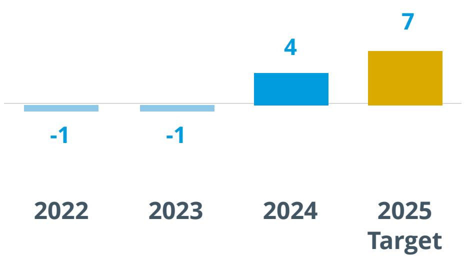
de volksbank

2024

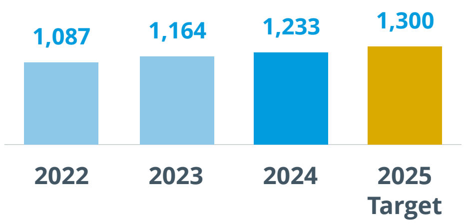
Full-year Financial Report

Key figures

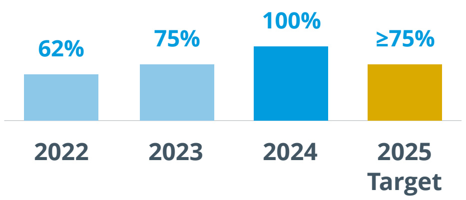
Net Promoter Score



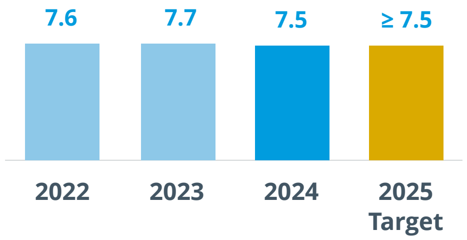
Active multi-customers (in thousands)



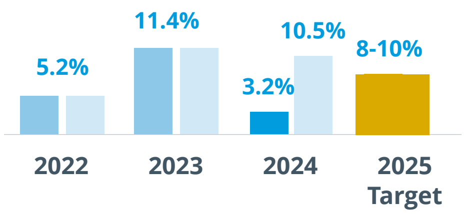
Climate-neutral balance sheet



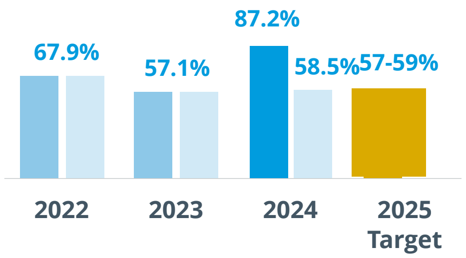
Genuine attention for employees



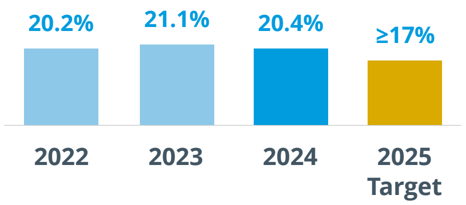
RoE & adjusted RoE



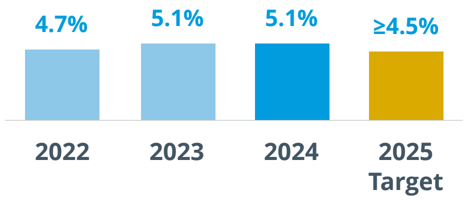
C/I ratio & adjusted C/I ratio



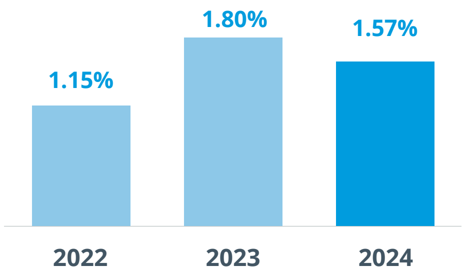
Basel IV fully phased-in CET1 ratio[1]



