income’ or ‘results on financial instruments’, depending on the balance sheet item to which they relate.

Accounting based on transaction date and settlement date
All purchases and sales of financial instruments, which have been settled in accordance with standard market practices, are recognised on the transaction date, more specifically, the date on which de Volksbank commits itself to buy or sell the asset or liability. We use settlement date accounting for 'loans and advances to customers' and 'amounts due to customers'.

Classification of financial assets
De Volksbank measures financial assets at amortised cost only if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Business model assessment
De Volksbank determines its business model based on the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed. The expected frequency, value and timing of sales are also important aspects of de Volksbank’s assessment. If cash flows, after initial recognition, are realised in a way that is different from our original expectations (eg. cash flow realisation by selling a debt security that was held in a Hold to Collect business model), de Volksbank does not change the classification of the remaining financial assets held in that Hold to Collect business model, but incorporates such information when assessing the proper business model classification of newly originated or newly purchased financial assets going forward.

The SPPI test
As a second step in the financial assets classification process de Volksbank assesses the contractual terms of the financial asset to identify whether they, on specified dates, give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, de Volksbank applies judgement and considers relevant factors such as the period for which the interest rate has been set. In contrast, contractual terms that create more than a minimal exposure to risks or volatility in cash flows, unrelated to a basic lending arrangement, do not result in cash flows consisting solely of principal and interest payments. In such cases, the financial asset is required to be measured at fair value through profit or loss.

De Volksbank issues loans containing features that change the contractual cash flows based on the borrower meeting certain contractually specified environmental criteria (ESG linked loans). Based on the analysis of these loans de Volksbank concluded that the ESG feature results in a de minimis exposure to risks or volatility in the contractual cash flows. Therefore, the ESG-linked loans meet the SPPI test and are measured at amortised cost using the effective interest method.

Derecognition
A financial asset is derecognised when the rights to receive cashflows from the asset have expired. De Volksbank also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition. A transfer only qualifies for derecognition if de Volksbank has:
- Transferred substantially all the risks and rewards of the asset; or
- Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and liabilities are offset and the net amount is reported on the balance sheet if there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the items on a net basis, or to settle the asset and the liability simultaneously. There is an enforceable right to set off, provided it is not dependent on a future event and is legally enforceable under normal circumstances as well as in bankruptcy. If these conditions are not met, amounts will not be offset.

Cashflow statement
The cashflow statement is prepared according to the indirect method, and distinguishes between cashflows from operational, investment and financing activities. Cashflows in foreign currency are converted at the exchange rate applicable on the transaction date. With regard to cashflow from operations, operating results before taxation are adjusted for gains and losses that did not result in income and payments in the same financial year and for movements in provisions and accrued and deferred items.

Investments in subsidiaries and associates are stated under cashflow from investing activities. The cash and cash equivalents available at the acquisition date are deducted from the purchase price.

In the context of the cashflow statement, cash and balances at central bank are equal to the balance sheet item cash and balances at central bank.

Acquisitions and disposals
In 2024 and in 2023 there were no acquisitions or disposals of businesses.

1. Financial assets and liabilities

Overview of financial assets and liabilities by measurement base 2024

in € millions	Amortised cost	Fair value through OCI	Fair value through P&L	Total
Cash and balances at central banks	2,834	--	--	2,834
Derivatives	--	--	2,141	2,141
Investments	3,256	3,931	12	7,199
Loans and advances to banks	6,710	--	--	6,710
Loans and advances to customers	54,494	--	--	54,494
Other assets	247	--	--	247
Total financial assets	**67,541**	**3,931**	**2,153**	**73,625**
Derivatives	--	--	1,105	1,105
Amounts due to banks	1,401	--	--	1,401
Amounts due to customers	56,085	--	68	56,153
Debt certificates	9,322	--	--	9,322
Subordinated debt	997	--	--	997
Other liabilities	240	--	--	240
Total financial liabilities	**68,045**	**--**	**1,173**	**69,218**

Overview of financial assets and liabilities by measurement base 2023

in € millions	Amortised cost	Fair value through OCI	Fair value through P&L	Total
Cash and balances at central banks	5,891	--	--	5,891
Derivatives	--	--	2,544	2,544
Investments	3,426	3,279	28	6,733
Loans and advances to banks	4,671	--	--	4,671
Loans and advances to customers	50,847	--	--	50,847
Other assets	283	--	--	283
Total financial assets	**65,118**	**3,279**	**2,572**	**70,969**
Derivatives	--	--	1,121	1,121
Amounts due to banks	1,847	--	100	1,947
Amounts due to customers	54,910	--	--	54,910
Debt certificates	7,935	--	--	7,935
Subordinated debt	500	--	--	500
Other liabilities	430	--	--	430
Total financial liabilities	**65,622**	**--**	**1,221**	**66,843**

2. Cash and balances at central banks

Accounting policy for cash and balances at central banks
Cash and balances at central banks includes cash, the overnight deposits with the Dutch Central Bank (*DNB*) and advances from the activities to credit institutions with an original remaining maturity of less than one month. These receivables are measured at amortised cost using the effective interest method.

This item does not include the restricted cash at DNB, which is included in note 6 Loans and advances to banks.

Cash and balances at central banks

in € millions	2024	2023
Balances held at central banks	2,763	5,824
Short-term bank balances	38	39
Cash	33	28
Total	**2,834**	**5,891**

3. Derivatives

Accounting policy for Derivatives
Derivatives are recognised at fair value upon entering into the contract and are subsequently measured at fair value. The fair value of publicly traded derivatives is based on listed prices.

The fair value of non-publicly traded derivatives depends on the type of instrument and is based on a discounted cashflow model or an option valuation model. De Volksbank recognises derivatives with a positive market value as assets and derivatives with a negative market value as liabilities.

Derivatives by type

in € millions	2024			2023		
	Nominal amounts	Fair value		Nominal amounts	Fair value	
		Positive	Negative		Positive	Negative
Macro fair value hedge - interest rate	47,882	1,655	664	35,597	2,038	592
Micro fair value hedge - interest rate	161	10	--	211	10	1
Total fair value hedge	**48,043**	**1,665**	**664**	**35,808**	**2,048**	**593**
Cash flow hedge - currency contracts	**2**	**--**	**--**	**18**	**--**	**--**
Economic hedge - interest rate	729	13	3	805	18	7
Economic hedge - currency	8,561	36	13	4,909	33	85
Total economic hedge	**9,290**	**49**	**16**	**5,714**	**51**	**92**
Trading- interest rate	11,080	30	33	10,717	49	44
Trading- currency	25,864	397	392	26,155	396	392
Total trading	**36,944**	**427**	**425**	**36,872**	**445**	**436**
Total	**94,279**	**2,141**	**1,105**	**78,412**	**2,544**	**1,121**

Most derivatives are held to hedge against undesired markets risks. This is explained in Note 4 Hedging and hedge accounting.

Economic hedges relate to the hedges that are held for balance sheet management, for which no hedge accounting is applied.

The nominal amounts show the units of account that relate to the derivatives, indicating the relationship with the underlying values of the primary financial instruments. These nominal amounts provide no indication of the size of the cashflows, and the market and credit risks related to the transactions.

4. Hedging and hedge accounting

Accounting policy for Hedging and Hedge Accounting
De Volksbank uses derivatives as part of its asset and liability management and risk management. Derivatives are used to hedge interest rate and foreign currency risks in assets and liabilities. The accounting treatment of the hedged item and the hedging instrument depends on whether the hedge relationship qualifies for hedge accounting in accordance with the EU carve out version of IAS 39 Financial Instruments: Recognition and Measurement.

Under IFRS Accounting Standards, derivatives are measured at fair value in the balance sheet and any change in the fair value is accounted for in the income statement. In the event that changes in fair value of hedged risks are not recognised through the income statement, an accounting mismatch occurs, causing volatility in the results. In these cases, hedge accounting is applied (when possible) to mitigate as much as possible the accounting mismatch and volatility. The IFRS 9 standard provides users with the option of starting to apply the IFRS 9 hedge accounting rules or to continue to apply the (EU carve out version of) IAS 39 hedge accounting rules. De Volksbank has decided to continue to apply the EU carve out version of IAS 39 hedge accounting requirements. De Volksbank designates certain derivatives as a hedge of either:
- The risk of changes in the fair value of a recognised asset or liability or firm commitment (fair value hedge); or
- The variability of future cashflows that can be attributed to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cashflow hedge).

Both at the inception of the hedge accounting and on an ongoing basis, de Volksbank assesses whether the derivatives used in its hedging transactions have been highly effective in offsetting changes in the fair value or variability of the cashflows of the hedged item, insofar as they are attributable to the hedged risk, and the actual results remain within a range of 80% to 125% of the expected outcome. Hedge ineffectiveness and gains and losses on components of a derivative that are excluded from the assessment of hedge effectiveness are recorded directly in the income statement in the line item Other results on financial instruments. Hedge ratios follow from the choices made for hedging of interest and currency risks. Ineffectiveness in hedge relationships might be caused by differences in maturities of the swap and the hedged item; and by the fair value of the floating leg of the interest rate swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate.

De Volksbank discontinues hedge accounting when the hedge relationship ceased to be effective or when the derivative or hedged item is sold or otherwise terminated.

The changes in fair value for derivatives that hedge economic risks and do not comply with the conditions of the EU carve out version of IAS 39 for hedge accounting or for which it is not cost-efficient to apply hedge accounting, are recognised directly in the income statement.

Fair value hedge accounting
Derivatives that are designated as hedging the fair value of recognised assets or liabilities are recognised as a fair value hedge. Gains or losses on remeasurement of both the hedging instrument and the hedged item are recognised in the Income statement within Other results on financial instruments.

The same goes for the corresponding adjustment of the fair value of the hedged asset or hedged liability attributable to the specific hedged risk. Hedge effectiveness for fair value hedges is measured as the amount by which the changes in fair value of the derivatives compensates the changes in the fair value of the hedged item.

When a fair value hedge of interest rate risk is terminated, any value adjustment to the carrying amount of the hedged item is amortised to the income statement. The approach determines the amortisation period on the underlying remaining interest rate maturity of the hedged item. As a result, value adjustments for individual contracts are amortised over the respective maturity bucket. The moment the hedged position is no longer recognised, i.e. is sold or redeemed, the non-amortised part of the fair value adjustment of the hedged asset is recognised directly in the profit or loss.

De Volksbank applies fair value hedge accounting for portfolio hedges of interest rate risk as allowed under the EU carve out version of IAS 39. The EU carve out enables a group of derivatives (or proportions thereof) to be viewed in combination and jointly designated as the hedging instrument in the bank's macro fair value hedging models and removes some of the limitations in macro fair value hedge accounting with respect to under hedging strategies. In addition, some restrictions on under-hedging strategies for fair value macro hedge accounting do not apply. De Volksbank applies micro fair value hedging to hedge separate hedged positions, which may be assets or liabilities.

Cashflow hedge accounting
Derivatives can be designated to hedge the risk of variability of future cashflows of a recognised asset or liability or highly probable forecast transaction. Hedge ineffectiveness for cashflow hedges is measured as the amount by which the changes in the fair value of the derivative are in excess of changes in the fair value of the expected cashflow in the cashflow hedge. The effective part of any gain or loss on remeasurement of the hedging instrument is recognised directly in the cashflow hedge reserve as a separate component of total equity. Any ineffective part of the cashflow hedge is recognised in Other results on financial instruments immediately. The valuation of the hedged item included in the cashflow hedge relationship, remains unchanged.

If the forecast transaction leads to the recognition of an asset or a liability, the accumulated gains and losses that were previously taken to the cashflow hedge reserve are transferred to the income statement and classified as income or expense in the period during which the hedged transaction influences the result.

If the hedging instrument itself expires or is sold or terminated, or no longer meets the conditions for hedge accounting, the accumulated result that was included in the cashflow hedge reserve fully remains in the cashflow hedge reserve in other comprehensive income (OCI) until the expected transaction occurs.

If the hedged transaction is no longer expected to occur, the accumulated result reported in OCI is directly recycled to the income statement.

Hedging
De Volksbank uses derivatives for the following objectives:
- To manage interest rate risk in the banking book and trading book;
- To hedge foreign exchange risks by converting non-euro funding and investments into euro;
- To use as economic hedging instrument for the prepayment risk on mortgage loans.

For a total overview of the derivatives, see Note 3 Derivatives.

Hedge accounting
In most of the hedging strategies explained above, de Volksbank applies hedge accounting. In addition to the main distinction between fair value hedges and cashflow hedges, there is also a distinction between micro hedges and macro hedges in hedge accounting. Micro hedging is a technique used to hedge individual contracts. Macro hedging is a technique used to hedge the risk on a portfolio of contracts. The types of hedge accounting applied by de Volksbank are explained below.

Fair value hedges
Hedging the interest rate risk in the banking book (macro hedge)
The portfolio hedged comprises fixed-rate mortgages of de Volksbank. The hedging instruments are interest rate swaps entered into as part of the interest rate risk management in the ALM process. The risk hedged is the risk of change in fair value of the portfolio attributable to movements in market interest rates. The hedge is set up and terminated at least once a month. Effectiveness assessments are performed on a prospective and retrospective basis and are measured using the dollar offset method.

Hedging the interest rate risk on investments (macro hedge)

The interest rate risk on fixed-income investments is hedged by swapping the coupon to a floating interest rate with interest swaps. The country or credit spread risk component is not hedged. The hedges provide protection for the risk of change in fair value of the portfolio attributable to movements in market interest rates of the relevant fixed-income investments. The hedge is set up and terminated at least once a month. Effectiveness assessments are performed on a prospective and a retrospective basis and are measured using the dollar offset method.

Hedging the interest rate risk on funding (macro hedge)

The interest rate risk on fixed rate funding transactions is hedged by swapping the coupons to €STR with interest swaps. The hedges provide protection for the risk of change in fair value of the portfolio attributable to movements in market interest rates of the relevant fixed rate funding transactions. The hedge is set up and terminated at least once a month. Effectiveness assessments are performed on a prospective and a retrospective basis and are measured using the dollar offset method.

Hedging the interest rate risk on funding (micro hedge)

Furthermore, de Volksbank conducts micro hedging for certain funding transactions to convert fixed-rate funding into floating interest rates by means of interest rate swaps. If such funding is denominated in a foreign currency, cross-currency swaps are entered into. The hedge is set up once and will not be terminated. Effectiveness assessments are performed on a prospective and retrospective basis and are measured using the dollar offset method.
In addition to converting foreign currencies into euros and fixed-rate funding into floating-rate funding, de Volksbank also uses derivatives to convert structured funding into floating-rate funding. In structured funding, the funding charge is related to, for example, developments in an equity index or inflation. The funding programme also includes interest rate structures such as floating-rate coupons with a multiplier or a leverage factor. De Volksbank fully hedges the structured element and the interest rate risk on these structures.

Cashflow hedges

Hedging floating interest rate cashflows

To reduce the variable interest rate cashflow risk arising from some specific investments or loans, de Volksbank applies micro cashflow hedge accounting by means of interest rate swaps and, if such investment or loan is denominated in a foreign currency, cross-currency interest rate swaps. By using these cross-currency interest rate swaps not only the variability in cashflows, but also the foreign exchange risk arising from the investments or loans is fully hedged, on the whole resulting in euro investments or loans. To apply micro hedge accounting, the hedged item (investment or loan) and the hedging instrument (derivative) are linked together in specific hedge relationships. Prospective effectiveness testing consists of matching the critical terms at inception of the hedge, retrospective effectiveness testing consists of a monthly comparison of the change in the fair value of the hedged cashflows and the fair value of the hedging instrument.
The accrued value of the derivatives is included in total equity over the remaining term of the hedge. The value accrued in total equity was less than € 1 million as at 31 December 2024 (2023: also less than € 1 million).

In the years prior to 2019, de Volksbank also applied macro cashflow hedge accounting to hedge the risk of floating interest rate cashflows on the cash position, floating interest rate mortgages, quotations and floating-rate funding by entering into interest rate swaps and basis swaps. These hedges no longer exist. The value of these former hedges accrued in total equity was € 18 million positive (gross) as at 31 December 2024 (2023: € 20 million positive (gross)).

Hedged items in fair value hedges

	Carrying amount of the hedged item		Accumulated amount of fair value hedge adjustments on the hedged item	
in € millions	2024	2023	2024	2023
ASSETS				
Macro fair value hedges				
Loans and advances - interest rate risk	13,841	13,445	-1,093[1]	-1,306[2]
Investments FVOCI - interest rate risk	3,175	2,231	-9	-63
Investments AC - interest rate risk	1,720	1,911	-53	-92
LIABILITIES				
Macro fair value hedges				
Issued debt - interest rate risk	3,834	--	12	--
Issued subordinated debt - interest rate risk	997	--	-2	--
Micro fair value hedges				
Issued debt - interest rate risk	161	214	7	7

1 The macro hedge adjustment of € 1,093 million negative consists of € 810 million negative active hedges and € 283 million negative for discontinued hedges which are amortised.
2 The macro hedge adjustment of € 1,306 million negative consists of € 1,198 million negative active hedges and € 108 million negative for discontinued hedges which are amortised.

Effectiveness fair value hedges

in € millions	2024	2023
Fair value movements hedging instruments	-274	-866
Fair value movements hedged item attributable to hedged risks	277	882
Ineffectiveness macro fair value hedges	**3**	**16**
Fair value movements hedging instruments	-1	3
Fair value movements hedged item attributable to hedged risks	2	-2
Ineffectiveness micro fair value hedges	**1**	**1**

The ineffectiveness of fair value hedges is recognised in the income statement within Other results on financial instruments. The ineffectiveness of cash flow hedges was less than € 1 million at year-end 2024 and 2023.

Nominal amount hedging instruments in micro fair value hedges 2024

	Maturity				Fair value	
in € millions	≤1 year	> 1 year - 5 years	> 5 years	Total	Positive	Negative
Issued debt	14	55	92	161	10	--
Interest rate risk micro hedges	**14**	**55**	**92**	**161**	**10**	**--**

Nominal amount hedging instruments in micro fair value hedges 2023

	Maturity				Fair value	
in € millions	≤1 year	> 1 year - 5 years	> 5 years	Total	Positive	Negative
Issued debt	50	69	92	211	10	1
Interest rate risk micro hedges	**50**	**69**	**92**	**211**	**10**	**1**

The weighted average fixed rate of the interest rate swaps (receivers) included in micro hedge relationships is 4.5% as at 31 December 2024 (4.7% as at 31 December 2023).

5. Investments

Accounting policy for Investments at Amortised cost

An investment in debt instruments is measured at amortised cost if it is held as part of a portfolio with an underlying business model to collect contractual cash flows until maturity (hold to collect (HTC)). The cash flows of the investment shall solely consist of interest payments and principal repayments (Solely Payments of Principal and Interest, or SPPI).

Accounting policy for Investments at fair value through other comprehensive income (OCI)

An investment in debt instruments is measured at fair value through OCI less any impairment losses if it is held as part of a portfolio with an underlying business model to collect contractual cash flows and to sell in the interim (hold to collect and sale (HTCS)). The cash flows of the investment in debt instruments shall solely consist of interest payments and principal repayments. When the investments are sold, the related accumulated fair value adjustments are recognised in the income statement as Investment income. De Volksbank applies the average cost method to determine these results, where necessary.

Accounting policy for Investments at fair value through profit or loss

An investment in debt or equity instruments is measured at fair value through profit or loss if it is held as part of a portfolio with an underlying business model that qualifies as 'other' and/or the investment does not meet the IFRS 9 criteria that the cash flows of the investment solely consist of interest payments and principal. The business model 'other' is a business model that does not qualify as HTC or HTCS and may consist of trading portfolios. Realised and unrealised gains and losses are recognised directly in the income statement under Investment income. Interest income earned on securities is recognised as interest income. Dividend received is recorded under Investment income.

Fair value changes of equity investments are recognised in profit or loss or in OCI following an irrevocable election at initial recognition. This choice is made separately for each equity investment.

