

# de volksbank

## Integrated Annual Review 2021





# Integrated Annual Review of de Volksbank



Dear reader,

This is our 2021 Integrated Annual Review. To account for our results in a transparent manner, we started to report according to the 'core & more' principle as from 2020. This Integrated Annual Review (IAR) is the 'core' report. In it, we describe how we dealt with opportunities and risks, how the implementation of our new strategy is progressing and how we created value for our customers, society, our employees and our shareholder in 2021. For more detailed background information about certain topics, see our additional 'more' reports:

- **ESG Report 2021**, providing more information on environmental, social and governance-related aspects.
- **Pillar 3 Report 2021**, containing the mandatory reporting on capital requirements and risk management ensuing from the European Capital Requirements Regulation (CRR).
- **Annual Report 2021**, providing details on our financial statements, risk management and corporate governance.
- **Principles & Standards Report 2021**, containing the reporting on the principles and standards we have committed to.

This **Integrated Annual Review** contains a summary of our most important financial and social results over the past year. Throughout this report, the material topics are identifiable by **MT** icons and our key performance indicators by **KPI** icons. Both have been changed slightly compared with last year.

The 2021 Integrated Annual Review was published on 10 March 2022 and is available in both Dutch and English. The Dutch version prevails. The other reports are available on our [website](#) in English only.

## Foreword

“The publication of this annual review for 2021 gives me the opportunity to reflect first of all on the current events that affect us all. Only a few weeks ago, at the end of February 2022, the war in Ukraine shocked the world. The war violence and human suffering are appalling. We cannot yet predict the consequences for people, political relations and economic developments. First and foremost, our hearts go out to the people of Ukraine and to all who have been affected by the violence.

2021 was the second year in which the Covid-19 pandemic dominated everyday life, the way in which we were able to interact with each other, as well as the developments in the global economy. And yet, following an economic contraction in 2020, last year saw a return to economic growth. However, time and again uncertainty returned as soon as new Covid-19 variants emerged and the number of infections rebounded. Despite these circumstances, we nevertheless succeeded in staying close to our customers and providing them with the support they have come to expect from us.

For us, February 2021 was marked by an important event. In that month we presented our strategic plan for the period 2021-2025, entitled ‘Better for each other – from promise to Impact’. In 2025, we want to be the bank with the strongest customer relationship in the Netherlands and a large proven social impact. The strategic plan sets out how we will achieve these two main goals, through growth priorities for our

four bank brands. You will read more about it in this annual review.

We can only achieve our main goals if our organisation is more agile and responds faster, which will help us meet customers’ needs even more. That is why we have opted for a new, agile organisation structure with a single, uniform way of working. In 2021, we laid the groundwork for this and made good progress with the implementation of our new strategy.

Our brands showed growth, which translated into strong commercial developments and high customer satisfaction scores. In contrast to the sound commercial developments, 2021 was a challenging year financially. Interest rates remained low, putting pressure on our total income and net profit. This again underscores the urgency to come up with new initiatives that will reduce the interest rate sensitivity of our income. We must also focus on cost reductions but at the same time make the investments needed to improve our IT platform.

This means that we will press on to implement our strategy and take the next step in the further development of our services. We will get even closer to customers in order to gradually offer more services that seamlessly match their specific needs and life situations. We will do so both digitally and in local communities, always keeping a human touch in mind. I would like to take this opportunity to thank our cus-

tomers for the increasingly positive response to our services and all our employees for their continued efforts for the benefit of all our stakeholders.

I am confident that the execution of our strategy will enable us to grow total income and improve operational efficiency in the coming years. This will transform us into the financially healthy, customer-focused and socially committed bank that we would like to be.”

On behalf of the Board of Directors  
of de Volksbank,

**Martijn Gribnau**  
Chairman



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## Summary

To continue to measure the progress on our strategic goals and priorities, we have translated the long-term objectives from our previous strategic plan – which ended in 2020 – to the year 2025. We did this for each of our four stakeholder groups: customers, society, employees and the shareholder. In February 2021, we presented a new strategic plan for the period 2021-2025, entitled 'Better for each other – from promise to Impact'. In 2025, we want to be the bank with the strongest customer relationship in the Netherlands and a large proven social impact.

Taking the two main goals stated above as a point of departure, we have determined distinctive growth priorities for our four bank brands:

- SNS will broaden its target audience to include younger customers and strengthen its business model with more fee income.
- ASN Bank aims to accelerate growth as a digital, sustainable bank.
- RegioBank is set to strengthen its local presence with a broader range of propositions.
- BLG Wonen intends to expand by improving its distribution reach and service.

These growth priorities will help reduce the interest rate sensitivity of our income.

In order to achieve our goals and priorities, we focus on five necessary movements of change:

1. improving our digital and omni-channel dialogue with customers;
2. broadening our product range and customer target group;
3. improving the quality of our data warehouse;
4. implementing an agile organisation structure;
5. realising efficiency gains.

In 2021, we saw favourable developments for a number of long-term objectives. The customer-weighted Net Promoter Score reached an all-time high of +6 at the end of December and the number of active multi-customers rose by 7% to over one million. Our climate-neutral balance sheet stood at 55%. As from 2021, this ratio is calculated using the Partnership for Carbon Accounting Financials (PCAF) methodology. Based on the previous methodology, the climate neutrality stood at 59% at year-end 2020; using the new PCAF methodology this would have been 45%. Regardless of the methodology used, the underlying balance between CO<sub>2</sub>e emissions lost and avoided improved significantly. And the most recent measurement of our KPI 'Genuine attention for employees' remained high at 7.8, in spite of the challenges of working in a Covid-19 environment and the uncertainty for a number of our employees emanating from the preparations for an agile way of working.



**In February 2021, we presented a new strategic plan for the period 2021-2025, entitled 'Better for each other – from promise to Impact'**

Our brands showed the first signs of progress in achieving their growth priorities for the next few years:

- Together they grew the mortgage production by 33% to € 8.1 billion. Redemptions were also higher but, on balance, our residential mortgage portfolio (excluding IFRS value adjustments) grew by € 1.1 billion to € 47.4 billion.
- Together they managed to grow the SME loan portfolio by 16% to € 841 million.
- ASN Bank achieved healthy growth in both customer numbers and fee income from asset management. Assets under management grew by more than 20% to € 4.75 billion. In the fourth quarter ASN Bank successfully launched a biodiversity fund.
- SNS broadened its product range with the introduction of simple personal loans.
- RegioBank was again voted most customer-friendly bank in the Netherlands.

In contrast to the sound commercial developments, 2021 was a challenging year financially. Although economic prospects improved as the Covid-19 measures had an effect, interest rates remained low and in some cases even negative, putting pressure on our total income.

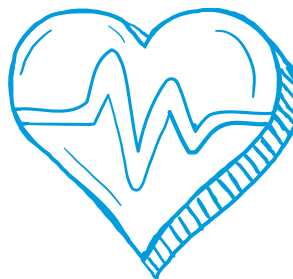
In 2021, total income fell by 10% to € 827 million, mainly driven by lower interest income on mortgages. Substantially higher prepayment charges received and lower interest paid on savings accounts were not able to compensate for this. Savings balances grew considerably more than our loan portfolio. The ensuing increase in excess liquidity also put pressure on our net interest margin and resulted in higher regulatory levies. In many cases, we pay interest on liquidities we deposit with financial institutions, such as the European Central Bank. To partly offset the increase in excess liquidity costs, we decided to charge 0.5% interest on an

annual basis on the portion of current accounts and savings balances exceeding € 100,000 as from 1 July 2021, in line with other Dutch banks. Money transfer and payment fees as well as fee and commission income related to the investment funds of ASN Bank saw encouraging growth. The results on investments dropped to a normalised level following an exceptionally strong 2020.

Total operating expenses rose by 2% to € 667 million. In 2021, operating expenses included a one-off gain of € 22 million related to a previous contribution to the Deposit Guarantee Scheme (DGS) for the insolvency of DSB Bank. In 2020 they included a one-off restructuring charge of € 45 million. Adjusted for these items, our operating costs rose by 14%. Approximately one third of the increase was due to higher regulatory levies, mainly related to the DGS. The other two thirds can be attributed to an increase in the number of FTEs. This increase is largely related to work performed for customer integrity and the Mortgage Service Centre and partly to wage inflation. The implementation of our strategic plan, including further digitalisation, the roll-out of our modular IT platform, support for the transition to an agile way of working and the new SME proposition also required more FTEs. The cost/income ratio rose to 80.7%, compared with 70.6% in 2020.

In 2021, defaults remained low, the economic outlook improved and house prices continued to increase. This led to a reversal of impairment charges of € 58 million, in spite of an increase in the management overlay, reflecting the high degree

**In 2025, we want to be the bank with the strongest customer relationship in the Netherlands and a large proven social impact**





of uncertainty about economic developments in the Netherlands. In 2020, impairment charges still amounted to € 38 million, mirroring the risks of Covid-19 as perceived at that time. Thus, in 2021, there was a positive swing in impairment charges of € 96 million, which fully compensated the decline in total income.

In spite of the reversal of impairment charges and the high level of prepayment charges received, our net profit dropped by 7% to € 162 million. This corresponds to a return on equity of 4.7%. Adjusted for incidental items, net profit fell by 30% to € 145 million.

A strong and diversified capital position remains a key element of our strategy. To this end, in 2021 we issued € 1 billion in Senior Non-Preferred notes in total under our Green Bond Framework. Our Common Equity Tier 1 (CET1) capital ratio showed a strong decrease from 31.2% to 22.7% as risk-weighted assets increased – mainly due to a temporary and voluntary add-on related to an ongoing supervisory review on the underlying database infrastructure used in our internal credit risk model for residential mortgages. The Basel IV fully loaded CET1 capital ratio declined from 24.2% to approximately 22.5%, mainly driven by an increase in exposures to financial institutions and corporates. The leverage ratio stood at 5.1%, compared with 5.2% at year-end 2020.

In 2021, our Board of Directors and Supervisory Board saw a number of changes:

- From 15 April to 31 December 2021, John Reichardt acted as interim CFO. Chairman Martijn Gribnau took over this interim role. Our search for a permanent CFO is ongoing.
- At the General Meeting of Shareholders, held on 21 April 2021, two Supervisory Board members stepped down in conformity with the rotation schedule: Monika Milz after two terms in office, and Sonja Barendregt-Roojers after one term.
- On 13 August 2021, Gerard van Olphen was appointed as the new Chair of the Supervisory Board. Jan van Rutte stepped down on the same day.
- On 20 September 2021, Jeanine Helthuis and Petra van Hoeken were appointed to the Supervisory Board, which has since been at full strength again.

Looking ahead to 2022, we will continue to focus on the further implementation of our new strategy. The pressure on our financial results underscores the urgency to come up with new initiatives that will reduce the interest rate sensitivity of our income, as well as the need to focus on the introduction of cost-effective initiatives while making the investments needed to improve our IT platform. In 2021 we laid the groundwork for a new, agile way of working, and the appointment of senior management members is nearing completion. The new organisation will become operational in the first half of 2022.

Based on the current interest rate environment and assuming that we will not see a substantial reversal of impairments again, we expect the net result in 2022 to be lower than in 2021.

# 2021 in a nutshell

Here, we present which moments, decisions and events characterised the year 2021 for us as a bank and for our stakeholders.

## FEBRUARY

### JANUARY

- ASN Bank joins the bio-based building programme



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- Launch of our strategy for the period 2021-2025: 'Better for each other - from promise to Impact'
- Publication independent investigation into Board dynamics
- RegioBank launches 'de buurtzame bank' campaign

### MARCH

- SNS helps customers and non-customers file their tax returns
- Talk with King Willem-Alexander about *NLvoorelkaar*
- ASN Bank ranked most sustainable bank in the Sustainable Brand Index

### APRIL

- John Reichardt joins the Board as interim CFO
- Supervisory Board members Monika Milz and Sonja Barendregt-Roojers step down

## MAY

- De Volksbank joins the Agora Network, an organisation that promotes cultural diversity
- RegioBank again most customer-friendly bank according to a customer survey; SNS and ASN Bank ranked in top 5



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## SEPTEMBER

### AUGUST

- RegioBank again best bank of the Netherlands according to Dutch Consumers' Association
- Gerard van Olphen succeeds Jan van Rutte as Chair of the Supervisory Board

- De Volksbank acquires valuation platform Fitrex
- Petra van Hoeken and Jeanine Helthuis appointed to the Supervisory Board

- € 249 million (remaining) dividend for 2019 and 2020 paid to NLF
- *Eurowijs* taught 213,449 pupils how to manage money



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### OCTOBER

### NOVEMBER

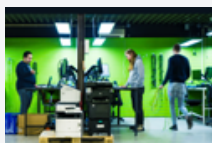
- BLG Wonen organises Housing Debate and launches Housing Accessibility Monitor
- ASN Bank presents Construction Stored Carbon Report at climate conference in Glasgow
- ASN Bank launches Biodiversity fund

- Announcement of compensation scheme for customers with revolving consumer loan
- Placement interviews for many employees as part of the transformation into an agile organisation
- De Volksbank promotes volunteering with TV campaign *NLvoorelkaar*
- Interim CFO John Reichardt steps down

## DECEMBER

## 6

- RegioBank organises National Village Summit
- Second issuance of a SNP green bond amounting to €500m
- De Volksbank concludes full-service contract with *ICT Vanaf Morgen*, which helps young people with a distance to the labour market find IT jobs



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## 7

- BLG Wonen offers SNS Business mortgages
- Negative interest charged on retail customer accounts exceeding € 100,000
- Letter to Parliament with [NLF's advisory report](#) on future options
- NPS reaches our all-time high



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## JULY

## JUNE



## Company profile

De Volksbank aims to meet the specific financial needs of its customers in a people-oriented, efficient and sustainable manner. Our mission is 'banking with a human touch'. We achieve it by creating value for all our stakeholders: our customers, society, our employees and our shareholder. We aim for optimum shared value rather than maximisation of a single value. Together with our brands we strive for a strong customer relationship and increasing our social impact.



SNS contributes to a country in which every Dutch citizen is financially secure, allowing them to live pleasantly and comfortably.



ASN Bank seeks to make sustainability accessible to all Dutch people, enabling them to use their money to do the right thing for people, animals and nature all over the country.



BLG Wonen enables a society in which people can live contentedly in a manner that suits their wishes and financial situation. Now and in the future.



RegioBank is committed to maintain the quality of life in Dutch communities by taking on the role of community builder and contributing to social and economic vitality.

De Volksbank is the fourth largest retail bank operating in the Dutch market, with almost 3.5 million customers. We offer simple and transparent mortgage, savings and payment products to private individuals, self-employed persons and smaller companies. We also offer insurance and investment products.



EMPLOYEES

**3,961**  
FTE of which  
**3,178** internal



CUSTOMERS

**> 3.46m**



**208**

SNS Shops

**1,653,000**

customers



**835,000**

customers



**459**

branch offices

**732,000**

customers



**> 3,000**

independent  
advisers

**247,000**

customers



MORTGAGES

**€ 48.2bn**

market share 6.1%

CURRENT ACCOUNT CUSTOMERS

**1.78m**

market share of new  
current accounts 20%

SAVINGS

**€ 45.6bn**

market share 11.3%

ASSETS UNDER MANAGEMENT

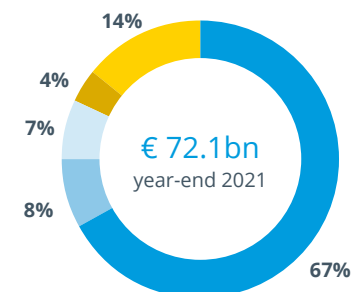
**€ 4.75bn**

SME LOANS

**€ 841m**

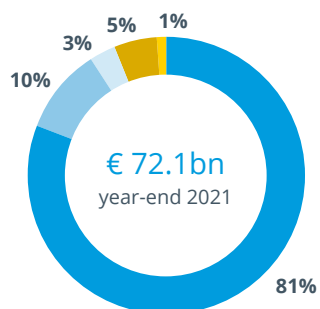
## Business model

### Total assets



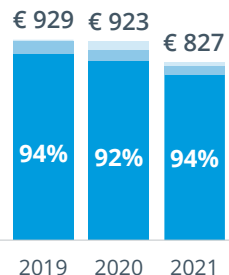
- 1 Residential mortgages
- Investments
- Other
- Other loans and advances to customers
- Cash and cash equivalents

### Total liabilities



- 2 Savings and other amounts due to customers
- Debt certificates
- Other
- Equity
- Amounts due to banks

### Total income (in m)



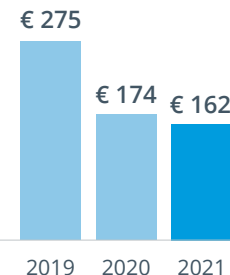
- 3 Net interest income
- Net fee and commission income
- Other income

### Total costs (in m)

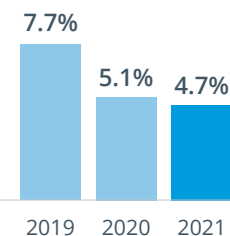


- Staff costs
- Regulatory levies
- Other operating expenses
- Impairment charges

### Net result (in m)<sup>4</sup>



### Return on equity<sup>5</sup>



1 Our loan portfolio is our main source of income, consisting mainly of mortgages provided by us to retail customers (95%), as well as of SME loans (2%) and other loans, such as to (local) governments and personal loans.

2 We fund our loan portfolio using retail savings and balances in current accounts that our customers hold with us and, to a lesser extent, using bonds and equity.

3 About 94% of our total income consists of net interest income and 5% of net fee and commission income, which share we aim to grow as part of our strategy in order for our income to become less sensitive to interest rates.

4 After deduction of the costs we incurred, including for our offices, IT and loan portfolio management, the net profit remains.

5 An important part of our business model is achieving healthy returns on the equity that the shareholder has made available to us.