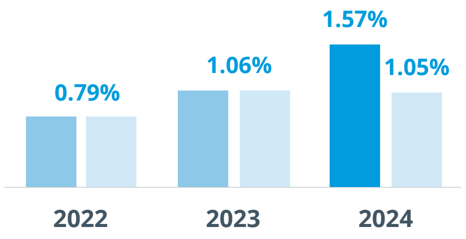
Leverage ratio



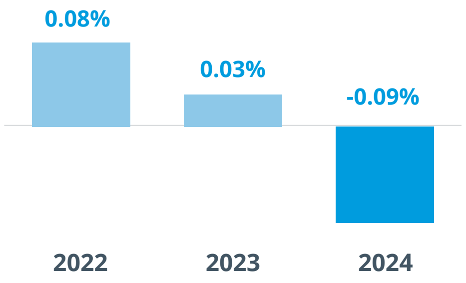
Net interest margin



Cost/asset ratio & adjusted Cost/asset ratio

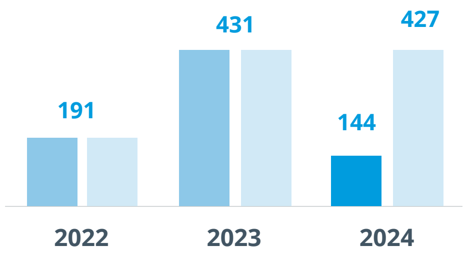


Cost of risk total loans



Net result & adjusted net result

(In € millions)



1) See page 26 for more information on the Basel IV fully phased-in ratio

Foreword

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. Further interest rate cuts are expected in 2025. 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 5% lower as higher staff costs were more than compensated by lower marketing costs, lower regulatory levies and a non-recurring VAT refund. Furthermore, the bank recorded an impairment reversal of € 51 million, mainly driven by lower impairments on residential mortgages due to higher house prices.

In addition to the above, we recorded substantial incidental 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, but in due course 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. Lastly, on 28 June, we communicated that Marinka van der Meer would lay down her activities as Chief Customer Officer as from 1 July 2024, in response to plans to rearrange the CCO’s duties, powers and responsibilities.

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.

Strategic progress

Our strategy

In 2024, de Volksbank continued to execute its Strategy 2021 – 2025: Better for each other – from promise to !mpact. 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 financial year 2024 report, 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 of the brands

As outlined in our Strategy 2021-2025, we set 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 new propositions and by targeting the 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 structurally comply with laws and regulations;
5. Strengthening capabilities: we continuously work to strengthen the organisational, employee and leadership capabilities.

Our strategic progress

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

Strategic objectives	Target 2025	31-12-2024	31-12-2023
Customers			
Customer-weighted average Net Promoter Score (NPS)[1]	+7[2]	+4	-1
Active multi-customers (in 1,000)[1]	1,300	1,233	1,164
Society			
Climate-neutral balance sheet[1]	≥75%	100%	75%
Employees			
Genuine attention[1]	≥ 7.5	7.5	7.7
Shareholder			
Return on Equity (RoE)[3]	8-10%[2]	3.2%	11.4%
Other objectives			
Common Equity Tier 1 ratio (Basel IV)[4]	≥17%	20.4%	21.1%
Leverage ratio (Basel IV)[4]	≥4.5%	5.1%	5.1%
Cost/income ratio[3]	57-59%	87.2%	57.1%

1 For the measurement methodology of this KPI, reference is made to the Section Definitions of strategic KPIs in this report.
2 In the second quarter of 2024, the NPS target was adjusted from +13 to +7, and the RoE target from 8% to a range of 8-10%. Both KPI adjustments were related to changing market conditions and expectations since the Strategic Plan 2021-2025 was initially developed in 2020. Additionally, as from the second half of 2024, the former KPI 'Customer Relationship Score' (CRS) is no longer a strategic KPI.
3 For the measurement methodology of this KPI, see Section Reconciliation of alternative performance measures in this report.
4 For more information, please refer to the Section Capital management.

Strategic objectives

Strong customer relationships

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' 2024 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

In 2024, we achieved our KPI Climate-neutral balance sheet[1] 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

[1] For the measurement methodology of this KPI, reference is made to the Section Definitions of strategic KPIs in this report.

2024. All of this has resulted in a significant increase in our avoided CO2 emissions. At year-end 2024, our Climate-neutral balance sheet included 992 kilotonnes (kt) of CO2 emissions (year-end 2023: 1,249 kt) and 1,033 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. This will also include the emissions from our own operations and upstream and downstream activities, as opposed to only our balance sheet emissions.

Genuine attention for our 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). This survey also measures employee engagement. This score stood at 7.3 (2023: 7.5), while our objective is a score of 8.0 by 2025.

