

de volksbank

Green Bond Allocation Report 2019



Introduction

De Volksbank wants to make a relevant and positive contribution to society by focusing on financial resilience and sustainability. By issuing Green Bonds, de Volksbank wants to add another element to its value chain. We want to make a positive contribution to society. With our core activities mortgages, savings and payments, we can have a considerable positive impact on sustainability in our chain and our customers' financial resilience. We have made our ambition measurable by means of objectives for a 45% climate-neutral balance sheet by 2020, rising to 100% by 2030, and an objective with regard to financial resilience.

Our long-standing commitment to sustainability is recognized by independent sustainability rating agencies that assess our sustainability performance annually. According to these several sustainability rating agencies, de Volksbank has a leading position in environmental, social and governance issues.

We designed a Green Bond Framework¹ that aligns with the ICMA Green Bond Principles 2018 (GBP). We have had our Green Bond Framework externally assessed and verified by ISS-oekom, a sustainability rating agency, based on quality, sustainability and transparency, in accordance with the GBP. In addition a Climate Bond Initiative Certificate has been appointed to the Green Bond Framework. De Volksbank is also a member of the Green Bond Principles.

In September 2019, de Volksbank issued its first 'green senior preferred bond' in the amount of € 500 million. This issuance was rewarded with the Green Bond Award of the Year by Environmental Finance.

In this Green Bond Allocation Report 2019, de Volksbank N.V. reports on the use of proceeds during the financial year 2019, in respect of the EUR 500.000.000 Notes due September 2024 (Green Bond) that de Volksbank N.V. issued in September 2019 (ISIN XS2052503872).

Besides an Allocation Report an Impact Report will be published as well. The Impact Report compares the CO₂-emission of the Eligible Green Loan Portfolio to that of a comparable group of real estate with an average energy-efficiency. The objective of the Impact Report is to demonstrate that the selected buildings belonged to the top most sustainable buildings in the Netherlands and that it meets the requirements of the GBP.

EY performed a limited assurance engagement on the Green Bond Allocation Report over the year 2019. The report contains allocation reporting on a portfolio level.

¹ For reporting requirements please visit the Green Bond website for the publication of the Green Bond Framework on <https://www.dev Volksbank.nl/investor-relations-1/green-bonds.html>

Green Bond Allocation Report

De Volksbank will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Loan Portfolio after a year from the issuance of the applicable Green Bond, to be renewed annually.

As stated in the Green Bond Framework 2019 this allocation report will provide, for each Eligible category:

- the total amount of proceeds allocated to Eligible Loans per category
- the number of Eligible Loans
- the balance of unallocated proceeds
- the amount or the percentage of new financing and refinancing

The Green Bond Allocation Report, as well as the impact report, will be made available via the de Volksbank website: <https://www.devolsbank.nl/investor-relations-1/green-bonds.html>

Eligible Green Loan Portfolio			Green Funding					
	Number of Loans	Amount (EUR) ²	Instrument (ISIN)	Issuance Date	Due Date	Principal	Amount (EUR)	New financing/ refinancing
Green Buildings ³	23866	5.079.107.397	XS2052503872	Sep 2019	Sep 2024	EUR 500m	500.000.000	100% refinancing
Total		5.079.107.397	Total				500.000.000	

Percentage of Eligible Green Loan Portfolio Allocated (usage)	9,84%
Percentage of Net Proceeds of Green Funding allocated to Eligible Green Loan Portfolio	100%
Eligible Green Loans allocated to other outstanding transactions (see below)	EUR 713.391.609
Eligible Green Loan Portfolio - Unallocated	EUR 3.865.715.787
New loans in the Eligible Green Loan Portfolio since Q1 2019	EUR 947.456.254

² These Amounts represent the 31 December 2019 Total Outstanding to loans that de Volksbank has identified as Eligible Green Loans in accordance with the de Volksbank Green Bond Framework 2019. EY's Limited Assurance Report in relation to the Eligible Green Loan Portfolio and respective disclosed Amounts, is included on the following pages. ³ Green buildings are new or existing residential buildings with an Energy Performance Certificate (EPC) label "A" in the Netherlands, as defined in the Green Bond Framework 2019. The EPC labels have been obtained from the database of the Netherlands Enterprise Agency (RVO). For definitive labels we work with the most recent year-end label composition, which allows us to also include any changes in the definitive labels in our calculations. The provisional energy labels are based on the RVO database from April 2018, see also Annual Report 2019 page 244.