Accounting policy for impairment losses of investments
An expected credit loss (ECL) model is applied to financial assets valued at amortised cost and to financial assets valued at fair value through other comprehensive income (OCI). Under the ECL model, de Volksbank calculates the probability that a default (PD) occurs at different moments in time. This is multiplied by the difference between contractual cash flows due and the expected cash flows to be received, i.e. cash shortfall. The provision is the sum of all cash shortfalls multiplied by the PD at the different moments in time. The ECL calculations contain information about the past, present and future. In order to calculate the ECL, the applicable PD, EAD and LGD are multiplied and discounted.

Impairment losses for interest-bearing investments measured at amortised cost or fair value through OCI are determined based on ECL's. Impairment losses are recognised directly in the income statement under Impairment charges (reversals) of financial assets. For further information on impairment losses on financial assets and the model-based assumptions for the determination of ECL, please refer to Section 4.4.4 Provisioning methodology.

Overview of investments

in € millions	Equity securities 2024	Equity securities 2023	Debt securities 2024	Debt securities 2023	Total 2024	Total 2023
Amortised cost	--	--	3,256	3,426	3,256	3,426
Fair value through OCI	4	3	3,927	3,276	3,931	3,279
Fair value through P&L	12	11	--	17	12	28
Total	**16**	**14**	**7,183**	**6,719**	**7,199**	**6,733**

The total value of investments increased from € 6,733 million in 2023 to € 7,199 million in 2024.
As in 2023, all debt securities were allocated to stage 1. The provision for credit losses on debt securities amounted € 7 million (2023: € 7 million).

At year-end 2024, part of the securities were pledged as collateral for derivative contracts and collateral with DNB, totalling € 520 million. In 2023, in addition collateral was pledged for repurchase contracts, recognised as amounts due to banks. For more details, refer to Note 22 Transferred and encumbered assets.

As in 2023 , there were no realised amounts from the HTC portfolio.

At the end of 2024, de Volksbank invested in certain debt securities issued by securitisation vehicles set up by other parties, and outside the scope of de Volksbank's consolidation, amounting to € 222 million (2023: € 117 million). The increase is the result of five investments in 2024 in the highest tranche of Dutch Residential Mortgage-Backed Securities, partially offset by two full redemptions.
All outstanding debt securities concern mortgage-backed investments with an investment grade rating, which expose the bank to limited credit risk by being senior in the payment waterfall of the securitisation vehicles.

Statement of changes in equity securities

in € millions	Fair value through OCI 2024	Fair value through OCI 2023	Fair value through P&L 2024	Fair value through P&L 2023	Total 2024	Total 2023
Opening balance	3	3	11	9	14	12
Purchases and advances	1	--	--	--	1	--
Disposals	--	--	-2	--	-2	--
Revaluations	--	--	3	2	3	2
Closing balance	**4**	**3**	**12**	**11**	**16**	**14**
(Amortised) cost price	4	3	12	11	16	14
Provision for credit losses	--	--	--	--	--	--
Unrealised gains (losses)	--	--	--	--	--	--
Total	**4**	**3**	**12**	**11**	**16**	**14**

Statement of changes in debt securities

in € millions	Amortised cost 2024	Amortised cost 2023	Fair value through OCI 2024	Fair value through OCI 2023	Fair value through P&L 2024	Fair value through P&L 2023	Total 2024	Total 2023
Opening balance	3,426	2,751	3,276	2,803	17	25	6,719	5,579
Purchases and advances	2,020	3,345	1,055	1,003	--	--	3,075	4,348
Disposals	--	--	-363	-686	--	--	-363	-686
Redemptions	-2,218	-2,736	-111	-68	--	--	-2,329	-2,804
Revaluations	--	--	54	213	--	2	54	215
Change in fair value as result of hedge accounting	39	77	--	--	--		39	77
Change in trading portfolio	--	--	--	--	-17	-10	-17	-10
Exchange rate differences	-27	-13	--	--	--	--	-27	-13
Impairments	1		-1	--	--	--	--	--
Accrued interest	--	-3	13	11	--		13	8
Amortisation	15	5	4	--	--	--	19	5
Closing balance	**3,256**	**3,426**	**3,927**	**3,276**	**--**	**17**	**7,183**	**6,719**
(Amortised) cost price	3,258	3,429	4,053	3,455	--	17	7,311	6,901
Provision for credit losses	-2	-3	-5	-4	--	--	-7	-7
Unrealised gains (losses)	--	--	-121	-175	--	--	-121	-175
Total	**3,256**	**3,426**	**3,927**	**3,276**	**--**	**17**	**7,183**	**6,719**

Investments by counterparty

in € millions	Amortised cost 2024	Amortised cost 2023	Fair value through OCI 2024	Fair value through OCI 2023	Fair value through P&L 2024	Fair value through P&L 2023	Total 2024	Total 2023
Equity securities								
Financial corporations	--	--	4	3	12	11	16	14
Debt securities								
General governments	1,986	2,119	2,280	2,108	--	17	4,266	4,244
Credit institutions	944	1,062	902	622	--	--	1,846	1,684
Other financial corporations	196	117	268	214	--	--	464	331
Non-financial corporations	130	128	477	332	--	--	607	460
Total debt securities	**3,256**	**3,426**	**3,927**	**3,276**	**--**	**17**	**7,183**	**6,719**
of which: green and sustainable bonds	*1,291*	*1,510*	*812*	*858*	--	--	*2,103*	*2,368*
Total investments	**3,256**	**3,426**	**3,931**	**3,279**	**12**	**28**	**7,199**	**6,733**

Investments by rating

in € millions	Amortised cost 2024	Amortised cost 2023	Fair value through OCI 2024	Fair value through OCI 2023	Fair value through P&L 2024	Fair value through P&L 2023	Total 2024	Total 2023
AAA	1,551	1,547	2,049	1,734	--	17	3,600	3,298
AA	657	975	886	673	--	--	1,543	1,648
A	652	852	652	484	--	--	1,304	1,336
BBB	71	22	340	385	--	--	411	407
< BBB	--	--	--	--	--	--	--	--
No rating	325	30	4	3	12	11	341	44
Total	**3,256**	**3,426**	**3,931**	**3,279**	**12**	**28**	**7,199**	**6,733**

Investments by country

	Amortised cost		Fair value through OCI		Fair value through P&L		Total	
in € millions	2024	2023	2024	2023	2024	2023	2024	2023
Germany	735	836	875	845	--	--	1,610	1,681
Netherlands	470	510	893	815	--	2	1,363	1,327
France	381	464	568	294	--	--	949	758
Belgium	363	298	456	357	--	17	819	672
Austria	71	119	156	70	--	--	227	189
Luxembourg	160	109	252	241	--	--	412	350
Ireland	25	24	20	5	--	--	45	29
Finland	200	172	32	26	--	--	232	198
Spain	23	22	339	356	--	--	362	378
Japan	323	667	--	--	--	--	323	667
Other countries	505	205	340	270	12	9	857	484
Total	**3,256**	**3,426**	**3,931**	**3,279**	**12**	**28**	**7,199**	**6,733**

6. Loans and advances to banks

Accounting policy for loans and advances to banks
Loans and advances to banks are measured at amortised cost using the effective interest method. Any impairment losses are based on an expected credit loss (ECL) model. This item includes receivables from banks with a remaining maturity of one month or more. This item relates to loans and advances to banks, excluding interest-bearing securities, and demand deposits with the Dutch Central Bank (DNB).

Loans and advances to banks

in € millions	2024	2023
Deposits	6,195	4,163
Mandatory cash reserve at Dutch Central Bank	518	512
Provision for credit losses	-3	-4
Total	**6,710**	**4,671**

Loans and advances to banks by country

in € millions	2024	2023
Germany	613	560
Netherlands	844	862
France	--	73
Austria	118	--
Luxembourg	2	--
Ireland	17	43
Finland	326	577
Switzerland	4,291	1,785
Spain	29	15
Other countries	470	756
Total	**6,710**	**4,671**

Loans and advances to banks are classified in stage 1. The provision for credit losses decreased to € 3 million (2023: € 4 million). In 2024, credit spreads further decreased compared to 2023.

The loans and advances to banks amounted for € 368 million of collateral posted on derivative transactions (2023: € 585 million).

For Mandatory cash reserve at Dutch Central Bank, see also Note 22 Transferred and encumbered assets.

7. Loans and advances to customers

Accounting policy for loans and advances to customers
Loans and advances to customers are measured at amortised cost using the effective interest method.

Provisions for loans and advances to customers
Expected credit loss (ECL) provisions are recognised for credit exposures measured at amortised cost and loan commitments and financial guarantee contracts (off-balance sheet items). Under the ECL model, de Volksbank calculates the probability that a default (PD) occurs at different moments in time. This is multiplied by the difference between contractual cash flows due and the expected cash flows to be received, i.e. 'cash shortfall'. The provision is the sum of all cash shortfalls multiplied by the PD at the different moments in time. The ECL calculations contain information about the past, present and future. In order to calculate the ECL, the applicable PD, EAD and LGD are multiplied and discounted.

A three-stage model is used under IFRS 9. In stage 1, de Volksbank recognises credit exposures that have shown no significant increase of credit risk since initial recognition and a 12-month expected loss is determined. Stage 2 comprises credit exposures that show a significant increase of credit risk relative to initial recognition but that are not credit impaired. For these credit exposures, a lifetime expected credit loss is determined. Credit exposures that are credit impaired are recognised in stage 3, for which also a lifetime expected credit loss is determined. De Volksbank applies a specific default definition for each portfolio for which loan loss provisions are determined under IFRS 9. For more information about the stage allocation process, please refer to Section Provisioning methodology.

Write-off
When writing off a loan, we make a distinction between the waiver of amounts payable and the write-off of a residual debt. The following is a description of these terms:

1. Waiver of amounts payable: a (part of the) loan is written off if the waiver of amounts payable leads to the customer's recovery. The consequence of this is that the customer can meet his or her payment obligations again. Waivers of amounts payable are debited to the credit provision;
2. Write-off of residual debt: there may be a residual debt as a result of a recovery process. This residual debt is fully provisioned for. Any collateral is realised during a period of 6 months after the execution process. After this period, any remaining debt is written off and there is no reasonable expectation of recovery.

Subsequent recoveries of amounts previously written-off are recognised as Impairment charges (releases) on financial assets.

Loans and advances to customers by portfolio

in € millions	Gross carrying amount 2024	Gross carrying amount 2023	Provision for credit losses 2024	Provision for credit losses 2023	Book value 2024	Book value 2023
Residential mortgages	50,915[1]	47,885[1]	-80	-118	50,835	47,767
Consumer loans	67	59	-7	-8	60	51
SME loans	1,393	1,235	-15	-22	1,378	1,213
Other corporate and government loans	2,261	1,850	-40	-34	2,221	1,816
Total	**54,636**	**51,029**	**-142**	**-182**	**54,494**	**50,847**

1 Including IFRS value adjustments of € 1,088 million negative (2023: € 1,316 million negative), consisting of fair value adjustments from hedge accounting and amortisations.

De Volksbank has securitised part of the mortgage loans. The remaining principal of the securitised portfolio amounts to € 8.4 billion (2023: € 8.5 billion), of which € 8.2 billion (2023: € 8.2 billion) is on its own book. There is a limited transfer of risks and benefits for the securitised mortgage loans. Therefore, they are not derecognised from the balance sheet. Further information on securitisation transactions is provided under Note 13 Debt certificates, and for more information on intra-group transactions, see Note 21 Related parties. More information on asset encumbrance can be found in Note 22 Transferred and encumbered assets.

The total provision for loans and advances amounted to € 142 million as at 31 December 2024 (year-end 2023: € 182 million). The decrease in provisions was mainly due to the residential mortgage portfolio and SME loans, this was partially off-set by the increase in provisions for a few individual corporate loans.

More information on loans and advances to customers can be found in Section Provisioning methodology which describes the breakdown of the stages and gives information on the models used and in Section Figures, ratios and trends up to and including Section Details of other corporate and governmental loans labelled 'Audited', for quantitative and qualitative information on the portfolios.

8. Tangible and intangible assets

Accounting policy for tangible assets

Land and buildings
Property in own use mainly comprises offices (land and buildings) and is measured at cost net of accumulated depreciation and, if applicable, impairment losses.

Buildings are depreciated over their economic life using the straight-line method, with a maximum of 50 years. Land is not depreciated. An assessment is made whether there is an indication that land and buildings may be impaired.

IT equipment and other assets
All other tangible assets included in this item are measured at cost net of accumulated depreciation and, if applicable, accumulated impairment losses.

The cost price comprises the expenses directly attributable to the acquisition of the assets and is depreciated on a straight- line basis over the useful life, taking into account any residual value. The estimated useful life may vary from 3 to 10 years.

Accounting policy for intangible Assets

Goodwill
De Volksbank accounts for business combinations when control is obtained by the bank. All items of the consideration are measured and recognised at fair value at acquisition date. The excess of consideration over the share of the fair value of the identifiable net assets acquired is recorded as goodwill. Transaction costs in connection to the purchase of the business combination are expensed as incurred.

Any change, in the fair value of acquired assets and liabilities at the acquisition date, determined within one year after acquisition, is recognised as an adjustment charged to goodwill. Adjustments that occur after a period of one year are recognised in the income statement.

General
Intangible assets are measured at cost net of accumulated amortisation and, if applicable, accumulated impairment losses.

Software
Costs that are directly related to the development of identifiable software products that de Volksbank controls and that are likely to generate economic benefits that exceed these costs, are capitalised as intangible assets. The direct costs comprise external costs and staff costs directly attributable to software development. All other costs associated with the development or maintenance of software are included as an expense in the period during which they are incurred.

Other intangible assets
The other intangible assets of de Volksbank consist of distribution networks and are amortised in accordance with the straight-line method over their estimated useful life, generally between five and fifteen years. If objective indications require so, an impairment test will be performed.

Accounting policy for impairments
Goodwill created with the acquisition of subsidiaries, associated companies and joint ventures is allocated to cash-generating units (CGU). The book value of the CGU, including goodwill, is compared to the calculated recoverable value, determined on the basis of value-in-use. If the recoverable value is lower than the book value, the difference will be recognised as impairment in the income statement. Assumptions used in these goodwill impairment tests are value-in-use based on the business plans and the allocated discount rate based on the risk profile of the CGU.

General
An asset is subject to impairment if its book value exceeds the recoverable amount from continued use (value-in-use) or sale of the asset. The recoverable amount is the highest value of the fair value less costs of disposal and the value in use. The recoverable amount of assets is estimated if there are indications of impairment of the asset. Intangible assets not yet available for use are tested for impairment at least once a year. If such intangible assets are initially recognised during the reporting period, they are tested for impairment before the end of the reporting period.

Software and other intangible assets
On each reporting date, the capitalised costs for software, distribution channels and customer portfolios are reviewed for indicators of potential impairments.

Reversal of impairments on tangible and intangible assets
Except for goodwill, impairment losses on property, equipment and intangible assets are reversed if there is proof that a change in the estimates used to determine the recoverable amount occurred after the impairment loss was recognised. The reversal is included under depreciations in the income statement. The book value after reversal may never exceed the amount before recognition of the impairment loss.

Tangible and intangible assets

Tangible and intangible assets

in € millions	2024	2023
Land and buildings	7	8
IT equipment	9	10
Other tangible assets	12	22
Right of use assets	22	32
Total property and equipment	**50**	**72**
Goodwill	4	4
Other intangible assets	1	1
Total intangible assets	**5**	**5**
Total	**55**	**77**

For a more detailed explanation on right of use assets, see Note 17 Leases. All subleases are treated as finance subleases. As a consequence, net investment in the subleases are recognised under Note 10 Other assets.

Property and equipment

Statement of changes in property and equipment

	Land and buildings		IT equipment		Other tangible assets		Total	
in € millions	2024	2023	2024	2023	2024	2023	2024	2023
Accumulated acquisition costs	9	9	48	45	100	98	157	152
Accumulated depreciation and impairments	-2	-1	-39	-35	-88	-76	-129	-112
Closing balance	**7**	**8**	**9**	**10**	**12**	**22**	**28**	**40**
Opening balance	8	8	10	8	22	24	40	40
Investments	--	--	3	6	1	5	4	11
Divestments	-1	--	--	--	--	--	-1	--
Depreciation	--	--	-4	-4	-6	-6	-10	-10
Impairments	--	--	--	--	-5	-1	-5	-1
Closing balance	**7**	**8**	**9**	**10**	**12**	**22**	**28**	**40**

At year-end 2024, the renovations to the leased office premises not yet in use amounted to € 0 million (2023: € 0 million).

Intangible assets

Statement of changes in intangible assets

	Goodwill		Other intangible assets		Total	
in € millions	2024	2023	2024	2023	2024	2023
Accumulated acquisition costs	4	4	1	1	5	5
Accumulated amortisation and impairments	--	--	--	--	--	--
Closing balance	**4**	4	**1**	1	**5**	**5**
Opening balance	4	5	1	1	5	6
Impairments	--	-1	--	--	--	-1
Closing balance	**4**	**4**	**1**	**1**	**5**	**5**

Goodwill and other intangible assets
On 1 September 2021, de Volksbank completed the acquisition of 90% of the shares in the property valuation platform Fitrex B.V. The total purchase price amounted to € 8 million. In line with IFRS 3 Business Combinations, the transaction results in a goodwill amount of approximately € 5 million. The amount of goodwill is assessed annually for impairment, in 2024, there were no goodwill impairments (2023: € 1 million). Other intangibles amounted to € 1 million and are largely attributable to the customer base for intermediaries, with a 5-year amortisation period.

Depreciation and amortisation

Depreciation and amortisation of property and equipment

in € millions	2024	2023
Depreciation on tangible assets	10	10
Impairments on tangible assets	6	1
Depreciation of right of use assets (leases)	11	11
Impairment on intangible assets	--	1
Total	**27**	**23**

9. Tax assets and liabilities

Accounting policy for tax assets and liabilities

Accounting policy for corporate tax
Corporate income tax relates to payable or recoverable tax on the taxable profit for the period under review, and taxes due from previous periods. If any corporate income tax includes dividend withholding tax, this is settled through the corporate income tax return. Current tax recoverables and payables are measured at nominal value according to the tax rate applicable at the reporting date.

Accounting policy for deferred tax assets and liabilities
Deferred tax assets and liabilities are recognised for tax losses carried forward and for temporary differences between the tax base of assets and liabilities and the book value. This is based on the tax rates applicable as at the balance sheet date and the tax rates that will apply in the period in which the deferred tax assets or tax liabilities are settled. Deferred taxes are measured at nominal value.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets are assessed at balance sheet date.

The financial instruments in the tax return are valued on the basis of the same accounting principles as those that apply to the financial statements for reporting purposes with exception of the revaluation reserve.

The most significant temporary differences arise from certain financial assets and liabilities provisions for pensions and other post-retirement employee plans, deductible losses carried forward and, as far as acquisitions are concerned, from the difference between (a) the fair value of the acquired net assets and (b) the tax value.

Tax assets and liabilities

	Tax assets		Tax liabilities	
in € millions	2024	2023	2024	2023
Corporate income tax	--	--	6	66
Deferred taxes	11	14	14	16
Total	**11**	**14**	**20**	**82**

Corporate income tax

Corporate income tax recoverable and payable for the years up to and including 2021 is irrevocable. The return for 2022 was filed in December 2024. The corporate income tax due by the various subsidiaries of the fiscal unity for corporate income tax purposes based on the return filed, has been settled with the head of the fiscal unity, i.e. de Volksbank N.V. The corporate income tax return for 2023 must be filed before 1 May 2025.