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[2]of € 283 million (€ 375 million before tax) amounted to € 427 million. These 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 the 2025 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

SNS believes that if everyone is allowed to grow in their own way, it will make the Netherlands 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

[2] The adjusted net result is calculated by adjusting the net result for incidental items. For more information, see Section Reconciliation of alternative performance measures in this report.

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

RegioBank has a strong local presence with over 416 independent advisers in small towns and villages across the country. In 2024, 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, RegioBank organised a debate with six candidates who were running for the European Parliament in which they discussed regional issues affecting the European Union. Furthermore, on 20 June, 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 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 bank foundation

We made the modernisation of data and IT foundations a priority by developing compliant and fit-for-purpose systems through the further modernisation of business applications, our data platform, IT components and processes with appropriate controls. 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 operational management 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 2024, de Volksbank launched a significant Transformation programme to simplify its organisational structure. 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 social profile of ASN Bank. This single brand will make a customer commitment of social 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 ensure 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 of 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 three contemporary flagship stores for broad and exciting 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 organisational 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 FTEs, both internal and external, 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, society and shareholder, and will reinforce our position as a contemporary financial institution that is prepared for future challenges.

Options for the future

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 remain highly sensitive to changes in the ECB 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.

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 dialled back its restrictive stance by cutting its policy 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.

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. 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.

[1] EU harmonised definition

Financial results

Profit and loss account

in € millions	FY24	FY23	Change	2H24	1H24
Net interest income	1,127	1,303	-14%	563	564
Net fee and commission income	77	64	20%	41	36
Other income	104	47	121%	43	61
Total income	**1,308**	**1,414**	**-7%**	**647**	**661**
Operating expenses excluding regulatory levies	1,129	766	47%	766	363
Regulatory levies	11	42	-74%	3	8
Total operating expenses	**1,140**	**808**	**41%**	**769**	**371**
Other expenses	--			--	--
Impairment charges (releases) on financial assets	-51	15	-440%	-21	-30
Total expenses	**1,089**	**823**	**32%**	**748**	**341**
Result before taxation	**219**	**591**	**-63%**	**-101**	**320**
Taxation	75	160	-53%	-14	89
Net result	**144**	**431**	**-67%**	**-87**	**231**
Incidental items[1]	283	--		283	--
Adjusted net result[1]	**427**	**431**	**-1%**	**196**	**231**
Ratios					
Cost/income ratio[2]	87.2%	57.1%		118.9%	56.1%
Adjusted cost/income ratio[2]	58.5%	57.1%		61.0%	56.1%
Return on Equity (RoE)[2]	3.2%	11.4%		-5.0%	11.5%
Adjusted Return on Equity (RoE)[2]	10.5%	11.4%		9.5%	11.5%
Net interest margin[2]	1.57%	1.80%		1.55%	1.58%
Cost/assets ratio as a % of average assets[2]	1.57%	1.06%		2.11%	1.02%
Adjusted cost/assets ratio as a % of average assets[2]	1.05%	1.06%		1.08%	1.02%

1 For the definition and the explanation of incidental items and adjusted net result, see Section Reconciliation of alternative performance measures in this report .
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 to € 427 million, 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 customer rates. 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 of income

in € millions	FY24	FY23	Change	2H24	1H24
Net interest income	1,127	1,303	-14%	563	564
Net fee and commission income	77	64	20%	41	36
Other income	104	47	121%	43	61
Of which investment income (losses)	*-14*	*-54*	*74%*	*-10*	*-4*
Of which other results on financial instruments	*118*	*101*	*17%*	*53*	*65*
Total income	**1,308**	**1,414**	**-7%**	**647**	**661**
Ratios					
Net interest margin[1]	1.57%	1.80%		1.55%	1.58%

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

Net interest income

Net interest income decreased by € 176 million to € 1,127 million (-16%), mainly due to lower margins on savings as a result of higher customer rates. 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%).

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.