**Starting from our shared value ambition, we aim for optimum shared value for all our stakeholders rather than maximisation of a single value for one stakeholder in everything we do.**

[View our value creation model >](#)



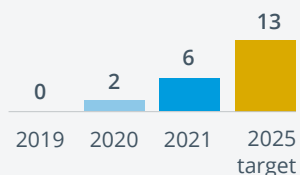
## Key figures

### SHARED VALUE KPIS

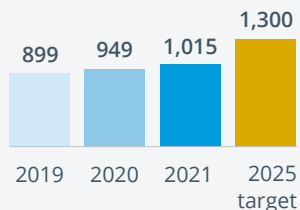
#### Customers



Customer-weighted average  
Net Promoter Score



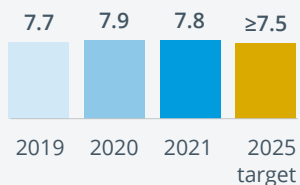
Number of active multi-  
customers (in thousands)



#### Employees

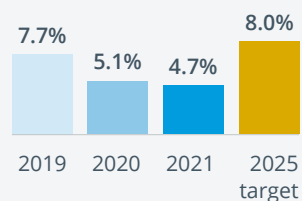


Genuine attention



#### Shareholder

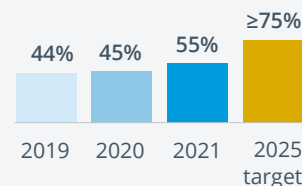
Return on equity



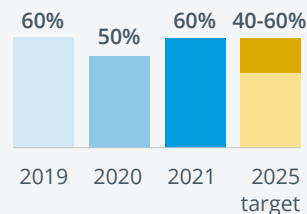
#### Society



Climate-neutral  
balance sheet <sup>1</sup>

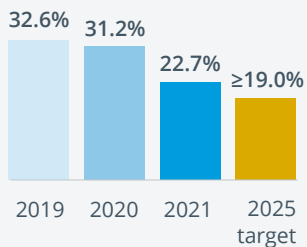


Dividend pay-out ratio

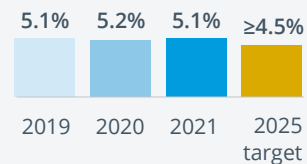


#### Other objectives

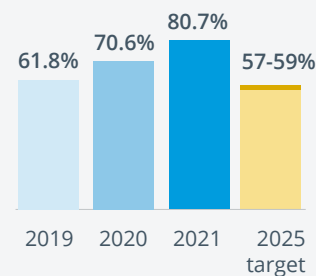
CET1 ratio<sup>2</sup>



Leverage ratio



Cost/income ratio<sup>3</sup>



### ESG RATINGS & BENCHMARKS

	2021	2020
<b>ESG ratings</b>		
Sustainalytics ESG rating	n.a.	89/100
Sustainalytics Risk rating	10.4/100	10.4/100
ISS ESG	B (prime)	B (prime)
MSCI	AA	AA
<b>Benchmarks</b>		
Transparency Benchmark <sup>4</sup>	6th	No update
Climate Disclosure Project (CDP)	B	C
Fair Bank Guide <sup>5</sup>	No update	9.3

### CREDIT RATINGS YEAR-END 2021

	Long-term ratings	Short-term ratings	Outlook
S&P	A-	A2	Stable
Moody's	A2	P-1	Stable
Fitch	A-	F1	Stable

1. As from 2021, the climate-neutral balance sheet is calculated using the PCAF methodology. The percentage shown for 2020 (45%) was adjusted using the PCAF methodology. Before the adjustment, this figure was 59%. More information on this adjustment is available in section 3.2.3.
2. The CET1 capital ratio target is based on full phase-in of Basel IV standards. We estimate that the Basel IV fully loaded ratio as at 31 december 2021 will be 0.2 percentage points lower compared with the reported 22.7%.
3. Including regulatory levies.
4. Ranking of all major Dutch companies. Ranked 6th among 500 participants. Score based on the Integrated Annual Review 2020.
5. Average score of the policy update.

# 1

## The world around us

The world is complex and rapidly changing. Apart from global developments like climate change, globalisation and the Covid-19 pandemic, the bank is affected by national, regional and even local developments and events. That is why it is important that we identify, monitor and respond to these circumstances. Five developments in particular were important to us in 2021.

# 100%

We aim for a  
climate-neutral balance  
sheet by 2030

[Read more \(in Dutch only\) >](#)





**700+**

quotes requested  
in response to the  
joint green roofs  
campaign

[Watch the video >](#)

**8.6**

is the score  
awarded by the  
Fair Money Guide for  
our climate goals

[Read more >](#)

**9/11**

ASN Bank presents  
'Construction  
Stored Carbon'  
report during Climate  
Change Conference  
in Glasgow

[Read more >](#)





## War in Ukraine

At the end of February 2022, the war in Ukraine shocked the world. The war violence and human suffering are appalling. We cannot yet predict the consequences for people, political relations and economic developments. Our hearts go out to the people of Ukraine and to all who have been affected by the violence.

## 1. Economic recovery from the Covid-19 crisis: less green than hoped for

A year ago, we indicated that we welcomed the call for a 'sustainable recovery from the Covid-19 pandemic'. Although the economic recovery in developed countries exceeded expectations, there is a strong possibility that we will essentially miss out on a substantial green and inclusive recovery. It even seems that the use of coal for power generation has increased significantly. Apart from this, the prospect of recovery in less-developed countries is far from convincing. All in all, the long-term effects of the pandemic remain difficult to fathom.

In the second half of 2021, most of the restrictive coronavirus measures in the Netherlands were lifted and 'normal' life slowly returned. However, in the autumn measures to prevent the spread of the coronavirus were necessary once more. Although the vast majority of the Dutch population was vaccinated, these measures turned out to be a divisive element in the social debate, as was the so-called Covid Pass.

Covid-19 brought customers great financial uncertainty. As a bank, we went to great lengths to help as many customers and businesses as possible and come up with suggestions for them. In 2021, we again offered payment holidays to help mortgage customers who were financially affected by the Covid-19 pandemic. And the Dutch government made the Corona Small Loan Scheme available to assist entrepreneurs in difficult times. In 2021, due to the Covid-19 measures our employees generally had to work together remotely once more.

**How did de Volksbank take care of its employees during the Covid-19 crisis?**

[Read about it here >](#)

## 2. Economic developments

The Dutch economy recovered in 2021 from the downturn caused by the Covid-19 pandemic. The annual average unemployment rate decreased by 0.6 percentage points to 4.2%. Meanwhile, inflation rose significantly from 1.3% to 2.7%, mainly due to an increase in fuel and energy prices. The Dutch housing market came under further pressure due to extremely low supply and a 15.2% increase in the average house price. This came on top of the 7.8% increase in 2020. The number of transactions fell by 4% over the year as a whole.

The European Central Bank continued to maintain advantageous financing conditions and continued to buy up bonds. Nevertheless, the average interest rate rose slightly during the year. Savings deposits in

the Netherlands increased, despite the extremely low interest rate on savings, from € 390 billion at the end of 2020 to € 407 billion at the end of 2021.

## 3. Digitalisation and customer relationships

In 2021, digitalisation gained momentum as a result of the Covid-19 pandemic. With the extension of the Covid measures, we observed an increase in digital communication with our business and retail customers. These developments offer banks both challenges and growth opportunities. Customers expect more and more from digital products and services. Especially for the younger generations, a high-quality digital banking environment is essential. Needless to say, de Volksbank is committed to a simple and reliable online environment.

The accelerated digitalisation also presents us with challenges. For the second year in a row, we observed an increase in cybercrime in the Netherlands. Criminals are becoming increasingly sophisticated and it is becoming more and more difficult for customers to distinguish between fake and real online mails and messages. To protect our customers, we have improved our digital processes and systems and informed them about the (online) dangers – after all, they are the 'first line of defence'.

The fight against financial crime also continues. We therefore not only monitor payment transactions for signals that could indicate money laundering and terrorist financing ourselves, but also in cooperation with other banks. Our role as the gatekeeper of the financial system remains as important as ever.

In an increasingly digital world, de Volksbank distinguishes itself by still being nearby, easily and personally accessible. Not only in towns, but regionally as well. And by offering a good mix of digital convenience and personal contact at times that best suit the customer.

**How do we ensure simple and safe digital services and counter cybercrime and financial crime?**

[Read about it in Section 3.1 ›](#)

**As a bank we committed ourselves to helping as many customers and businesses as possible and to come up with solutions**

## 4. Laws and regulations

In line with previous years, supervisory authorities' and legislators' expectations towards laws and regulations on banks continued to change. In 2021, we again saw an increase in laws and regulations on supervision, customer protection and sustainability. The EU taxonomy, the European classification system for green activities to promote the sustainability of economic activities, came partially into effect. In our [2021 Annual Report](#), we will report on the basis of this classification system for the first time. In addition, ASN Impact Investors was able to label its investments funds as 'dark green' under the new Sustainable Finance Disclosure Regulations (SFDR).

We are preparing for the upcoming reporting expectations from the European Banking Authority (EBA) on the sustainability risks of our assets. We welcome the increased attention for sustainability reporting.

**How does de Volksbank ensure that it meets expectations from laws and regulations?**

[Read about it in Section 4.5 ›](#)

## 5. The effects of global climate change are noticeable

The effects of global climate change were clearly noticeable in 2021. In July, Limburg, the southernmost province of the Netherlands, and neighbouring regions in Belgium and Germany were hit by severe flooding as a result of extreme rainfall, resulting in major damage to houses and infrastructure. Beyond Europe's borders too, extreme weather events also occurred, such as major wild fires in Siberia and the US, record-breaking temperatures and severe drought in Canada and devastating floods in China. The relationship between extreme weather events and climate change is demonstrable. The message of the [IPCC Report 2021](#) was alarming: without immediate and far-reaching measures we will cross the critical global warming threshold of 1.5 °C. Apart from climate change, awareness of global biodiversity loss is increasing. The latter also has an impact on the health of financial institutions. On this topic, the Dutch Central Bank (*DNB*) and the Netherlands Environmental Assessment Agency (*PBL*) have calculated that Dutch financial institutions have hundreds of billions of euros in loans outstanding that are at risk from the loss of biodiversity.

**How does de Volksbank commit itself to the climate and to biodiversity?**

[Read about it in Section 3.2 ›](#)

**We explain how we deal with the resulting risks in the Annual Report 2021**

[To the 2021 Annual Report ›](#)



# Business mortgage for Ursus Sports Centre

Feiko en Erwin Boonstra

“In everything we do, we check whether it can be done in a sustainable way”

**In February 2021 – in the middle of the lockdown – father and son Feiko and Erwin Boonstra decided to open a second, sustainable fitness centre in Leeuwarden. Not a single bank was willing to provide the enthusiastic entrepreneurs with a mortgage. It did not fit into the standard picture. Until an SNS flyer was delivered and the two men made inquiries there.**

The building is located on a site that also accommodates other sports activities and boasts a sizeable outdoor area. The entrepreneurs believe this is perfect, as it allows people to exercise indoors and – in all situations, lockdown or no lockdown – outdoors.

Father Feiko contacted his main bank: “The account manager loved the idea and would start exploring the options immediately. But then all remained quiet, until I made a phone call myself and it turned out that he’d been rapped on the knuckles from all sides. A fitness centre, in these days of Covid-19? It was a no-go there and for other banks as well. I couldn’t understand it; I’d never had any payment problems in all these 45 years.”

But then what? A few days later, Feiko received an SNS flyer for growing entrepreneurs. He made a phone call, sent the documents required and received a response immediately: the

bank would be happy to help them. The process was sped up from that point on.

Erwin: “SNS believes that running a sustainable business is perfectly normal. We didn’t know that, so we accidentally found ourselves an excellent match. Because in everything we do, we check whether it can be done in a sustainable way. The new building uses no natural gas whatsoever, we work with equipment that generates power, we have installed LED lights across the building, and we would like to install solar panels – just to name a few. We were screened on a large number of points, but the adviser of our local SNS Shop understood our wishes and

helped us by coming up with ideas. The mortgage process was successfully completed within a week.”

Then there was the third lockdown in December 2021. Erwin: “All fitness centres had to close, but we welcomed new members because they could continue exercising at our centre, that is, outdoors. So we’re very glad that we persevered with our plans despite the initial setbacks.”





# 2

## Better for each other – from promise to !mpact

In February 2021, we presented our new strategy for 2021 – 2025: 'Better for each other – from promise to !mpact'. Through our new strategy, we continued to make progress in differentiating ourselves. The strategy for the coming years builds on our mission to achieve a positive impact through banking with a human touch: for our customers, society, our employees and our shareholder.

### Schoolyard14

a cooperation  
between *Eurowijs*  
(financial teaching  
materials) and the Johan  
Cruyff Foundation

[Eurowijs Day 2021 >](#)





# 213,449

pupils were given  
*Eurowijs* lessons

# 8

*Eurowijs* was launched  
8 years ago

[Read all about \*Eurowijs\* here >](#)

# 8.6

is the mark  
that teachers gave  
us for our teaching  
materials



## 2.1 Our mission and ambition

We have a clear **mission**: Banking with a human touch. We achieve it by creating value for all our stakeholders: our customers, society, our employees and our shareholder. We aim for optimum shared value rather than maximisation of a single value and call this our **shared value ambition**. We monitor, measure - against specific objectives - and report on this shared value ambition for each stakeholder group. For more information, [see Chapter 3](#).

## 2.2 How we create value

Being a financial institution, we play an important role in the Dutch economy and in society. We help households save money and build up capital. We also help companies and households if they are short of money, for example with a mortgage loan. We provide (online) payment services and manage sustainable funds in which our customers can invest. These activities create value for our retail customers and small businesses throughout the Netherlands, our chain partners and society as a whole.

**Being a social bank,  
we strive for a sustainable  
and fair way of doing  
business**

Moreover, being a social bank, we strive for a sustainable and fair way of doing business. We give substance to this by translating the Principles for Responsible Banking (PRB) and the Sustainable Development Goals (SDGs) into strategic themes such as sustainability, decent housing, financial resilience and quality of life. Given our shared value ambition, we aim to create benefits for our customers, give genuine attention to our employees, take responsibility for society and achieve returns for our shareholder. We realise that we can only do so if we remain a sound and solid bank.

### Value creation model

The value creation model on the following page is a visual representation of the way in which we create - or nullify - value for our stakeholders.

Resources, so-called inputs, may increase or decrease due to external developments, but also due to our own influence. If we do not use these inputs with due care, we run the risk of destroying value. To prevent this, we continuously adapt our activities. For example, our biodiversity policy aims to ensure that we do not finance activities that significantly harm natural capital. Apart from implementing the comprehensive sustainability policy, we continue to analyse topics of great value to our stakeholders by means of the Materiality Assessment, the Impact Analysis - as part of our PRB implementation - and our customer surveys. Creating value is not something to do in isolation. That is why we aim to collaborate as effectively as possible with partners. In many cases, we are the driving force of collaboration.

For more information on the latter, see our [2021 ESG Report](#). One example of an input that we influence is 'social capital', part of which are customer relationships and our reputation. Our activities result in certain outputs, such as the number of customers. We use the 'Net Promoter Score', our customer KPI, to measure the customer satisfaction score. Customer relationships are strengthened if customers are satisfied, thus improving our reputation in the long term. To complete the circle, we use this improved relationship and reputation as input to tailor our activities to the expectations of the customer.

The inputs, outputs and outcomes presented here are not exhaustive. Each year, we try to get a better picture of these aspects.

### How does de Volksbank implement the SDGs?

[Read more about it here >](#)

**For more information about our contribution to the SDGs, see our 2021 Principles & Standards Report.**

[To the 2021 Principles & Standards Report >](#)

## Inputs

This is what we need and what we can impact.



### Social capital

By social capital we mean the relationships with our stakeholders, in particular with our customers. Strengthening customer relationships is an important part of our strategy.



### Natural capital

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



### Human and intellectual capital

By human and intellectual capital we mean our employees. They ensure that de Volksbank's business operations continue and that we provide the best possible customer service.



### Financial capital

By financial capital we mean money entrusted to us by customers and the shareholder and funds raised by us in financial markets. We want to increase our financial capital by earning a healthy financial return.

## Our activities

These are our mission, ambition, business profile and business model.

**Mission** Banking with a human touch

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

**Promise** **Better for each other** +

Four brands, each with its own social theme:



### Products and services:



Payments



Savings



Mortgages



Investments



Insurances



Small business



Additional propositions and partnerships

## Outputs

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

## Outcomes

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

### Customers



**€ 8.1bn**  
new mortgage production



**+6**  
customer-weighted  
Net Promoter Score

KPI



**1.015m**  
active multi-customers

KPI

### Society



**742 kton**  
CO<sub>2</sub>e avoided

**1,341 kton**  
CO<sub>2</sub>e emissions



**55%**  
climate-neutral  
balance sheet

KPI

### Employees



**7.8**  
genuine attention for  
employees

KPI



**7.9**  
committed employees



**7.4**  
engaged employees

### Shareholder



**€ 827m**  
income

**€ 609m**  
expenses



**€ 162m**  
net result



**22.7%**  
CET1 ratio

KPI



**4.7%**  
RoE

KPI



**5.1%**  
leverage ratio

KPI



**80.7%**  
cost/income ratio

KPI

## Impact



We monitor the outcomes for our stakeholders with our KPIs. These outputs have a certain impact on the inputs we use.

**Example of the value creation process**  
High customer satisfaction (NPS) results in a stronger customer relationship.



