

Responsible tax policy

Tax strategy

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

Taxation is a powerful instrument for incentivizing and changing sustainable and corporate behavior in helping to create a more sustainable world. Tax is also a critical driver of progress toward a more environmentally, economically and socially responsible future and helps in achieving the Sustainable Development Goals (SDGs). Health, safety, education and other public expenditure are paid for from tax revenues, and we are well aware of that. So, we are committed to pay our fair share of tax.

De Volksbank has committed to the Tax Governance Code of VNO-NCW. Public reporting on tax increases transparency and promotes trust and credibility in the tax practice of de Volksbank and taxation in general. It enables various stakeholders to make informed judgments about our approach to tax and the tax position of de Volksbank. These stakeholders include the tax authorities, investors, policymakers, employees and the general public.

De Volksbank is transparent about its approach to tax, its tax position, tax contribution, tax policy in the annual and financial reporting and in the conversations with the tax authorities. This also links closely to the ESG-principles.

Our tax policy, including our tax strategy, is approved by the financial committee, Executive Board and reviewed by the Audit Committee on a yearly basis and when substantive changes are needed.

Tax planning and the spirit of the law

Naturally, our aim is to be fully compliant with all relevant tax laws, regulations and (inter-)national standards. In addition, we check if we comply with the spirit of these laws, in other words, with the real meaning or intention. We believe it is not appropriate to push the limits on taxation. We have no objection to being granted a tax benefit as intended by tax legislation and only when there is economic substance, but we will not devise or set up aggressive tax structures or use tax havens to obtain tax benefits or for tax avoidance. Nor do we let tax considerations play a decisive role.

De Volksbank does not undertake steps for or pursue (an artificial) strategy for obtaining tax benefits. As de Volksbank is dedicated to pay its fair share of tax, we do not endorse confidential agreements with tax authorities contrary to (the spirit of) the law and regulations or that would lead to socially unacceptable or unethical tax arrangements. Nevertheless, we may engage in non-aggressive tax planning initiatives and make use of government incentives and or subsidies, but only when such planning is in line with the letter and spirit of the regulations, legitimate interests and corporate social responsibility.

We do not aim for the lowest possible effective tax rate nor an artificial effective tax rate reduction. Effective tax rate planning is not part of our corporate objectives. As there are many differences between accounting and tax rules, the result in the financial statements may differ from the taxable result, resulting in a lower or higher effective tax rate compared to the statutory tax rate.

However, we do consider tax aspects in relation to some of our customer products, such as potential tax-deductible interest on mortgages.

International aspects

In recent years, the focus on tax policies of internationally operating corporations, and on international tax evasion in particular, has increased. De Volksbank endorses international legislative initiatives on this issue, such as the OECD's and EU's tax initiatives and new or amended domestic legislation resulting from these initiatives. Even though not all of these are equally applicable to de Volksbank as we are only based in the Netherlands, we might use international tax initiatives and views as guidance.

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

The new global minimum tax of 15%, also known as the Pillar II regulation is based on the European directive and implemented in the Dutch law per January 1, 2024. The expected impact on de Volksbank is limited, as we are only based in The Netherlands and the effective tax rate is likely to always exceed 15%. However, a separate specific tax calculation needs to be prepared to demonstrate this and distinct procedures and controls need to be set up to make sure that de Volksbank is compliant.

We are obliged to report potentially aggressive cross border tax arrangements to the Dutch tax authorities under the Mandatory Disclosure Rules (MDR/DAC6). Cross-border tax arrangements involve residents of various countries and may potentially be used for tax evasion purposes by customers, counterparties or business partners. Looking at de Volksbank's product range and customer profiles throughout the years, we expect the number of reports to be very limited. In 2024, de Volksbank did not report any such arrangements under these regulations.

Dutch Tax Authorities

De Volksbank maintains a proactive and open relationship with the Dutch tax authorities, which is based on transparency and trust. In 2023, de Volksbank was reclassified as a Top post 100 company by the Dutch tax authorities, with an updated tax monitoring model. As a result, the partnership with the Dutch tax authorities continues in a similar manner, without mayor changes for both parties. The working method remains the same and is based on trust, mutual understanding and transparency, with a focus on the internal control environment (part of the Tax Control Framework). An individual Monitoring Plan for 2025 was agreed by both parties at the end of 2024.

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

To ensure the continuance of the open and transparent relationship with the tax authorities, it is imperative that Group Tax is aware of all contact with these tax authorities. Therefore, Group Tax needs to be consulted and informed prior to anyone outside Group Tax contacting the tax authorities.

Tax organisation

The tax department of de Volksbank is part of group finance and consists of tax professionals with specific qualifications in education and experience. This department is responsible for managing all tax affairs of the organisation. It aims to be fully compliant with all relevant tax laws and regulations, to

monitor all relevant changes and developments in the tax landscape, to ensure the accuracy of the tax position and total tax contribution in the financial reporting and the implementation of the tax policy.