Origin of deferred tax assets and liabilities in 2024

in € millions	Opening balance	Change through P&L	Change through OCI	Other movements	Closing balance
Property and equipment	-11	1	1	--	-9
Investments	--	--	--	--	--
Derivatives	-5	--	--	--	-5
Provisions	2	--	--	--	2
Other liabilities	12	--	-3	--	9
Total	**-2**	**1**	**-2**	**--**	**-3**

Origin of deferred tax assets and liabilities in 2023

in € millions	Opening balance	Change through P&L	Change through OCI	Other movements	Closing balance
Property and equipment	-13	--	2	--	-11
Investments	51	--	-51[1]	--	--
Derivatives	-5	--	--	--	-5
Provisions	2	--	--	--	2
Other liabilities	14	1	-3	--	12
Total	**49**	**1**	**-52**	**--**	**-2**

1 After consultation with the tax authorities the DTA recognized for the negative revaluation investments in 2022 is transferred to a current tax position.

Tax-effect changes total equity

in € millions	2024	2023
Change in revaluation reserve	-3	-1
Change in cashflow hedge reserve	1	--
Change in fair value reserve	--	-51
Total	**-2**	**-52**

10. Other assets

Accounting policy for other assets
Other assets comprise amounts to be settled, accrued assets and other, including other taxes. The other taxes are recognised at nominal value. The remaining amounts to be settled, accrued assets and other are recognised at amortised cost. The net amount of receivables in relation to the Deposit Guarantee Scheme (DGS) is recorded under other advances.

Other assets

in € millions	2024	2023
Trade and other receivables	41	51
Amounts to be settled	155	153
Sublease	7	9
Accrued assets	34	32
Other	10	38
Total	**247**	**283**

Trade and other receivables
Trade and other receivables relates to various receivables in the normal course of business include short-term receivables relating to mortgage and other amounts receivables from customers.

Amounts to be settled
Amounts to be settled primarily include transactions not settled at balance sheet date. The nature of these transactions is short term and are expected to settle shortly after the closing date of the balance sheet.

Other
Other includes the receivable of de Volksbank from the Dutch Central Bank of € 3 million (2023: € 38 million) under the DGS in relation to its share related to the bankruptcy of DSB bank.

11. Amounts due to banks

Accounting policy for amounts due to banks
Amounts due to banks comprise unsubordinated debts to credit institutions. Amounts due to banks include private placements, current accounts and repurchase agreements.

At initial recognition, amounts due to banks in the banking book are measured at fair value, including transaction costs incurred. Thereafter, they are measured at amortised cost.

Any difference between the measurement at initial recognition and the redemption value is recognised under interest expense in the income statement during the term of these amounts owed by using the effective interest method.

Amounts due to banks held for trading are measured at fair value through profit or loss. Unrealised and realised gains or losses are recognised in Other results on financial instruments.

Amounts due to banks

in € millions	2024	2023
Repurchase agreements - held for trading	--	100
Cash collateral transactions	1,205	1,549
Current accounts	1	1
Deposits with agreed maturity	195	297
Total	**1,401**	**1,947**

Total cash collateral transactions regarding derivative contracts decreased in 2024 due to a decrease in the positive current market value of derivatives.

12. Amounts due to customers

Accounting policy for amounts due to customers
Amounts due to customers represent unsubordinated debts to non-banks, other than in the form of debt certificates. This item mainly comprise deposits due on demand, deposits with agreed maturity and current accounts.

At initial recognition amounts due to customers are measured at fair value, including transaction costs incurred. Thereafter, they are measured at amortised cost.

Any difference between the measurement at initial recognition and the redemption value is recognised under interest expense in the income statement during the term of these amounts owed by using the effective interest method.

Amounts due to customers held for trading are measured at fair value through profit or loss. Unrealised and realised gains or losses are recognised in Other results on financial instruments.

Amounts due to customers

in € millions	2024	2023
Households		
Current accounts	5,856	6,153
Deposits due on demand	39,891	39,049
Deposits with agreed maturity	5,747	4,574
Savings deposits mortgages	598	570
Investment portfolio mortgages	15	15
	52,107	**50,361**
Other corporates and governments		
Current accounts	764	947
Deposits due on demand	1,616	1814
Deposits with agreed maturity	482	619
of which deposits held for trading	*68*	--
Savings deposits mortgages	1,184	1,169
	4,046	**4,549**
Amounts due to customers	**56,153**	**54,910**

Deposits due to other corporate and governments relates for the amount of € 141 million to the placement of debt instruments (*Schuldscheine*) at pension funds and insurance companies (2023: € 193 million).

Part of the deposits due to other corporates and governments are private loans issued under de Volksbank's covered bond programme. The book value of the private loans amounts to € 158 million (2023: € 158 million). Additional repayment security for these private loans was given by the Covered Bond Company. For more information on the covered bond programme, reference is made to Note 13 Debt certificates.

As part of savings mortgage arrangement, de Volksbank and insurer Athora Netherlands have agreed that the savings premiums received from the customer by the insurer will be held by the bank. These savings premiums and the interest credited (the savings capital designated for mortgage redemption) mean that, in principle, the insurer has an unsecured claim against the bank. To spread the insurer's default risk, a cession/retrocession agreement was concluded under which the insurer transfers the savings capital to the bank in exchange for a partial and joint right to the savings-based mortgage claims. In 2024, the savings capital accrued totalled € 1,184 million (2023: € 1,169 million).

13. Debt certificates

Accounting policy for debt certificates
Debt certificates include the non-subordinated bonds and other debt certificates with a fixed or variable interest rate. At initial recognition outstanding debt certificates are measured at fair value, which corresponds to the issue proceeds (the fair value of the payment received) net of the transaction costs incurred. Subsequently, these instruments are measured at amortised cost, using the effective interest method.

When de Volksbank purchases its own debt securities, these debt securities are derecognised.

Debt certificates

in € millions	2024	2023
Medium-term notes (MTN)	8,031	7,705
Certificates of deposits	1,093	--
Debt certificates issued under Pearl and Lowland Securitisation programmes	198	230
Total	**9,322**	**7,935**

Statement of changes in debt certificates

	Medium Term Notes		Certificates of Deposit		Issued under securitisation programmes		Total	
in € millions	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	7,705	7,166	--	100	230	278	7,935	7,544
Issues	996	995	14,518	308	--	--	15,514	1,303
Redemptions	-705	-487	-13,455	-409	-32	-48	-14,192	-944
Revaluations	-1	1	--	--	--	--	-1	1
Amortisation	10	9	24	1	--	--	34	10
Change accrued interest	14	21	--		--	--	14	21
Change in fair value as a result of hedge accounting	12	--	--	--	--	--	12	--
Exchange rate differences	--	--	6	--	--	--	6	--
Closing balance	**8,031**	**7,705**	**1,093**	**--**	**198**	**230**	**9,322**	**7,935**

Medium Term Notes

Medium Term Notes

in € millions	Coupon rate	Book value 2024	Nominal value 2024	Book value 2023	Nominal value 2023
De Volksbank N.V.	Fixed	7,948	7,943	7,416	7,443
De Volksbank N.V.	Structured	83	75	89	79
De Volksbank N.V.	Floating	--	--	200	200
Total		**8,031**	**8,018**	**7,705**	**7,722**

The Medium Term Notes (MTN) comprise both private loans and public loans issued under the EMTN programme.

For a total of € 4.9 billion (2023: € 4.3 billion) of MTNs, bonds were issued under the Covered Bond programme by de Volksbank. Payment of interest and principal is guaranteed by a structured entity SPV, Volks Covered Bond Company BV ('CBC'). To enable CBC to fulfil its guarantee, de Volksbank legally transferred Dutch mortgage loans originated by de Volksbank to CBC. See Note 22 Transferred and encumbered assets. Furthermore, de Volksbank offers protection against the deterioration of the mortgage loans. CBC is fully consolidated by de Volksbank.

With regard to the covered bond programme, de Volksbank undertakes at the request of CBC to offer to transfer eligible assets to CBC, provided that CBC shall only request a transfer of eligible assets if it determines that the Asset Cover Test has been breached. The Asset Cover Test is an arithmetic test that determines the minimum amount of assets needed to cover the liabilities guaranteed by CBC.

Certificates of deposit

Certificates of deposit are debt securities with a fixed interest rate and a short-term maturity. At year-end 2024, de Volksbank issued (net of redemptions) € 1.1 billion (2023: € 0 billion) in Certificates of deposit in order to support efficient market access.

Securitisation programmes

De Volksbank entered into securitisation programmes to obtain funding and to improve liquidity. Within these programmes de Volksbank sells own-originated mortgage receivables to a SPV. The SPV issues securitised notes that are eligible collateral for the ECB. In most programmes, de Volksbank acts as investor of the securitised notes. As the SPVs are set up for the benefit of de Volksbank and there is limited transfer of risks and rewards, de Volksbank continues to consolidate the SPVs.

Debt certificates issued under Pearl and Lowland securitisation programmes

De Volksbank has securitised part of its mortgage loans. In these securitisation transactions, the economic ownership of mortgage loans is transferred to separate companies. These loans were transferred at nominal value plus a deferred purchase price. A positive result within the SPV's leads to the creation of a positive value of the deferred purchase price. De Volksbank thus retains an economic interest in these companies. On the basis of this economic interest and other criteria established by IFRS Accounting Standards for control, de Volksbank has these companies fully consolidated in the financial statements.

Securitisation transactions have a so-called call + step-up structure. This means that after a specific call date, the company will have the right to redeem the bonds early. Additionally, on this specific date, the coupon on the bonds will be subject to a rise in interest rate (step-up). Under normal market conditions, this creates an economic incentive to redeem the bonds early. An overview of the securitisations as at 31 December is provided below:

Overview debt certificates issued under Pearl and Lowland securitisation programmes

in € millions	Initial principal	Start of securitisation	Book value 2024	Book value 2023	First call-option date	Contractual expiration
Pearl 1	1,014	09-2006	276	308	18-09-2026	18-09-2047
Lowland 7	8,000	04-2023	7,930	7,909	18-04-2028	18-04-2060
Total			**8,206**	**8,217**		
On own book			-8,008	-7,987		
Total			**198**	**230**		

At year-end 2024, de Volksbank held securitisation programme bonds on its own book at an amortised cost of € 8.0 billion (2023: € 8.0 billion).

Part of the senior tranches of Pearl 1 and Lowland 7 are held for own account and qualify as eligible assets at the ECB.

14. Subordinated debts

Accounting policy for subordinated debts
Subordinated debt is measured at fair value upon initial recognition, which corresponds to the proceeds net of the transaction costs incurred. Subsequently, these instruments are measured at amortised cost, using the effective interest method.

The subordinated debts of de Volksbank form part of the eligible own funds, which are used in determining the solvency position of de Volksbank.

Statement of changes subordinated debts

in € millions	2024	2023
Opening balance	500	500
Issues	496	--
Revaluations	-2	--
Movement in accrued interest	3	--
Closing balance	**997**	**500**

The (Tier 2) bonds have a book value of € 997 million (2023: € 500 million) and relate to a green subordinated Tier 2 capital instrument notes for an amount of € 0.5 billion issued in 2020 as well as € 0.5 billion issued in 2024.

The bonds issued in 2020, with a maturity of 10.25 years and a fixed rate of 1.75%, have a call option during a 6-month period starting on 22 July 2025. The bonds issued in 2024, with a maturity of 10 years and a fixed rate of 4.13%, have a call option during a 6-month period starting on 27 November 2030.

15. Provisions

Accounting policy for provisions

General
Provisions are recognised if de Volksbank has a present obligation, legally or constructive, arising from events in the past, and to which it is more likely than not that the settlement of the obligation requires an outflow of assets, and for which a reliable estimate of the size of the obligation can be made. Provisions are measured at the present value of the expected future cashflows. Additions and any subsequent releases are recorded in the related line item in the income statement.

Provision for employee benefits
De Volksbank recognises a provision for employee commitments including various forms of employee benefit plans such as health insurance, savings, mortgages and jubilee benefits schemes. The measurement is based on the net present value taking into account actuarial assumptions.

Restructuring provision
The restructuring provision is a specific provision that consists of anticipated severance payments and other costs that are directly related to restructuring programmes. These costs are accounted for in the period in which a legally enforceable or constructive obligation to make the payment arises. No provision is formed for costs or future operating losses stemming from continuing operations.

De Volksbank recognises severance payments if de Volksbank has demonstrably committed itself, to:

- the termination of the employment contracts of current employees in accordance with an announced detailed formal plan without the option of the plan being withdrawn; or
- the payment of severance payments as a result of an offer to encourage voluntary redundancy that cannot be withdrawn. Severance payments that are due after more than twelve months after the balance sheet date are discounted.

Other provisions
Other provisions include legal provisions. De Volksbank recognises a provision for legal proceedings at the balance sheet date for the estimated liability. The provision comprises an estimate of the payments due during the course of the legal proceedings. Where relevant, any possible external coverage of the legal claim will result in the recognition of an asset if and when payment to de Volksbank becomes virtually certain.

Provisions for credit losses off-balance sheet items

Provisions for credit losses off-balance sheet items
Expected credit loss (ECL) provisions are recognised for loan commitments and financial guarantee contracts (off-balance sheet items). For further information on impairment losses, please refer to Note 7 Loans and advances to customers.

Provisions

in € millions	2024	2023
Restructuring provision	129	9
Employee benefits	12	12
Other provisions	256	12
Provision for credit losses off-balance sheet items	8	11
Total	**405**	**44**

For a more detailed explanation of the main pending legal proceedings against de Volksbank see Note 19 Contingent liabilities and commitments.

Employee benefits and other provisions are predominantly long-term in nature.

Statement of changes in provisions

	Restructuring provision		Employee benefits		Other provisions		Provision for credit losses off-balance sheet items		Total	
in € millions	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	9	13	12	12	12	27	11	14	44	66
Additions	124	--	2	2	249	16	3	4	378	22
Amounts used	-4	-5	-2	-2	-4	-23	--	--	-10	-30
Releases	--	--	--	--	-1	-8	-6	-7	-7	-15
Interest	--	1	--	--	--	--	--	--	--	1
Closing balance	**129**	**9**	**12**	**12**	**256**	**12**	**8**	**11**	**405**	**44**

Movements in the loan loss provision related to off-balance sheet items are shown the table Changes in the provision for credit losses in Section Credit Risk- Figures, ratios and trends.

Restructuring provision
In 2024, the bank announced a Transformation programme that focuses on the simplification of the organisation, the optimisation of the distribution model and the rationalisation of the brand portfolio.

In connection with this Transformation programme, a restructuring provision of € 124 million was recognised in 2024, which includes two main components: one provision for employee redundancy and one for the distribution network optimisation.
The employee redundancy provision comprises redundancy payments connected to the staff reduction of 700 - 750 FTEs, both internal and external, by 1 July 2025, which is based on a framework request for advice to the Works Council. This employee redundancy provision comprises internal FTE only. The redundancy process will be implemented, and is expected to be completed, in 2025.
The provision for the distribution network optimisation is related to the network of both SNS and RegioBank branches, which will be reduced from 600 physical branches to approximately 320 - 360 by 31 December 2025 at the latest.
A more detailed component breakdown is not provided considering the sensitivities of the ongoing negotiations as part of the Transformation programme.

Other provisions
AFC remediation
In 2023, DNB concluded that de Volksbank is violating the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*). These findings resulted in a legal

obligation imposed by DNB in which DNB expects that all identified *Wwft* compliance shortcomings will be permanently and structurally remediated and captured in a comprehensive remediation plan. As a result, de Volksbank carried out remediation activities to tackle shortcomings and expectations in 2024 and will continue to do so in the years ahead. In December 2024, de Volksbank reached a milestone by completing and delivering of the comprehensive remediation plan to DNB. One major building block of this plan consists of a multi-year AFC remediation programme - starting in 2025 - aimed at the recovery of missing and/or incorrect customer data from our existing customer base as well as the reassessment of customers after data recovery in their correct risk profile. We have recognised a provision for the estimated costs related to this programme in the amount of € 196 million as per 31 December 2024.

Litigation

At the end of 2024, we recognised a € 30 million provision for legal proceedings to settle the long pending claims initiated by Bernie Madoff's trustee and the liquidators of three Madoff-feeders Funds (the 'Feeder Funds') claims. The original proceedings initiated by both the Madoff trustee and the Feeders Funds' liquidators following from the Madoff fraud case, have been pending cases since 2010 and 2012 respectively. They claimed repayment of payments made for redemptions of investments in the Madoff-related funds. For more information, see Note 19 Contingent liabilities and commitments - Legal proceedings.

Ever since, both cases have been disclosed as a contingent liability under IFRS Accounting Standards (IAS 37) in de Volksbank's annual reports. In the second half of 2024, de Volksbank reached a settlement, settling both the Feeders Funds' claim and the Madoff trustee claim. As the settlement was subject to court approval at year-end 2024, we recognised a provision. In January 2025 we received court approval, thus resolving both cases. De Volksbank and SNS Global Custody have been released from claims and dismissed from the legal proceedings. The claims were settled for € 30 million. Considering this development in these long pending cases, the contingent liability regarding both claims have been converted into a provision as per year-end 2024, the settlement payment was made at the end of January 2025.

At year-end 2024, € 8 million has been provided for other legal proceedings.

Administrative fines

On 9 August 2024, de Volksbank announced that DNB had the intention to impose two administrative fines. These fines were imposed by DNB at the end of January 2025 and follow from extensive examinations conducted by DNB. It goes without saying that de Volksbank fully cooperated with these examinations. During the examinations, the bank had already initiated remediation measures, also as part of ongoing ECB supervision. In determining the fines, DNB took this into consideration. The first fine amounts to € 5 million and pertains to the shortcomings in compliance with laws and regulations with respect to fighting money laundering and terrorism financing (*Wwft*). The second fine amounts to € 15 million and concerns shortcomings in risk management as a result of which the bank does not meet the sound business operations-related requirements included in the *Wft*. We recognised a provision totalling € 20 million both fines. De Volksbank did not object to the fines and the payments were made at the end of February 2025.

Other

We recognised a € 3 million provision for restoration costs of buildings in relation to the planned relocation of our head offices.

Provision for credit losses of off-balance sheet items

For quantitative and qualitative information on the portfolios, more information on off-balance sheet items can be found in Section Credit risk - Figures, ratios and trends up to and including Section Credit risk - Details of other corporate and governmental loans labelled 'Audited'.

16. Other liabilities

Accounting policy for other liabilities
Other liabilities consist of other taxes, other liabilities and lease liabilities. Other taxes are recognised at nominal value. Other liabilities are recognised at amortised cost.

Other liabilities

in € millions	2024	2023
Other taxes	19	20
Accruals	107	329
Lease liabilities	28	41
Other	86	40
Total	**240**	**430**

For the accounting principles and a more detailed explanation to the lease liabilities, see Note 17 Lease contracts.

Other mainly relates to amounts payable to customers and suppliers.

17. Leases

Accounting policy for leases

A lease exists if control over the use of an identified asset for a certain period has been obtained in exchange for consideration. The main leases entered into by de Volksbank concern property leases.

De Volksbank recognises a lease liability if it has control over the underlying asset. The lease obligation is valued at the present value of the lease payments that have not yet been made at that time. Because the implicit interest rate of the leases cannot be easily determined, the incremental borrowing rate of de Volksbank is used. The lease payments are discounted using this incremental borrowing rate. During the term of a contract, the lease liability is increased with accrued interest and reduced by lease payments. The lease liability is adjusted for indexations of the lease payments, any changes to the contract or a modified estimate of any extension or termination options.

The right-of-use asset is measured at cost minus cumulative depreciation and impairment. The lease payments included in the initial measurement of the lease liability, initial direct costs and advance payments form part of the cost price. Any corrections to the lease liability are accordingly processed in the right-of-use asset. The right-of-use asset is depreciated on a straight-line basis over the remaining duration of the contract.

Leases for buildings are usually entered into for a contractual period of 5 years. Extension and termination options that are outside this 5-year period are not included in the determination of the lease liability, because there is no reasonable certainty these options will be effected.

De Volksbank uses the option not to include short-term leases and low-value leases on the balance sheet, but to include them in the result as an expense.