SDG	Our positive influence		Our negative influence or a risk thereof
	<ul style="list-style-type: none"> <li>We contribute to economic growth. We facilitate payment transactions, transform financial risks and maturities for market parties and individuals and offer financial services in a socially responsible way.</li> <li>By giving genuine attention to professionalism, autonomy and personal growth of employees, they can develop themselves and make a meaningful contribution to our mission. We want everyone to feel at home at de Volksbank and aim for equal opportunities and equal pay for all our employees.</li> </ul>	<ul style="list-style-type: none"> <li>We are committed to businesses as they provide economic growth, innovation and jobs in the Netherlands. For example, SNS and RegioBank support local entrepreneurs because they play an important role in keeping regional areas economically vital. We encourage innovation and entrepreneurship, for example, by means of the ASN Public Award for sustainable entrepreneurs.</li> <li>We are committed to living wages in the global supply chain and apply a strict human rights policy.</li> </ul>	<ul style="list-style-type: none"> <li>At present, we are not (quite yet) meeting our own diversity target of having at least 40% female managers. At year-end 2021, 36% of our managers was female.</li> <li>In 2021, we designed a new agile organisation structure to be implemented in 2022. As a result, a number of jobs will be lost at de Volksbank and a number of positions will change drastically. During this period employees may experience lack of clarity and insecurity.</li> <li>By acting carelessly, we may damage customers' and society's trust, for example in the event of data loss and/or breach of privacy.</li> </ul>
	<ul style="list-style-type: none"> <li>We are committed to making our mortgage portfolio more sustainable so as to contribute to climate-proof homes and communities. Since 2019, for example, we have been offering customers favourable conditions with the ASN Mortgage to encourage them to make their homes more sustainable by investing in energy-saving facilities. And, through our Home Improvement platform and various campaigns, we encourage the use of measures to make homes sustainable.</li> </ul>	<ul style="list-style-type: none"> <li>De Volksbank signed the Building for Nature Manifesto in 2021 to encourage the use of timber in building construction.</li> <li>Through RegioBank we are committed to quality of life in communities. We do this by means of branch offices in regional areas and by promoting entrepreneurship in small communities.</li> <li>We are committed to making the housing market more accessible, for instance for high-rent tenants.</li> </ul>	<ul style="list-style-type: none"> <li>Our net CO<sub>2</sub> emissions from the mortgage portfolio have decreased, from 1,170 kilotons in 2020 to 1,123 kilotons in 2021. However, 42% of the mortgage portfolio still has an energy label lower than C, so there is still a lot of room for improvement here.</li> </ul>
	<ul style="list-style-type: none"> <li>We do not want to have a negative impact on the climate and therefore aim for a climate-neutral balance sheet by 2030.</li> <li>We regularly inform our customers about the possibilities of making their homes more sustainable.</li> </ul>	<ul style="list-style-type: none"> <li>In 2021, we issued € 1 billion in green bonds in total.</li> <li>We exclude polluting industries and activities from our investment universe.</li> <li>We set science-based targets to meet the goals of the Paris Agreement.</li> </ul>	<ul style="list-style-type: none"> <li>The climate neutrality of our balance sheet went up from 45% to 55%. The absolute emissions have decreased slightly, but are still more than positive. In 2021, we financed 1,341 kilotons of CO<sub>2</sub>e emissions, compared with 1,384 kilotons in 2020.</li> </ul>
	<ul style="list-style-type: none"> <li>In November 2021, ASN Impact Investors launched a fund that primarily focuses on the recovery and protection of biodiversity: the ASN Biodiversity Fund.</li> </ul>	<ul style="list-style-type: none"> <li>The objective is a net positive effect on biodiversity as a result of all our loans and investments by 2030.</li> </ul>	<ul style="list-style-type: none"> <li>Part of our investments still (indirectly) contributes to biodiversity loss.</li> <li>Our net impact on biodiversity is still negative.</li> </ul>
	<ul style="list-style-type: none"> <li>De Volksbank and its four brands regularly enter into partnerships such as the Partnership Carbon Accounting Financials, Platform Living Wage Financials and Partnership Biodiversity Accounting Financials.</li> </ul>	<ul style="list-style-type: none"> <li>We signed the Principles for Responsible Banking (PRB) and the national Climate Commitment.</li> <li>We participated in the Glasgow Climate Change Conference to advocate timber construction as a solution for long-term CO<sub>2</sub>e storage</li> </ul>	<ul style="list-style-type: none"> <li>Ineffective collaboration can slow business down.</li> </ul>



## 2.3 Our stakeholders

We proactively and responsibly engage with our stakeholders by involving them in what we do and by working together. We distinguish four stakeholder groups: our customers, society, our employees and our shareholder. The table shows a selection of the dialogues held by us, the topics discussed, stakeholder expectations and our response to them.

Please refer to the stakeholder overview >



## 2.4 Material topics

Once every other year we conduct a materiality assessment to identify the most material topics for our stakeholders. Through a survey we try to find out what they consider to be appropriate long-term goals for de Volksbank.

In the intermediate year, we validate and evaluate the accuracy of these topics and our process. Material topics are specific topics that have a high impact on our stakeholders and/or on de Volksbank. These topics are important to realise our shared value ambition, which is why they are directly related to our objectives (see section 2.7).

### MATERIAL TOPICS 2021

	Most material topics	Page	Indicators
MT1	Fair, transparent and sustainable products	p. 32	KPI active multi-customer
MT2	Customer relationship and service	p. 31	KPI Net Promoter Score KPI CustomerRelationshipScore (as of yet internal only)
MT3	Data privacy and safety	p. 35	Internal indicators
MT4	Responsible investment and financing	p. 43	KPI Climate-neutral balance sheet KPI Biodiversity (as of yet internal only) KPI Living wage (as of yet internal only)
MT5	Responsible financial results	p. 53	Return on Equity Dividend pay-out ratio
MT6	Climate impact	p. 43	KPI Climate-neutral balance sheet
MT7	Compliance with laws and regulations	p. 70	Internal indicators
MT8	Social engagement, cooperation and entrepreneurship	p. 39	Housing Access Monitor KPI: in development
	Other material topics		
MT9	Countering cyber and financial crime	p. 36	Internal indicators
MT10	Integrity and ethics	p. 68	% of employees is familiar with the code of conduct
MT11	Genuine attention for our employees	p. 48	KPI Genuine attention
MT12	Responsible risk management	p. 56	CET1 capital ratio and leverage ratio
MT13	Social impact	p. 37	Financial Confidence Barometer
MT14	Digitalisation and innovation	p. 35	Internal indicators
MT15	Human rights	p. 46	KPI Living wage (as of yet internal only)
MT16	Corporate governance	p. 64	No indicators
MT17	Diversity and inclusion	p. 49	Equal pay (% gender pay gap) Gender balance in management, Board of Directors and Supervisory Board
MT18	Biodiversity and natural resources	p. 47	KPI Biodiversity (as of yet internal only)

Who we are talking to:	Examples of topics covered:	Examples of stakeholder expectations*:	Examples of activities relating these topics:
 <b>Our customers</b> Retail, business and (semi-)public organisations. <ul style="list-style-type: none"> <li>Our Customer Service Department communicates with our customers every day via telephone, chat, email and postal mail;</li> <li>We organised events at which customers join us in the discussion of topics.</li> </ul>	<ul style="list-style-type: none"> <li>Accessibility to housing;</li> <li>Money management;</li> <li>Satisfaction with our product range and customer service.</li> </ul>	<ul style="list-style-type: none"> <li>Customers expect fair, transparent and sustainable products <b>MT1</b></li> <li>Customers expect us to respect their privacy and data safety <b>MT3</b></li> <li>Customers expect good and personal customer service and a complete range of products <b>MT2</b></li> </ul>	<ul style="list-style-type: none"> <li>New product: 'Personal Sustainability Loan' especially for financing energy-saving measures or the purchase of a tiny house;</li> <li>Acquisition of Fitrex, a property valuation platform, making our services more comprehensive;</li> <li>Compensation for retail customers of SNS and RegioBank who paid too much interest on their revolving credit;</li> <li>New service: SNS helps customers fill in their tax returns.</li> </ul>
 <b>Society</b> Civic engagement with i.a. advice organisations, local communities, governments and supervisory authorities. <ul style="list-style-type: none"> <li>We work together with natural environment representatives such as nature and environmental organisations;</li> <li>We are a member of knowledge networks and engage with partners and NGOs.</li> </ul>	<ul style="list-style-type: none"> <li>Covid-19;</li> <li>Nature in and around new housing estates;</li> <li>Impact on people, the environment and society;</li> <li>Employee volunteer programme.</li> </ul>	<ul style="list-style-type: none"> <li>Society expects us to invest and finance responsibly <b>MT4</b> taking our climate and biodiversity impact into account <b>MT6</b> &amp; <b>MT18</b></li> <li>Society expects community involvement and cooperation <b>MT8</b>. On topics such as accessibility to the housing market, entrepreneurship and quality of life in communities.</li> </ul>	<ul style="list-style-type: none"> <li>First bank to join the 'Room for bio-based construction' programme;</li> <li>Partnership with <i>NLvoorelkaar</i> to promote employee volunteering;</li> <li>Launch 'Buy local' campaign by RegioBank;</li> <li>Conclusion agreement with <i>ICT Vanaf Morgen</i> to provide youngsters with a distance to the labour market employment in ICT;</li> <li>New product: ASN Biodiversity Fund;</li> <li>Announcement of a new product: ASN Sustainable non-life insurance in cooperation with Dutch insurer a.s.r.</li> </ul>
 <b>Our employees</b> Fulltime, parttime and temporary employees. <ul style="list-style-type: none"> <li>We conduct an employee survey twice a year to ask for feedback;</li> <li>The Works Council is in constant dialogue with employees and discusses topics of concern with the Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>Vitality;</li> <li>The new strategy;</li> <li>Covid-19 &amp; working from home;</li> <li>Transformation to agile working;</li> <li>Personal growth &amp; development;</li> <li>Diversity &amp; inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>Employees expect to be given genuine attention and the opportunity for personal development <b>MT11</b></li> <li>Employees expect this to happen in an open and people-oriented working environment, where they can be themselves and where they feel at home <b>MT17</b></li> </ul>	<ul style="list-style-type: none"> <li>Webinars, sessions and online festivals about the new strategy and the agile transformation;</li> <li>Launch of the new employee training platform;</li> <li>Affiliation with the Agora Network whose activities are aimed at promoting the inflow, advancement and retention of multicultural talent in organisations.</li> </ul>
 <b>Our shareholder</b> NLFI holds all the shares in de Volksbank on behalf of the Dutch State. <ul style="list-style-type: none"> <li>We are in dialogue with NLFI throughout the year.</li> </ul>	<ul style="list-style-type: none"> <li>Progress on strategy;</li> <li>Interim results;</li> <li>Our social role;</li> <li>Future of the bank;</li> <li>Appointments in the Board of Directors and Supervisory Board.</li> </ul>	<ul style="list-style-type: none"> <li>The shareholder expects healthy returns from an efficient company <b>MT5</b> that strictly complies with laws and regulations <b>MT7</b></li> </ul>	<ul style="list-style-type: none"> <li>We presented our 2021-2025 Strategic Plan;</li> <li>We keep our shareholder informed of our performance through our interim reports;</li> <li>€ 269 million paid in dividends for 2019 and 2020.</li> </ul>

\*Based on the materiality assessment we have conducted among our stakeholders. See section 2.4 for more information.

In 2021, we conducted the materiality assessment by means of online surveys among over 500 customers of our four brands, 68 employees, 14 representatives of society and the shareholder. In addition, 27 internal experts, including management and directors, determined the topics on which de Volksbank could have the most impact. Together, the results gave us a good idea of which topics should be given priority. Compared to 2020, the topics and prioritisation have changed slightly. Please refer to the [2020 Integrated Annual Review](#) for the prioritisation of 2020.

To promote robustness and consistency, we aligned the materiality assessment more closely with the bank's external risk analysis, which is part of regular risk management. For external risks, see the SWOT analysis on [page 25](#).

Appendix [5.5 Definitions material topics](#) contains the detailed definitions of the 18 topics. For more information on the materiality assessment, such as the materiality matrix, see the [2021 ESG Report](#).

## 2.5 SWOT analysis

As described in [Chapter 1](#) The world around us, the world is changing in many ways. For us, these changes offer both opportunities and threats. In addition, we have a number of strengths and weaknesses that play an essential role in shaping our future. In 2021, we continued to make progress in differentiating ourselves through our new strategy; we worked hard to set up the new agile organisation

that was launched in early 2022, and expanded our product range i.a. with the SNS Personal Loan and the ASN Biodiversity Fund. We also made good progress on the most important KPIs as defined in our strategic plan. For more details on this topic, see [Chapter 3](#). The threats and weaknesses are explained in more detail as 'top risks' in the [2021 Annual Report](#)

**The table on the next page gives a concise overview of what goes well and what could be improved upon.**

[To the table >](#)

## 2.6 Strategy 2021-2025: 'Better for each other – from promise to Impact'

In February 2021, we presented our new strategy for 2021 – 2025: 'Better for each other – from promise to Impact'. The strategy has two main objectives with which we aim to strengthen our distinctive capability: a strong customer relationship and increasing social impact. This distinctive capability is reflected in our four brands, each with its own growth priorities. To strengthen our distinctive capability and achieving the brands' growth priorities, our strategy features five necessary movements of change.

### 2.6.1 How we differentiate ourselves: two pillars

#### 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 have always had their own identity with a clear, social profile. Whether it is sustainability, decent housing, quality of life in communities or attention to the growth of each individual. Our customers recognise the values and standards that our brands share, allowing us to build strong relationships with them. And we should cherish that relationship: it is what sets us apart from other banks. Read about the steps we have taken in [section 3.1](#).

#### Social impact

De Volksbank is committed to further increase its social impact. By making our impact demonstrable and measurable, we can then manage it. Each brand focuses on a specific social theme: [SNS](#) - from 2022 onwards - on attention to the growth of each individual, [ASN Bank](#) on sustainability, [RegioBank](#) on quality of life in communities and [BLG Wonen](#) on decent housing. De Volksbank aims to create a positive social impact across the board and reduce the negative impact. We do this by offering socially relevant propositions and by being a driving force, allowing us to contribute to changes at customer and system level.

[Read about the steps we have taken in section 3.2. >](#)



## SWOT ANALYSIS

### Positive factors

#### OPPORTUNITIES

- **Social awareness:** consumers are increasingly making choices from a broader social perspective. We also see this happen in the financial sector; for example, sustainable investing is becoming increasingly popular. De Volksbank sees great opportunities in the contribution that banks can make towards solving complex social problems. We ourselves focus mainly on the themes of sustainability, decent housing, financial resilience and quality of life in communities. This makes us stand out as a social bank.
- **Technology:** new technology offers opportunities. Major technological developments include 'open banking', a modular and dynamic IT architecture, biometric authentication, artificial intelligence and robotic advisers. These developments make it possible to serve entire customer ecosystems in an integrated way, personalise customer and adviser services, increase efficiency and accelerate the time-to-market of innovations. Increased focus on data security, privacy and ethical issues surrounding technological developments also offer opportunities to distinguish ourselves as a safe and reliable bank.

### Negative factors

#### THREATS

- **Low for long:** The low, flat yield rate curve is likely to continue for years to come. It has reduced the net interest margin on mortgages in the Netherlands and resulted in a strong shift towards long maturities. When it comes to long maturities, pension funds and insurers have a competitive advantage over banks.
- **Digital revolution:** technology has increased competition from new types of players, such as FinTech and BigTechs. They are raising the bar for digital customer service. Moreover, banks are increasingly being called upon to address privacy, data security and ethical issues in the area of technology and data.
- **Covid-19 pandemic:** although we saw a clear economic recovery in 2021, economic growth is expected to slow down. This is mainly because the government is rolling back anti-crisis measures and reducing support measures for companies.
- **Increasing laws and regulations:** the financial sector is facing increasing pressure from legislation and regulations. This demands a great deal of time, money and change capacity from banks.
- **Excess savings:** banks' savings volumes saw a sharp increase, mainly due to the Covid-19 pandemic and the measures taken by the government to address it. This, combined with the current interest rate scenario, is weighing on the profitability of retail banks.

#### STRENGTHS

- **Strong brands with high Net Promoter Score and CustomerRelationshipScore:** de Volksbank brands generally have a higher NPS and stronger CustomerRelationshipScore than peer banks.
- **Solid positions in the Dutch retail market:** with its core products payments, savings and mortgages, de Volksbank has a substantial market share in the Dutch retail market.
- **Cost-efficient distribution model:** the physical distribution costs are lower compared with peer banks.
- **Mission-driven organisation with people-oriented leadership and a high score on trust in each other and leadership:** is apparent from our employee survey.
- **Positive impact on society:** this impact is manifest in a progressive sustainability policy and the KPI for a climate-neutral balance sheet. Customers recognise and acknowledge this positive impact and this has resulted in high scores in the Fair Banking Guide. We are in the process of developing additional social KPIs.
- **Strong capital position:** with our solid capital ratios we are well positioned to implement our new strategy 2021-2025: 'Better for each other - from promise to impact'.

#### WEAKNESSES

- **Strong dependence on net interest margin:** this dependence is causing declining revenues in the low interest rate environment. Besides, de Volksbank's ability to compete on interest rates with long maturities is limited compared with pension funds and insurance companies.
- **Lagging behind on primary customers and lower product density:** compared with peers, our brands have relatively fewer primary customers and customers have fewer products on average.
- **Lagging behind on digital services:** de Volksbank currently offers relatively limited digital options to purchase products and receives lower score on digital customer experience than peer banks.
- **Traditional IT infrastructure:** the current IT landscape is primarily aimed at offering our own products with limited digital support, which means that it is not ready for the future.
- **Limitations in execution power and agility:** de Volksbank is an engaged and mission-driven organisation whose execution power and agility must be improved by working as an agile organisation. The movement of change to this new way of working requires radical changes in the organisational structure and therefore involves risks such as employees' uncertainty about their situation.

# Safe online banking

Ellie van der Velden - van Rossum

“Check, check, double check – it’s a must in this day and age, including online”

**Ellie van der Velden – van Rossum (72) has been a RegioBank customer ever since she came of age. At the Made branch she is, in her own words, ‘one of the family’; she knows everybody and everybody knows her. So when an employee told her that a workshop on secure online banking would be just right for her, she did not have to think long.**

“You won’t hear me say that it will never happen to me, but I’ve never been the victim of cybercriminals. I generally pay much attention to my security and I’m always alert: check it, check it and check it again – it’s simply a must in this day and age, including online. Why they

thought the workshop would be good for me? Because I take an interest in everything. And I’m curious; I absorb everything I come across. It helps me keep a clear mind.