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

Total expenses

Operating expenses

in € millions	FY24	FY23	Change	2H24	1H24
Staff costs	721	487	48%	468	253
Depreciation of (in)tangible assets	27	23	17%	15	12
Other operating expenses	392	298	32%	286	106
Of which regulatory levies	*11*	*42*	*-74%*	*3*	*8*
Total operating expenses	**1,140**	**808**	**41%**	**769**	**371**
Incidental items[1]	-375	--	--	-375	--
Adjusted operating expenses[1]	**765**	**808**	**-5%**	**394**	**371**
Of which AFC costs	*121[2]*	*98*	*23%*	*59*	*62*
Adjusted staff costs	514	487	6%	261	253
Adjusted depreciation of (in)tangible assets	22	23	-4%	10	12
Adjusted other operating costs	229	298	-23%	123	106
Ratios					
Cost/assets ratio as a % of average assets[3]	1.57%	1.06%		2.11%	1.02%
Adjusted cost/assets ratio as a % of average assets[3]	1.05%	1.06%		1.08%	1.02%
FTEs					
Number of internal FTEs	3,602	3,449	4%	3,602	3,515
Number of external FTEs	755	958	-21%	755	811
Total number of FTEs	**4,357**	**4,407**	**-1%**	**4,357**	**4,326**

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 AFC remediation-related provisioning charge.
3 For the measurement methodology of this KPI, see Section Reconciliation of alternative performance measures in this report.

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 build-up 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.

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.

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.

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.

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

Impairment charges (reversals) on financial assets

in € millions	FY24	FY23	2H24	1H24
Investments	--	--	1	-1
Loans and advances to banks	-1	-2	-1	--
Loans and advances to customers	-50	16	-21	-29
Of which residential mortgages	*-48*	*9*	*-20*	*-28*
Of which consumer loans	*--*	*-2*	*--*	*--*
Of which SME loans	*-7*	*-1*	*-5*	*-2*
Of which other corporate and government loans	*5*	*10*	*4*	*1*
Other	--	1	--	--
Total impairment charges (reversals) on financial assets	**-51**	**15**	**-21**	**-30**
Cost of risk ratios				
Total loans[1]	-0.09%	0.03%	-0.08%	-0.11%
Residential mortgages[1]	*-0.09%*	*0.02%*	*-0.08%*	*-0.11%*
SME loans[1]	*-0.50%*	*-0.09%*	*-0.66%*	*-0.33%*

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 the 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 the 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.

Results of the second half of 2024 compared to the first half of 2024

The net result in the second half of 2024 amounted to € 87 million negative, a decrease of € 318 million compared to the first half. This decrease was largely driven by incidental items. In the second half of 2024, the net result included negative incidental items in the amount of € 283 million (€ 375 million before tax), consisting of restructuring charges related to the Transformation programme and provisions related to the AFC remediation programme, the settlement of legal proceedings and two administrative fines.

Adjusted for incidental items, the net result decreased by € 35 million to € 196 million, compared to € 231 million in 2023.

Total income decreased by € 14 million and total operating expenses, adjusted for incidental items, increased by € 23 million. Impairment charges of financial assets were a reversal in both periods but the reversal in the second half was € 9 million lower.

Net interest income was virtually stable. ALM-related net interest income was lower, as a result of the decreased ECB deposit rate in the second half of 2024. This was compensated by higher money market-related interest income.

Net fee and commission income grew by € 5 million to € 36 million, mainly due to higher fees for basic banking services.

Investment income was € 10 million negative, compared to € 4 million negative in the first half, in both periods consisting of realised results on fixed-income investments. The loss in the second half of 2024 was driven by the sale of investments as part of optimising risk-returns within our investment portfolio.

Other results on financial instruments decreased by € 12 million to € 53 million, mainly driven by higher revaluation results of FX swaps used for hedging the exposure of foreign currency money market deposits.

Total operating expenses, adjusted for incidental items, rose by € 23 million to € 394 million, despite a € 5 million reduction in regulatory levies. Excluding regulatory levies, total operating expenses rose by € 28 million. This was mainly driven by higher staff and consultancy costs. In addition, the first half included a non-recurring gain related to an adjustment in recoverable VAT in previous years.

In the second half of 2024, the reversal of impairment charges of financial assets amounted to € 21 million, compared to a reversal of € 30 million in the first half. As regards residential mortgages, impairment charges were a reversal of € 20 million, compared to a reversal of € 29 million in the first half. The macroeconomic outlook and house prices also improved in the second half of 2024, albeit less than in the first half. Impairment charges on SME loans decreased by € 3 million, from a reversal of € 2 million in the first half of 2024 to a reversal of € 5 million.