Subleases

A number of store locations are subleased to franchisees. In addition, part of the head office is sublet to third parties. As substantially all of the risks and rewards associated with the right to use the underlying asset have been transferred to the sublessee, they are qualified as finance subleases. A net investment in the lease is recognised as a receivable in Other assets. The net investment in the lease is measured using the discount rate used for the head lease.

Statement of changes in right-of-use assets related to leases

in € millions	2024	2023
Opening balance	32	38
Additions	3	6
Derecognition in ROU assets related to sublease	-2	-1
Depreciation expense	-11	-11
Closing balance	**22**	**32**

Statement of changes in lease liabilities

in € millions	2024	2023
Opening balance	41	50
Additions	3	6
Interest expenses	1	1
Lease payments	-17	-16
Closing balance	**28**	**41**

Expenses relating to short-term leases and expenses relating to low-value assets were both nil (2023: nil).
The total cash flow from leases during the financial year amounted to € 13 million (2023: € 11 million).
For an overview of the future cash flows from leases, refer to the table Remaining contractual maturity of assets and liabilities in Section Funding strategy.
Income from property sublease amounts to € 0.4 million (2023: € 0.3 million).

Future lease payments to be received

in € millions	2024	2023
1 year	4	4
2 years	2	3
3 years	1	2
4 years	--	--
5 years	--	--
> 5 years	--	--
Total	7	9
Unearned finance income	--	--
Total net investment in the lease	**7**	**9**

18. Equity

Share capital and other components of equity

Share capital
The issued share capital is fully paid up and comprises of ordinary shares.

Fair value reserve
The fair value reserve includes the gains and losses, net of tax, resulting from a change in the fair value of debt instruments measured at FVOCI. When the instruments are sold or otherwise disposed of, the related cumulative gain or loss recognised in equity is recycled to the income statement.

Cash flow hedging reserve
The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments, net of taxes, that are recycled to the income statement if the hedged transactions have an impact on profit or loss.

Other reserves
Other reserves mainly comprise retained earnings and profit for the period.

Dividends
Dividends on ordinary shares classified as equity are recognised as a distribution of equity in the period in which they are approved by shareholders.

AT1 capital securities
Undated, deeply subordinated, resettable, callable capital securities are classified as Additional Tier 1 (AT1) capital, under total equity.

Share capital
The issued share capital is fully paid up and comprises 840,008 ordinary shares with a nominal value of € 453.79 per share.

Reserves in equity
The share premium reserve did not change during the year.

The cashflow hedge reserve decreased slightly by € 2 million to € 13 million (year-end 2023: € 15 million).

The fair value reserve rose slightly by € 1 million.

The other reserves including retained earnings increased due to result appropriation of the previous year by € 267 million (2023: € 101 million). This was partly offset by the interest paid on AT 1 capital securities in the amount of € 21 million (2023: € 21 million).

AT1 capital securities
Undated, deeply subordinated, resettable, callable capital securities are classified as Additional Tier 1 (AT1) capital, under total equity. In June 2022, de Volksbank issued its first AT1 notes. The perpetual callable AT1 notes amounted to € 298 million (nominal value: € 300 million) and have a coupon rate of 7.00% up to the first reset date on 15 December 2027.

Dividend
Earnings per share are calculated by dividing the (proposed) dividend by the outstanding ordinary shares. The Executive Board of de Volksbank proposes to retain the net profit for 2024, the proposed dividend for 2024 is therefore € 0 million (2023: € 164 million) to its shareholder NLFI. The proposed dividend per share is € 0 (2023: € 195).

In 2024 a final dividend payment of € 164 million (2023: € 90 million) was paid to our shareholder NLFI in relation to the previous financial year. This came down to a dividend per share of € 195 (2023: € 107).

Non-controlling interest
On 1 September 2021, de Volksbank completed the acquisition of 90% of the shares of the property valuation platform Fitrex B.V. The remaining 10% shares of Fitrex are recorded as a non-controlling interest and amounted to € 0.2 million at year-end 2024.

19. Contingent liabilities and commitments

Accounting policy for contingent liabilities and commitments

Contingent liabilities
A contingent liability is a possible obligation that arises from past events and its existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of de Volksbank. A contingent liability may also be a present obligation that arises from past events but is not recognised because it is either not probable that an outflow of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the statement of financial position, but are disclosed in the notes unless the possibility of the outflow of economic benefits is remote.

Financial guarantee
A financial guarantee contract requires de Volksbank to make specified payments to the holder if certain conditions are met. The holder of the contract is reimbursed for a loss it incurs if a specified debtor fails to make payment when due under the original or modified terms of a debt instrument.

Loan commitment
Loan commitments are commitments to provide credit under pre-specified terms and conditions. The amounts shown in the table for guarantees and commitments represent the maximum amount de Volksbank is exposed to if the contract parties completely fail to perform as agreed. The 'nominal amount' best represents the bank's maximum exposure to credit risk without taking account of any collateral held or other credit enhancements.

Impairment losses for off-balance sheet items
Impairment losses for off-balance sheet items such as loan commitments and financial guarantee contracts are recognised in the line item 15 Provisions. For further information on impairment losses, please refer to Note 7 Loans and advances to customers.

Commitments and guarantees

Commitments and guarantees

in € millions	2024	2023
Financial guarantees given	3	4
Loan commitments given	3,041	2,204
Of which: Deposit Guarantee Fund	*375*	*300*
Other commitments	39	335
Of which: repurchase commitments	*--*	*287*
Of which: irrevocable IT contracts	*39*	*48*
Total	**3,083**	**2,543**

Financial guarantees given
De Volksbank provides financial guarantees to guarantee customers' performance to third parties.

Loan commitments given
The loan commitments given mainly consist of credit facilities granted to customers, but against which no claim has yet been made, such as unused portions of irrevocable credit facilities granted to SME and corporate customers, new loan offers, approved but undrawn loans, revolving facilities, underwriting facilities and home construction accounts. These facilities are granted for a fixed term and at a variable interest rate. Collateral has been secured for a part of the credit facilities.

Deposit Guarantee Fund
In 2024, the credit facility to the Deposit Guarantee Fund (DGF) for purposes of liquidity support granted by the largest Dutch banks was increased, de Volksbank's share increased by € 75 million to € 375 million.

Other commitments given
Some of the collateralised loans and advances were sold in the past by a legal predecessor of de Volksbank. This sales transaction entailed that de Volksbank, as a legal successor, had a repurchase obligation on the interest repricing date and/or was obliged to convert the loans and advances repayment form. The repurchase price was equal to the outstanding principal adjusted for accrued savings capital intended for mortgage repayments. In 2024, all these loans and advances were repurchased (value to be repurchased as at 31 December 2023: € 287 million).

Future commitments
De Volksbank concluded some large long-term IT support contracts in the amount of € 39 million (2023: € 48 million).

Maturity calendar future IT commitments

in € millions	2024	2023
To be received within < 1 year	16	13
To be received within 1 - 5 years	23	35
To be received after 5 years	--	--
Total	**39**	**48**

Contingent liabilities
Legal proceedings
De Volksbank and its subsidiaries are and may from time to time become involved in legal, regulatory and/or arbitration proceedings that relate to claims by and against the bank, ensuing from its normal business operations. In presenting the Consolidated Financial Statements, management estimates the outcome of any of these proceedings and recognises provisions when it considers there is a present obligation, when it is probable that a cash outflow is required and when the amount can be estimated with sufficient reliability. The most important proceedings are described below. For the legal proceedings described below, there is a possible

obligation for which a cash outflow is not considered probable. As such, these matters are regarded as contingencies.

Harbi Vastgoed B.V.
De Volksbank, as a legal successor of RegioBank, is involved in proceedings against non-professional investors who have invested in Harbi Vastgoed B.V., wich went bankrupt in March 2014. Some of these investors were also RegioBank customers who, in some cases, made their investment by transferring funds from their RegioBank accounts. De Volksbank has been held liable by various investors.

A group of investors has held de Volksbank liable for a total amount of approximately € 6.6 million. *Stichting Van Birgelen Leed cs*, together with some other individual investors, started a class action lawsuit against de Volksbank. In the proceedings, which are pending before the District Court of Midden-Nederland, a declaration is sought to the effect that de Volksbank violated its duty of care towards the investors, i.e. no damages have been claimed so far. On 31 January 2024, The District Court of Midden-Nederland decided that Stichting Van Birgelen Leed cs is admissible in its claim. The District Court's judgement regarding de Volksbank's liability is expected in the first half of 2025. Proceedings are now continuing on the merits. In one previous individual case on 17 October 2023, the Arnhem-Leeuwarden Court of Appeal ruled that de Volksbank is liable for the damage suffered by the investor because RegioBank did not take sufficient measures in 2010. De Volksbank did not file an appeal in cassation.

Proceedings following the nationalisation
General
Various former holders of the securities and capital components expropriated in 2013 following the nationalisation have initiated legal proceedings to seek compensation for damages. At the time the financial statements were drawn up, no court proceedings had (yet) been initiated against de Volksbank other than those stated below. It is currently not possible to make an estimate of the probability that possible legal proceedings of former holders or other parties affected by the nationalisation may result in a liability, or the level of the financial impact on de Volksbank. For this reason, at year-end 2024 no provisions were made in respect of any of these possible legal actions.

As the outcomes of possible legal proceedings cannot be predicted with any certainty, it cannot be ruled out that a negative outcome may have a material negative financial impact on de Volksbank's capital position, results and/or cashflows.

Inquiry proceedings by the Dutch Investors' Association
In November 2014, the Dutch Investors' Association (*Vereniging van Effectenbezitters*; *VEB*) and other investors filed a petition with the Enterprise Chamber of the Amsterdam Court of Appeal (the Enterprise Chamber) for an inquiry into the management of SNS REAAL, currently SRH, SNS Bank, currently de Volksbank, and former SNS Property Finance, currently Propertize.

The Enterprise Chamber ordered an inquiry into the management and course of events at SRH and de Volksbank for the period from 1 July 2006 until 1 February 2013 and have appointed investigators. On 30 November 2022, the Enterprise Chamber ruled that no mismanagement (wanbeleid) had been found with regard to SRH and de Volksbank. The VEB's claims have all been rejected, although the Enterprise Chamber did rule that errors were made in some areas. None of the parties lodged an appeal in cassation, as a result of which the decision of the Enterprise Chamber has force of judgement. The VEB announced by letter that they intent to initiate mass claim proceedings. As a precondition for starting mass claim proceedings, meetings for an amicable solution are taking place. Negotiations for an amicable solution are still ongoing. The amount of the potential mass claim proceedings is unclear.

The legal proceedings described below have been recognised as provisions and therefore are no longer regarded as contingencies:

Madoff
In 2010, liquidators of three Madoff-feeder funds (the "Feeder Funds") initiated legal proceedings in New York against, amongst others, the custody entity of de Volksbank, SNS Global Custody, and its clients as former beneficial owners of investments in these funds. They claim repayment of payments made by the Feeder Funds for redemptions of investments by these beneficial owners. A similar proceeding was initiated by the liquidators against SNS Global Custody and other defendants in the British Virgin Islands (BVI), which proceedings have ended in favour of de Volksbank. In line with these lawsuits, in 2021 Bernard Madoff's trustee has also initiated proceedings in New York against, amongst others, de Volksbank and SNS Global Custody.

In the second half of 2024, de Volksbank has reached a settlement, hereby settling both the Feeder Funds' claim and the Madoff Trustee's claim. By reaching this settlement, both cases have been resolved and de Volksbank and SNS Global Custody have been released from claims and dismissed from the legal proceedings regarding these cases as per the end of January 2025. For more information, see Note 15 Provisions - Legal proceedings.

20. Specific disclosures of financial instruments

Accounting policy for fair value financial instruments
The fair value of financial assets and liabilities is determined on the basis of quoted prices where available. Such quoted prices are primarily derived from transaction prices for listed instruments. If quoted prices are not available, market prices from independent market participants or other experts are used. De Volksbank applies an exit price when determining fair value, therefore financial assets are recognised at their bid prices and financial liabilities at their offer prices.

In markets where activity has decreased or in inactive markets, the range of prices from different sources can be significant for a certain financial instrument. Selecting the most appropriate price requires management judgement.

For certain financial assets and liabilities, no market price is available. The fair value of these financial assets and liabilities is determined using valuation techniques, which may vary from discounted cashflow calculation to valuation models that use generally accepted economic methodologies. Observable market information, where available, is used as input for the valuation models. All valuation methods used are assessed and approved in-house according to de Volksbank's governance procedures.

De Volksbank determines the fair value hierarchy for all financial instruments at each reporting moment.

Notes to the valuation of financial assets and liabilities
The following techniques and assumptions have been used to determine the fair value of financial instruments.

Investments
The fair values of shares are based on quoted prices in active markets or other available market data. The fair values of interest-bearing securities, excluding mortgage loans, are also based on quoted market prices or, when actively quoted market prices are not available, on the present value of expected future cashflows. These present values are based on the relevant market interest rate, taking account of the liquidity, creditworthiness and maturity of the relevant investment.

Loans and advances to customers
The fair value of mortgages is determined on the basis of a present value method. The yield curve used to determine the present value of expected cashflows of mortgage loans is the average of the five lowest mortgage rates in the market, adjusted for interest rates that are considered not to be representative ('teaser rates'). These rates may differ for each sub-portfolio due to differences in maturity, Loan-to-Value class and form of repayment. In determining the expected cashflows, any expected future early redemptions are taken into account.

The fair value of other loans and advances to customers has been determined by the present value of the expected future cashflows. Various surcharges on the yield curve were used for the calculation of the present value. In this respect, a distinction was made by type of loan and customer group to which the loan relates.

Derivatives
The fair values of nearly all derivatives are based on observable market information, such as market rates and foreign exchange rates. To determine the fair value of instruments for which not all information is observable in the market, estimates or assumptions are used within a net discounted cashflow model or an option valuation model. In determining the fair value, the credit risk that a market participant would include in his valuation is taken into account.

Loans and advances to banks
Given the short-term nature of the loans that are classified as loans and advances to banks, the book value is considered to be a reasonable approximation of the fair value.

Other assets
Because of the predominantly short-term nature of other assets, the book value is considered to be a reasonable approximation of the fair value.

Cash and balances at central banks
The book value of the cash and bank balances at central banks is considered to be a reasonable approximation of the fair value.

Subordinated debt
The fair values of subordinated debt are based on quoted prices in active markets or other available market data.

Debt certificates
The fair values of debt certificates are based on quoted prices in active markets or other available market data. When actively quoted market prices are not available, the fair value of debt certificates is estimated on the basis of the present value of the cashflows, making use of the prevailing interest rate plus a risk surcharge. The risk surcharge is based on the credit risk assumed by the market for holding such instruments issued by de Volksbank, determined by maturity and type of instrument.

Amounts due to customers
The fair value of readily available savings and term deposits differs from the nominal value because the interest is not adjusted on a daily basis and because, in practice, customers leave their savings in their accounts for a longer period of time. The fair value of these deposits is calculated based on the net present value of the

relevant portfolios' cashflows using a specific discount curve. For savings covered by the Deposit Guarantee Scheme (DGS), the discount curve is based on the average current rates of several Dutch market parties. De Volksbank's Funds Price-curve (FTP) was used for savings not covered by the DGS. The calculated fair value of amounts due to customers with a demand feature cannot be less than the amount payable on demand.

Amounts due to banks

The fair value of amounts due to banks is estimated on the basis of the present value of the expected future cashflows, using the interest rate plus a risk surcharge. The risk surcharge is based on the credit risk assumed by the market for holding such instruments issued by de Volksbank, differentiated to maturity and type of instrument. The book value of any amount due within one month is considered to be a reasonable approximation of the fair value.

Other liabilities

The book value of other liabilities is considered to be a reasonable approximation of its fair value.

Hierarchy in determining the fair value of financial instruments

A part of the financial instruments is measured in the balance sheet at fair value. In addition, the fair value of the other financial instruments is disclosed. The fair value level classification is not disclosed for financial assets and liabilities where the book value is a reasonable approximation of the fair value.

More detailed explanation of the level classification

For financial instruments measured at fair value on the balance sheet or for which the fair value is disclosed, this fair value is classified into a level. This level depends on the parameters used to determine the fair value and provides further insight into the valuation. The levels are explained below:

Level 1 – Fair value based on published stock prices in an active market

For all financial instruments in this valuation category, stock prices are observable and publicly available from stock exchanges, brokers or pricing institutions. In addition, these financial instruments are traded on an active market, which allows for the stock prices to accurately reflect current and regularly recurring market transactions between independent parties. The investments in this category mainly include listed shares and bonds.

Level 2 – Fair value based on observable market data

The category includes financial instruments for which no quoted prices are available but whose fair value is determined using models where the parameters include available market information. These instruments mostly contain privately negotiated derivatives. This category also includes investments for which prices have been issued by brokers, but which are also subject to inactive markets. In that case, the available prices are largely supported and validated using market information, including market rates and actual risk surcharges related to different credit ratings and sector classifications.

Level 3 – Fair value not based on observable market data

A significant part of the financial instruments in this category has been determined using assumptions and parameters that are not observable in the market, such as assumed default rates belonging to certain ratings. The level 3 valuations of investments (shares) are based on quotes from illiquid markets. The derivatives in level 3 are related to some mortgage securitisations and the valuation is partly dependent on the underlying mortgage portfolios and movements in risk spreads.

Hierarchy of financial assets and liabilities as at 31 December 2024

in € millions	Book value	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value					
Derivatives	2,141	--	2,141	--	2,141
Investments - fair value through OCI	3,931	3,903	--	28	3,931
Investments - fair value through P&L	12	--	11	1	12
Financial assets not measured at fair value					
Cash and balances at central banks	2,834	2,834	--	--	2,834
Investments - amortised costs	3,256	2,651	337	223	3,211
Loans and advances to banks	6,710	--	6,710	--	6,710
Loans and advances to customers	54,494	--	--	52,378	52,378
Other assets	247	--	247	--	247
Total financial assets	**73,625**	**9,388**	**9,446**	**52,630**	**71,464**
Financial liabilities measured at fair value					
Derivatives	1,105	--	1,105	--	1,105
Amounts due to banks	--	--	--	--	--
Amounts due to customers	68	--	68	--	68
Financial liabilities not measured at fair value					
Amounts due to customers	56,085	--	52,628	3,515	56,143
Amounts due to banks	1,401	--	1,401	--	1,401
Debt certificates	9,322	--	--	8,367	8,367
Other liabilities	240	--	240	--	240
Subordinated debts	997	992	--	--	992
Total financial liabilities	**69,218**	**992**	**55,442**	**11,882**	**68,316**

The table provides information on the fair value of the financial assets and liabilities of de Volksbank. For a number of fair value measurements estimates have been used. This table only includes financial assets and liabilities. Balance sheet items that do not meet the definition of a financial asset or liability are not included. The total of the fair value presented above does not reflect the underlying value of de Volksbank and should, therefore, not be interpreted as such.

Hierarchy of financial assets and liabilities as at 31 December 2023

in € millions	Book value	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value					
Derivatives	2,544	--	2,541	3	2,544
Investments - fair value through OCI	3,279	3,276	--	3	3,279
Investments - fair value through P&L	28	17	--	11	28
Financial assets not measured at fair value					
Cash and balances at central banks	5,891	5,891	--	--	5,891
Investments - amortised costs	3,426	2,908	463	19	3,390
Loans and advances to banks	4,671	--	4,671	--	4,671
Loans and advances to customers	50,847	--	--	47,115	47,115
Other assets	283	--	283	--	283
Total financial assets	**70,969**	**12,092**	**7,958**	**47,151**	**67,201**
Financial liabilities measured at fair value					
Derivatives	1,121	--	1,118	3	1,121
Amounts due to banks	100	--	100	--	100
Amounts due to customers	78	--	78	--	78
Financial liabilities not measured at fair value					
Amounts due to customers	54,832	--	51,314	3,475	54,789
Amounts due to banks	1,847	--	1,847	--	1,847
Debt certificates	7,935	--	--	7,001	7,001
Other liabilities	430	--	430	--	430
Subordinated debts	500	471	--	--	471
Total financial liabilities	**66,843**	**471**	**54,887**	**10,479**	**65,837**

The fair values represent the amounts at which the financial instruments could have been sold or transferred at balance sheet date between market parties in an orderly transaction. The fair value of financial assets and liabilities is based on quoted market prices, where observable. If actively quoted market prices are not available, various valuation techniques have been used to measure the fair value of these instruments. Parameters used in such valuation techniques may be subjective and are based on various assumptions, for instance certain discount rates and the timing and size of expected future cashflows. The degree of subjectivity affects the fair value hierarchy, which is discussed in the beginning of the paragraph. Wherever possible and available, the valuation techniques make use of observable inputs in relevant markets. Changes in the assumptions can significantly influence the estimated fair values. The main assumptions for each balance sheet item are explained in the section below.