The RegioBank staff were quite right; the workshop was fascinating. The subject matter focused on what we come across in practice and was illustrated by examples of fake emails and tips on how to recognise them. We were given the opportunity to ask questions, and all questions were answered clearly. At the end, we even received an information pack to study at home. I still have it; it comes in handy when I have doubts about the truthfulness of something.




It’s good that banks organise these workshops. And it’s good that RegioBank is nearby both literally and figuratively, because I don’t think I would have gone there if it wasn’t for the personal invitation. Criminals keep coming up with new tricks, so you have to keep warning people about the risks. Every little bit helps. And even then it can go wrong; I’m not an exception here. That’s why I also make sure that I stay alert myself, even though I’m over seventy years old. Older people in particular are targets. If I don’t trust an email, I immediately delete it. They know where to find me if they really need me.”

## Online training

To increase our customers’ cyber resilience, in 2021 we launched the [online training course ‘Secure Banking – Do You Recognise the Fraud?’](#) Featuring a few short films, the training course allows SNS, ASN Bank and RegioBank customers to experience in what ways criminals may contact them. [More information is available on our website.](#)

## 2.6.2 Four growth priorities of the brands

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

Brand	Growth priority
 SNS	Attracting a younger target audience and strengthening the business model with fee income.
asn  bank	Accelerate the growth of ASN Bank as a digital, sustainable bank.
RegioBank	Reinforce RegioBank's local presence by broadening its propositions.
 BLGwonen	Expand BLG Wonen by increasing its distribution reach and improving its service.

## 2.6.3 Five necessary movements of change

To enhance our distinctiveness and to realise our brands' growth priorities, our strategy features five change movements, i.e. significant changes to our processes and behaviour. In short, we will become more agile and work smarter together on a flexible IT infrastructure and offer our customers relevant products in the way they want. The following is a brief description of the five change movements:

- Digital and omni-channel dialogue: we achieve a greatly enhanced customer experience through omni-channel dialogue and personalised access to products and services.

### STRATEGY 2021-2025

## 'Better for each other – from promise to !impact'

### How we differentiate ourselves: two pillars



**Strong customer relationship**  
Personal customer approach by seamless and pleasant interactions and suitable propositions



**Social impact**  
De Volksbank achieves social impact on the climate and decent living by integrating these themes in its services

### Four growth priorities of the brands



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



Accelerate the growth of ASN Bank as a digital, sustainable bank



Reinforce RegioBank's local presence by broadening its propositions



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

### Five necessary movements of change



Digital and omni-channel dialogue



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



IT-based customer bank



Customer focused



Efficient and flexible



- Relevant range of products, new propositions and small businesses as a new target market: we deliver more value for our customers and the bank by expanding our brands' current product range with existing and new propositions and addressing the target market for small businesses. Not just with our own products and services; we are increasingly linking reliable partners to our banking environment.
- IT-based customer bank: we achieve a modular, customer-driven IT infrastructure with more automated IT processes.
- Customer focused: our organisation becomes more agile and tailored to customers' needs with the transformation to an agile organisation.
- Efficient and flexible: we increase our efficiency by entering into more partnerships and increasing the outsourcing of activities and services, as well as by using our capital and balance sheet in a more targeted way.

## 2.7 Objectives

The strategy for the coming years builds on our mission to achieve a positive impact through banking with a human touch: for our customers, society, our employees and our shareholder. Based on the strategic ambitions for 2021 – 2025 and the forecast for the economic developments and financial markets, we have set objectively measurable goals for each stakeholder group, which are closely monitored. The most material social topics (see 2.4) are reflected in the way in which we realise our shared value ambition.

Stakeholder	Year-end 2025 targets	
Customer	Raising customer-weighted Net Promoter Score (NPS) to +13	1.3 million active multi-customers
		MT1
		MT2
Society <sup>1</sup>	Climate-neutral balance sheet of at least 75%, rising to 100% in 2030	MT3
		MT4
		MT6
Employees	Genuine attention for employees gets a mark of at least 7.5	MT8
		MT11
		MT17
Shareholder	A Return on Equity (RoE) of 8% <sup>2</sup>	A dividend pay-out of 40-60% of the net profit
		MT5
		MT7

1. We have developed suitable KPIs for all four social themes. They will be communicated externally in stages.

2. Based on the current outlook, de Volksbank expects its RoE to be below 8% in the years ahead. To realise its strategy, de Volksbank is making substantial investments in the coming years in order to grow to a RoE of 8% in 2025.

## Other objectives

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

Targets	
CET1 capital ratio	Consistently at least 19% based on full phase-in of Basel IV
Leverage ratio	Consistently at least 4.5%
Cost/income ratio	57 – 59% by year-end 2025 <sup>1</sup>
1. Cost/income ratio: operating expenses, including regulatory levies, divided by total income. We expect the cost/income ratio to exceed this range in the years ahead, as the strategic initiatives should start to have an effect over time, both on the level of income and on the level of operating expenses.	



# 3

## Our results

Given our shared value ambition, we aim to create benefits for our customers, give genuine attention to our employees, take responsibility for society and achieve returns for our shareholder. We realise that we can only do so if we remain a sound and solid bank.

**+6**

our highest NPS  
score ever







**±1,300**

customer visits  
made by the Arrears  
Management Department

[Read more >](#)

**#1**

RegioBank once again  
ranked best bank in  
the Netherlands by  
the Dutch Consumers'  
Association, ASN Bank  
ranked 2nd and SNS 5th

[Read more >](#)

**9.6**

average mark for  
video calling with SNS

[Read more >](#)

**208**

SNS Shops  
at the end of 2021





### 3.1 Customer relationships MT2

De Volksbank aims to be a bank where people feel at home. A bank that cares about easy-to-understand products, privacy and security, technological innovation and that wholeheartedly supports society. We strive to build strong customer relationships; whatever we do must add value for them.

To measure the customer relationship we defined two specific key performance indicators (KPIs), i.e. the customer-weighted Net Promoter Score (NPS) and the number of active multi-customers.

The NPS measures the likeliness that customers of de Volksbank's brands recommend their bank to other people. The higher the score, the more satisfied and loyal our customers are. At the end of 2021, the customer-weighted average was +6, as against +2 at the end of 2020. We witness a continuation of the positive trend for SNS, ASN Bank and BLG Wonen, while RegioBank managed to maintain its good score.

The number of active multi-customers increased by 7% to more than a million.

We strive for open and sincere contact with our customers, regardless of the moment or channel. Our four brands each have their own way of communicating with their customers, complementing each other perfectly. ASN Bank works with an internet-only model and keeps in close contact with its customers, mainly digitally. The ASN Mortgage, is also offered via SNS Shops.

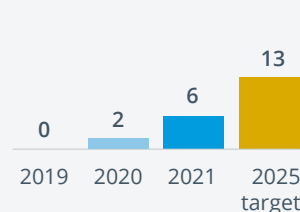
**We strive to build strong customer relationships; whatever we do must add value for them**

BLG Wonen works together with independent advisers across the country and through them offers business mortgages, the *SNS Bedrijfshypotheek*. SNS and RegioBank, in turn, have a local presence through independent advisers, with RegioBank specifically targeting villages and small towns with up to 20,000 inhabitants. While SNS works partly with franchisees and partly with its own shops, RegioBank exclusively applies a franchise formula.

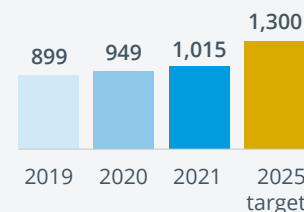
#### Customers



Customer-weighted average  
Net Promoter Score KPI



Number of active multi-  
customers (in thousands) KPI



In conclusion, through our brands, we have national coverage, which means that there will always be a branch nearby where customers may go to personally ask for advice. Our customers clearly appreciate this: in a survey by the Dutch Consumers' Association, RegioBank emerged as the best bank in the Netherlands for the fifth year in a row. SNS and ASN Bank too, finished in the top 5.

We set high requirements on the availability of our payment services such as debit card payments, cash withdrawals, iDEAL and online and mobile banking. In 2021, the availability of these services for SNS, ASN Bank and RegioBank was more than 99.8%.

#### Personal contact

Personal contact is essential in our customer service. Especially in times of Covid-19, customer service is even more important and we intend to

show that we are there for our customers. Personal contact and availability are paramount at a time when customers have many questions about their finances. As an example, SNS has been working with regional customer teams since 2019. At crucial moments, customers can get in touch with their own personal, local adviser: by phone, chat, video call or at one of the 208 SNS Shops. In 2021, we saw a sharp increase in the use of video calling, partly due to Covid-19. Research shows that our customers really appreciate video calling, and rate it with a customer satisfaction score of the employee of 9.6 and an NPS of 73.1.

### 3.1.1 Putting customers' interests first

The views and requirements of our customers are key elements in developing and testing our products and services. We actively involve customers and consumers in the development of new concepts and test our online and offline communications. We continuously measure customer satisfaction and receive customer experiences, opinions and suggestions on a daily basis. We bundle this feedback and use it as input to make improvements.

At de Volksbank, putting customers' interests first also means putting the customer relationship and a human touch first. In the development of our strategy to strengthen customer relationships, we also involved our customers. We know from research, for instance how customers experience the relationship with banks, which humane experiences are important to them in online services and how we can apply these in our day-to-day operations.

For example, it turns out that a 'human' helpline is important, but also that customers find it increasingly important to have their personal data at their disposal.

To achieve an even stronger customer relationship in the future, we are developing a tool to measure the strength of our customer relationships: the CustomerRelationshipScore (CRS), which will be featured in our 2022 Integrated Annual Review.

### Complaints

Although we saw the number of complaints drop over the years from 9,124 in 2019 to 8,310 in 2021 thanks to process optimisation, the complexity of complaints is increasing.

Most of the complaints of all our brands combined are about our payment products and the costs of our mortgage products and business payment products. The procedure to open a business bank account as a business owner is more complicated and therefore requires longer processing times, resulting in more complaints.

All feedback, whether or not it concerns a complaint, is recorded and analysed. If a customer makes a complaint, one of our employees will contact the customer in question, either in the shop or by telephone. The employee handling the complaint aims for a careful, verifiable and consistent complaints procedure. The employee is given the time and, if necessary, resources to do so. If it turns out that de Volksbank has made a mistake and the

### Compensation for revolving consumer credit

At the end of 2021 we announced that retail customers of SNS and RegioBank who paid too much interest on their revolving consumer credit during the life of this facility, will receive compensation.

customer has suffered damage as a result of this, the latter will be compensated.

### 3.1.2 Fair, transparent and sustainable products MT1

De Volksbank aims to help customers become and remain financially resilient. This calls for simple and transparent products that meet customers' needs, we think this is more than fair. The information provided about products and our services also needs to be accessible and clear to everyone. So no unnecessarily complicated descriptions and conditions, just easily accessible products for every stage of life. We want our products to benefit customers and society alike. This makes sustainability an essential part of our products. We do this partly by excluding certain industries and activities – such as the arms industry and fossil fuel industry – from our products in accordance with our sustainability policy and partly by encouraging customers' sustainable choices, such as our ASN Mortgage, the ASN Sustainable Living loan and sustainable investment funds through SNS and ASN Bank.



## Product development and review

New products and services, and any changes thereto, go through the Product Approval and Review Process (PARP). We use this to check if the risks related to products and services are acceptable for our brands and customers before they are launched. We also check if they comply with external legal requirements and our own policies.

Starting from our 'Banking with a human touch' mission, we want to enter into sustainable customer relationships and create shared value for our customers, society, our employees and our shareholder. To weigh up these values, we always balance the interests in a demonstrable and fair way as part of the PARP. Part of the assessment framework are the so-called 'CUSU' criteria developed by the Netherlands Authority for the financial markets (AFM). CUSU stands for the standards Cost effective, Useful, Safe and Understandable. These criteria are reflected in the way in which we balance the interests.

Below we discuss the main developments in our products.

### 1. PAYMENTS

SNS, ASN Bank and RegioBank offer various current accounts with many useful features. For example, customers can keep an online household book for an overview of income and expenses, submit payment requests, receive bank account alerts and the option to choose their own PIN number for their debit card. We have also made every effort to make payments with Apple Pay possible as from 2022.

This mobile payment service allows customers to make payments using their iPhone or Apple Watch at every contactless payment terminal. This has been possible for Android users for some time.

Apart from current accounts for adults, SNS, ASN Bank and RegioBank also offer current accounts for children and youngsters. It is important to teach children from an early age how a current account and a PIN card work. They learn this step by step as these products grow with them. These current accounts have adjusted limits and parents can view the account through online banking or the app.

To guarantee fast transactions, de Volksbank works with Instant Payments, which immediately credits the money to the recipient's account, even if the recipient banks with another bank. Receiving and sending Instant Payments was possible within the Netherlands as from 2019, but as from 2021, customers can also receive and from 2022 onwards send payments in euros to customers who bank with any bank in Europe, provided the bank in question can send Instant Payments in euros.

### 2. SAVINGS & WEALTH ACCUMULATION

We believe it is important that customers put money aside for now and for later. Customers choose the form of wealth accumulation that suits them. We make this possible with our savings, bank savings and investment products for adults and children. In 2021, SNS, ASN Bank and RegioBank worked towards an increase in the number of investment accounts, which resulted in a 14% net growth.

## Payment holiday in the age of Covid

In 2021, we again offered payment holidays to support mortgage customers in financial distress due to the Covid-19 pandemic. We set up similar schemes for our SME customers. By the end of 2021, we assisted almost 1,900 retail and SME customers with these schemes. Naturally, we do not charge extra interest or fees for the resulting arrears. Customers are given up to five years to repay the agreed delayed payment instalments. Fortunately, it turns out that many customers can do so faster. The vast majority of the customers with payment arrears have now caught up.

Being a solid bank, we guard the balance between savings and loans. Money that we cannot use, for example, for mortgages, we deposit at other financial institutions or the European Central Bank (ECB) as much as possible, for which we usually owe interest. We observed that customers continued to save despite the historically low interest rates. We even saw an increase in savings during the Covid-19 pandemic. As the costs for managing all these savings rose so much, we were forced to charge 0.5% interest for private individuals on the part of the balance exceeding € 100,000 as from 1 July 2021. We also temporarily discontinued 'mono saving', i.e. opening a savings account without taking out any other products or services; this is now only possible if you are already a customer with us.

At other major banks, we observed that (new) customers spread their savings as a result of lower interest rates. A positive aspect of this is that customers started to look for savings alternatives

to build up wealth over the long term. A possible alternative for saving is investing. We inform customers about this by means of webinars, information in our shops, through our independent advisers and by providing extensive information on our websites. SNS will introduce the business investment account, which is in line with our strategy to strengthen customer relationships by offering customers multiple products.

### 3. MORTGAGES AND HOUSING REQUIREMENTS

Customer convenience and digitalisation are high on our agenda. Over the past few years, we therefore invested substantially in online possibilities for our mortgage customers. Customers can now go through twelve customer journeys online, usually on a device of their choice. The Customer Effort Score (CES) of over 80% and an online submission percentage of more than 80 prove that customers find the process simple and easy to use. Our focus for 2022 is increasingly on the online environment for advisers. To this end, we have already taken the first steps in the 'My Office' environment, so that our advisers can also more easily process information and make changes online.

#### One stop shopping

In 2021, de Volksbank acquired property valuation platform Fitrex, thus expanding our services and making them more customer friendly. Our advisers have indicated that customers prefer to complete the entire mortgage application process with one and the same adviser (one stop shopping) as much as possible. The acquisition gives us more

#### Dilemma: negative interest rates

Until a few years ago, savings and savings interest were inseparably linked. However, we are faced with persistently low interest rates, pushing up the cost of managing savings. This presents us with a dilemma. On one hand, charging negative interest can counter-balance the rising costs. On the other hand, we continue to find it important that ordinary savers can build up a buffer. However, the low interest rates mean that we too are forced to charge retail customers negative interest. Our research at the end of 2019 already showed that negative interest runs counter to the strong Dutch savings mentality. We therefore understand that its introduction evokes strong emotions. In conversations with customers, it is clear that 'humane' communication on this topic is important. We explain clearly why we sometimes charge negative interest and show genuine understanding for the emotion. This approach also fits with the way our brands communicate, customers said in the survey.

control over the mortgage process. To ensure independence, a clear distinction is maintained between the role of mortgage provider and the role of customer service manager. This means that valuers are not employed by Fitrex or de Volksbank. Nor can the adviser determine which valuer will appraise the property. Until now, a customer seeking a mortgage had to arrange the property valuation themselves. Fitrex takes complete care of this; from the valuation request to the submission of the valuation report to the adviser, making the mortgage process easier and faster for customers and at a fixed and competitive rate.

Because Fitrex's services fit well with our advice and mediation process, the acquisition offers benefits

to our customers and our advisers. In addition to property valuations, we can also help customers apply for a structural survey and energy labels. It also provides opportunities for new, complementary services such as desktop valuations, i.e. an online estimate of a property's value. Expansion to include valuations for commercial mortgages is another possibility.

#### Contact about interest-only mortgages

In 2021, de Volksbank again paid particular attention to informing customers with an interest-only mortgage; collectively, our brands contacted around 68,000 customers. We incorporated this informative approach in our structural services. For example, we make sure that all customers with an interest-only, or part interest-only, mortgage, receive regular and timely information in different ways, i.e. by personal customer contact, with an invitation for the online Interest-only Check and via the shops. The approach depends on the amount of the interest-only part of the loan as compared to the overall amount of the mortgage, and on how much time the customer has left until the end of the mortgage term. The interest-only part for new customers is capped at 50% of the home value. In 2021, the structural interest-only approach was expanded by tailor-made services to customers for whom we see that the affordability of the interest-only mortgage at the end of the mortgage term is under pressure. We help these customers find savings opportunities to make the interest-only mortgage affordable at the end of the mortgage term. Customers can also easily set to work themselves with the online tool in their 'my

environment', enabling them to gain insight into the possibilities themselves or get in touch with an adviser.

