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De Volksbank invests in growth with its strategy 2021 – 2025 ‘better for each other - from promise to impact’

Pillars of growth: customer relationship and social impact

- The strategy aims for growth by strengthening the customer relationship and further increasing the social impact;
- In the new strategy, de Volksbank assigns growth priority to the four strong, distinctive bank brands SNS, ASN Bank, RegioBank and BLG Wonen;
- De Volksbank will expand its services to SME business owners;
- We will broaden our range of products and services to become more relevant to customers;
- The services we provide through the four bank brands are always personal and nearby with digital services and shops.

Organisational change: faster, more digital and more agile

- The fine-tuned strategy is intended to make us faster, more digital and more agile;
- De Volksbank is introducing a single, uniform agile organisational structure and working method with independent, fully responsible (customer) teams;
- This agile organisational structure and working method, will result in a more customer-oriented, and more efficient operation, which is expected to reduce the number of jobs within de Volksbank by 400-500 in the next 3 years;
- New jobs will be created in parallel with this and depending on the growth rate, which means that new employees will join de Volksbank in the next few years. To this end new employees will be recruited with the knowledge and skills required for the new strategy. Our current employees are given the opportunity to develop in this.
- An Executive Committee will be formed for a successful implementation of the strategy.

Martijn Gribnau, Chairman of the Board of Directors of de Volksbank: “With the new strategy, we strengthen the relationship with our customers by always being close and personal, so that we meet their needs even better. This holds true for our retail customers, of course, but also increasingly for SME business owners. By growing our customer base we can increase our purpose to contribute to a better country in supporting both the sustainability transition as well as in offering solutions to current social issues in the area of housing. For this reason, we invest in our brands, in our range of products and services, and in turning our IT platform into a modular platform. Our dedicated employees play a crucial role here by cooperating in an even more customer-focused way. This means that, together, they work hard and passionately to live up to our mission, with a heart for customers and society and achieving appropriate returns for the shareholder.”

Growth priorities

De Volksbank is unique in serving different customer segments with its four bank brands based on a single, central IT platform. We invest in IT and digital services to bring about an optimum and customised customer experience to further strengthen our customer relationship. At the same time, we are working on further cost control by increasing our efficiency and entering into partnerships with third parties.

For the period 2021-2025, we have set the following growth priorities for our brands:

- ASN Bank, as a digital, sustainable bank and a driver of sustainability, will accelerate its growth by offering more sustainable products and propositions, increasing the number of customers and further developing the customer relationship;
- SNS will change by also appealing to young people through personal, digital customer service in addition to advice in the shops and will increase its recurring fee income;
- RegioBank, being the bank nearby, will reinforce its strong local presence by broadening its propositions such as SME and by intensifying its collaboration with the independent advisers;
- BLG Wonen will expand through growth in mortgage production by increasing the distribution reach in the intermediary channel and through faster, more transparent services to advisers and customers;
- Using the brands SNS, ASN Bank and RegioBank, we target SME business owners in the Netherlands with excellent services.

Transformation

A movement of change has been initiated to accelerate the achievement of our strategic ambitions. De Volksbank is introducing a single, uniform agile organisational structure and working method in which independent, fully responsible (customer) teams make up the heart of the organisation. This will lead to products and services becoming available to customers at an earlier point in time and to a stronger customer relationship with both retail customers and SME customers.

This agile organizational structure and working method will lead to a more customer-oriented and more efficient way of working, which is expected to result in a reduction of 400-500 jobs in the period 2021-2023. De Volksbank will assist the employees involved with due care by means of retraining programmes and by helping them move from one job to another as much as possible. A provision totalling € 45 million has been formed for this purpose. In parallel with this process, new employees having the capabilities needed for the strategy will be recruited in the next few years. The details of the selection process will partly depend on the growth rate. How many jobs this concerns partly depends on the growth rate.