Risk management

Credit risk

Key figures

in € millions	31-12-2024 Gross carrying amount	31-12-2024 Provision for credit losses	31-12-2024 Book value	31-12-2023 Gross carrying amount	31-12-2023 Provision for credit losses	31-12-2023 Book value
Investments[1]	**7,206**	**-7**	**7,199**	**6,740**	**-7**	**6,733**
Loans and advances to banks[1]	**6,713**	**-3**	**6,710**	**4,675**	**-4**	**4,671**
Residential mortgages	52,003	-80	51,923	49,201	-118	49,083
Consumer loans	67	-7	60	59	-8	51
SME loans	1,393	-15	1,378	1,235	-22	1213
Other corporate and government loans	2,261	-40	2,221	1,850	-34	1,816
IFRS value adjustments[2]	-1,088	--	-1,088	-1,316	--	-1,316
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**
Total	**71,599**	**-160**	**71,439**	**65,306**	**-204**	**65,102**

Credit risk indicators	**31-12-2024**	**31-12-2023**
Loans and advances to customers		
Loans and advances in stage 3	558	558
Stage 3 ratio[3]	1.0%	1.1%
Stage 3 coverage ratio[4]	14.2%	15.8%
Total loans and advances in arrears[5]	0.6%	0.8%
Residential mortgages		
Residential mortgages in stage 3	473	473
Stage 3 ratio[3]	0.9%	1.0%
Stage 3 coverage ratio[4]	6.6%	8.9%
Incurred loss ratio (in bps)[6]	0	0
Residential mortgages in arrears[5]	0.5%	0.8%
Weighted average indexed LtV	50%	54%

1 At year-end 2023 and 2024, all exposures of Investments and Loans and advances to banks were classified in stage 1.
2 Consist of fair value adjustments from hedge accounting and amortisations.
3 Stage 3 loans as a percentage of total loans.
4 Provision for stage 3 loans as a percentage of total stage 3 loans.
5 Loans in arrears as a percentage of total loans.
6 Annualised write-offs for the period divided by the average portfolio.

Loans and advances to customers

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 the fair value adjustments and amortisations, 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.

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.

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. We review the elements of the management overlay at least every quarter.

At 31 December 2024, the management overlay 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.

Modelled and post-modelled provision for credit losses[1]

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.

Key developments per portfolio

Residential mortgages

Portfolio

De Volksbank's residential mortgage portfolio, excluding IFRS value adjustments, 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 2024 (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 significant part of this management overlay is allocated to their 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 ratio for residential mortgages went up by € 3.2 billion, mainly reflecting the transfer of exposures of a specific group of interest-only mortgages from stage 1 to stage 2. As a result, 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 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 the selected sectors 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.

Forward-looking information

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]

	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			

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.

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

	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.

Coverage and stage ratios of loans and advances to customers

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	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[1]	-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[2]	**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[1]	-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[3]	**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 Consist of fair value adjustments from hedge accounting and amortisations.
2 Gross SME loans include mortgage-backed loans for a gross amount of € 1,361 million (2023: € 1,201 million).
3 Consist of off-balance sheet facilities, guarantees and repurchase commitments.

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

in € millions	Residential mortgages[1]		Consumer loans		SME loans		Other corporate and government loans		Total loans	
	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).

Changes in the provision for credit losses for loans and advances to customers

in € millions	Residential mortgages		Consumer loans		SME loans		Other corporate and government loans		Total loans		Off-balance sheet items[1]	
	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	--	--	-2	-1	2	--	-17	3	-3	-4
Originated or purchased	3	4	--	--	2	2	1	2	6	8	2	3
Matured or sold	-14	-9	1	--	-2	-1	--	--	-15	-10	-1	-1
Change in risk parameters	--	--	--	--	-2	--	--	--	-2	--	--	--
Change in management overlay	-10	6	--	--	-2	-1	--	--	-12	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).

Loans and advances to customers in arrears

in € millions	2024 Gross carrying amount	2024 No arrears	2024 ≤ 30 days in arrears	2024 > 30 days ≤ 90 days in arrears	2024 > 90 days in arrears	2024 % in arrears	2023 Gross carrying amount	2023 No arrears	2023 ≤ 30 days in arrears	2023 > 30 days ≤ 90 days in arrears	2023 > 90 days in arrears	2023 % 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.