#### 4. BUSINESS LOANS

Servicing the market for small businesses is one of the growth priorities of our new strategy for the period 2021-2025. We focus primarily on business with turnovers of up to € 5 million and € 2 million in financing. Because of our – distinctive – strong national distribution network, we have good local presence and accessibility. With us, business owners can therefore expect a direct and personal approach. In addition, we built a digital platform with which customers can compile tailor-made services. In the coming years, we will expand this platform with our own products and services and those of other reliable partners that are relevant to entrepreneurs.

In 2021, to raise the its brand awareness in the market, SNS launched a campaign of which the slogan was 'Small enterprises do not exist', underlining the importance of the small business market for the Netherlands and showing that we are there for all businesses, no matter their size.

#### Expansion of business mortgage

Over the past year we expanded our services with respect to business mortgages. Our products and terms and conditions are now even better aligned with customers' financing needs. After a successful pilot, all BLG Wonen advisers were given the opportunity to apply for and provide an SNS Business

Mortgage. In 2021, RegioBank secured national coverage for its business mortgages. So wherever our business customers are located, there is always a branch office nearby to contact. In 2021, we provided over € 250 million in new business mortgages. We also intensified our cooperation with independent financial advisers.

#### 3.1.3 Digitalisation and innovation MT14

De Volksbank invests in digitalisation in line with our chosen strategy for the years ahead. This allows us to improve the relationship with our customers in an increasingly digital world. Much of our customer contact is digital and we want to make that contact easily accessible, human and personal. To achieve this, we took a number of useful steps this year. Thanks to improvements in our digital application processes, it is now much easier and faster for customers to become a customer of one of our brands or to take out new products. In addition, we have further digitised bank switches and account cancellations, making these processes faster and easier. The first feedback shows that customers are positive about the savings in time and effort. At the same time, these adjustments also mean less paperwork and administration for us; in other words, a win-win situation.

#### 3.1.4 Data privacy and security MT3

At de Volksbank we protect and respect the privacy of customers, employees and suppliers. We provide security, have an up-to-date privacy policy in place, make our employees aware that they are part of the human firewall and train them to protect data. For example, compliance and security issues are part of the introduction programme for new employees. Our suppliers are required to meet our security and privacy requirements. To improve the data security we annually carry out several security tests, such as pen testing and red teaming, on various components of our infrastructure. With the help of ethical hackers, we put both technology and people to the test, sometimes with advance notice, sometimes without.

We are transparent about the way in which we process personal data as is explained in our Privacy Statement. This statement is available on our [website](#) (in Dutch only) and is amended whenever there are changes. We also inform customers as soon as a third party requests data from us and check the legitimacy of the request. If a customer requests access to the data of the data subject, we will respond in a timely and complete manner.

It is important to us that our customers remain in control of their personal data and that their privacy is guaranteed: 'your data, you decide'. Naturally, we take the General Data Protection Regulation (GDPR) as a starting point. Every day, the Data Protection Officer and Privacy Officers of the Privacy Office are committed to protecting the privacy rights of customers and employees alike.



## Our data strategy: handling data correctly

As a bank, we aim to stand out by maintaining personal and relevant contact with customers. Our data strategy helps us to organise data management better still, consistently throughout the organisation, thus creating a solid basis for knowing and helping customers to the best of our ability. It also helps us to develop new products and services for them.

Good data management starts with establishing who is responsible for what in our changing organisation. In the meantime, within the framework of our data vision and the GDPR, we are gaining more insight into who our customers are and the kind of financial affairs they manage, for example via our websites and mobile apps.

As a bank, we can also use data to improve our internal processes, within the boundaries of the abovementioned frameworks. Whether to better serve customers or to draw up reports for the Board of Directors and external supervisory authorities such as the Dutch and European central banks. To achieve said improvements, we will continue to enhance our employees' data skills and knowledge.

## Prevention of data breaches

In the event of a data breach, personal data is unintentionally released or is no longer available. Due to the numerous interaction moments between the bank and customers, there is always a chance that personal data is sent to the wrong recipient. In case of a data breach, we take action as soon as possible to limit the damage and analyse how

the breach originated in order to avoid future data breaches. We also have an internal Data Breach Committee, which always gives advice when several people are involved in a data breach. In addition, in order to act adequately and as quickly as possible in the event of incidents such as a data breach, we have a communication protocol to inform those involved. In any case, we do not keep personal data longer than necessary. More information about our approach and our privacy rules is available on our [website](#) (in Dutch only).

## 3.1.5 Countering cybercrime and financial crime MT9

Every day we work on safe banking for the customers of our brands. At the same time, the number of reports of spoofing, phishing and help-seeking scams via WhatsApp remains high. We see around 200 reported fraud cases related to payment transactions per week. To combat this, it is important that the Netherlands becomes resilient to fraudsters and cybercriminals.

## Secure banking for everyone

Digital security is therefore increasingly part of our social function and our 'Better for each other' promise to the Netherlands. It is our duty to ensure that banking is safe, for customers and the bank alike. That is why we continuously work on making our customers more cyber resilience, secure payments and service processes and combating fraud and scams in payment transactions. We do so in different ways.

## We increase our customers' resilience

Cybercriminals increasingly target our brands' customers directly, as a result of which the number of victims continues to rise. We therefore believe that customers are an important link in the prevention of cybercrime. We educate them about cybercrime and teach them how to recognise fraud and scams, so that they are resilient in a rapidly changing digital world. For this purpose, we launched the online training entitled 'Safe banking – Do you recognise the scammer?' In this cinematic training, customers experience how scammers may approach them. More information is available on our [website](#) (in Dutch only).

## Employees are our human firewall

Everyone contributes to safe banking, employees and customers alike; together forming the first line of defence. We do not consider people to be the weakest link, we regard them as an essential part of our security. For that reason we developed the training entitled Human Firewall, in which more and more employees participate actively. Realistic and tailor-made situations teach us how to recognise cybercrime and scams, and more importantly, how to act quickly and effectively. We thus create a strong security chain together.

## We recognise fraud and scams and take appropriate measures

We try to quickly detect or even prevent cybercrime by effectively anticipating and responding to signals of fraud and scams. To that end, we invest in smart technology, thus safeguarding digital banking for

customers and the bank. If customers fall victim or get negatively involved nonetheless, we accept our responsibility in limiting the damage and in the aftercare to restore the trust in digital banking. Criminals are coming up with increasingly credible excuses to scam customers. This year, figures for bank helpdesk fraud and phishing in particular went up alarmingly in the Netherlands. To combat this, we took a number of measures, such as building in a delay when raising limits. To counter cybercrime it is crucial to work on a safe digital chain together with other parties. That is why de Volksbank is teaming up with other financial and non-financial organisations and public partners to ensure that fraud does not pay off. To improve this cooperation, we made our case to politicians for the necessary legislation on information exchange.

### Customer integrity

As a financial institution, we are required to have a clear picture of our customers, for instance under the Money Laundering and Terrorist Financing (Prevention) Act (*Wwft*). As part of the Know Your Customer principle, we check customer data and establish the identity of our customers. We also use verification protocols to prevent and combat malpractices. For example, we form an opinion on our business customers' attitude to tax, as de Volksbank does not want to invest in, and/or provide loans to companies involved in tax scandals.

## 3.2 Social impact

We contribute to society through our principle of shared value. We want to have an impact on society and the environment where possible and we want to become more sustainable.

### 3.2.1 Social impact: financial health and inclusion MT13

Our aim is that everyone in the Netherlands is financially secure and can therefore live comfortably and enjoyably. As a bank we can have direct social impact by helping customers and non-customers alike with their financial health and financial inclusion. Our Financial Resilience Center of Expertise is committed on a daily basis to making Dutch people financially resilient and in 2021, we signed the Commitment to Financial Health and Inclusion, which is part of the Principles for Responsible Banking, with which we give substance to our ambition to personally help customers make decisions on their sustainable financial future.

**As a bank we can have direct social impact by helping customers and non-customers alike with their financial health and financial inclusion**

### 1. FINANCIAL POSITION

We want people to have and maintain a healthy financial position. Our advisers know the importance of a good balance between income and expenditure and help customers achieve this balance.

SNS takes part in the Dutch Debt Relief Route (NSR), a collaborative effort to bring about a country without debt worries. SNS advisers were trained in proactively contacting, and going into dialogue with, customers who have been in their overdraft for a few weeks in early 2021. If customers are interested to discuss the matter, advisers will invite them for a talk about their income and expenditure. This approach helps us prevent payment problems in the long run. SNS was one of our first brands to start these talks in 2019. As from 2021, this approach has been rolled out throughout the country and advisers in all customer teams now contact overdraft customers. Last year, a total of 12,106 customers were contacted and the advisers conducted 534 income/expenditure talks. Covid-19 did affect the number of talks conducted as not all customers were open to a conversation in a shop. In addition to this personal approach, SNS set up a digital route to geldfit.nl, a NSR initiative to become or remain financially fit, in 2021. This digital route was brought to the attention of SNS customers via the SNS Newsletter and social media.

### 2. FINANCIAL EDUCATION AND SKILLS

It is important to teach children how to handle money well from an early age. This gives them a solid basis for making the right choices and thus



## People first, then money

**For SNS, personal contact is essential in providing customer service. For this reason, SNS has been working with regional customer teams since 2019. Customers have direct contact with the team in the SNS Shop close to their home, when would help them. They can do so by phone, chat, video calling or by going to one of the 208 shops.**

In early 2022, SNS launched a new brand and social positioning with the distinctive theme of 'attention to the growth of every individual person'. SNS did so because it believes that growing together leads to a stronger society and in that context it has several strategic priorities. For example, SNS is going to focus more on young, ambitious, digitally savvy people while retaining current customers. In March 2021 in 'Future

Money Talks', SNS entered into dialogue with young people about barriers to their personal growth, for example in relation to work, housing and money for now and later. To gain a deeper understanding of these barriers, SNS also conducted a large-scale survey among young people.

Moreover, SNS is building a digital organisation with a personal and human omni-channel experience, organising advice processes and customer contact more efficiently. SNS is broadening its products and services, also in cooperation with partners. Customers can come to SNS not only for banking services, but also for services related to housing, such as a property valuation, or for tax return assistance.



◀ During the Future Money Talks, we talked to a panel of journalists, influencers and young people about the themes Housing & Living, Working & Entrepreneurship and Money for Now & Later. In the photo from left to right: Anke de Jong (editor in chief of Glamour Nederland), Tim Senders (television host), Laurens Dassen (Volt party leader), Justine Feitsma (CNV chairman), Marieke Commandeur (Social Impact Manager at SNS), Défano Holwijn (influencer) and Ginny Ramkisoen (entrepreneur & writer).

preventing financial problems later in life. Financial education is not a standard part of the curriculum. For that reason, de Volksbank launched *Eurowijs* in 2013 and provides free teaching materials for all groups of primary education, special education and lower secondary education. In 2021, we reached 213,449 pupils with *Eurowijs* teaching materials, compared with 154,642 pupils in 2020.

SNS launched *Monnie*, a digital piggy bank, in 2021. *Monnie* is a toy hippopotamus that helps parents teach their children between the ages of 6 and 11 about money in a playful way. So far, SNS distributed 5,858 *Monnies* to children. Initial research indicates that children who use *Monnie* are more aware of their money.

Legally speaking, young adults are financially independent when they turn 18. Seeking to prepare them for this, in 2021 again, advisers invited customers who almost reached the age of 18 for a conversation in the SNS Shop to discuss the financial changes they will face. In this way, SNS wants to increase young people's financial skills.

### SNS helps customers fill in tax returns

After enthusiastic reactions to a pilot in 2020, customers and non-customers alike can turn to SNS for help in completing their tax return as of March 2021. For a fixed fee of € 52.50, advisers will review the entire tax return with the customer so that nothing is forgotten and the tax return can confidently be submitted.

### 3. TOWARDS FINANCIAL CONFIDENCE



De Volksbank has used the Financial Confidence Barometer since March 2018 to measure financial concerns among approximately 1,300 Dutch people, 530 of whom are customers of our brands. The barometer reveals why people have concerns and what their concerns are. Factors that play a role in this respect are a sense of control, self-confidence in case of financial difficulties, the degree of financial planning and a tendency to display avoidance behaviour. Every month, we ask respondents to what extent they feel that their bank is there for them in case of financial stress. The respondents answer this question on a scale of 1 (totally disagree) to 100 (totally agree). For 2021, SNS set an ambitious target: 54. Reaching a score of 49, we saw the line - which had been rising since 2018 - declining in 2021 (2020: 51). The cause of this is not easy to pinpoint and efforts have so far not led to a reversal of this trend.

### 3.2.2 Social commitment, cooperation and entrepreneurship MT8

We show our social commitment in various ways: we encourage volunteering at a national level, we work on the quality of life in communities, and try to play a role in the accessibility to the housing market. With branch offices in villages and towns, we are easily accessible and have a good local presence.

## RegioBank

### A bank that is there for the people and communities

**RegioBank consciously opts for being present in regional areas. And believes in the power of the region, with local communities that are valuable to the Netherlands. That is why RegioBank has been ensuring that everyone can manage their finances close to home, and has been doing so for 100 years.**

RegioBank collaborates with local Independent Advisers throughout the Netherlands. As a customer, you go to your own Independent Adviser, who knows who you are and what is going on in your area.

Good relationships with your neighbours, a bakery around the corner, sports clubs within cycling distance. All this ensures that you can live, work and play comfortably. As far as RegioBank is concerned, there is one more thing: a bank that is there for its (business) customers and communities.

In a survey held by the Dutch Consumers' Association, RegioBank was awarded the highest rating of all banks for the fifth year in a row. Moreover, research firm MarketResponse named the bank most customer-friendly bank in the Netherlands for the fourth time.

RegioBank is expanding its target group to the financially stronger households in the region, and is putting even more emphasis on strengthening the cooperation with advisers who are actively involved in local communities and customer relationships. RegioBank is developing a KPI framework to measure its social impact, providing the bank guidance to improve its efficiency. RegioBank is also starting the large-scale Sustainable Community survey (*Buurtzaamheidsonderzoek*). The results will help RegioBank further define its mission and develop new local propositions.



◀ The vitality of the region and its importance for the Netherlands was the central theme of RegioBank's first National Village Summit. In the picture from left to right: Ronnie Degen (co-owner of Feestfabriek Alles Komt Goed BV), Rein Wispelweij (director of RegioBank), Eveline Bosch (chairperson of the day), Marieke Frank (alderman of Oost-Gelre) and Bart-Jan Krouwel (former banker at Triodos and Rabobank).

## Together we stand stronger for volunteering

To make the Netherlands a better place, we advocate volunteering. We do this together with *NLvoorelkaar*, the largest volunteering platform in the Netherlands that brings together the supply and demand for help.

Read more about our cooperation with *NLvoorelkaar* here (in Dutch only).

[To the website >](#)

## Quality of life in local communities

At de Volksbank it is not just about money, but also about making the Netherlands a better place. RegioBank puts this into practice on the basis of its mission 'quality of life in communities'. In 2021 RegioBank organised the first National Village Summit. With this annual event, we placed the importance of regions firmly on the map. We brought together experts, specialists and entrepreneurs to share knowledge and experiences about a region and gain new insights.

We also support local entrepreneurs as they play a key role in keeping the region economically vital. We do this, for example, by actively offering business mortgages, allowing entrepreneurs to buy local business premises, so that the money continues to circulate in the region, and by giving them a platform through the Buy Local campaign.

RegioBank supports social initiatives committed to boost community connectivity through the *VoordeBuurt Fonds*. This is a partnership effort

in cooperation with the *Oranje Fonds*, a Dutch foundation that provides clubs and foundations with funds to promote participation in society. Initiatives include an electrical community bus, which helps elderly people emerge from their social isolation and makes necessary facilities accessible again. Through the *Samen voor de Buurt* initiative – a platform to raise funds and find volunteers for local initiatives – too, we contribute to a social and pleasant community. From November 2019 until December 2021, RegioBank supported 74 initiatives through these programmes, paid out € 168,715 through the *VoordeBuurt Fonds* and raised € 253,662 for local initiatives that encourage sustained social contact.

# 74

social initiatives from  
November 2019 until  
December 2021

## Public dialogue and cooperation

Particularly when it comes to complex social issues, cooperation is crucial. Limited accessibility to the housing market is an example of an important problem where cooperation can lead to solutions. BLG Wonen also actively enters into dialogue with stakeholders on housing issues, for example at the annual Housing Debate that we organised in November 2021. The theme this year was 'Housing, a right of the wealthy?' Through this debate, we

annually provide a platform to discuss issues on the accessibility of the housing market, and to exchange knowledge. In 2021, more than 100 policy makers, experience specialists, young politicians and scientists entered into debate on this topic. They also worked together on practical solutions that could make the housing market more accessible.

## Housing market problems and perspective for action

In 2021, BLG Wonen developed the Housing Accessibility Monitor in cooperation with PwC. This monitor maps out for which target groups the housing market – throughout the country – is accessible and to what extent. By understanding the challenges, we can work specifically on new initiatives to improve accessibility to housing and provide tools for potential solutions. Using the monitor, municipalities can, for example, see which target group is most in need of a home, and if their proposed plans will have a positive effect on housing accessibility.

## Cooperation for greater impact

We also use our know-how as a social bank to cooperate with other parties to provide concrete mortgage solutions for people who are currently unable to buy a house. There are some 570,000 high-rent tenants in the Netherlands; these tenants often spend almost half of their income on housing costs and sometimes experience difficulty moving to an owner-occupied home. De Volksbank wants to make the housing market accessible for these high-rent tenants by including the rent incurred in the past in the assessment of the mortgage application. Our brand BLG Wonen in particular is committed to including this so-called rent statement in the assessment, for which it is running a pilot programme. In 2021, the mortgage provider actively sought cooperation partners, such as the National Mortgage Guarantee, which will give the rent statement a national follow-up in 2022. By sharing practical experiences with other parties, BLG Wonen is trying to collectively influence the macro level policy: taking into account the impact on people and society, now and in the future.