Change in level 3 financial instruments in 2024

in € millions	Fair value through P&L	Fair value through OCI	Derivatives assets	Derivatives liabilities
Opening balance	11	3	3	3
Purchases/advances	--	25	--	--
Disposals	-2	--	--	--
Unrealised gains or losses recognised in P&L[1]	3	--	-3	-3
Transfer between levels	-11	--	--	--
Closing balance	**1**	**28**	**--**	**--**

1 Included in the line item Results on financial instruments.

Change in level 3 financial instruments in 2023

in € millions	Fair value through P&L	Fair value through OCI	Derivatives assets	Derivatives liabilities
Opening balance	9	3	9	9
Purchases/advances	--	--	--	--
Unrealised gains or losses recognised in P&L[1]	2	--	-6	-6
Closing balance	**11**	**3**	**3**	**3**

1 Included in the line item Results on financial instruments.

Breakdown of level 3 financial instruments

in € millions	2024	2023
Equity securities	4	14
Debt securities	25	--
Derivatives	--	3
Total assets	**29**	**17**
Derivatives	--	3
Total liabilities	**--**	**3**

Sensitivity of level 3 valuations of financial instruments

Level 3 financial instruments are largely valued using a net discounted cashflow method in which expectations and projections of future cashflows are discounted to a present value on the basis of market data. The models use market observable information, such as yield curves, or information that is not observable in the market, such as assumptions about certain credit risk surcharges or assumptions about customer behaviour. The valuation of a level 3 instrument may change significantly as a result of changes in these assumptions.

Sensitivity of non-market observable parameters financial instruments level 3 in 2024

in € millions	Valuation technique	Main assumption	Carrying value	Reasonably possible alternative assumptions	Increase in fair value	Decrease in fair value
Assets						
Derivatives	Discounted cashflow	Discount curve	--	-0,5% of +0,5%	--	--
		Pre-payment rate	--	-1% of +1%	--	--
Liabilities						
Derivatives	Discounted cashflow	Discount curve	--	-0,5% of +0,5%	--	--
		Pre-payment rate	--	-1% of +1%	--	--

Sensitivity of non-market observable parameters financial instruments level 3 in 2023

in € millions	Valuation technique	Main assumption	Carrying value	Reasonably possible alternative assumptions	Increase in fair value	Decrease in fair value
Assets						
Derivatives	Discounted cashflow	Discount curve	3	-0,5% of +0,5%	1	1
		Pre-payment rate	3	-1% of +1%	--	--
Liabilities						
Derivatives	Discounted cashflow	Discount curve	3	-0,5% of +0,5%	1	1
		Pre-payment rate	3	-1% of +1%	1	1

The derivatives on the liabilities side of the balance sheet include certain contracts in which fixed pre-payment rates have been agreed with the counterparty. Therefore, these contracts are not sensitive to adjustments. The main non-market observable parameters for determining the fair value of level 3 instruments are the applied estimate of early redemptions and the discount curve.

The level 3 derivatives relate to securitisation transactions. Here there is a relationship between the fair values. This is due to the fact that the derivatives of the SPVs (front swaps), which are part of the securitisation programme Pearl, are entered into back-to-back with the same counterparties (back swaps). As a result, the fair value changes of the front and back swaps are always comparable, but opposite.

Transfers between categories
Whereas no significant movements occurred in 2023, we effected a transfer from level 3 to level 2 for equity investments at fair value through profit and loss in 2024. We did so because the value was no longer significantly impacted by the unobservable input that restricted the liquidity of the securities.

21. Related parties

Identity of related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. As a part of its ordinary business operations, de Volksbank maintains various forms of ordinary business relationships with related companies and parties. Related parties of de Volksbank are associated companies, joint ventures, SNS REAAL Pensioenfonds, *Stichting administratiekantoor beheer financiële instellingen* (NLFI), the Dutch State and senior executives and their close family members. Transactions with these related parties mainly concern day-to-day matters in the field of banking, taxation and other administration.

Transactions with related parties have been conducted under normal market terms and conditions, except where stated otherwise. In the transactions with related parties, best practices provisions 2.7.2, 2.7.3, 2.7.4, 2.7.5 and 2.7.6 of the Dutch Corporate Governance Code were complied.

Positions and transactions with related parties

Fiscal unity
De Volksbank N.V. forms a fiscal unity with some of its subsidiaries for corporate income tax and Value Added Tax (VAT) purposes. De Volksbank N.V. and its subsidiaries that are part of a fiscal unity are jointly and severally liable for corporate income tax liabilities and VAT obligations arising from the relevant fiscal unity.
For more information on the current recoverable and payable corporate income tax, reference is made to Note 9 Tax assets and liabilities of the consolidated financial statements. Settlements of corporate income tax paid or received are executed by de Volksbank N.V.

Other transactions
De Volksbank pays pension premiums for its employees to the SNS REAAL pension fund in the amount of € 46 million (2023: € 41 million).

Positions and transactions with managers in key positions

De Volksbank's top management consists of the Executive Committee (ExCo). The ExCo consist of four statutory Executive Board members, under the Articles of Association ('*statutaire Directie*'), of which at the end of 2024 there was one vacancy namely for a Chief Customer Officer (CCO) and three non-statutory Senior Executives ('*niet-statutair lid*').
In 2024, three statutory Executive Board (ExBo) members resigned from their positions and two members were appointed to the ExBo. One Senior Executive was appointed in 2024. At the end of 2024, six persons were regarded as managers in key positions (year-end 2023: 6 persons).

Remuneration of managers in key positions

	Statutory		Non-statutory[1]		Total	
in € thousands	2024	2023	2024	2023	2024	2023
Fixed annual income	1,653	1,764	1,269	1,100	2,922	2,864
Pension contribution	91	96	88	72	179	168
Severance payments	71	--	--	129	71	129
Total	**1,815**	**1,860**	**1,357**	**1,301**	**3,172**	**3,161**

1 Including the remuneration of former directors.

Fixed annual income includes all remuneration components paid by the employer with the exception of the pension contribution and severance payments presented separately in the table.

Pension contribution means the pension contribution paid by the employer, after deduction of the contribution paid by the employee. Extra payments to compensate for the loss of pension exceeding € 137,800 are included in the table under fixed annual income.

On 31 December 2024, no loans granted to managers in key positions were outstanding.

The remuneration of individual members of the Executive Committee and members of the Supervisory Board are explained in more detail in the tables in Section Remuneration Report.

Subsidiaries of de Volksbank N.V.

Overview of subsidiaries of de Volksbank N.V.

	Place of business	Proportion of ordinary shares
Ecosystemen B.V.	Utrecht	100%
ASN Beleggingsinstellingen Beheer B.V.	The Hague	100%
Stichting Administratiekantoor Bewaarbedrijven SNS	Utrecht	100%
SNS Global Custody B.V.	Utrecht	100%
Pettelaar Effectenbewaarbedrijf N.V.	Utrecht	100%
ASN Duurzame Deelnemingen N.V.	Utrecht	100%
Fitrex B.V.	Amsterdam	90%

The above mentioned subsidiaries are consolidated in the consolidated financial statements of de Volksbank.

Consolidated structured entities

According to IFRS Accounting Standards, the structured entities over which de Volksbank can exercise control are consolidated. De Volksbank's activities involving structured entities are broken down into the following categories:

- Securitisation programme
- Covered bond programme

De Volksbank does not have a contractual obligation to provide financial support other than liquidity facilities to its consolidated structured entities. The liquidity facilities refer to cash advance facilities provided to securitisation entities that have been structured by de Volksbank (e.g. Lowlands). Any drawing under the cash advance facility can only be made on a notes payment date in case of a temporary shortfall in the available revenue funds of the structured entity. Neither of the consolidated structured entities have taken benefit of the liquidity facilities, nor has de Volksbank provided voluntary non-contractual financial support to the Loan Loss Provision (LLP) over the reported periods.

Overview of consolidated structured entities

	Place of business	Proportion of ordinary shares
Pearl Mortgage Backed Securities 1 B.V.	Amsterdam	0%
Lowland Mortgage Backed Securities 7 B.V.	Amsterdam	0%
Volks Covered Bond Company B.V.	Amsterdam	0%

For more information on the consolidated structured entities, see Note 13 Debt certificates.

22. Transferred and encumbered assets

Accounting policy for transferred and encumbered assets

Transferred financial assets are transactions for which de Volksbank has:

- transferred the contractual rights to receive the cashflows of the financial asset to a third party or parties, or;
- retained the contractual rights to receive the cashflows of that financial asset, but assumes a contractual obligation to pay the cashflows to a third party or parties.

Depending on additional circumstances regarding the transfer of risks and rewards, the transfer of the cash flows may either result in the financial assets being derecognised or in financial assets that continue to be recognised on the balance sheet. If transferred financial assets continue to be recognised on the balance sheet, de Volksbank is still exposed to changes in the fair value of the assets.

Encumbered assets are assets that can be used as collateral for funding, for example mortgages used as collateral for covered bond programs, securitised assets and collateral for certain repurchase agreement (repo) transactions. In addition, the mandatory cash reserve is also included in encumbered assets. Assets that are committed to undrawn credit facilities are not regarded as encumbered, for example, securitisation notes held by the bank itself which qualify as eligible collateral for the European Central Bank.

The following table shows the transferred assets from which the contractual rights to receive a cashflow have been transferred. The transferred assets mainly consist of securitised mortgages that have been transferred to a third party. The related liabilities are also presented in this table. The structured entities for the securitisations are consolidated. In all these cases the transfer of contractual rights to receive a cashflow did not result in the transfer of risks and rewards. Therefore, the assets continue to be recognised on both the consolidated and the company balance sheet.

Transferred assets

	Securitisations		Repurchase transactions	
in € millions	2024	2023	2024	2023
Transferred assets				
Debt securities	--	--	--	100
Loans and advances	242	278	--	--
Total transferred assets as per year-end	**242**	**278**	**--**	**100**
Amounts due to banks	--	--	--	100
Debt certificates	198	230	--	--
- Issued under securitisation programme Pearl	*198*	*230*	--	--
Total transferred liabilities as per year-end	**198**	**230**	**--**	**100**

For more information, see Note 13 Debt certificates - Medium Term Notes and 13 Debt certificates - Securitisation programmes of the consolidated financial statements.

Encumbered assets as at 31 December 2024

in € millions	Covered bonds and secu-ritisations	Deriva-tives	Repur-chase agree-ments	Other	Central banks	Total 2024
Investments - debt securities	--	263	--	--	257	520
Loans and advances to banks	--	418	--	--	518[1]	936
Loans and advances to customers	5,480	--	--	1,773[2]	--	7,253
Total encumbered assets	**5,480**	**681**	**--**	**1,773**	**775**	**8,709**

1 Consists of the mandatory cash reserve at DNB.
2 Pledged to savings premiums received in savings mortgage arrangement for € 1,184 million.

Encumbered assets as at 31 December 2023

in € millions	Covered bonds and secu-ritisations	Deriva-tives	Repur-chase agree-ments	Other	Central banks	Total 2023
Investments - debt securities	--	343	100	--	128	571
Loans and advances to banks	--	585	--	--	512[1]	1,097
Loans and advances to customers	5,044	--	--	1,671[2]	--	6,715
Total encumbered assets	**5,044**	**928**	**100**	**1,671**	**640**	**8,383**

1 Consists of the mandatory cash reserve at DNB.
2 Pledged to savings premiums received in savings mortgage arrangement for € 1,169 million.

The encumbered assets consist of the assets lodged as collateral and the mandatory cash reserve at DNB. The encumbered assets are shown at book value at the end of the year. On the balance sheet date, there were no significant restrictions accompanying financial assets from non-controlling interests' proportionate share.

23. Post balance sheet events

There were no material post balance sheet events that required disclosure or adjustment to the 31 December 2024 financial statements.

24. Net interest income

Accounting policy for net interest income

Interest income

Interest income comprises interest income on financial assets that is attributable to the period. Interest on financial assets is almost completely accounted for using the effective interest method. A limited part of the interest income relates to financial assets, mainly derivatives in a hedge relationship and trading positions, measured at fair value through profit or loss and is recognised based on nominal interest rates.

The effective interest method is based on the estimated future cash flows, taking into account the risk of early redemption of the financial instruments and the direct costs and income, such as the transaction costs charged, brokerage fees and discounts or premiums. If the risk of early redemption cannot be reliably determined, de Volksbank calculates the cash flows over the full contractual term of the financial instruments.

Commitment fees, together with the related direct costs, are included in the net interest income and accounted for using the effective interest method.

For credit-impaired assets valued at amortised cost, i.e. less any impairment losses, interest income consists of the time value of money.

Interest expenses

Interest expenses comprise interest expenses arising from financial liabilities. Interest expenses on financial liabilities that are valued at amortised cost are accounted for using the effective interest method, whereas interest expenses on financial liabilities that are classified at fair value through profit or loss are accounted for based on nominal interest rates.

Net interest income

in € millions	2024	2023
Interest income	2,230	2,037
Interest expenses	1,103	734
Net interest income	**1,127**	**1,303**

Net interest income decreased by € 176 million to € 1,127 million (-14%), mainly due to lower margins on savings as a result of higher interest rates on customer deposits.

Total retail deposits, comprising savings and current account balances of retail and SME customers, increased by € 1.4 billion to € 55.7 billion as at year-end 2024.

Furthermore, money market-related interest income decreased. The corresponding money market activities generated interest income that was mostly below the ECB deposit rate. However, this was more than compensated for by a positive impact from other results on financial instruments, which is part of other income, reflecting favourable FX swap interest rate differentials.

Despite a competitive domestic market, the margin on residential mortgages increased, driven by portfolio growth in combination with a virtually stable portfolio margin in basis points (bps). The residential mortgage portfolio, excluding IFRS value adjustments[1], rose to € 52.0 billion (year-end 2023: € 49.2 billion). Organic growth amounted to € 2.5 billion (2023: € 0.9 billion) and the execution of an existing repurchase commitment contributed € 0.3 billion to net growth. The compensation received for loss of interest income due to mortgage prepayments declined to € 11 million, from € 25 million in 2023.

The net interest margin declined to 1.57% (2023: 1.80%).

Interest income

	2024			2023		
in € millions	Gross interest income	Hedging results	Total interest income	Gross interest income	Hedging results	Total interest income
Residential mortgages	1,312	260	1,572	1,181	174	1,355
Cash and balances at central banks	122	--	122	258	--	258
Other loans and advances to customers	144	--	144	125	-1	124
Loans and advances to banks	187	--	187	139	--	139
Investments	109	95	204	73	86	159
Other	1	--	1	2	--	2
Total	**1,875**	**355**	**2,230**	**1,778**	**259**	**2,037**

[1] Consisting of fair value adjustments from hedge accounting and amortisations.

Interest expenses

	2024			2023		
in € millions	Gross interest expenses	Hedging results	Total interest expenses	Gross interest expenses	Hedging results	Total interest expenses
Debt certificates	167	7	174	118	-1	117
Subordinated debt	11	--	11	9	--	9
Amounts due to customers	827	1	828	486	-2	484
Amounts due to banks	93	--	93	124	--	124
Other	-3	--	-3	--	--	--
Total	**1,095**	**8**	**1,103**	**737**	**-3**	**734**

25. Net fee and commission income

Accounting policy for net fee and commission income
Fee and commission income consists of income from securities transactions of customers, asset management, payment services and other related services offered by de Volksbank.

Fee and commission income is recognised at an amount that reflects the consideration to which the bank expects to be entitled in exchange for providing the services. At inception of the contract, the performance obligations, including the timing of satisfaction, are identified and determined. Fee and commission income is invoiced and immediately due upon satisfaction of the service provided at a point in time or invoiced at the end of the contract period for services provided over time. Fee and commission income is recognised in the reporting period in which the services are rendered.

Commission expenses and management fees are accounted for as 'fee and commission expenses' to the extent services are acquired in the reporting period.

Net fee and commission income

in € millions	2024	2023
Fee and commission income		
Money transfer and payment charges	91	75
Advice and agency activities	27	26
Management fees	54	51
Insurance agency activities	18	18
Other activities	1	1
Total fee and commission income	**191**	**171**
Fee and commission expenses		
Money transfer and payment charges	20	14
Advice and agency activities	2	2
Management fees	20	20
Insurance agency activities	1	1
Fee franchise	71	70
Total fee and commission expenses	**114**	**107**
Total	**77**	**64**

Gross fee and commission income rose by € 20 million to € 191 million (+12%), while total fee and commission expenses increased by € 7 million to € 114 million (+7%). On balance, net fee and commission income rose by € 13 million to € 77 million (+20%), mainly due to higher fees for basic banking services as a result of the customer base growth and pricing. Management fees were slightly up compared to 2023. At year-end 2024, assets under management stood at € 4.1 billion, slightly lower compared to year-end 2023 (€ 4.2 billion).

26. Investment income (losses)

Accounting policy for investment income (losses)
Investment income (losses) consists of dividend income and unrealised and realised gains or losses for debt- and equity securities.

Dividend income
Dividend income is recognised in the income statement when entitlement is established. For listed securities, this is the date on which these securities are quoted ex-dividend.

Unrealised and realised gains or losses
This includes the unrealised and realised gains or losses for investments in the following categories:

- Amortised cost (realised);
- Fair value through other comprehensive income (realised);
- Fair value through profit or loss (unrealised and realised).

Investments included in a fair value hedge accounting relationship are reported in Other results on financial instruments.

Investment income (losses)

	Realised gains (losses)		Other result on investments		Total	
in € millions	2024	2023	2024	2023	2024	2023
Debt securities - amortised cost	--	--	--	--	--	--
Debt securities - fair value through OCI	-17	-56	--	--	-17	-56
Equity securities - fair value through P&L	--	--	3	2	3	2
Total	**-17**	**-56**	**3**	**2**	**-14**	**-54**

Investment income amounted to € 14 million negative, compared to € 54 million negative in 2023. In both years, investment income consisted entirely of realised results on fixed-income investments, sold as part of regular asset and liability management (ALM). This included the sale of low-yielding investments to optimise our investment portfolio's risk-return profile.

As in 2023, there were no realised amounts from the HTC portfolio in 2024.

27. Other results on financial instruments

Accounting policy for other results on financial instruments
This line item includes revaluation results on derivatives and other financial instruments classified as fair value through profit and loss. Derivatives are recognised at fair value. The profit or loss from revaluation at fair value is immediately recognised in the profit and loss account in the item Other results on financial instruments. For derivatives that are designated as a hedging instrument, the recognition of a resulting revaluation gain or loss depends on the nature of the hedge relationship (reference is made to Note 4 Hedging and hedge accounting). Fair value movements in the hedged item attributable to hedged risk are also included in this line item as well as the ineffective portion of any gains or losses of hedge relations.

Furthermore, this line item includes realised results from buy backs of own debt certificates.

Other results on financial instruments

in € millions	2024	2023
Ineffectiveness fair value hedge accounting	4	17
Ineffectiveness cash flow hedge accounting	--	--
Non-trading derivatives: economic hedges - currency	8	9
Non-trading derivatives: economic hedges - interest	-1	--
Trading results derivatives, investments and other financial instruments	107	75
Total	**118**	**101**

In 2024, other results on financial instruments went up by € 17 million to € 118 million, mainly consisting of higher (realised) revaluation results of FX swaps used for hedging the exposure of foreign currency money market deposits. These results mainly reflected the interest rate differential between the euro and other currencies. In addition, 2023 included a loss on interest rate swaptions used for hedging purposes.