Capital management

Capitalisation

Capitalisation

in € millions	31-12-2024	30-6-2024	31-12-2023
Total equity	4,048	4,136	4,091
Non-eligible interim profits	-139	-231	-332
Additional Tier 1 capital	-298	-298	-298
Total equity for CRD purposes	**3,611**	**3,607**	**3,461**
Cashflow hedge reserve	-13	-14	-15
Other prudential adjustments	-5	-4	-5
Total prudential filters	**-18**	**-18**	**-20**
Intangible assets	-5	-5	-5
IRB shortfall[1]	-128	-122	-101
Additional deductions of CET1 capital due to Article 3 CRR	-18	-16	-17
Total capital deductions	**-151**	**-143**	**-123**
Total regulatory adjustments to total equity	**-169**	**-161**	**-143**
CET1 capital	**3,442**	**3,446**	**3,318**
Additional Tier 1 capital	298	298	298
Tier 1 capital	**3,740**	**3,744**	**3,616**
Eligible Tier 2	997	505	500
Tier 2 capital	**997**	**505**	**500**
Total capital	**4,737**	**4,249**	**4,116**
Risk-weighted assets	**17,059**	**17,485**	**16,470**
Risk exposure as defined by the CRR	73,383	71,933	70,375
Common equity Tier 1 ratio[2]	**20.2%**	**19.7%**	**20.2%**
Tier 1 capital ratio	21.9%	21.4%	22.0%
Total capital ratio	27.8%	24.3%	25.0%
Leverage ratio	5.1%	5.2%	5.1%

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.
2 CET1 capital / risk-weighted assets.

De Volksbank's CET1 ratio remained unchanged at 20.2%, well above our target of at least 17%.

The CET1 ratio target of at least 17% includes an ample management buffer - above the current CET1 Overall Capital Requirement (ORC) of 11.1% - to withstand severe stress scenarios and to provide flexibility to absorb potentially higher capital requirements.

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 amounted to € 3,436 million (2023: € 3,478 million).

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 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.

Risk-weighted assets (RWA)

in € millions	31-12-2024	30-6-2024	31-12-2023
	CRD IV	CRD IV	CRD IV
Credit risk - AIRB	9,938	10,208	10,079
Credit risk - SA	4,918	5,325	4,430
Securitisations	28	19	13
Operational risk	1,961	1,695	1,695
Market risk	159	188	193
Credit Valuation Adjustment (CVA)	54	50	60
Total RWA	**17,059**	**17,485**	**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 € 83 million.

Leverage ratio
The leverage ratio remained unchanged from year-end 2023 at 5.1%, balanced by the € 123 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%.

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 2023, 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 16.1%, 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.

As at 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.

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%.

MREL
On 26 March 2024, the National Resolution Authority (NRA) updated the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirements for de Volksbank as from 1 January 2024. The MREL requirement based on the leverage ratio exposure (LRE) amounts to 8.05% and the MREL requirement based on RWA to 21.68%, 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.

Including these instruments de Volksbank operates well above the MREL requirements.

MREL

in € millions	31-12-2024	30-6-2023	31-12-2023
CET1 capital	3,442	3,446	3,318
Additional Tier 1 capital	298	298	298
Tier 2 capital	997	505	500
Total capital	**4,737**	**4,249**	**4,116**
Senior non-preferred (SNP) liabilities with remaining maturity >1 year	3,000	2,500	2,500
Total capital and eligible SNP liabilities	**7,737**	**6,749**	**6,616**
MREL BRRD2 exposure measures:			
Leverage ratio exposure measure (LRE)	73,383	71,933	70,375
Risk-weighted assets	17,059	17,485	16,470
MREL LRE:			
MREL (Total capital and eligible SNP liabilities) (LRE)	10.5%	9.4%	9.4%
MREL RWA:			
MREL (Total capital and eligible SNP liabilities) (RWA)	45.4%	38.6%	40.2%

The table above 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%).

Dividend
De Volksbank has set a target range of 40% - 60% of net profit for the 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.

Liquidity and funding

Liquidity

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.

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.

Key liquidity indicators

	31-12-2024	30-6-2024	31-12-2023
LCR	191%	158%	262%
NSFR	160%	165%	166%
Loan-to-Deposit ratio[1]	99%	96%	95%
Liquidity position (in € millions)	13,355	13,692	15,600

1 For the measurement methodology of this KPI, reference is made to the section Reconciliation of alternative performance measures of this report.