## Dilemma: limited opportunities to buy a home

Accessibility to housing is limited in the Netherlands, creating dilemmas for us too: should we stimulate accessibility, for example, by increasing the housing supply? Or should we aim for more generous financing standards - so that people can borrow more - instead? A difficult dilemma, because more generous financing standards will result in even more people on the housing market, making it even tighter and pushing up prices even further. At the same time, housing is a fundamental right and strict financing standards are reducing the ability to purchase a house for a large group of Dutch people. BLG Wonen advocates a good balance between supply and good financing standards, and is therefore working on developments in both areas.



## Driver of an accessible housing market

**Ever since its establishment in 1954, BLG Wonen has been committed to an accessible housing market. At the time to make home ownership possible for miners, nowadays for other target groups for whom buying a home is often difficult, such as high-rent tenants, self-employed persons and senior citizens.**

BLG Wonen believes that one of the basic conditions for happiness and well-being is owning a home. A society in which everyone has decent housing is therefore important, and that is why BLG Wonen is committed to an accessible housing market; a market where everyone looking to buy a house has an equal chance of finding one that suits his or her needs and finances.

BLG Wonen is expanding its mortgage production by increasing its distribution reach in the intermediary channel and by providing faster, more transparent services to advisers and customers alike, and is successful in doing so. In 2021, BLG Wonen received the 'Silver award for mortgage providers' for these initiatives from the leading platform for media professionals (*Zilveren Spreekbuis*). And MoneyView rated BLG Wonen with 5 stars, the highest score in the market, for our repayment and straight-line mortgages. BLG Wonen also got off to a good start distributing the ASN Mortgage and the ASN Sustainable Living loan through its distribution channels and will continue to expand this in 2021.



◀ Led by Jörgen Raymann, BLG Wonen engaged in public and political dialogue in the Housing Debate. In the picture from left to right: Jörgen Raymann, Frank Soede (Director of BLG Wonen), Songül Mutluer (Alderman responsible for Housing, Youth Welfare, Policy towards the Elderly and People on low incomes, of the Municipality of Zaanstad & Member Board Member of VNG), Nic Vrieselaar (Rabobank Senior Economist)



# Proactive customer support

Ben Biesbrouck

## “More creative solutions for young first-time buyers of today”

**Ben Biesbrouck is an adviser at De Hypotheekshop, one of BLG Wonen's partners. Last year, we saw the housing market become increasingly tight, with rents and purchase prices soaring even further. What is his view on this? And what solutions does he offer his customers?**

“Especially the boys and girls who have just completed their studies find a home of their own to be as good as unattainable. They don't have a career with the corresponding pay rises behind them, usually work on flexible contracts and in some cases have to pay back student loans. If they even live in a rented home, they would prefer to buy

a home because rents are so excessive. But the high house prices deter first-time buyers and discourage them from acquiring any knowledge of the housing market at all, while they can in fact prepare a financial plan together with an adviser. What should I do to make sure I can buy a home later? Say you've been able to pay a rent of € 1,500 for years, why would you be unable to buy a house? BLG Wonen has launched the High-Rent pilot project especially for this group of people. It includes a consideration of rents paid in the past, which brings an owner-occupied home a lot closer. As an adviser, I gladly help first-time buyers explore the options.

I think that if we really want to improve access to the market, the government in particular could do more. Several schemes exist, but I believe that their implementation shouldn't be in the hands of commercial parties to such a great extent.

The municipal authorities of cities, too, could focus more on the specific requirements of first-time buyers. Many young people who sit down at my table here in Haarlem make conscious, sustainable choices. A home should be a pleasant place to live and shouldn't be an object of speculation. They're also less attached to possessions, such as a car, which means that fewer parking

spaces are needed. A good example of a project for first-time buyers is the former GAK building in Amsterdam, where residential units have been developed for young people that include a shared laundry room. Such a home may not be adequate for more than five years, but it does give first-time buyers the opportunity to live independently. It would be a positive development if more office buildings and industrial buildings could undergo a similar transformation.”

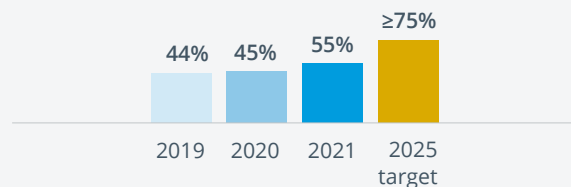
### 3.2.3 Responsible finance and investment MT4

Socially responsible investing is embedded in our investment policy. The funds we manage for our customers are invested in line with our sustainability policy. This way, we can ensure that they meet our requirements and minimise our potential negative impact. We do not invest in sectors such as the arms industry and fossil fuel industry. We do invest in projects, countries, organisations and companies that use their policies and business processes to contribute to a better climate, human rights and biodiversity. For instance, ASN Bank finances sustainable energy projects, and all the brands screen if the activities of business customers who want to take out a loan or mortgage are consistent with the sustainability policy.

#### Society



Climate-neutral balance sheet<sup>1</sup> KPI



1. From 2021 onwards, the climate neutral balance will be calculated using the PCAF methodology. The percentage shown for 2020 (45%) was adjusted using the PCAF methodology. Before the adjustment, this figure was 59%. More information on this adjustment is available section 3.2.3.

## ASN Impact Investors manages € 4.75 billion in assets for customers, spread across 12 sustainable funds

[Read more here \(in Dutch only\) >](#)

The Sustainability Center of Expertise, which is part of ASN Bank, is responsible for our sustainability policy and its application to all our activities and processes. Using investment criteria, we translate this policy into practice within the bank. We not only apply this comprehensive policy to all our loans, financing and investments, but also to the government bonds or green bonds in which de Volksbank invests. For a detailed explanation of our sustainability policy and its implementation and monitoring, see the [2021 ESG Report](#).

### The three pillars of our sustainability policy

#### THE THREE PILLARS



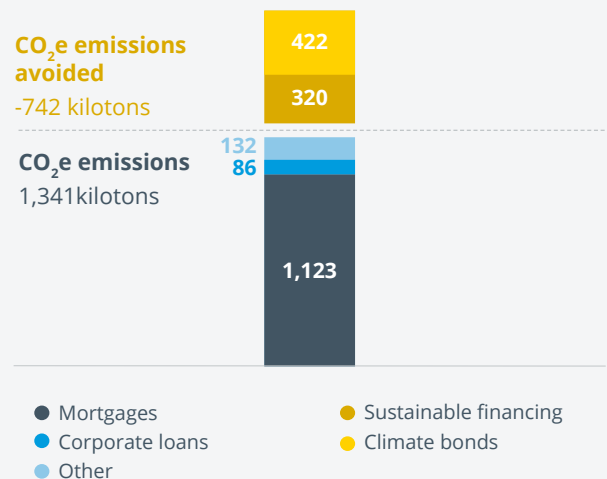
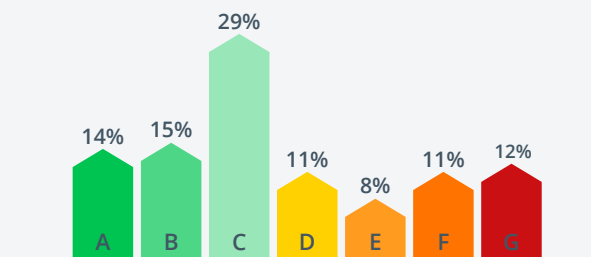
We have developed a sustainability policy consisting of three pillars which we will discuss here: **climate**, **human rights** and **biodiversity**. The underlying principles are based on important and globally recognised reports, treaties and conventions. In addition to our sustainability policy, we also use thematic policy papers and policies for specific departments. All this comes together in the House of Policies Sustainability (HOP). See the [2021 ESG Report](#) for a detailed explanation.

#### PILLAR 1: CLIMATE MT6

Back in 2015, we had set ourselves the goal of having a climate-neutral bank balance sheet by 2030 at the latest, with an interim target of at least 75% climate neutrality by 2025. We have been measuring and reporting on the steps we take towards a climate-neutral balance sheet since 2015. Our balance sheet is climate neutral when all our loans and investments cause as much CO<sub>2</sub>e as we avoid, or even take out of the air. In this context, we also speak of financed emissions and avoided emissions.

In addition to a strict sustainability policy, we increase the climate neutrality of our balance sheet through green bonds, funding of renewable energy projects and making our residential portfolio more sustainable.

## CLIMATE-NEUTRAL BALANCE SHEET 2021

ENERGY LABELS OF FINANCED HOMES<sup>1</sup>

1. Rounded percentages based on the RVO database at the end of 2021. Of the homes, 37% have a final energy label.

2. As in 2020, in 2021 we see a Covid-19 effect in the decrease, as a result of more than a halving of transport kilometres (miles).

TOTAL SCOPE 1 & 2 BRUTO CO<sub>2</sub>EQ-EMISSIONS IN KILOTONS

2021 <sup>2</sup>	2020	2019
4,448	6,070	7,621

## FINANCED EMISSIONS AND AVOIDED EMISSIONS

**100%**  
of the relevant  
funding and  
investments is  
included in the  
calculation of the  
climate-neutral  
balance sheet

**22.5**  
ton CO<sub>2</sub>e per million €

**55%**  
Climate neutral

At the end of 2021, we were 55% climate neutral. A significant improvement compared with 45% year-end 2020 based on the Partnership for Carbon Accounting Financials (PCAF) methodology. We are therefore on course to achieve our target of at least 75% climate-neutral by 2025 and 100% climate-neutral by 2030. The improvement is driven by additional project financing and purchase of green bonds. The emissions of our bank balance sheet mainly ensue from the high number of mortgages we finance. Our mortgage portfolio accounts for 1,123 kilotons of CO<sub>2</sub>e emissions (2020: 1,170 kilotons), or 84% of the total.

## Our climate neutral business operations

Compared to all the assets on our balance sheet, our offices and mobility account for only 1% of total CO<sub>2</sub>e emissions. Nevertheless, we do not consider our sustainability ambition credible without green business operations. We want to continue saving energy so that we have to compensate less and less CO<sub>2</sub>e emissions in order to maintain 100% climate neutral business operations. Our target for 2024 is to produce 13% less CO<sub>2</sub>e than in 2019, for example by our point of departure to exclusively leasing electric cars only (year-end 2021: 77%).

The average energy label of our mortgage portfolio remained unchanged at D. This average energy label is based on the available final energy labels of the financed homes in the mortgage portfolio.

A higher grade energy label does not mean that the energy consumption, and thus CO<sub>2</sub>e emissions, is automatically reduced. Last year, thanks to the cooperation with three grid operators, we received anonymised energy consumption data of the customers in our residential mortgage portfolio: 89% of the gas consumption data and 93% of the electricity consumption data. This allowed us to make a much more accurate estimation of the



CO<sub>2</sub>e emissions of our portfolio. Compared with the calculation based on energy labels, we now attribute an additional 94 kilotons CO<sub>2</sub>e emissions to this portfolio.

Since 2021, we report the results of the climate-neutral balance sheet according to the PCAF methodology. Our climate neutrality dropped, due to the use of actual energy consumption data, the application of other emission factors in the calculation of the CO<sub>2</sub>e emissions and avoided CO<sub>2</sub>e emissions, and because of data-quality improvements. For example, the new emission factors allow us to attribute less avoided CO<sub>2</sub>e emissions to project financing.

Recalculated using the PCAF methodology, our climate neutrality at the end of 2020 was 45%, which is significantly lower than the 59% reported for 2020. This percentage was calculated based on our old methodology, the carbon profit and loss methodology. This reduction is still within our expectation of a 15 percentage points reduction in climate neutrality by switching to the PCAF methodology.

To make our current climate target even more concrete, in 2021 de Volksbank calculated an emission reduction target in line with the Paris Agreement and we shared our target with the Science-based Targets Initiative for approval. The science-based targets indicate the extent and speed at which we need to reduce our emissions and funded emissions to help limit the global

asn  bank

## Driver of sustainability

**ASN Bank aims to encourage sustainable progress by being a sustainable driver itself. Seeking to create the greatest possible impact, the bank cooperates with other financial institutions where possible.**

ASN Bank's mission to promote the sustainability of society has much potential for the future. ASN Bank strives to grow to 1 million satisfied customers by 2025. Growth means even more sustainable impact is possible in the areas of climate, human rights and biodiversity. ASN Bank aims to achieve this growth by further strengthening its customer relationships, increasing its brand awareness and expanding its services. Examples are the new ASN Biodiversity Fund for investors, the range of sustainable insurance policies and the expansion of its mortgage production. ASN Bank also wants to grow as an opinion leader in the field of sustainability; a bank that helps make sustainable choices in an affordable and accessible way.

### COP26 UN Climate Change Conference

The COP is the world's most important climate summit and is held annually. As a way to achieve the climate goals, ASN Bank wants to make the use of wood the new normal in construction. To draw attention to this, two employees of the Sustainability Center of Expertise attended the 26th COP in Glasgow. Highlights were a workshop on board of the special climate train to Glasgow and the meeting with Jaime de Bourbon de Parme, the Dutch climate envoy, to whom they handed the report entitled 'Construction Stored Carbon'. This report provides insight into the climate benefits of building with timber as opposed to building with traditional methods such as steel and concrete. By travelling to Glasgow, ASN Bank was able to create a great deal of exposure for its ambition and vision on wood construction. Especially since ASN Bank was one of the few Dutch banks present at the climate summit.



◀ Climate Envoy Jaime de Bourbon de Parme receives the report on biobased building. In the picture FLTR: Sven Jense (Climate Cleanup), Jaime de Bourbon de Parme (Climate Envoy), Emmelien Venselaar (ASN Bank) and Freek Geurts (ASN Bank).



temperature increase to 1.5 °C. The target was still under review by the Science-Based Targets initiative at the time of publishing this report.

**For more information on our CO<sub>2</sub>e emissions and PCAF, see the 2021 ESG Report.**

[To the ESG Report >](#)

## Sustainable housing

Our brands all help customers make their homes energy efficient. In addition to all the information and products that we offer, we ran three extensive campaigns to highlight sustainability measures. In April, we launched the campaign entitled 'The roof is always greener on the other side', offering customers the chance to purchase a green roof from a Dutch specialist in green roofs at a 25% discount. If they made this request together with their neighbours, they got an extra discount on the delivery and installation. Almost 750 customers requested a quotation and 245 offers were executed. In August, the campaign 'Profit from the sun's rays' was launched, offering customers the first solar panel worth € 150 for free through providers Solease and Coolblue. More than 700 customers responded to this offer by requesting a quotation and 81 of these were executed. Finally, in October, the campaign entitled 'Insulation in cooperation with Pluimers', the latter being an insulation company, went live, offering customers a € 100 discount per insulation measure. A fitting offer in view of the sharp increase in energy prices since then. This successful campaign resulted in 700 quotation requests and 53 of these were executed.

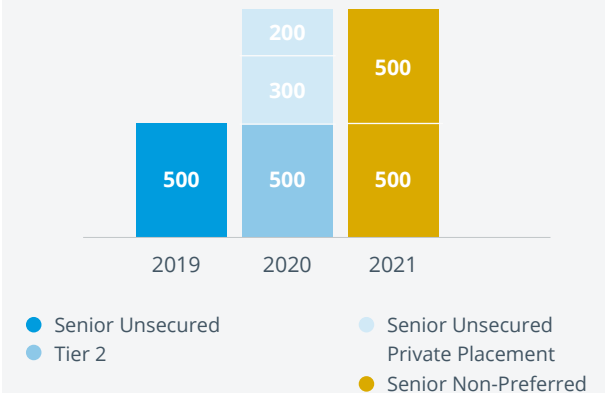
Together with eighty other parties, including construction companies and nature organisations, we drew up the Manifesto 'Building for Nature'. The goal is to amend the Decree on construction works in the living environment and the Decree on quality of the living environment. In this manifesto, we call for more nature in and around the home in new construction projects. Examples include nesting stones in the facade, green roofs and facades and more greenery in neighbourhoods. We also support our partner and initiator Nature&Environment in the call for the introduction of the insulation voucher. With this voucher, households receive credit to insulate their homes.

## Green bonds

De Volksbank sees the issuance of green bonds as an effective tool to make a positive contribution to the climate and achieving the Sustainable Development Goals of the United Nations and the EU. We aim to further diversify our investor base through our green financing strategy by focusing ourselves on socially responsible and highly dedicated sustainable investors and by strengthening the relationship with existing investors.

In 2021, we reviewed our Green Bond Framework and brought it in line with our new strategy and the EU taxonomy. The Green Residential Buildings category was positively assessed for compliance with this taxonomy. For more information on the Green Bond Framework and accompanying publications, and on the EU taxonomy, see our [website](#) and [2021 Annual Report](#) respectively.

**GREEN BOND ISSUANCES 2019 – 2021**  
(in € m)



## PILLAR 2: HUMAN RIGHTS MT15

Human rights are a key component of our sustainability policy. We examine where our investments pose human rights risks and take action to mitigate these risks.

## Platform Living Wage Financials

Our 2018 analysis of the most explicit human rights risks revealed that a living wage is a key risk for de Volksbank. Through ASN Impact investors we invest in listed garment companies, which mainly have their products manufactured in countries where wages are too low to make a living. That is why ASN Bank, together with MN and Triodos Investment Management, founded the Platform Living Wage Financials (PLWF) in 2018. In 2021, PLWF grew to eighteen investors with assets under management totalling more than € 4.6 billion (2020:

€ 2.6 billion), making the voice towards garment companies become much stronger. Other members have also started engaging with companies in the food sector. PLWF attempts to encourage companies to change by engaging in a dialogue with them, for which purpose the platform also collaborates with a network of international (non-governmental) organisations.