Eligible Green Loan Portfolio Unallocated 31 December 2019

	Number of Loans	Amount (EUR)	Allocated	Issuance date	Amount (EUR)
Green Buildings	23866	5.079.107.397	Green Senior Unsecured	Sep 2019	500.000.000
			Pearl 1 RMBS	Sep 2006	58.598.621
			Covered Bond Programme	N/A	654.792.987
Total Eligible Green Loan Portfolio		5.079.107.397			1.213.391.609
			Total unallocated		3.865.715.787

Assurance report of the independent auditor

To: the Executive Board of de Volksbank N.V. and the holders of Green Bonds issued by de Volksbank N.V.

Our conclusion

We have performed a limited assurance engagement on the accompanying Green Bond Allocation Report for the year 2019 of de Volksbank N.V. at Utrecht.

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Green Bond Allocation Report 2019 is not prepared, in all material respects, in accordance with the reporting criteria as included in the section Reporting criteria.

Basis for our conclusion

We have performed our limited assurance engagement on the Green Bond Allocation Report 2019 in accordance with Dutch law, including Dutch Standard 3000A “Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)” (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities under this standard are further described in the section Our responsibilities for the assurance engagement on the Green Bond Allocation Report 2019.

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

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

Reporting criteria

The Green Bond Allocation Report 2019 needs to be read and understood together with the reporting criteria. De Volksbank N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the Green Bond Allocation Report 2019 are the definitions and principles as developed by de Volksbank N.V. and included in the “Green Bond Framework” version April 2019 on www.devolsbank.nl/investor-relations/green-bonds.

The absence of an established practice on which to draw, to evaluate and measure the information in the Green Bond Allocation Report 2019 information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our assurance engagement

The Green Bond Allocation Report 2019 includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Green Bond Allocation Report 2019.

The references to external sources or websites in the Green Bond Allocation Report 2019, with the exception of the “Green Bond Framework” version April 2019, are not part of the information as assured by us. We therefore do not provide assurance on this information.

Responsibilities of the Executive Board and the Supervisory Board for the Green Bond Allocation Report 2019

The Executive Board is responsible for the preparation of a reliable and adequate Green Bond Allocation Report 2019 in accordance with the reporting criteria as included in the section Reporting criteria. In this context, the Executive Board is responsible for the identification of the intended users and the criteria being applicable for their purposes. The choices made by the Executive Board regarding the scope of the Green Bond Allocation Report 2019 and the reporting policy are summarized in the “Green Bond Framework” version April 2019 of de Volksbank N.V.

The Executive Board is also responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the Green Bond Allocation Report 2019 that is free from material misstatement, whether due to fraud or errors.

The Supervisory Board is responsible for overseeing the reporting process of de Volksbank N.V.

Our responsibilities for the assurance engagement on the Green Bond Allocation Report 2019

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

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

We apply the “Nadere voorschriften kwaliteitssystemen” (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout the assurance engagement performed by a multi-disciplinary team, in accordance with the Dutch assurance standards, ethical requirements and independence requirements.

The procedures of our limited assurance engagement consisted amongst others of:

- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant social themes and issues and the characteristics of the company as far as relevant for the Green Bond Allocation Report 2019
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the Green Bond Allocation Report 2019 and the “Green Bond Framework” version April 2019. This includes the evaluation of the reasonableness of estimates made by the Executive Board
- Obtaining an understanding of the reporting processes for the Green Bond Allocation Report 2019, including obtaining a general understanding of internal control relevant to our assurance engagement
- Identifying areas of the Green Bond Allocation Report 2019 with a higher risk of misleading or unbalanced information, or material misstatements, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the Green Bond Allocation Report 2019 responsive to this risk analysis. These further assurance procedures consisted amongst others of:
 - Interviewing management and relevant staff at corporate and business level responsible for the Green Bond allocation strategy, policy and results
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the Green Bond Allocation Report 2019

- Obtaining assurance information that the information in the Green Bond Allocation Report 2019 reconciles with underlying records of the company
- Reviewing, on a limited test basis, relevant internal and external documentation
- Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level
- Reconciling the relevant financial information with the financial administration
- Evaluating the overall presentation, structure and content of the Green Bond Allocation Report 2019
- Considering whether the Green Bond Allocation Report 2019 as a whole, including the disclosures, reflects the purpose of the reporting criteria used

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Den Haag, 02 July 2020

Ernst & Young Accountants LLP

Signed by R.J. Bleijs