The Loan-to-Deposit ratio, i.e. the ratio between the loans outstanding to and deposits attracted from retail and SME customers, 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

in € millions	31-12-2024	30-6-2024	31-12-2023
Central bank reserves	3,281	4,075	6,334
Sovereigns	1,378	946	473
Regional/local governments and Supranationals	2,118	1,715	1,758
Eligible retained RMBS	4,549	5,291	5,545
Other liquid assets	2,029	1,665	1,490
Liquidity position	**13,355**	**13,692**	**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.

Funding

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.

The table below provides an overview of the book value-based composition of equity and total liabilities as at year-end 2024 and year-end 2023.

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%

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	17%
Of which green bonds	*3,000*		*2,500*	
Senior preferred	257	2%	1,013	19%
Of which green bonds	--		*500*	
Covered bonds	5,053	46%	4,553	52%
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*	

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.

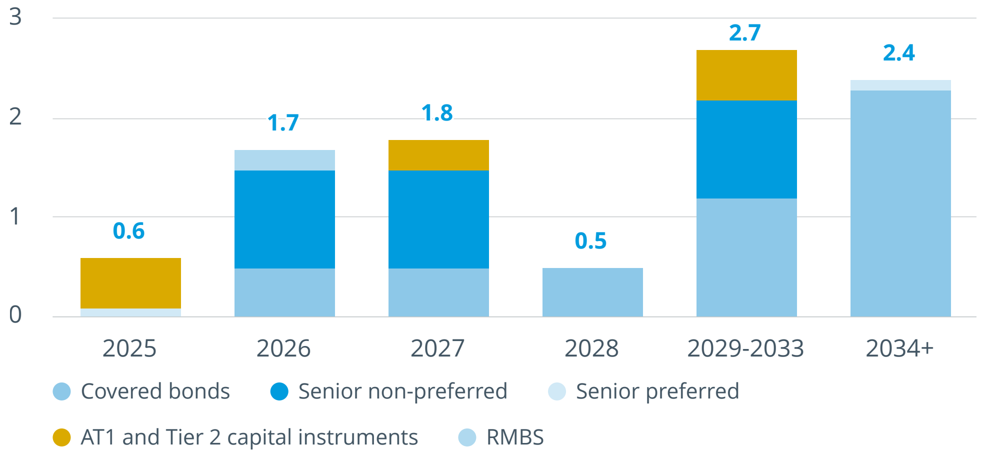
As capital market funding redemptions in 2024 were limited to € 0.8 billion, capital market funding increased from € 9.1 billion to € 9.8 billion.

For an explanation of the bank's green bond framework, see de Volksbank - Green Bonds.

The chart below 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.

Capital market funding maturities

(In € billions)



Financial statements

Consolidated statement of financial position

Before result appropriation and in € millions	31-12-2024	31-12-2023
Assets		
Cash and balances at central banks	2,834	5,891
Derivatives	2,141	2,544
Investments	7,199	6,733
Loans and advances to banks	6,710	4,671
Loans and advances to customers	54,494	50,847
Tangible and intangible assets	55	77
Tax assets	11	14
Other assets	247	283
Total assets	**73,691**	**71,060**
Liabilities		
Derivatives	1,105	1,121
Amounts due to banks	1,401	1,947
Amounts due to customers	56,153	54,910
Debt certificates	9,322	7,935
Subordinated debts	997	500
Provisions	405	44
Tax liabilities	20	82
Other liabilities	240	430
Total liabilities	**69,643**	**66,969**
Equity		
Share capital	381	381
Other reserves	3,225	2,981
Net result for the period	144	431
AT1 capital securities	298	298
Total equity	**4,048**	**4,091**
Total equity and liabilities	**73,691**	**71,060**

Consolidated income statement

in € millions	2024	2023
Income		
Interest income	2,230	2,037
Interest expense	1,103	734
Net interest income	**1,127**	**1,303**
Fee and commission income	191	171
Fee and commission expenses	114	107
Net fee and commission income	**77**	**64**
Investment income (losses)	-14	-54
Other result on financial instruments	118	101
Total income	**1,308**	**1,414**
Expenses		
Staff costs	721	487
Depreciation and amortisation of tangible and intangible assets	27	23
Other operating expenses	392	298
Total operating expenses	**1,140**	**808**
Impairment charges (releases) on financial assets	-51	15
Total expenses	**1,089**	**823**
Result before taxation	**219**	**591**
Taxation	75	160
Net result for the period	**144**	**431**