The platform is engaged in dialogue with 33 garment companies, 15 of which are included in the ASN Investment Universe. We witnessed a positive development at eight of these companies, such as published wage data and information about complaints mechanisms. Four companies demonstrated a negative development and the scores of three companies remained unchanged.

More detailed information is available in the [2021 Annual Report PLWF](#). More information about our human rights policy and the developments in 2021 is available on our [website](#) and in the [2021 ESG Report](#).

### European Citizens' Initiative

In 2021, ASN Bank launched a European Citizens' Initiative in cooperation with Fair Wear Foundation and Fashion Revolution. The aim of the initiative is to enforce legislation on living wages in the garment industry through due diligence legislation. ASN Bank is part of the steering committee and the Citizens' Committee. We expect to submit our proposal in 2022, after which we can start collecting one million signatures. More information is available on the initiative's [website](#).

### Uyghur forced labour in solar panels

In 2021, alarming reports appeared about serious human rights violations in the Chinese region of Xinjiang. About half of the world's production of polysilicon, an important raw material for solar panels, takes place in the Xinjiang region. Almost all large solar panel manufacturers, which also sell their products in the Netherlands, work with suppliers from that region. That makes the solar energy sector vulnerable to forced labour. ASN Bank and ASN Impact Investors finance renewable energy projects and companies, such as wind farms and solar parks. In addition, the online platform of Home Improvement Partners also offers solar panels. Needless to say that de Volksbank wants to avoid in any way that we (co) finance solar panels, or other products and the components and raw materials required for them, that are manufactured by forced labour. After all, forced labour is one of the most serious violations of human rights. That is why we conducted our

**Human rights are a key component of our sustainability policy. We examine where our investments pose human rights risks and take action to mitigate these risks**

own investigation into the possible involvement of producers in this abuse. The customers whose projects we finance and the installation partners of the Home Improvement Partners' platform now work exclusively with solar panels that have been approved on the basis of this investigation.

### PILLAR 3: BIODIVERSITY MT18

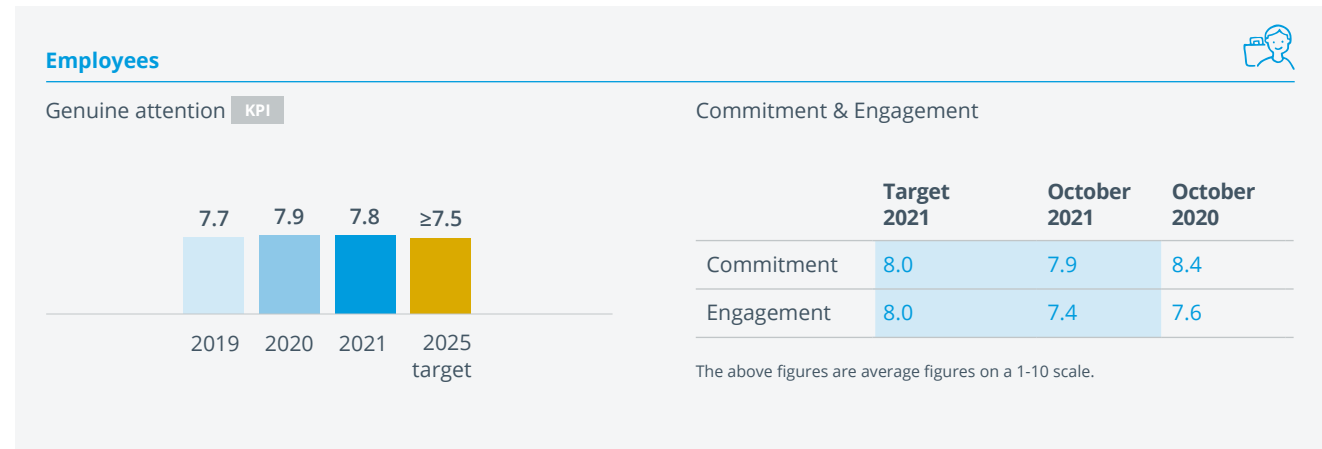
Besides land use change, overexploitation and pollution, climate change is one of the main threats to the loss of nature and biodiversity, while we need this same biodiversity to counteract climate change. After all, forests, peat bogs, soils and oceans are key in the absorption of carbon. Biodiversity is indispensable to mankind as it provides us with food, clean water, clean air and natural substances for the development of many medicines. Our offices have a relatively small impact on biodiversity compared with the impact of our investments and loans in projects, countries and companies. Our aim is to prevent further biodiversity loss and contribute to biodiversity gain. That is why we want our investments and loans to have an impact on biodiversity that is more positive than negative overall by 2030, i.e. a net positive impact. We want to achieve this by reducing our impact on biodiversity loss by investing in nature development and restoration, renewable energy and the circular economy. In light of this ambition, de Volksbank joined the Partnership for Biodiversity Accounting Financials (PBAF) in 2020 and signed the Finance for Biodiversity Pledge, thus contributing to the restoration and protection of ecosystems. ASN Bank aims to be one of the frontrunners on the theme of

biodiversity and an active member of the Biodiversity Working Group of the Platform for Sustainable Financing of the Dutch Central Bank.

### ASN Biodiversity Fund dedicated to nature restoration

As from 15 November 2021, ASN Bank offers the ASN Biodiversity Fund, the first fund in the Netherlands to contribute to biodiversity restoration and protection. This fund focuses on four sectors: sustainable forestry, forest agriculture, sustainable seas, and fisheries and ecotourism. For example, the fund invests in a company that uses innovative technology to make the breeding of fish and marine species sustainable. The impact on the protection and restoration of biodiversity is measured in hectares of protected and restored land and sea areas. The aim is to protect and restore the biodiversity of an area of 5,750 m<sup>2</sup>, about the size of a football pitch, annually with an investment of € 2,500.

## 3.3 Genuine attention for employees MT11



De Volksbank offers employees the opportunity to work on their own future as well as on the future of de Volksbank and society. Our employees indicate that they enjoy working at de Volksbank because they want to make banking human and build lasting relationships with customers. They experience their work as meaningful and can make a contribution to society.

In our employee survey, employees get the opportunity to indicate how they experience sincere attention by answering questions on the following topics:

- Making a meaningful contribution to the mission and strategy;
- Trust in each other;
- Open and people-oriented work environment;
- Facilitative leadership;
- Room for professionalism and personal growth.

In addition, we examine how committed employees are in the organisation and how engaged they are in their work. We expect that sincere attention will lead to more commitment and engagement.

Sincere attention continues to be highly valued by employees. There is a good deal of trust within the organisation, appreciation for managers, and employees experience more room for professionalism and personal growth. Although engagement and commitment do not have the high scores we were used to in recent years, they are still good in view of the organisational changes. The transformation into an agile organisation and announced staff reduction is making more employees experience uncertainty about their work and their future.



### Genuine attention while working remotely

The longer the Covid-19 pandemic lasts, the more challenging it is to get employees working remotely to experience genuine attention. That is why we regularly urged everyone to take good care of themselves and keep an eye on each other. The challenges of working from home permanently and maintaining the work/life balance were a regular topic of discussion among employees, in their team and with their manager. As an employer, de Volksbank is flexible in how employees combine care and work. As the situation differs from employee to employee, customised support was chosen where necessary. All employees of de Volksbank received two extra days off as support during this impactful period.

### Focus on vitality

Absenteeism over the past year was 4.2% on average (2020: 4.3%). We aim for a lasting reduction in absenteeism and healthy and fit employees. That is why de Volksbank supports employees both preventively and during absenteeism to promote their health and employability. In 2021, we introduced a new occupational health and safety service and a new way of working, with more scope for attention and customised support.

Because the impact of the pandemic we regularly highlighted the resources available to promote vitality. We challenged them to put their vitality goals into practice with the help of the 'Fit in times of Covid' programme. To support and stimulate them, they could participate in various workshops and activities, for example in the field of nutrition, exercise and relaxation.

### Learning and personal development at de Volksbank

De Volksbank facilitates learning and development with a personal development budget for sustainable employability on an annual basis, starting in 2021. All salaried employees receive this budget, providing them with more freedom of choice and self-direction with regard to their personal and professional development.

Besides this, we launched the LXP (Learning Experience Platform), the new learning and development platform, in mid-2021. The platform offers a wide range of learning content, ranging from short learning blocks, webinars, e-learning and training courses to videos, articles, podcasts and knowledge festivals, allowing employees to create their optimal learning mix. The LXP supports our vision of learning in which learning is part of the job, and no longer a separate part of the job.

**For more information on learning and development at de Volksbank, see the 2021 ESG Report.**

[To the ESG Report >](#)

### Our goal is that everyone feels at home at de Volksbank and that our teams have a diverse composition

### Diversity and inclusion: feeling at home at de Volksbank MT17

Only if there is room for everyone to put their unique backgrounds, personality and qualities to good use, can we achieve our strategy and our mission of 'Banking with a human touch'.

In this respect, we have set the following goals:

- Everyone feels at home at de Volksbank;
- Our teams have a diverse composition;

In our Employee Survey, we regularly measure whether everyone feels at home at de Volksbank on the basis of five statements.

The objective is that more than 80% of the employees (fully) agree with these statements. The average score on the five statements was 85% in the measurement in October 2021.

We strive for a diverse workforce. Diverse in all aspects in which people differ from each other, such as personality, gender, age, sexual orientation, background, education and (professional) experience, nationality and vitality. These aspects are not all measurable. The following objectives have been formulated for the measurable aspects:

- The gender balance in managerial positions is between 35% and 65%. In 2025, at least 40% of the managers will be female. This ratio also applies to the Board of Directors and Supervisory Board. By the end of 2021, 36% of the number of managers were female, 33% of the Board of Directors and 40% of the Supervisory Board.

- The wage gap between males and females is 0%. After a correction for the pay scale and age, females are at a very slight disadvantage: they earn 0.04% less. Males and females who are in the same job grade receive equal pay.
- Recruitment of five people with a distance to the labour market. In 2021, two people from this target group were hired.

In order to achieve the objectives mentioned above, we still have a number of challenges ahead of us:

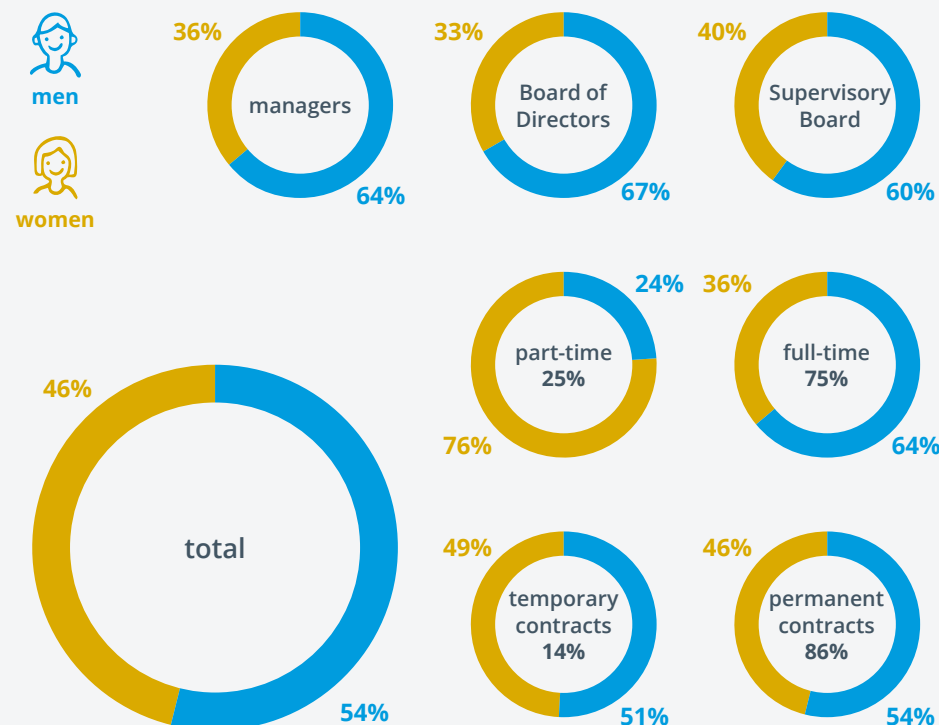
### 1. A better balance in the number of males and females in positions with higher pay scales.

The focus on diversity and inclusion has helped increase the proportion of women in this category by 6% over the past two years. Diversity was a key focus area in the composition of de Volksbank's new senior management team. This resulted in a more diverse team with 29% women and three multicultural appointments. This has led to a more diverse team with 29% women and the appointment of three multicultural employees. In addition, when filling vacancies, we look carefully at the balance between internal and external employees: we are open to new inflow, but also want to offer room for internal development and growth of employees to management positions.

### 2. More diversity in cultural backgrounds.

In 2021, de Volksbank joined the Agora Network, which aims at creating more awareness, decisiveness and support to promote the inflow, advancement and retention of multicultural talent

#### GENDER BALANCE 2021 (BASED ON THE NUMBER OF EMPLOYEES)



#### STAFFING

	2021	2020
Internal FTEs (year-end)	3,178	3,171
External FTEs (year-end)	783	648
Inflow	11.9%	15.1%
Outflow (employee turnover)	11.6%	8.8%

within organisations. Activities include creating more awareness, decisiveness and support to promote the inflow, advancement and retention of multicultural talent within organisations. De Volksbank employees can participate in activities such as empowerment and knowledge sessions. At the end of 2021, two managers and two employees of de Volksbank enrolled in the Agora Network Two-Way Cross Mentoring Programme.

### 3. Attracting and retaining employees in a tight labour market.

With our appealing mission and strategy, we want to attract and retain good people. As we are not paying more than the market rates, it is a challenge to attract specific groups of professional employees of which there is a shortage in the labour market. We monitor market developments and take action where necessary to ensure that we attract and retain the right people.

The challenge in attracting and retaining employees also applies to positions in the top management structure of the bank. For as long as the Dutch State is the majority shareholder of de Volksbank, these positions fall within the scope of the bonus ban and salary freeze as set out in the Dutch Financial Supervision Act (Wft), which means that salaries or Directors' fee may not be increased other than in line with wage increases under the collective agreement. As a result, remuneration in the longer term may be

### Dilemma: Everybody has an idea about diversity and inclusion (D&I), or do they?

*"We need to do more about D&I." "Deeds, not words." "We don't have any D&I issues at all, everything is going well isn't it?"*

These are the kinds of comments on D&I that we hear in our organisation. And it is true. Some people experience no problems at all. They experience equality, feel heard and feel at home in their team. But this is not true for all employees. Not everyone experiences equal opportunities all the time; for example because of their age, a certain 'code' in a group, or because of conscious or unconscious biases.

Some of us may not be aware of the privileges we have. And both inside and outside our organisation, there may occasionally be subtle moments when a sense of 'not belonging', 'not being seen' or 'keeping ourselves in the background' play a role.

We therefore see it as our 'mission' to look beyond the obvious. And to regularly ask ourselves: what is normal for me, is that also normal for my customer or colleague? If we do this, we can work on feeling at home at de Volksbank together. And do what lies within our own sphere of influence to make our own teams more diverse and inclusive.

### Clientify

In everything we do and develop, we ask ourselves what value it adds to the customer. And how it strengthens the customer relationship. We even coined a separate verb for this: Clientify (*klantificeren*). Under this heading, we will carefully introduce de Volksbank's agile working method step by step and gradually develop and improve it further.

further out of line with comparable positions in the market. Especially in view of the tight labour market, it may become increasingly difficult for de Volksbank to attract and retain the right people.

### 4. Increase the number of employees at a distance to the labour market who work at or for de Volksbank.

In the past few years, we have put this into practice through our collaboration with *ICT Vanaf Morgen* ('Start an ICT job tomorrow'), a foundation that offers work in ICT to people at a distance to the labour market. In addition, two employees with occupational disabilities have been working at de Volksbank for some time in regular positions. De Volksbank's new collective agreement includes an agreement that there will be a budget for five jobs as from 1 July 2021. Two of these positions were filled at the end of 2021. To take further steps, we have entered into a partnership with the 'Personalised Working & Studying Foundation', which will help us recruit highly educated young people with an occupational impairment. We also work together with C-Talents, which supports people who have a visual or hearing impairment.

More information on diversity and inclusion, including gender equality and equal pay is provided in the [2021 ESG Report](#).



## The impact of the agile transformation on staff

We are in the process of building an organisation that is more agile, digital and customer oriented, allowing us to respond more quickly to our customers' needs and serve them better. That is why we have opted for an agile organisational structure with one uniform way of working: the 'de Volksbank Collaboration Model'. As this transformation affects all employees, the Works Council has been involved from the start and employees have been guided through the transformation step by step.

The new agile organisation structure was designed in 2021 and will be implemented in March 2022. In September 2021, employees have been informed about the consequences of this new structure for their job and about their position in the new organisation. The preventive mobility phase was

started for some 300 employees whose jobs will change drastically or will be eliminated as per March 2022, or where the number of staff positions is reduced. This means that they can prepare themselves for the changes in their job or work, for example, with extra budget and facilities related to careers guidance and development. Because of these changes employees may experience insecurity and lack of clarity, or feel unappreciated, especially since some of them will be made redundant and will have to leave the bank. Those who have not been placed and will become redundant on 1 March 2022 will be given the opportunity and guidance to find other employment, either within or outside de Volksbank.

For the transformation to an agile organisation we call for different employee behaviour. The desired behaviour has been elaborated in the DNA of de Volksbank: customer focus, result-oriented cooperation and continuous improvement and innovation are key. We expect all employees to work on their personal development and stimulate and support this by facilitative and servant leadership. In 2021, all employees were able to learn about and prepare for the agile way of working thanks to an extensive range of agile learning and development materials such as articles, workshops, training sessions and podcasts. Agile coaches were also available to help employees use agile practices individually and in teams.