28. Staff costs

Accounting policy for staff costs
These costs comprise all costs related to personnel. This includes salaries, social security costs, pension costs and other salary-related costs. Staff costs are recognised in the period in which the employees provide the services to which the payments relate. The accounting policies for employee benefits are included in Note 15 Provisions.

Staff costs

in € millions	2024	2023
Salaries	274	232
Pension costs	46	41
Social security	44	37
Other staff costs	357	177
Total	**721**	**487**

In 2024, staff costs rose by € 234 million to € 721 million (2023: € 487 million). They were negatively impacted by incidental items totalling € 207 million, consisting of charges to the provision for the Transformation programme and the AFC remediation programme. For more information see Note 15 Provisions

Excluding incidental items, staff costs rose by € 27 million to € 514 million. Staff costs rose as a result of wage inflation and an increase in the average number of FTEs, mainly reflecting initiatives in the AFC and IT domains. Although the total number of FTEs went down by 50 to 4,357 compared to year-end 2023, the average number went up compared to 2023, reflecting the gradual FTE increase during 2023.

Pension rights of de Volksbank employees of are included in the Defined Contribution Plan of the independent Stichting Pensioenfonds SNS REAAL. De Volksbank paid an employer pension contribution for the accrual of new rights, linked to the target accrual of 1.875%. However, this contribution is capped at 24% of gross wages. A percentage of 17,55% of gross wages was paid in 2024 (2023: 21.82%). As there is no commitment either enforceable by law or otherwise to pay additional contributions, pension benefits and related investments have not been included in the balance sheet. Because the employer's premium has fallen below 22%, the contribution made by employees is reduced. That contribution, i.e. of pensionable earnings after deduction of the contribution-free amount, stood at 0% for the first time (2023: 4.76%). The employee contribution is part of the employer contribution and is simultaneously paid to the pension fund. The existing administration agreement with Stichting Pensioenfonds SNS REAAL has been extended as of January 1, 2024 for an indefinite period.

FTEs

FTEs	2024	2023
Number of internal FTEs	3,602	3,449
Number of external FTEs	755	958
Total number of FTEs	4,357	4,407

The variable remuneration for senior management was abolished in 2018 and no variable remuneration has been paid out since then.

29. Other operating expenses

Accounting policy for other operating expenses
Costs are recognised at nominal value in the period in which services have been provided and to which the payments relate. The other operating expenses comprise costs for housing, information technology, marketing, consultancy and other operating costs and prudential costs.

Specification other operating expenses

in € millions	2024	2023
Housing costs	17	5
Information technology costs	98	82
Marketing and public relations costs	20	34
Consultancy costs and audit fees	70	66
Regulatory levies	11	42
Other costs	176	69
Total	**392**	**298**

In 2024, Other operating expenses rose by € 94 million to € 392 million (2023: € 298 million), as they were negatively impacted by incidental items totalling € 163 million. These incidental items consisted of charges to the provision for the Transformation programme, the AFC remediation programme and the settlement of legal proceedings. For more information see Note 15 Provisions

Excluding incidental items, operating expenses decreased by € 69 million, This was driven by a € 31 million decrease in regulatory levies, which amounted to € 11 million

(2023: € 42 million) and € 16 million was linked to a non-recurring gain related to an adjustment in recoverable VAT in previous years.

Regulatory levies

in € millions	2024	2023
Deposit Guarantee Scheme	11	32
Single Resolution Fund	--	10
Bank tax	--	--
Total	**11**	**42**

The European Deposit Guarantee Scheme Directive was implemented in Dutch legislation on 26 November 2015. This directive establishes common standards across the EU and aims to strengthen the protection of depositors. It ensures that depositors will continue to benefit from a guaranteed coverage up to € 100,000 in case of bankruptcy. This will be backed by funds that will be collected from the banking sector. A significant component of the rules is a pre-funded Deposit Guarantee Scheme (DGS). In the DGS, banks pay quarterly contributions into a Deposit Guarantee Fund (DGF). The level of the contribution paid by de Volksbank depends on the amount of guaranteed deposits at de Volksbank and the risk profile, partly in relation to the other banks that are part of the scheme. The target size of the DGF is equal to 0.8% of the total guaranteed deposits of the banks collectively, a target that had to be reached by 2024.
Regulatory levies in the reporting period (€ 11 million) were entirely linked to the ex-ante DGS contribution (2023: € 32 million), for which fund the target size had been reached as at the second quarter of 2024.

In order to finance an orderly winding up of failing banks, a National Resolution Funds (NRF) was established in 2015, which is ex-ante financed by contributions raised from the banks. The NRF was replaced by the Single Resolution Fund (SRF) as from 2016. The SRF builds up over eight years, reaching a target level of at least 1% of the amount of covered deposits of all credit institutions of all the participating member states.

Whereas 2023 included a contribution of € 10 million to the Single Resolution Fund (SRF), 2024 did not include such a contribution as the target level of this fund had been reached in 2023, marking the end of the build-up phase. We recorded our contributions to the SRF as an expense under Other operating expenses and we do not use the option to meet these contributions as irrevocable payment obligations.

Audit fees

Breakdown of audit fees

	EY Accountants	
in € thousands, excluding applicable VAT	2024	2023
Statutory audit of annual accounts, including the audit of the financial statements and other statutory audits of subsidiaries and other consolidated entities	2,510	2,477
Other assurance services	2,129	1,403
Tax advisory services	--	--
Other non-audit services	--	--
Total	**4,639**	**3,880**

Audit fees relate to the financial year to which the financial statements pertain, regardless of whether the external auditor and the audit firm performed the work during the financial year.

In addition to the statutory audit and the performance of other statutory audits, the auditor also provides a number of other assurance services. These other assurance services consist of the fees for assurance on sustainability statements, review of interim financial information, the assessment of non-financial information as included in the Annual Report, internal control (ISAE 3402) reports and activities related to the separation of assets, cost price model, prospectuses and bond issues. Furthermore, these activities include reporting activities to the regulatory authority and securitisations and the covered bond programme in relation to mortgage pools within the context of outsourcing.

30. Impairment charges (releases) on financial assets

Accounting policy for impairment charges (releases) on financial assets
Financial assets measured at amortised cost and fair value through OCI, including loan commitments and financial guarantee contracts (off-balance sheet positions) are subject to impairments. An impairment is recognised in the income statement. The accounting principles for impairment are explained in more detail in the accounting principles of the balance sheet items that are subject to impairments. For more information about the stage allocation process and associated provisioning methodology, please refer to Section Provisioning methodology.

Impairment charges (releases) on financial assets by portfolio

in € millions	2024	2023
Investments	--	--
Loans and advances to banks	-1	-2
Loans and advances to customers	-50	16
Of which residential mortgages	*-48*	*9*
Of which consumer loans	*--*	*-2*
Of which SME loans	*-7*	*-1*
Of which other corporate and government loans	*5*	*10*
Other	--	1
Total	**-51**	**15**

Total impairment charges of financial assets consisted of a reversal of 51 million, compared to a € 15 million charge in 2023. For a more detailed description of the impairments based on the Expected Credit Loss model in line with IFRS 9, see Section Credit risk.

Residential mortgages
In 2024, the reversal of impairment charges on residential mortgages amounted to € 48 million, compared to a charge of € 9 million in 2023. The reversal in 2024 was mainly related to the modelled provision, but the management overlay, which covers credit-related dynamics not being part of our credit risk models, also decreased by € 10 million. For more information about the management overlay, see the Section on Credit risk.

The decrease in the modelled provision was driven by an improved macroeconomic outlook and higher house prices, which led also to a shift of mortgages to lower LtV buckets. In 2023, the modelled provision increased, as a result of lower house prices at the time.

Incurred credit losses (write-offs) on residential mortgages were negligible (zero bps) in both years, evidencing the strong underlying credit quality of our portfolio.

Consumer loans
Impairment charges on consumer loans were nil, compared to a reversal of € 2 million in 2023.

SME loans
Impairment charges on SME loans consisted of a reversal of € 7 million, compared to a reversal of € 1 million in 2023. The reversal in 2024 was partly driven by the full release of the management overlay of € 3 million for SME customers who might be affected by high inflation. In addition, a change in model parameters resulted in a release of € 2 million. The credit quality of the SME loan portfolio remained sound and incurred credit losses were very limited.

Other corporate and government loans
Impairments charges on other corporate and government loans consisted of a charge of € 5 million compared to a charge of € 10 million in 2023, in both years consisting of impairments on a few individual corporate loans as a result of increased credit risk.

Loans to banks
Impairment charges on loans to banks consisted of a reversal of € 1 million, compared to a reversal of € 2 million in 2023.

31. Taxation

Accounting policy for taxation
Income tax consists of current and deferred tax. Income tax is recognised in the income statement in the period in which profits arise and measured using tax rates enacted at the balance sheet date.

Specification of taxation

in € millions	2024	2023
In financial year	76	160
Prior year adjustments	--	1
Corporate income tax due	**76**	**161**
Due to temporary differences	-1	-1
Deferred tax	**-1**	**-1**
Total	**75**	**160**

Reconciliation between the statutory and effective tax rate

in € millions	2024	2023
Statutory income tax rate	25.8%	25.8%
Result before taxation	219	591
Statutory corporate income tax amount	**57**	**152**
Exemptions	23	11
Prior year adjustments (including tax provision release)	--	1
Permanent differences	-5	-4
Total	**75**	**160**
Effective tax rate	34.2%	27.1%

De Volksbank recognised € 75 million in corporate income tax, corresponding to an effective tax rate of 34.2% (2023: 27.1%), above the nominal rate of 25.8%. This was the result of the interest deduction limitation on borrowed capital (thin cap rule) and the two administrative fines that were non-tax-deductible. This was partly offset by the tax impact from interest expenses related to Additional Tier 1 capital securities recognised directly in shareholders' equity.

Country-by-country reporting

On the basis of Article 89 (1) of CRD IV, financial institutions are required to disclose the Member States and third countries in which they operate. De Volksbank is not active abroad and does not have any subsidiaries abroad. All its activities take place in the Netherlands. For more information on the subsidiaries and consolidated structured entities of de Volksbank, see Note 21 Related parties.

Name	De Volksbank	
Nature of activities	Credit institution	
Geographical location	The Netherlands	
in € millions	**2024**	2023
Turnover	1,308	1,414
Revenues from third-party sales		1
Revenues from intra-group transactions with other tax jurisdiction	N/A	N/A
Number of FTEs on a full-time basis	4,357	4,407
Tangible assets other than cash and cash equivalents	50	72
Profit before taxation	219	591
Corporate income tax on profit	75	160
Corporate income tax on profit paid on a cash basis	133	54
Payroll tax and social security contributions	125	111
Non-recoverable VAT	67	63
Bank tax	--	--
Dividend tax	25	14
Public subsidies received	n.a.	n.a.

Authorisation of the consolidated annual financial statements

Utrecht, 13 March 2025

Executive Board
Roland Boekhout (Chair)
André Haag
Saskia Hoskens
Isold Heemstra
Gwendolyn van Tunen

Supervisory Board
Gerard van Olphen (Chair)
Jos van Lange (Vice chair)
Jeanine Helthuis
Petra van Hoeken
Aloys Kregting

Company financial statements

Company statement of financial position

Before result appropriation and in € millions	Notes	31-12-2024	31-12-2023
Assets			
Cash and balances at central banks	1	2,832	5,884
Government paper eligible at the central bank	2	1,197	846
Loans and advances to banks	3	6,710	4,671
Loans and advances to customers	4	54,494	50,847
Derivatives	5	2,141	2,541
Debt securities	6	5,986	5,872
Equity securities	7	13	12
Subsidiaries	8	84	77
Tangible assets	9	50	72
Other assets	10	450	474
Total assets		**73,957**	**71,296**
Equity and liabilities			
Amounts due to banks	11	1,401	1,947
Amounts due to customers	12	56,153	54,910
Debt certificates	13	9,124	7,705
Derivatives	5	1,105	1,121
Other liabilities	14	724	978
Other provisions	15	405	44
Subordinated debts	16	997	500
Total liabilities		**69,909**	**67,205**
Share capital	17	381	381
Share premium reserve	17	3,537	3,537
Cashflow hedge reserve	17	13	15
Fair value reserve	17	-80	-81
Other reserves	17	-245	-490
Net profit for the period	17	144	431
AT1 capital securities	17	298	298
Total equity		**4,048**	**4,091**
Total equity and liabilities		**73,957**	**71,296**
Loan commitments given		3,041	2,204
Financial guarantees and other commitments		42	339

Company income statement

in € millions	Notes	2024	2023
Interest income	22	2,230	2,052
Interest expense	22	1,103	749
Net interest income		**1,127**	**1,303**
Investment income (losses) and result subsidiaries	23	-7	-53
Fee and commission income	24	145	126
Fee and commission expenses	24	96	88
Net fee and commission income		**49**	**38**
Other results on financial instruments	25	121	107
Other operating income		--	--
Total income		**1,290**	**1,395**
Salaries	26	672	444
Social security	26	43	37
Staff costs		**715**	**481**
Depreciation and amortisation of tangible and intangible assets	9	27	22
Other operating expenses	27	384	289
Impairment charges (releases) on financial assets	28	-51	15
Total expenses		**1,075**	**807**
Result before taxation		**215**	**588**
Taxation	29	71	157
Net result for the period		**144**	**431**

Principles for the preparation of the company financial statements

When preparing the company financial statements, de Volksbank N.V. makes use of the option offered in Book 2, Section 362 (8) of the Dutch Civil Code of applying the same principles for valuation and the determination of the results as are used in the consolidated financial statements for the company financial statements. Reference is made to the accounting principles for the consolidated financial statements. The presentation and notes in the company financial statements are based on Title 9, Book 2 of the Dutch Civil Code.

For additional information on items not explained further in the notes to the company statement of financial position, reference is made to the notes to the consolidated financial statements.

The overview as referred to in Book 2, Sections 379 and 414 of the Dutch Civil Code has been filed with the Trade Register of the Chamber of Commerce of Utrecht.

De Volksbank is located at Croeselaan 1, 3521 BJ Utrecht, the Netherlands (CoC 16062338 of Utrecht).

De Volksbank N.V. is as a public interest entity in accordance with Book 2, Section 398 (7) of the Dutch Civil Code. The company financial statements fully comply with the Dutch Annual Accounts Formats Decree (*Besluit modellen jaarrekening*), model K for the statement of financial position and model L for the income statement.

Subsidiaries are all companies and other entities in respect of which de Volksbank N.V. has the power to govern the financial and operating policies, whether directly or indirectly, and which are controlled by de Volksbank N.V. The subsidiaries are accounted for using the equity method. The subsidiaries are regarded as an asset and liability combination and not as an indivisible asset. The expected credit losses as prescribed in IFRS 9 on receivables from subsidiaries in the company financial statements are eliminated and included in the carrying amount of the receivables.

Changes in balance sheet values due to the results of subsidiaries, accounted for in accordance with de Volksbank N.V. accounting policies, are included in the income statement. The distributable reserves of subsidiaries are included in other reserves.

Receivables from and amounts due to subsidiaries are intercompany balances, and are valued at amortised cost.

The cashflow and fair value reserve qualify as legal revaluation reserves.

Liquid assets include the non-restricted demand deposits with the Dutch Central Bank and advances to credit institutions with a remaining maturity of less than one month.

Notes to the company financial statements

1. Cash and balances at central banks

Cash and balances at central banks

in € millions	2024	2023
Balances held at central banks	2,763	5,824
Short-term bank balances	36	32
Cash	33	28
Total	**2,832**	**5,884**

2. Government paper eligible at the central bank

Short-term government paper

in € millions	2024	2023
Short-term government paper - amortised costs	879	692
Short-term government paper - fair value through OCI	318	154
Total	**1,197**	**846**

3. Loans and advances to banks

Loans and advances to banks

in € millions	2024	2023
Deposits	6,195	4,163
Mandatory cash reserve at Dutch Central Bank	518	512
Provision for credit losses	-3	-4
Total	**6,710**	**4,671**

4. Loans and advances to customers

Loans and advances to customers

in € millions	2024	2023
Residential mortgages	50,835	47,767
Consumer loans	60	51
SME loans	1,378	1,213
Other corporate and government loans	2,221	1,816
Total	**54,494**	**50,847**

For more information on Loans and advances to customers, see Note 7 Loans and advances to customers of the consolidated financial statements.

5. Derivatives

Derivatives

	Positive value		Negative value		Balance	
in € millions	2024	2023	2024	2023	2024	2023
Derivatives held for fair value hedge accounting	1,665	2,048	664	594	1,001	1,454
Derivatives held for economic hedges	49	48	16	91	33	-43
Derivatives held for trading	427	445	425	436	2	9
Total	**2,141**	**2,541**	**1,105**	**1,121**	**1,036**	**1,420**

Statement of changes in derivatives

in € millions	2024	2023
Opening balance	**1,420**	**2,368**
Purchases	--	-7
Settlements	-417	-116
Revaluations	32	-826
Exchange rate differences	1	1
Closing balance	**1,036**	**1,420**

6. Debt securities

Debt securities

in € millions	2024	2023
Amortised cost	2,377	2,734
Fair value through OCI	3,609	3,121
Fair value through P&L	--	17
Total	**5,986**	**5,872**

For more information on Debt securities, see Note 5 Investments of the consolidated financial statements.

7. Equity securities

Equity securities

in € millions	2024	2023
Fair value through OCI	1	1
Fair value through P&L	12	11
Total	**13**	**12**

For more information on Equity securities, see Note 5 Investments of the consolidated financial statements.

8. Subsidiaries

Statement of changes in subsidiaries

in € millions	2024	2023
Opening balance	**77**	**76**
Result subsidiaries	7	1
Closing balance	**84**	**77**

Securitised mortgages are not derecognised from the company financial statements as the derecognition criteria are not met. For that reason, the equity values of subsidiaries that are presented in the company financial statements only relate to assets and liabilities of the subsidiary except securitised mortgages.

9. Tangible assets

Property and equipment

in € millions	2024	2023
Land and buildings	7	8
IT equipment	9	10
Other tangible assets	12	22
Right of use assets	22	32
Total	**50**	**72**

For a more detailed explanation on the Right of use of assets, refer to Note 17 Leases in the Notes to the consolidated financial statements.

Statement of change in property and equipment

	Land and buildings		IT equipment		Other assets		Total	
in € millions	2024	2023	2024	2023	2024	2023	2024	2023
Accumulated acquisition costs	9	9	48	45	100	98	157	152
Accumulated amortisations and impairments	-2	-1	-39	-35	-88	-76	-129	-112
Closing balance	**7**	**8**	**9**	**10**	**12**	**22**	**28**	**40**
Opening balance	8	8	10	8	22	24	40	40
Investments	--	--	3	6	1	5	4	11
Divestments	-1	--	--	--	--	--	-1	--
Depreciation	--	--	-4	-4	-6	-6	-10	-10
Impairments	--	--	--	--	-5	-1	-5	-1
Closing balance	**7**	**8**	**9**	**10**	**12**	**22**	**28**	**40**

Depreciation and amortisation of property and equipment

in € millions	2024	2023
Depreciation on tangible assets	10	10
Impairment on tangible assets	6	1
Depreciation of right of use assets (leases)	11	11
Total	**27**	**22**

10. Other assets

Other assets

in € millions	2024	2023
Receivables from group companies	195	182
Deferred tax assets	11	14
Trade and other receivables	38	47
Amounts to be settled	155	154
Sublease	7	9
Accrued assets	34	30
Other	10	38
Total	**450**	**474**

Other includes the advanced contribution of de Volksbank to the Dutch Central Bank of € 3 million (2023: € 38 million) under the DGS in relation to its share related to the bankruptcy of DSB bank.