Consolidated 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	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**		**-**
Unrealised revaluations				-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					-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**

Consolidated statement of changes in equity 2023

in € millions	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**		**-**
Unrealised revaluations				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**
Increase in 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**

General information

Other information

De Volksbank N.V. (hereafter 'de Volksbank'), a public limited liability company, is incorporated under Dutch law and domiciled in the Netherlands. De Volksbank's registered office is located at Croeselaan 1, 3521 BJ Utrecht. All shares of de Volksbank are held by *Stichting administratiekantoor beheer financiële instellingen* (NLFI).

The financial information included in this report has been prepared in accordance with IFRS Accounting Standards as adopted within the European Union (IFRS-EU). In preparing the financial information in this year-end report, unless stated otherwise, the same accounting policies have been applied as in the 2023 consolidated financial statements of de Volksbank, taking into account the IFRS-EU changes as from 1 January 2024.

The presentation of the consolidated statement of financial position has been changed to provide additional and more relevant information or, in the case of changes in comparative information, to better align with the current period presentation.

The preparation of the financial statements for 2024 is in progress. The figures in this report have not been audited or reviewed by our external auditor.

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 mandatory. They were adopted by the EU and are applicable in the current financial year:

- 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.

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) 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 and consistency. Comparative figures of Savings (€ 11,287 million) and Other amounts due to customers (€ 43,623 million) have been adjusted accordingly to Amounts due to customers (€ 54,910 million).

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 the 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

	2024			2023		
in € millions	Reported	Adjust-ments	Adjusted	Reported	Adjust-ments	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 result 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*	*9*		*9*
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%**

Definitions of strategic KPIs

The table below provides more details about the definitions of our strategic KPIs.

Strategic KPI	Definition
Customer-weighted average Net Promoter Score (NPS)	The customer-weighted average Net Promoter Score (NPS) is measured for all brands (SNS, ASN Bank, RegioBank, BLG Wonen) and expresses retail customers' satisfaction rating (in terms of probability of recommendation). A positive NPS requires the percentage of promoters to be higher than the percentage of detractors. Whether a customer is a ‘promoter’ (9-10), ‘passively satisfied’ (7-8) or a ‘detractor’ (0-6) is measured on a 0 to 10 scale. The NPS is calculated by subtracting the percentage of detractors from the percentage of promoters. The score may range from -100% to +100%. The higher the score, the more satisfied the customer is.
Active multi-customers	An active multi-customer is either a retail or an SME customer with a current account and at least one product from another product group, who has made more than ten customer-initiated transactions per month on his or her current account for three months in a row.
Genuine attention	The extent to which employees experience genuine attention.
Climate-neutral balance sheet	*The Climate-neutral balance sheet includes all relevant balance sheet items of de Volksbank. We consider our balance sheet climate-neutral when we avoid or remove as much CO_2-equivalent (CO_2e) as we emit. When we accomplish that we report a 100% Climate-neutral balance sheet.*
Return on Equity (RoE)[1]	Annualised net result for the period, excluding interest expenses related to AT1 capital securities, as a percentage of average month-end total equity, excluding AT1 capital securities, for the reporting period.

1 For the measurement methodology of this KPI, reference is made to the Section Reconciliation of alternative performance measures in this report

About de Volksbank

General

De Volksbank is a financial services provider engaged in banking, with a particular focus on the Dutch retail market, including small and medium-sized enterprises. De Volksbank carries multiple brands and has a single back office and IT organisation. The product range consists of five core product groups: payments, mortgages, savings, SME loans and sustainable investment funds. De Volksbank has a balance sheet total of € 73.7 billion and 3,602 internal employees (FTEs), making it a major player in the Dutch retail banking market. De Volksbank is headquartered in Utrecht.

Disclaimer

This Full-Year Financial Report contains factual information only and should not be regarded as an opinion or recommendation concerning the purchase or sale of securities issued by de Volksbank. This Full-Year Financial Report does not contain any value judgement or predictions with respect to de Volksbank's financial performance.