The head of Group Tax is a member of the Financial Committee, which is headed by the Chief Financial Officer (CFO) and the finance leadership. The head of tax reports to the CFO. The CFO receives regular and consistent tax updates during the year.

The tax position and total tax contribution with an additional memo are approved by the Financial Committee, Executive Board, reviewed by the Audit Committee and external auditor each midyear and yearend. In this memo the tax department addresses the complex and fast changing tax regulations, future tax developments, material risks and mitigating actions taken, applicable to the organisation.

Tax risk management and control

Our business is subject to various risks, including tax-related risks. These risks are an intrinsic consequence of our business activities and the growing complexity and quantity of national and international tax laws. Tax risks may have a significant negative effect on the goals of the business, financial result and could lead to financial and reputational damage. The majority of potential risks relate to the business and the products of de Volksbank. De Volksbank has a cautious tax risk appetite and our goal is therefore to manage and mitigate these risks as much as possible and where we can.

It would be fair to mention that, as de Volksbank is domiciled in the Netherlands, focused on the Dutch market and only pays taxes in the Netherlands, these tax risks are mainly limited to the Dutch territory.

De Volksbank maintains a strong governance for tax management. The various risks are mitigated by our tax control measures such as using automated review and validation controls, to be able to identify risks and impact, to minimize errors. These control measures include the review of tax calculations and corporate income tax and vat positions, but also to make sure to file accurate, complete tax returns on time, to make timely tax payments, to keep track of potential future changes in legislation, to do training sessions and presentations for the business and management, to participate in various internal and external meetings, to mandatory tax sign-off in the Product Approval and Review Process and to apply this Tax Policy as a standard to our day-to-day tax work.

All our tax control measures combined constitute our Tax Control Framework, which is part of Horizontal Tax Monitoring and de Volksbank's Integrated Control Framework.

The specific control measure depends on the type of risk, probability, potential impact (financial and reputational). The types of tax risks vary from reporting risks, compliance risks and changes in legislation. Reporting risks are the use of incorrect or incomplete financial results and/or disclosures of tax, tax reports or filings. Therefore, tax positions in financial reporting could be inaccurate or misrepresented. Examples of changes in legislation could be new tax laws, changes in (interpretation of) tax laws, changes in tax rates, new case law, changes in customer taxation rules. Tax compliance risks are untimely filings of tax returns/other disclosures and late payments of tax amounts. The specific risks are identified via thorough analysis carried out by the tax function and relevant departments.

The risks could materialize in additional tax costs such as penalties and interest, but more importantly it could harm our good relationship with the Dutch tax authorities and/or may result in reputational damage.

De Volksbank's risk governance is based on the 3 lines of defense model: the business (including the tax function), Risk Management Function and the Audit function. Risk management is captured in a risk and control system (Integrated Risk Management tool). Tax controls are owned and managed by the 1st line. The 2nd line provides a framework, policies, guidelines and oversight. The 3rd line deals with risk

assurance. 1st-line risk owners are responsible for conducting a Risk Control Self-Assessment (RCSA) at least on an annual basis or at any time if the entity's risk position has changed substantially. The 1st line is expected to establish a control testing strategy in accordance with EC Risk guidelines. In addition, the 2nd line will perform control testing to assess the performance of the 1st line's control testing.

For management to steer risks in the desired direction, risks are communicated in the Quarterly Business Report (QBR). Next to 1st line risk reporting, both the 2nd line risk management function and compliance functions will report their independent monitoring activities in the Risk Report, which is discussed in the Operational Risk Committee (ORC) and presented to the Executive Board.

There is an increasing tendency to exchange data and information with tax authorities, based on (inter)national law and regulations. In the short future, more compliance requirements for automated tax, information filings and data management are to be expected, next to the existing ones. Technology will therefore continue to play a significant role to be able to maintain a strong tax governance framework.

Any concerns about unethical or unlawful tax-related behavior of the organisation can be voiced through the regular processes and procedures of incident and loss management as well as through the whistleblowing procedure.

Tax risk policy on customers, business relations and transactions

Our procedures and measures to identify, verify and report customers' tax status aim to be compliant with applicable Dutch and international regulations, such as the Common Reporting Standard (CRS) and the Foreign Account Tax Compliance Act (FATCA).

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

De Volksbank does not want to invest in, provide loans or products to customers and business relations that would facilitate tax evasion, aggressive tax planning, i.e. with the use of tax havens, nor do we want to actively support transactions where tax savings are the main objective. De Volksbank considers 'tax havens' those jurisdictions deemed non-cooperative by the Netherlands, the European Union or the Anti Money Laundering Centre (AMLC).

A transaction or standpoint should be robust, have sufficient economic substance and should not have any other negative effects or go against our own integrity standards.

By this we mean the following:

- The standpoint or transaction is robust if it is consistent with the (purpose of) relevant (tax) laws, regulations and (tax) case law. Prior consultation with the tax authorities could take place.
- The standpoint or transaction in question must have sufficient substance from an economic, business, or social perspective.
- Prior to the transaction or to forming a standpoint a reasonable assessment should be made whether there is a chance of reputational damage or any other material negative consequences.