11. Amounts due to banks

Amounts due to banks

in € millions	2024	2023
Repurchase agreements - held for trading	--	100
Cash collateral transactions	1,205	1,549
Current accounts	1	1
Deposits with agreed maturity	195	297
Total	**1,401**	**1,947**

For more information on Amounts due to banks, see Note 11 Amounts due to banks of the consolidated financial statements.

12. Amounts due to customers

Amounts due to customers

in € millions	2024	2023
Households	52,107	50,361
Corporates	4,046	4,549
Total	**56,153**	**54,910**

For more information on Amounts due to customers, see Note12 Amounts due to customers of the consolidated financial statements.

13. Debt certificates

Debt certificates

in € millions	2024	2023
Medium-term notes (MTN)	8,031	7,705
Certificates of deposits	1,093	--
Balance as at 31 December	**9,124**	**7,705**

For more information on Debt certificates, see Note 13 Debt certificates of the consolidated financial statements.

Statement of changes in debt certificates

	Medium Term Notes		Certificates of Deposit		Total	
in € millions	2024	2023	2024	2023	2024	2023
Opening balance	7,705	7,166	--	100	7,705	7,266
Issues	996	995	14,518	308	15,514	1,303
Redemptions	-705	-487	-13,455	-409	-14,160	-896
Revaluations	-0	1	--	--	-0	1
Amortisation	10	9	24	1	34	10
Change accrued interest	14	21	--	--	14	21
Other adjustments	12	--	--	--	12	--
Exchange rate differences	--	--	6	--	6	--
Closing balance	**8,031**	**7,705**	**1,093**	**--**	**9,124**	**7,705**

14. Other liabilities

Other liabilities

in € millions	2024	2023
Amounts due to group companies	474	478
Corporate income tax	--	59
Deferred tax liabilities	14	16
Other taxes	19	20
Accruals	103	323
Lease liabilities	28	41
Other	86	41
Total	**724**	**978**

For a more detailed explanation to the Lease liabilities, refer to Note 17 Leases in the Notes to the consolidated financial statements.

Other relates mainly to amounts payable to customers and suppliers.

15. Other provisions

Other provisions

in € millions	2024	2023
Restructuring provision	129	9
Employee benefits	12	12
Other provisions	256	12
Provision for credit losses off-balance sheet items	8	11
Total	**405**	**44**

For more information on Other provisions, see Note 15 Provisions of the consolidated financial statements.

16. Subordinated debts

Subordinated debts

in € millions	2024	2023
Bonds	997	500
Total	**997**	**500**

For more information on Subordinated debts, see Note 14 Subordinated debts of the consolidated financial statements.

17. Equity

Issued shares

The issued share capital is fully paid up and solely comprises ordinary shares. The nominal value of the ordinary shares is € 453.79.

Issued shares

	Number of shares		Amount of shares in € millions	
In numbers	2024	2023	2024	2023
Authorised share capital	4,200,040	4,200,040	1,906	1,906
Share capital in portfolio	3,360,032	3,360,032	1,525	1,525
Issued share capital as at 31 December	**840,008**	**840,008**	**381**	**381**

Statement of changes in equity in 2024

in € millions	Issued capital	Share premium reserve	Cashflow hedge-reserve	Fair value reserve	Other reserves	Net result for the period	AT1 capital securities	Total Equity
Balance as at 1 January 2024	**381**	**3,537**	**15**	**-81**	**-490**	**431**	**298**	**4,091**
Transfer of net result	**--**	**--**	**--**	**--**	**267**	**-267**	**--**	**--**
Unrealised revaluations	--	--	--	-12	--	--	--	-12
Realised revaluations through P&L	--	--	-2	13	--	--	--	**11**
Amounts charged directly to equity	**--**	**--**	**-2**	**1**	**--**	**--**	**--**	**-1**
Net result	--	--	--	--	--	144		144
Total result 2024	**--**	**--**	**-2**	**1**	**--**	**144**	**--**	**143**
Paid interest on AT1 capital securities	--	--	--	--	-21	--	--	-21
Dividend	--	--	--	--	--	-164	--	-164
Transactions with owners of the company	**--**	**--**	**--**	**--**	**-21**	**-164**	**--**	**-185**
Other movements	--	--	--	--	-1	--	--	-1
Total changes in equity	**--**	**--**	**-2**	**1**	**245**	**-287**	**--**	**-43**
Balance as at 31 December 2024	**381**	**3,537**	**13**	**-80**	**-245**	**144**	**298**	**4,048**

Statement of changes in equity in 2023

in € millions	Issued capital	Share premium reserve	Cashflow hedge-reserve	Fair value reserve	Other reserves	Net result for the period	AT1 capital securities	Total Equity
Balance as at 1 January 2023	**381**	**3,537**	**17**	**-146**	**-570**	**191**	**298**	**3,708**
Transfer of net result	**--**	**--**	**--**	**--**	**101**	**-101**	**--**	**--**
Unrealised revaluations	--	--	--	24	--	--	--	24
Realised revaluations through P&L	--	--	-2	41	--	--	--	39
Amounts charged directly to equity	**--**	**--**	**-2**	**65**	**--**	**--**	**--**	**63**
Net result	--	--	--	--	--	431	--	431
Total result 2023	**--**	**--**	**-2**	**65**	**--**	**431**	**--**	**494**
Increase of capital	--	--	--	--	--	--		--
Paid interest on AT1 capital securities	--	--	--	--	-21	--	--	-21
Dividend	--	--	--	--	--	-90	--	-90
Transactions with owners of the company	**--**	**--**	**--**	**--**	**-21**	**-90**	**--**	**-111**
Total changes in equity	**--**	**--**	**-2**	**65**	**80**	**240**	**--**	**383**
Balance as at 31 December 2023	**381**	**3,537**	**15**	**-81**	**-490**	**431**	**298**	**4,091**

The cashflow hedge reserve and fair value reserve are legal reserves.

18. Contingent liabilities and commitments

De Volksbank N.V. has provided guarantees as referred to in Book 2, section 403 of the Dutch Civil Code for Pettelaar Effectenbewaarbedrijf N.V., SNS Global Custody B.V. and ASN Duurzame Deelnemingen N.V.

For more information on the other contingent liabilities, see Note 19 Contingent liabilities and commitments of the consolidated financial statements.

19. Maturity of certain assets and liabilities

Analysis of certain assets and liabilities by maturity as at 31 December 2024

in € millions	On demand	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total
Assets						
Loans and advances to banks	--	3,755	2,263	517	175	**6,710**
Loans and advances to customers	--	771	1,024	4,704	47,995	**54,494**
Liabilities						
Amounts due to banks	--	393	136	239	633	**1,401**
Amounts due to customers	39,930	13,527	207	729	1,760	**56,153**
Debt certificates	--	1,088	5	4,094	3,937	**9,124**
Subordinated debts	--	--	499	--	498	**997**

Analysis of certain assets and liabilities by maturity as at 31 December 2023

in € millions	On demand	≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 5 years	> 5 years	Total
Assets						
Loans and advances to banks	--	2,579	1,257	642	193	**4,671**
Loans and advances to customers	--	549	956	3,856	45,486	**50,847**
Liabilities						
Amounts due to banks	--	596	78	275	998	**1,947**
Amounts due to customers	39,047	11,813	977	1,201	1,872	**54,910**
Debt certificates	--	5	700	3,565	3,435	**7,705**
Subordinated debts	--	--	--	--	500	**500**

20. Related parties

Positions and transactions between de Volksbank N.V. and subsidiaries

	Securitisation entities		Other		Total	
in € millions	2024	2023	2024	2023	2024	2023
Income received	4	7	4	5	8	12
Expenses paid	--	--	--	--	--	--

For more information, see Note 21 Related parties of the consolidated financial statements.

The receivables from subsidiaries and the amounts due to subsidiaries are included in Note 10 Other assets and Note 14 Other liabilities.

21. Post balance sheet events

There were no material post balance sheet events that required disclosure or adjustment to the 31 December 2024 financial statements.

22. Net interest income

Net interest income

in € millions	2024	2023
Interest income debt securities	204	159
Interest income balances at central banks	122	258
Interest income residential mortgages	1,572	1,355
Interest income other	332	265
Interest expense banking activities	-1,103	-734
Net interest income	**1,127**	**1,303**

23. Investment income (losses) and result subsidiaries

Investment income (losses) and result subsidiaries

in € millions	2024	2023
Investment income (losses) - equity securities	3	2
Investment income (losses) - debt securities	-17	-56
Result subsidiaries	7	1
Total	**-7**	**-53**

24. Net fee and commission income

Net fee and commission income

in € millions	2024	2023
Fee and commission income		
Money transfer and payment charges	91	75
Advice and agency activities	23	22
Management fees	12	10
Insurance agency activities	18	18
Other activities	1	1
Total fee and commission income	**145**	**126**
Fee and commission expenses		
Money transfer and payment charges	20	14
Management fees	4	3
Insurance agency activities	1	1
Fee franchise	71	70
Total fee and commission expenses	**96**	**88**
Total	**49**	**38**

For more information on the increase in Fee franchise, see Note 25 Net fee and commission income in the consolidated financial statements.

25. Other results on financial instruments

Other results on financial instruments

in € millions	2024	2023
Ineffectiveness fair value hedge accounting	4	17
Ineffectiveness cash flow hedge accounting	--	--
Non-trading derivatives: economic hedges - interest rate	-1	--
Non-trading derivatives: economic hedges - currency	8	9
Trading results derivatives, investments and other financial instruments	110	81
Total	**121**	**107**

26. Staff costs

Staff costs

in € millions	2024	2023
Salaries	270	228
Pension costs	46	40
Social security	43	37
Other staff costs	356	176
Total	**715**	**481**

27. Other operating expenses

Other operating expenses

in € millions	2024	2023
Housing costs	17	5
Information technology costs	96	79
Marketing and public relations costs	20	34
Consultancy costs and audit fees	69	65
Regulatory levies	11	42
Other costs	171	64
Total	**384**	**289**

For more information on the increase in Other operating expenses, see Note 29 Other operating expenses in the consolidated financial statements.

28. Impairment charges (releases) on financial assets

Impairment charges (releases) on financial assets

in € millions	2024	2023
Investments	--	--
Loans and advances to banks	-1	-2
Loans and advances to customers	-50	16
Of which residential mortgages	*-48*	*9*
Of which consumer loans	*--*	*-2*
Of which SME loans	*-7*	*-1*
Of which other corporate and government loans	*5*	*10*
Other	--	1
Total	**-51**	**15**

29. Taxation

Specification of taxation

in € millions	2024	2023
In financial year	72	157
Prior year adjustments	--	1
Corporate income tax due	**72**	**158**
Due to temporary differences	-1	-1
Deferred tax	**-1**	**-1**
Total	**71**	**157**

The effective tax rate over 2024 amounts to 33.0% (2023: 26.7 %).

Profit or loss appropriation

De Volksbank proposes to retain the net profit for 2024, in 2023 € 164 million was paid out as dividend. The profit for the financial year 2024 will be added to the other reserves.

Authorisation of the company annual financial statement

Utrecht, 13 March 2025

Executive Board
Roland Boekhout (Chair)
André Haag
Saskia Hoskens
Isold Heemstra
Gwendolyn van Tunen

Supervisory Board
Gerard van Olphen (Chair)
Jos van Lange (Vice chair)
Jeanine Helthuis
Petra van Hoeken
Aloys Kregting

Other information

Other information

Provisions regarding profit or loss appropriation

Provisions of the Articles of Association regarding profit or loss appropriation

Article 30 DISTRIBUTIONS ON SHARES

30.1 The profits as determined through the adoption of the annual accounts shall be at the disposal of the General Meeting. The General Meeting may decide to make a distribution, to the extent that the shareholders' equity exceeds the amount of the paid and called up part of the capital and the reserves that must be maintained by law.
30.2 For the purposes of calculating any distribution, shares held by the Company in its own capital shall not be included.
30.3 For the purposes of calculating the amount to be distributed on each share, only the amount of the mandatory payments towards the nominal value of the shares shall be taken into account.
30.4 If the General Meeting so determines on the proposal of the Management Board, an interim dividend will be distributed, including an interim dividend from reserves, but only with due observance of what is provided in Section 2:105(4) DCC.
30.5 Unless the General Meeting determines otherwise, distributions shall be payable immediately
30.6 A Shareholder's claim under this Article 30 shall lapse after five years.

Independent auditor's report

To: the shareholder and Supervisory Board of de Volksbank N.V.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the accompanying financial statements 2024 of de Volksbank N.V. based in Utrecht, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:
- the consolidated financial statements give a true and fair view of the financial position of de Volksbank N.V. as at 31 December 2024 and of its result and its cash flows for 2024 in accordance with IFRS Accounting Standards as adopted in the European Union (IFRS Accounting Standards) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements give a true and fair view of the financial position of de Volksbank N.V. as at 31 December 2024 and of its result for 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
- the consolidated statement of financial position as at 31 December 2024;
- the following statements for 2024: the consolidated income statement, the consolidated total comprehensive income, the consolidated statement of changes in equity, and the consolidated cashflow statement;
- the notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:
- the company statement of financial position as at 31 December 2024;
- the company income statement for 2024;
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of de Volksbank N.V. ('the company') in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics for professional accountants). We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

De Volksbank N.V. is a bank with a focus on mortgages, payments and savings as its most important products for Dutch retail clients, through the brands SNS, ASN Bank, BLG Wonen and RegioBank. We paid specific attention in our audit to several areas in line with the operations of the company and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In order to obtain sufficient and appropriate audit evidence to provide an opinion on the consolidated financial statements, we have performed a full-scope audit on the consolidated financial information of de Volksbank N.V. as a whole.

Materiality

Materiality	EUR 20 million (2023: EUR 20 million)
Benchmark applied	0.5% of equity as at 31 December 2024 (2023: 0.5%)
Explanation	Based on our professional judgment of financial information needs of users of the financial statements, a benchmark of 0.5% of equity is an appropriate quantitative indicator of materiality as it best reflects the financial position of de Volksbank N.V. We determined materiality consistently with the previous financial year.

We have also considered misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during the audit exceeding EUR 1.0 million, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Teaming and use of specialists
We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a bank. We included specialists in the areas of IT audit, forensics, sustainability, income tax and capital ratios. Furthermore, we have made use of our own experts in the areas of provision for expected credit losses (i.e., modelling, collateral valuation, macro-economic), valuation of financial instruments, hedge accounting, legal and compliance, employee benefits, and fair value disclosures.

Our focus on climate-related risks and the energy transition
Climate change and the energy transition are high on the public agenda and lead to significant change for many businesses and society. The Executive Board reported in 'Sustainability statements' and the section 'Sustainability risk' in 'Risk management' how the company is addressing climate-related and environmental risks also taking into account related regulatory and supervisory guidance and recommendations. Furthermore, we refer to the Sustainability statements in the annual report where the Executive Board discloses its publication of the climate action plan and preparatory steps taken in connection to climate-related risks and the effects of energy transition.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition and de Volksbank N.V.'s climate action plan, are materially impacting financial reporting judgements, estimates and significant assumptions, including those related to the estimation of expected credit losses. Furthermore, we read the report of the Executive Board and considered whether there is any material inconsistency between the non-financial information in the 'Sustainability statements' and the Risk management section 'Sustainability risk' and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2024.

Our focus on fraud and non-compliance with laws and regulations
Our responsibility
Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the Executive Board's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. We refer to 'Risk management', and in particular regarding 'crime risk (including fraud)' as included in section 'Operational risks', of the annual report for the Executive Board's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration in close co-operation with our forensic specialists. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption, in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all organizations. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in 'The use of judgements, estimates and assumptions in the preparation of the financial statements' note to the consolidated financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

Additionally, as described in our key audit matter on the 'Estimation of expected credit losses on residential mortgages', we specifically considered the risk of management override of controls in connection with assumptions such as macro-economic scenarios and forward-looking information in the determination of the expected credit losses that may represent a risk of material misstatement due to fraud.

With regards to the presumed risk of fraud in revenue recognition, we concluded that this risk is in areas that are complex or with higher subjectivity in meeting revenue recognition criteria, more specifically related to prepayment penalties in case of interest averaging on retail mortgages. We designed and performed audit procedures relating to revenue recognition responsive to this presumed fraud risk with support of our own specialists.

Furthermore, we considered available information and made enquiries of relevant functions (including risk, compliance, crime, internal audit and legal), the Executive Board and the Supervisory Board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the Executive Board, inspection of the integrity risk analysis (SIRA), reading minutes, inspection of reports from risk, compliance and internal audit and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. In case of potential non-compliance with laws and regulations that may have a material effect on the financial statements, we assessed whether the company has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting and, where relevant, whether the company implemented remediation plans. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us. Specifically with regard to the anti-financial crime remediation activities, we make reference to the key audit matter on the 'Estimation of other provisions and related disclosures'.

Our audit response related to going concern
As disclosed in the 'Basis of preparation' section in the notes to the consolidated financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the Executive Board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the Executive Board exercising professional judgment and maintaining professional skepticism. We considered whether the Executive Board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern and whether the company will continue to comply with prudential requirements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change.

Estimation of expected credit losses on residential mortgages

Risk

Residential mortgages are measured at amortized cost less a provision for expected credit losses. The provision for credit losses represents the company's best estimate of expected credit losses. At 31 December 2024, the total gross residential mortgage loan portfolio amounts to EUR 50.9 billion (2023: EUR 47.9 billion) and the provision for credit losses amounts to EUR 80 million (2023: EUR 118 million), as reported and disclosed in note 7 to the consolidated financial statements. Furthermore, in the Risk management section 'Credit risk' of the annual report, credit risk management practices, the provision methodology, and credit risk developments are disclosed.

The expected credit losses are calculated based on assumptions such as the probability of default, the loss given default, the allocation of loans to stages and the use of macro-economic scenarios and forward-looking information. In response to the higher estimation uncertainty and the current economic circumstances, management overlays have been recognized.

The appropriateness of provisions for expected credit losses is a key area of judgment for the Executive Board. The identification of expected credit losses and the determination of the recoverability of residential mortgages are inherently uncertain processes involving assumptions economic developments. The use of alternative modelling techniques and assumptions could produce significantly different estimates of provisions for expected credit losses.

As part of our risk assessment, we considered the potential risk of management override of controls and we identified a significant risk with regard the collateral values as an important factor for loss given default and thus the expected credit losses. Given the relative size of the residential mortgages of de Volksbank N.V. and the complexity of accounting requirements with respect provisions for expected credit losses together with the subjectivity involved in the underlying judgments made, we considered this to be a key audit matter.

Our audit approach

Our audit procedures included, amongst others, evaluating the appropriateness of de Volksbank N.V.'s accounting policies related to expected credit losses in accordance with IFRS Our audit procedures included, amongst others, evaluating the appropriateness of de Volksbank N.V.'s accounting policies related to expected credit losses in accordance with IFRS 9 "Financial Instruments" and whether the accounting policies have been applied consistently. We have obtained an understanding of the loan loss provisioning process, evaluated the design and the implementation and, where considered appropriate, tested operating effectiveness of controls across the processes relevant to the expected credit loss calculations, and performed substantive procedures as well. Our audit procedures included the allocation of loans to stages, model governance, data accuracy and completeness, arrears management, multiple macro-economic scenarios, management adjustments (overlays), journal entry testing and disclosures.

With the support of our modelling specialists, we assessed the adequacy of the provisioning models used by de Volksbank N.V. and verified whether the models were adequately designed and implemented. We performed an overall assessment of the provision levels by stage to determine if they were reasonable considering the risk profile of the residential mortgage portfolio, arrears management and credit risk management practices and the macro-economic environment. We challenged the criteria used to allocate loans to stage 1, 2 or 3 in accordance with IFRS 9 and tested loans for appropriate staging. We tested the data used in the expected credit loss calculation through reconciliation to source systems.

With the assistance of our real estate valuation specialists, we tested the collateral values as this is an important factor for determining expected credit losses, in particular for stage 3 loans. We have assessed the indexation methodology for the collateral valuation, checked the correct application thereof, and performed an independent valuation test for a sample of collateral.