Changes in the senior management structure

As part of the new strategic plan, de Volksbank will form an Executive Committee to add focus and balance to the management of the changing organisation. This is key to a successful implementation. In addition to the Board of Directors, the Executive Committee will also include the Chief Information Officer (CIO), Chief Transformation Officer (CTO) and Chief Human Resources Officer (CHRO). The recruitment and selection process for these three positions will be initiated shortly. As a result, the position of Chief Operating Officer (COO) in the Board of Directors will lapse. The Board of Directors consists of Martijn Gribnau (CEO and ad interim CFO), Jeroen Dijst (CRO) and Marinka van der Meer (CCO)

Targets for 2025 linked to our shared value ambition

The strategy for the next few years builds on de Volksbank's mission of creating a positive impact for customers, society, employees and the shareholder by banking with a human touch. We continuously strike a balance between these stakeholders based on our shared value approach. This is how we distinctively add to the diversity of the Dutch banking landscape with the complementary brands SNS, ASN Bank, RegioBank and BLG Wonen. Based on our strategy and the current expectations of the economic developments and financial markets, objectively measurable targets have been defined for each stakeholder as key performance indicators (KPIs):

Stakeholder	Year-end 2025 targets
Customers	<ul style="list-style-type: none"> Raising the customer-weighted Net Promoter Score (NPS) to +13 (2020: +2) 1.3 million active multi-customers* (2020: 949,000)
Society**	<ul style="list-style-type: none"> A climate-neutral balance sheet of at least 75% (2020: 59%), rising to 100% climate neutral by 2030
Employees	<ul style="list-style-type: none"> Genuine attention for employees scores at least 7.5 (2020: 7.9)
Shareholder	<ul style="list-style-type: none"> Return on Equity (RoE) of 8% (2020: 5.1%)*** Dividend distribution of 40-60% of net profit

* Active multi-customer: a customer with a current account and at least one product from another product group, who has made at least ten customer-initiated transactions on his or her current account for three months in a row.

** Society: de Volksbank wants to make a positive contribution to society on four themes: sustainability, financial resilience, quality of life in the region and good housing for everyone. KPIs will be defined for all these themes in due course.

*** For the next few years, de Volksbank expects that the Return on Equity will be less than 8% based on the current outlook. Aiming to implement the strategy, de Volksbank will make substantial investments in the years ahead to allow later growth to an RoE of 8% in 2025.

Other objectives

We have also set objectives for ourselves in terms of optimising our capitalisation and balance sheet, and efficient business operations. These focus on the continuity of operations in particular, which is essential for all stakeholders. Translated into measurable targets and KPIs, this means that we aim for:

KPI	Targets
CET1 ratio	<ul style="list-style-type: none"> consistently at least 19% based on full phase-in of Basel IV (2020: 31.2%, with an estimated impact of Basel IV rules of approx. -7 percentage points)
Leverage ratio	<ul style="list-style-type: none"> consistently at least 4.5% (2020: 5.2%)
Cost/income ratio	<ul style="list-style-type: none"> 57-59% at year-end 2025* (2020: 70.6%)

* Cost/income ratio: operating expenses, including regulatory levies, divided by total income. It is possible that the cost/income ratio will exceed this range in the next few years as the strategic initiatives are intended to produce an effect over the course of the years, both at the level of income and at the level of operating expenses.

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ABOUT DE VOLKSBANK N.V.

De Volksbank is the organisation behind ASN Bank, BLG Wonen, RegioBank and SNS and the driving force in the background that develops banking products, processes and systems based on human needs. By banking with a human touch, together we contribute to a financially healthy life for everyone in the Netherlands. ASN Bank encourages sustainable progress, BLG Wonen makes good housing accessible to everyone, RegioBank is an advocate of the local quality of life, and SNS increases the financial resilience of people in the Netherlands. De Volksbank is located in Utrecht, the Netherlands. More information: www.devolksbank.nl

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