With the support of our economic specialists, we assessed the base case and alternative economic scenarios including the impact of current macroeconomic uncertainties and the recognition and documentation of management overlays. This included challenging probability weights and the macroeconomic forecasts across the scenarios, as well as assessing the sensitivity of changes in the assumptions in the calculations. We assessed the completeness and tested the appropriateness and associated considerations of post-model adjustments, including management overlays. In this regard we also considered findings from regulatory inspections, industry developments, portfolio characteristics, inherent model uncertainties and the ongoing process of model redevelopments at de Volksbank N.V.

Finally, we evaluated the completeness and accuracy of the disclosures relating to the provision for credit losses to evaluate compliance with disclosure requirements in accordance with IFRS Accounting Standards. In particular we evaluated that the disclosures adequately convey the degree of estimation uncertainty and the range of possible outcomes under the different macroeconomic scenarios.

Key observations

Based on our procedures performed, we consider the provision for expected credit losses on residential mortgages to be reasonable and in compliance with IFRS Accounting Standards.

Estimation of other provisions and related disclosures

Risk

In accordance with IAS 37 "Provisions, contingent liabilities and contingent assets", de Volksbank N.V. provides for obligations related to, i.a. restructuring, legal claims and non-compliance matters. At 31 December 2024, a restructuring provision of EUR 129 million (2023: EUR 9 million) and other (non-credit) provisions of EUR 256 million (2023: EUR 12 million) are recognized and detailed in note 15 to the financial statements. Contingent liabilities and legal proceedings are disclosed in note 19. Furthermore, in the risk management section, developments with regard to transformation, legal, crime and compliance risk are disclosed.

De Volksbank N.V. is subject to laws and regulations that directly or indirectly affect the financial statements, including laws and regulations in respect of anti-money laundering (anti-financial crime), sanctions, privacy, duty of care, and capital requirements. Developments at de Volksbank N.V. with regard to the internal organization, transformation, compliance with laws and regulations as well as regulatory measures give rise to increased attention from the Executive Board when estimating the provisions or disclosing contingent liabilities, specifically in the determination of whether outflows in respect of identified matters are probable and can be estimated reliably and the appropriateness of assumptions and judgments used in the estimation of the provisions or the disclosure of contingent liabilities. Therefore, we consider this a key audit matter.

Our audit approach

We obtained an understanding of the entity-level controls and the legal and regulatory framework of the company. Further, we evaluated the design and implementation of controls by de Volksbank N.V. to recognize and measure provisions, and to assess the completeness and accuracy of the method, data and assumptions used to measure provisions.

For material provisions, such as in connection with restructuring and the anti-financial crime remediation, we challenged the provisioning method and tested the underlying data and assumptions used. For obligations that were settled, we verified the actual outflows and considered residual risks. In respect of legal settlements, we examined settlement agreements to evaluate the Executive Board’s assessment of the outflows. Also, we assessed to what extent judgments and decisions made by management indicated a possible bias in determining other provisions.

For the restructuring provision, including employee redundancy and optimization of the distribution network, we evaluated whether the IAS 37 criteria are met as at 31 December 2024 to record provisions. We performed audit procedures to assess the accuracy and completeness of the provision by testing the underlying data and assumptions used related to staff redundancy payments and compensation to franchisees.

For provisions related to non-compliance with anti-financial crime regulations and the financial supervision act, we evaluated whether the IAS 37 criteria are met as at 31 December 2024 to record provisions. We performed substantive audit procedures to assess the accuracy and completeness of the provision by testing the underlying data and assumptions used related to the number of files to be remediated and external resources needed, taking into account the "Comprehensive remediation plan".

For the provision for administrative fines imposed for shortcomings in compliance with laws and regulations with respect to anti-money laundering and terrorism financing and with respect to shortcomings in the sound conduct of business operations, we inspected the decisions of the regulator in this regard with the support of legal experts and reconciled these to the provision.

On a regular basis, we inquired with the financial crime, risk, compliance, internal audit and legal departments of de Volksbank N.V. to understand and discuss existing and potential new obligations and regulatory matters. We examined the relevant internal reports as well as regulatory correspondence to understand developments and we performed follow-up procedures to examine the company’s assessment of the impact on the financial statements and the adequacy of risk management disclosures. We obtained legal letters from external counsel and, where appropriate, we involved our legal and compliance specialists.

Furthermore, we evaluated whether the disclosures provided on the provisions regarding restructuring, legal claims and compliance matters and contingent liabilities are in accordance with IAS 37.

Key observations

Based on our procedures performed we consider the other provisions to be reasonable and in compliance with IAS 37. The disclosures on these provisions are considered adequate and appropriate and meet the disclosure requirements of IAS 37.

Reliability and continuity IT environment

Risk

The activities and financial reporting of de Volksbank N.V. are highly dependent on the reliability and continuity of the IT environment. Effective general IT controls with respect to change management, logical access, infrastructure and operations, secure to a large extent the integrity and continuity of the IT systems as well as the operating effectiveness of the automated controls.

As described in the risk management sections ‘Risk management structure’ and ‘Operational risks’ in the annual report, the IT environment and the IT organization of de Volksbank N.V. are subject to process improvements. There is a risk that the general IT control measures may not always operate as intended.

The dependency on the IT environment could lead to undetected misstatements in financial reporting. Therefore, we identified the reliability and continuity of the IT environment as a key audit matter.

Our audit approach

IT audit specialists are an integral part of the engagement team and assess the reliability and continuity of the IT environment to the extent necessary for the scope of our audit of the financial statements. In this context, we evaluated the design of the IT processes and tested the operating effectiveness of general IT controls. Furthermore, we obtained an understanding of the cyber security procedures and reporting.

As de Volksbank N.V. has outsourced a part of their IT organization, we have evaluated the outsourced IT processes and IT general controls from the relevant service providers in the context of the financial audit of de Volksbank. We inspected the reports on the design and operating effectiveness of controls from these service providers, evaluated testing exceptions and how complementary user entity control considerations have been addressed.

Following certain observations related to the demonstrability of controls related to i.a. logical access, change management and infrastructure management, we performed additional substantive procedures in the context of our audit of the financial statements.

Key observations

Our testing of the general IT controls and the substantive tests performed, provided sufficient evidence to enable us to rely on the adequate and continued operation of the IT systems relevant for our audit of the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report (excluding the sustainability statements) and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by Supervisory Board as auditor of de Volksbank N.V. on 12 October 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

De Volksbank N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by de Volksbank N.V., complies in all material respects with the RTS on ESEF.

The Executive Board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the Executive Board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error during our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion. We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among other things:
- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the audit committee of the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 13 March 2025

EY Accountants B.V.

Signed by P.J.A.J. Nijssen

Limited assurance report of the independent auditor on the sustainability statement

To: the shareholder and supervisory board of de Volksbank N.V.

Our conclusions

We have performed a limited assurance engagement on the consolidated sustainability statement for 2024 of de Volksbank N.V. based in Utrecht (hereinafter: de Volksbank or the company) in Section "Sustainability statements" of the accompanying management report including the information incorporated in the sustainability statement by reference (hereinafter: the sustainability statement).

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects:

- Prepared in accordance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission and compliant with the double materiality assessment process carried out by the company to identify the information reported pursuant to the ESRS
- Compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

Our conclusion has been formed on the basis of the matters outlined in this limited assurance report.

Basis for our conclusions

We have performed our limited assurance engagement on the sustainability statement in accordance with Dutch law, including Dutch Standard 3810N, "Assurance-opdrachten inzake duurzaamheidsverslaggeving" (Assurance engagements relating to sustainability reporting), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance engagements other than audits or reviews of historical financial information".

Our assurance engagement was aimed to obtain a limited level of assurance that the sustainability statement is free from material misstatements. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Our responsibilities in this regard are further described in the Section "Our responsibilities for the limited assurance engagement on the sustainability statement" 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) and other relevant independence regulations in the Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement and we are not involved in the preparation of the sustainability statement, as doing so may compromise our independence.

Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants). The ViO and VGBA are at least as demanding as the International code of ethics for professional accountants (including International independence standards) of the International Ethics Standards Board for Accountants (the IESBA Code) as relevant to limited assurance engagements on sustainability statements of public interest entities in the European Union.

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

Emphasis of matter

The sustainability statement has been prepared in a context of new sustainability reporting standards, requiring entity-specific interpretations and addressing inherent measurement or evaluation uncertainties. In this context, we want to emphasize the following matters:

Emphasis on the most significant uncertainties affecting the quantitative metrics and monetary amounts
We draw attention to Section "General information" paragraph "Basis for preparation" in the sustainability statement that identifies the quantitative metrics and monetary amounts that are subject to a high level of measurement uncertainty and discloses information about the sources of measurement uncertainty and the assumptions, approximations and judgements the company has made in measuring these in compliance with the ESRS. The comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information in accordance with the ESRS and 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, especially in the initial years.

Emphasis on the double materiality assessment process
We draw attention to Section "General information" paragraph "Double materiality assessment" in the sustainability statement. This disclosure explains future improvements in the ongoing due diligence and double materiality assessment process, including robust engagement with affected stakeholders. Due diligence is an on-going practice that responds to and may trigger changes in the company's strategy, business model, activities, business relationships, operating, sourcing and selling contexts. The double materiality assessment process requires the company to make key judgments and use thresholds and may also be impacted in time by sector-specific standards to be adopted.

Therefore, the sustainability statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.

Our conclusion is not modified in respect of these matters.

Comparative information not assured

EU Taxonomy information for reporting year 2023 included in the sustainability statement, has not been part of this limited assurance engagement. Consequently, we do not provide any assurance on the comparative information and thereto related disclosures in the sustainability statement for reporting year 2023.

Our conclusion is not modified in respect of this matter.

Limitation to the scope of our assurance engagement

In reporting forward-looking information in accordance with the ESRS, the executive committee describes the underlying assumptions and methods of producing the information, as well as other factors that provide evidence that the forward looking information reflects the actual plans or decisions made by the company (actions). Forward-looking information relates to events and actions that have not yet occurred and may never occur. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. We do not provide assurance on the achievability of forward-looking information.

Our conclusion is not modified in respect of this matter.

Responsibilities of the executive committee and the supervisory board for the sustainability statement

The executive committee is responsible for the preparation of the sustainability statement in accordance with the ESRS, including the double materiality assessment process carried out by the company as the basis for the sustainability statement and disclosure of material impacts, risks and opportunities in accordance with the ESRS. As part of the preparation of the sustainability statement, the executive committee is responsible for compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

The executive committee is also responsible for selecting and applying additional entity-specific disclosures to enable users to understand the company's sustainability-related impacts, risks or opportunities and for determining that these additional entity-specific disclosures are suitable in the circumstances and in accordance with the ESRS.

Furthermore, the executive committee is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error. The supervisory board is responsible for overseeing the sustainability reporting process including the double materiality assessment process carried out by the company.

Our responsibilities for the limited assurance engagement on the sustainability statement

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

We apply the applicable quality management requirements pursuant to the Nadere voorschriften kwaliteitsmanagement (NVKM, regulations for quality management) and the International Standard on Quality Management (ISQM) 1, 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 limited assurance engagement included amongst others:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of the company, its activities and the value chain and its key intangible resources in order to assess the double materiality assessment process carried out by the company as the basis for the sustainability statement and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with the ESRS
- Obtaining through inquiries a general understanding of the internal control environment, the company's processes for gathering and reporting entity-related and value chain information, the information systems and the company's risk assessment process relevant to the preparation of the sustainability statement and for identifying the company's activities, determining eligible and aligned economic activities and prepare the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Assessing the double materiality assessment process carried out by the company and identifying and assessing areas of the sustainability statement, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise (selected disclosures). Designing and performing further assurance procedures aimed at assessing that the sustainability statement is free from material misstatements responsive to this risk analysis
- Considering whether the description of the double materiality assessment process in the sustainability statement made by the executive committee appears consistent with the process carried out by the company
- Performing analytical review procedures on quantitative information in the sustainability statement, including consideration of data and trends
- Assessing whether the company's methods for developing estimates are appropriate and have been consistently applied for selected disclosures. We

considered data and trends, however our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the executive committee's estimates
- Analyzing, on a limited sample basis, relevant internal and external documentation available to the company (including publicly available information or information from actors throughout its value chain) for selected disclosures
- Reading the other information in the Annual Report to identify material inconsistencies, if any, with the sustainability statement
- Considering whether the disclosures provided to address the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) for each of the environmental objectives, reconcile with the underlying records of the company and are consistent or coherent with the sustainability statement, appear reasonable, in particular whether the eligible economic activities meet the cumulative conditions to qualify as aligned and whether the technical screening criteria are met, and whether the key performance indicators disclosures have been defined and calculated in accordance with the Taxonomy reference framework, and comply with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), including the format in which the activities are presented
- Considering the overall presentation, structure and fundamental qualitative characteristics of information (relevance and faithful representation: complete, neutral and accurate) reported in the sustainability statement, including the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)
- Considering, based on our limited assurance procedures and evaluation of the evidence obtained, whether the sustainability statement as a whole, is free from material misstatements and prepared in accordance with the ESRS

Communication
We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Amsterdam, 13 March 2025

EY Accountants B.V.

signed by J. Niewold

Additional information

Principles for Responsible Banking

***Principle 1:* Alignment**	***Principle 2:* Impact & Target Setting**	***Principle 3:* Clients & Customers**
Content	**Content**	**Content**
De Volksbank is committed to a clearly defined mission: banking with a human touch. Our strategy is based on two main pillars; strong customer relationships and social impact. Sustainability is firmly integrated in the second pillar and a vital aspect of our strategy. This strategy is aligned with the UN Sustainable Development Goals (SDGs) and the Paris Agreement.	De Volksbank is a retail bank that operates in the Netherlands, with a focus on consumer banking. Identified impacts are assessed at country level rather than local level, as we consider the local areas too small to divide into significant regions compared to the average size of other countries. We operate in the Dutch financial services sector, serving all types of customers, from low to high income individuals, of all genders, cultures and ages. Last year, de Volksbank chose to utilise its Double Materiality Assessment (DMA) as an alternative to the UNEP FI Impact Analysis. De Volksbank's DMA gives insight into its core business and major activities. Consequently, our main operations are: mortgages, payments and savings as our main business activities in the consumer banking area. De Volksbank's DMA effectively aligns with the PRB assessment requirements, as the DMA adheres to the ESRS standards. We conduct a comprehensive materiality assessment every other year. The 2024 DMA confirmed our key impact area of *Climate Change*, complementing the key impact area of *Housing* and the *Financial Health and Inclusion* commitment. We actively set, implement and monitor impacts and targets on the latter on a monthly basis. However, in the second half of 2024, we announced the launch of a Transformation programme focused on improving our organisational structure by simplifying our commercial distribution network and streamlining business operations to develop a healthier and more resilient futureproof bank. In this context, we are moving from our current four retail brands towards one strong brand, namely: ASN Bank. During 2025, the bank will review and renew its strategy and strategic objectives for business periods after 2025. This could impact our plans and objectives for the key impact areas.	De Volksbank is the fourth-largest retail bank operating in the Dutch market, with over 3.2 million customers. We aim to meet the financial needs of our customers in a people-oriented, efficient and sustainable manner. Our mission is 'banking with a human touch'. Together with our brands we strive to build strong customer relationships. In our 2024 DMA, we assessed consumers and end-users as a material topic. We believe we have a positive actual impact on our consumers through building strong relationships and at the same time see material opportunities to increase the number of customers, preferably (active multi-) customers. We constantly engage with our customers, both online and offline, to receive feedback and improve our customer relationships. Our customer base consists of retail customers, SMEs and (semi-) public customers.
Links & references	**Links & references**	**Links & references**
For more details on our business model, see Our strategy (see page 15) For more details on our strategy alignment and our priorities as a responsible bank, see Our strategic progress (see page 20), Sustainability governance and policies (see page 154) and Transition plan for climate change mitigation (see page 160).	For more details on our impact analysis, see Value creation model (see page 17) and Double materiality assessment outcome (see page 150). For more details on target setting, implementation and monitoring, see Strategy 2021-2025 (see page 15), Our stakeholders (see page 18), Credit risk (see page 80), Sustainability governance and policies (see page 154), Environmental information (see page 159) and Social information (see page 175). For information on the transformation and future options, see Strategy 2021-2025 (see page 15),Transformation programme (see page 25) and Options for the future (see page 25)	For more details on client engagement, see Customer relationship (see page 182) and Our stakeholders (see page 18). For more details on our other significant impact areas and business opportunities, see Sustainability governance and policies (see page 154), Environmental information (see page 159) and Customer relationship (see page 182).

***Principle 4:* Stakeholders**	***Principle 5:* Governance & Culture**	***Principle 6:* Transparency & Accountability**
Content	**Content**	**Content**
We engage with different stakeholders, including customers, advisers, collaboration partners (such as *Oranjefonds* and the Dutch Debt Support Programme (*Nederlandse schuldhulproute*), installation companies, network organisations and society as a whole. Our CO_2e. emissions are largely caused by our mortgage portfolio. To achieve a net zero balance sheet, it is important to reduce those emissions. As part of our social profile, we finance homes with the entire range of energy efficiency ratings (A-G), allowing homeowners with a low energy efficiency rating to implement measures to make their home more sustainable. However, the influence we can exert on our customers to invest in reducing the climate impact of their property is limited. Despite our lobbying and engagement efforts to try to increase our influence to achieve our objective, external factors - such as laws, regulations and high energy prices - have a much greater influence.	The ExCo is the highest governing body for sustainability. The Executive Board ultimately approves the strategic direction and targets, oversees our performance on material sustainability impacts, risks and opportunities (IROs), as well as policies, actions and targets, and approves the DMA results annually. The ExCo is presented with a progress update annually across material IROs and strategic priorities and targets to further integrate the developments into its execution and oversight of the overall strategy. De Volksbank has no variable remuneration scheme. Nevertheless, every year the Supervisory Board sets performance objectives for the ExCo, including performance objectives for our impact on society. The ESG Impact Committee (ESG IC) is a risk committee, chaired by the Chief Risk Officer. The ESG IC steers and monitors the implementation of de Volksbank's ESG strategy (including approval of de Volksbank's sustainability policy (inside-out) and monitors compliance with the ESG-aspects (sustainability risk) of the Risk Framework and regulations (outside-in). Furthermore, it steers and monitors the balance between the two. Through our DMA on business conduct topics, we have identified corporate culture, including the prevention and detection of corruption and bribery as material. In addition, we assessed anti-financial crime as an entity-specific material topic, because de Volksbank in its role of gatekeeper, helps detect and prevent financial crime to protect the integrity and stability of the bank and the financial system in general.	Please see the 2024 Sustainability and Financial statements Audit reports included in the Annual Report. Further information on our sustainability plans can be found in the Climate Action Plan.
Links & references	**Links & references**	**Links & references**
For more details on stakeholder identification and consultation, see the following chapters: Our stakeholders (see page 18), Introduction (see page 187),, Sustainability governance and policies (see page 154)Own workforce (see page 175) and Customer relationship (see page 182).	The governance structure for implementation of the principles can be found in Governance information (see page 187), Leadership &governance (see page 33) and Remuneration Report (see page 48) We promote a culture of responsible banking, as described in Sustainability risk (see page 134), Sustainability governance and policies (see page 154) and Climate change (see page 159).	See Limited assurance report of the independent auditor on the sustainability statement (see page 292), Independent auditor's report (see page 285) and our Climate Action Plan.

Disclaimer

Forward-looking statements reflect our convictions, plans and expectations at the time of publication. Words such as 'ambition', 'plans', 'intention' and 'expectation' are intended to clearly indicate such statements in our report. Information about the future is based on goals and informed estimates. Nevertheless, new insights and external factors may negate this information or lead to materially different outcomes. Although we do not intend to publicly update this information during the year, we may however change and/or delete this forward-looking information in future publications, such as the interim results.