The agile transformation enables us to work in a more customer-oriented, efficient and effective

way. As a result of this transformation, the number of jobs at de Volksbank is expected to decrease by 400 to 450 FTEs in the period 2021 to 2023. This means a period of lack of clarity and insecurity for some employees. However, the changes will also lead to new perspectives and opportunities for employees, such as job openings as a result of all the changes brought about by the new strategy. How many jobs will be involved partly depends on the growth rate. In the years ahead, we also expect that employees will experience that agile working is more enjoyable. We are taking two to three years for the transformation into an agile organisation. Compared to the end of 2020, the number of FTEs increased by 142, of which 7 were internal employees. The increase was mainly due to activities related to customer integrity, the increased workload at customer service centres and the implementation of our strategic plan.

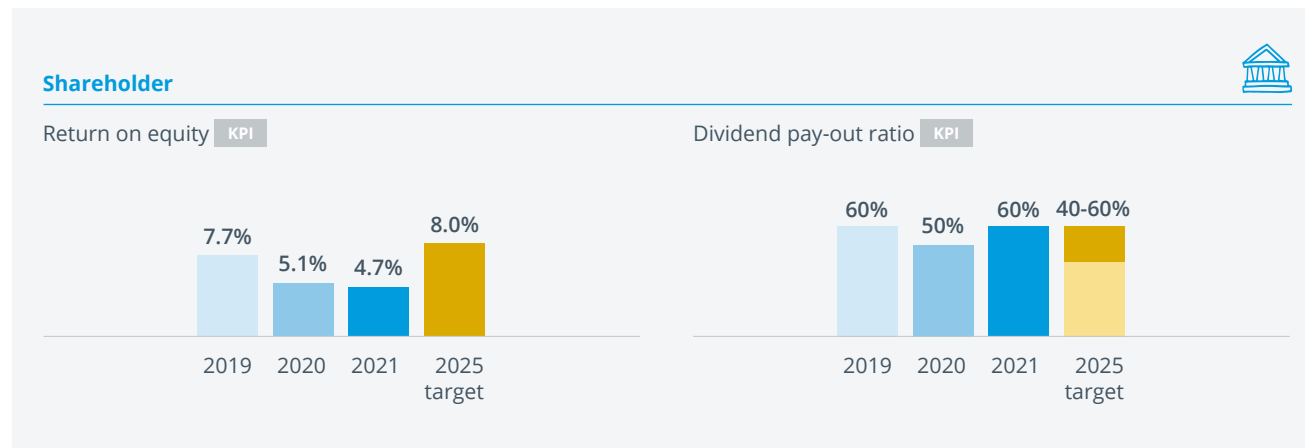
## New collective agreement

In early 2021 negotiations with the trade unions resulted in a [new collective agreement](#) (in Dutch only) that is valid for two years, and a new Social Plan valid for three years, both with effect from 1 January 2021. The collective agreement applies to 99% of our employees; it does not apply to senior management.

Everyone at de Volksbank is permitted to perform voluntary work and the collective agreement contains arrangements on this. Last year, employees were allowed to perform 8 hours of voluntary work during regular working hours without taking any leave.

**We are in the process of building an organisation that is more agile, digital and customer oriented, allowing us to respond more quickly to our customers' needs and serve them better**

### 3.4 Returns for the shareholder MT5



**In 2021, we paid out  
€ 269 million in dividends  
for 2019 and 2020**

De Volksbank aims to be a sound and stable bank with low-risk activities and a corresponding return for the shareholder. For the return on equity (RoE), we have set ourselves a target of 8% in 2025. Based on the current outlook, we expect that this return be lower in the next few years. To realise our strategy, we will be making substantial investments in the years ahead to allow later growth to an RoE of 8% in 2025.

In 2021, the RoE stood at 4.7%, below the target, and also below the 5.1% achieved in 2020. The drop is driven by lower net profit. For further information see [3.6 Financial results](#).

On 22 October 2021, we paid out the remaining dividend for 2019 and the dividend for 2020 to our shareholder NLF. The dividend was only paid

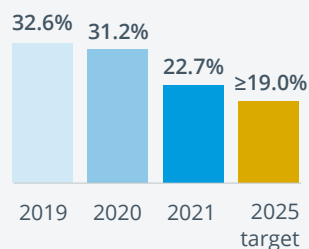
on this date because the European Central Bank had recommended to exercise extreme prudence in paying out dividend at the time of the Covid-19 pandemic. On 23 July 2021, the ECB decided not to extend its recommendation beyond September 2021. The reserved remaining dividend for 2019 amounted to € 145 million, after a partial dividend payment of € 20 million in April 2021. The reserved remaining dividend for 2020 amounted to € 104 million. Since the reserved dividend had already been classified as a debt on the balance sheet, this dividend payment did not affect de Volksbank's capital position.

We intend to pay out a dividend of €97 million on the 2021 result, which corresponds to a pay-out ratio of 60%. This is at the high end of its 40%-60% target range.

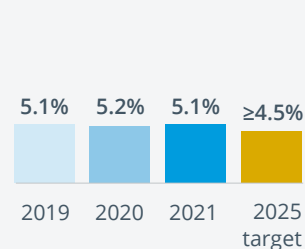
## 3.5 Other objectives

### Other objectives

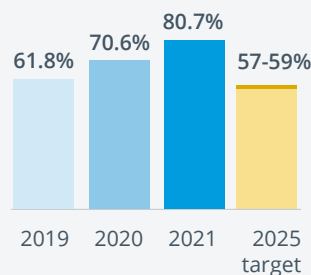
#### CET1 ratio<sup>1</sup> KPI



#### Leverage ratio KPI



#### Cost/income ratio<sup>2</sup> KPI



1. The CET1 capital ratio target is based on full phase-in of Basel IV standards. We estimate that the Basel IV fully loaded ratio as at 31 december 2021 will be 0.2 percentage points lower compared with the reported 22.7%.

2. Including regulatory levies.

Although our **capital position** remained strong in 2021, the CET1 capital ratio showed a strong decrease. This ratio stood at 22.7% compared with 31.2% at year-end 2020. The decrease was primarily caused by an increase in risk-weighted assets due to a temporary and voluntary add-on related to our internal credit risk model for residential mortgages and an ongoing supervisory review on the underlying database infrastructure.

Based on the balance sheet as at 31 December 2021, we estimate that the Basel IV fully loaded CET1 capital ratio will be 22.5%, compared with 24.2% at year-end 2020. This is still well above our minimum target of 19%.

The **leverage ratio** fell slightly to 5.1%, which was also above the minimum target of 4.5%.

The **cost/income ratio** expresses the ratio between total operating expenses, including regulatory levies, and total income. The target range for the cost/income ratio in 2025 is 57-59%. In the years ahead, we expect this ratio to exceed this range, as the strategic initiatives are intended to produce an effect over time, at the level of both income and operating expenses.

In 2021, the cost/income ratio rose to 80.7%, compared with 70.6% in 2020. The deterioration was the result of 10% lower income and 2% higher operating expenses. For more information, see [Section 3.6](#).

**Although our capital position remained strong in 2021, the CET1 capital ratio showed a strong decrease**



## 3.6 Financial results

### INCOME STATEMENT

Financial results (in € m)	2021	2020	change
Total income	827	923	-10%
Total operating expenses	667	652	2%
Impairment charges of financial assets	-58	38	--
Total expenses	609	690	-12%
<b>Result before taxation</b>	<b>218</b>	<b>233</b>	<b>-6%</b>
Taxation	56	59	-5%
<b>Net result</b>	<b>162</b>	<b>174</b>	<b>-7%</b>
Incidental items	17	-34	
<b>Adjusted net result</b>	<b>145</b>	<b>208</b>	<b>-30%</b>
Return on Equity	4.7%	5.1%	
Adjusted Return on Equity	4.2%	6.1%	

Like 2020, 2021 was a challenging year financially. Interest rates were low and sometimes even negative, putting pressure on our income. In 2021, net profit dropped by 7% to € 162 million. In both 2020 and 2021 net profit was impacted by incidental items: in 2020 a restructuring provision with an impact on net profit of € 34 million, in 2021 a positive incidental item of € 17 million net as a result of a revaluation in relation to a previous contribution to the Deposit Guarantee Scheme (DGS) related to the insolvency of DSB Bank. Adjusted for these items, net profit fell by

30% to € 145 million.

Total income was 10% lower at € 827 million, mainly driven by lower net interest income on mortgages. Compensation received for loss of interest on account of early repayments of mortgages and lower savings rates were unable to compensate for this: net interest income dropped by € 75 million to € 775 million (-9%).

Adjusted for a classification change, net fee and commission income rose by € 11 million, mainly due to higher fee and commission income related to the ASN investment funds.

Total operating expenses rose by 2% to € 667 million, despite a swing in incidental items of € 67 million. Adjusted for this swing, operating costs rose by 14% to € 689 million, mainly as a result of higher staff costs and regulatory levies and the implementation of the new strategy.

In 2021, there was a swing in impairment charges. In 2020, impairment charges amounted to € 38 million, compared with a reversal of impairment charges of € 58 million in 2021. This was because the economic outlook improved, the number of defaults remained low and house prices continued to increase.

Our residential mortgage portfolio grew by € 1.1 billion to € 47.4 billion (excluding IFRS value adjustments). New mortgage production increased to € 8.1 billion, compared with € 6.1 billion in 2020, but repayments also rose, from € 6.5 billion to

€ 7.0 billion. Our market share of new mortgage loans went up to 5.8%, compared with 5.0% in 2020.

As from 1 August 2021, retail and business customers are charged 0.5% interest on deposits exceeding € 100,000. Nevertheless, savings deposits at our brands grew by € 3.5 billion to € 45.6 billion in 2021, increasing our market share by 0.5 percentage points to 11.3%.

The number of current account customers continued to rise last year. On balance, SNS, ASN Bank and RegioBank combined welcomed 125,000 new customers in 2021 (2020: 89,000). Our market share of new current accounts rose by 20% (2020: 17%), considerably above our market share on a total portfolio basis of approximately 9%. The number of active multi-customers also went up, by 66,000 to 1,015,000.

## Outlook

Based on the current outlook for economic growth, housing prices and interest rates, we expect total income in 2022 to remain in line with the level in 2021. We anticipate that lower interest income on mortgages in the sustained low interest rate environment will largely be compensated by lower interest expenses on retail savings and higher net fee and commission income, reflecting the progress of our growth initiatives.

For 2022, operating expenses are projected to rise, mainly driven by an increase in expenses related to the implementation of the new strategy and the absence of the incidental gain in 2021.

Economic developments in the Netherlands and the financial resilience of our customers whose income has been affected by the crisis, are highly uncertain. This may impact our credit loss provisioning. Based on the current outlook and the sound quality of our loan portfolio, we expect the level of impairment charges on loans and advances to be low in 2022.

In February 2022, in response to the violation of Ukraine's sovereignty, various sanctions were issued against Russia, Belarus and parts of Ukraine. We do not have material direct exposure to Ukraine, Russia or Belarus, nor do we expect to have a material indirect exposure to said countries. However, the economic consequences of the situation in Ukraine and their impact on de Volksbank are at this time difficult to predict.

All in all, we expect net profit for 2022 to be lower compared with 2021.

## 3.7 Responsible risk management MT12

Just like all other activities of de Volksbank, our risk management is equally based on our mission of 'Banking with a human touch' and our shared value ambition. We distinguish between risks that provide opportunities and risks that we should avoid, and determine our risk appetite on this basis.

### Risk profile

De Volksbank focuses mainly on Dutch retail customers. The balance sheet is primarily made up of residential mortgages (year-end 2021: 67% of the balance sheet total) and funds that customers have entrusted to us (year-end 2021: 81% of the balance sheet total). We accept the risk profile that matches a business model of low-risk activities and limited product and geographical diversification. We form appropriate provisions for any credit losses we may reasonably expect. We also maintain an ample capital position to absorb unexpected losses.

### Strategic, financial and non-financial risks

In our risk management we distinguish between strategic risks (related to the strategy, the business model and sustainability), financial risks (mainly consisting of credit risk, but also including market risk, interest rate risk and liquidity risk) and non-financial risks (operational risk, compliance risk, legal risk, model risk, and reporting and data management

risk). We monitor each of these risks and take measures to mitigate them where necessary and to the extent possible.

The year 2021 was once again largely dominated by the Covid-19 pandemic. The pandemic and the related government measures pose a risk when these supporting measures are phased out, which may result in deteriorating economic conditions. In 2021, the persistently low market rates put further pressure on our net interest margin and profitability.

Furthermore, the bank operates in an environment that is changing at an increasingly rapid pace

### Sustainability risks

The role of sustainability is becoming increasingly important in terms of opportunities and threats. Making a positive impact is one of the two pillars of our strategy and it has for many years been part of our mission and ambition. However, sustainability also entails increasing risks for us as a bank: far-reaching government policies may entail opportunities and risks, and rising sea levels constitute a potential risk for our collateral.

As from 2020, we have described how we capitalise on opportunities and control these risks on the basis of the 'ECB Climate risk guide on climate-related and environmental risks' and the 'Task Force on Climate-Related Financial Disclosures' (TCFD). In this respect, we look beyond the climate, as sustainability also covers such topics as biodiversity and human rights. Consequently, we apply the recommendations to all themes that are part of our sustainability policy. More detailed information is provided in the 2021 Annual Report.

[Read the 2021 Annual Report >](#)

due to new technologies and the entry of new competitors. Our new strategy is our response to these developments, which will help us mitigate the associated risks. By starting the transformation to an agile organisation and investing in our IT platform, we aim to prevent a situation with insufficiently agile and available data and IT systems. Risks related to data and IT systems continued to grow in 2021. We also saw a further tightening of the labour market in 2021, which renders it difficult to find suitable new employees. This may put pressure on our ability to implement transformations adequately and in time.

### Risk governance

Our risk management governance is structured according to the three lines of defence model. In this model, the first line of defence – the business – is responsible for setting up and executing its own processes. This is where the risks are identified, assessed, reported and measured against the risk appetite that has been determined. The second line (Risk) supports the business, sets the frameworks, gives advice and monitors whether the business actually takes its responsibility. The second line (Compliance) also continuously monitors whether de Volksbank complies with laws and regulations as well as its own policies on integrity. The third line – the audit function – independently assesses the first and second lines' performance.

### Risk culture

Culture is a decisive factor in risk management and risk awareness. As we want the entire organisation to propagate our risk culture, this is a major point of focus in the first, second and third lines of our business operations. The Board of Directors and employees are aware of their role, of their serving as an example and of their responsibilities. The Supervisory Board, too, is key to securing the right risk culture. De Volksbank's Board of Directors approves the risk policy. The presence of members of the Board of Directors in all of the bank's risk committees testifies to their commitment to risk management.

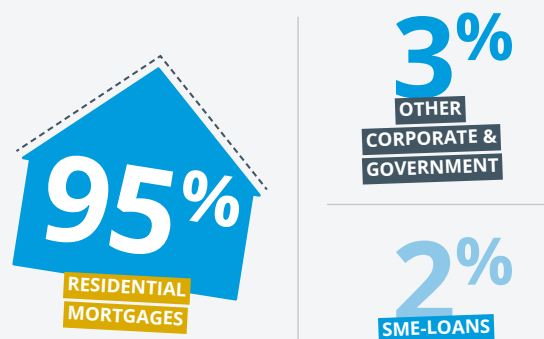
**For a comprehensive description of the various risks and how we deal with them, see Chapter 3 of the 2021 Annual Report.**

[To the 2021 Annual Report >](#)

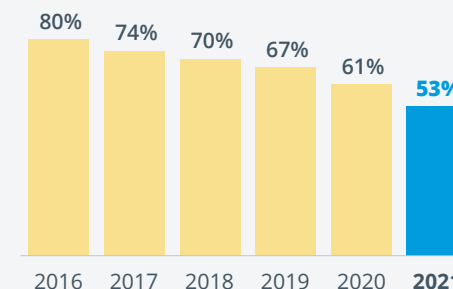
### Credit risk

Credit risk poses by far the greatest risk of all financial risks. We define credit risk as the risk of a customer being unable to meet the contractual obligations arising from the loan agreement, resulting in a potential financial loss for the bank. Accounting for a share of 95%, residential mortgages make up the largest part of our loans.

#### LOANS AND ADVANCES TO CUSTOMERS



#### Average Loan-to-Value of residential mortgages





## Developments in 2021

The favourable economic developments in 2021 improved the credit quality of loans and advances even more. Contrary to earlier expectations, the Covid-19 pandemic has so far not substantially affected the credit quality of loans and advances. Considerable uncertainty about the economic consequences of the Covid-19 pandemic nevertheless remains. That is why we have opted to maintain a management overlay as part of our provisions, partly in order to absorb a potential plunge in house prices.

Stage 3 loans expressed as a percentage of total loans dropped slightly from 1.4% to 1.2%. The strong rise in house prices translated into a decline in the stage 3 coverage ratio (provision for stage 3 loans as a percentage of total stage 3 loans) from 11.4% to 6.6%. Higher house prices also caused a further drop in the average Loan-to-Value of our mortgages from 61% in 2020 to 53%. Retail mortgages in arrears decreased from € 552 million to € 333 million. This is exclusive of customers with whom we have agreed payment arrangements as a result of the Covid-19 crisis.

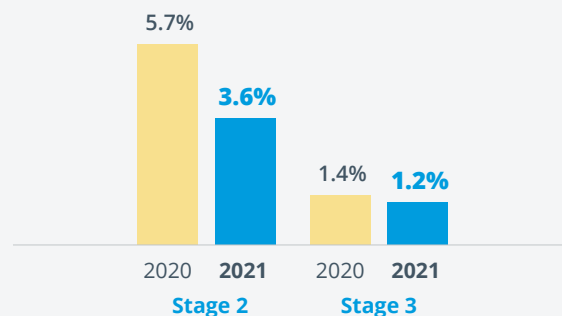
### CREDIT RISK INDICATORS

Total loans and advances to customers	2021	2020
Stage 3 (in € m)	607	678
Stage 3 ratio	1.2%	1.4%
Stage 3 coverage ratio	6.6%	11.4%

### Residential mortgages

Stage 3 (in € m)	531	543
Stage 3 ratio	1.1%	1.2%
Stage 3 coverage ratio	3.2%	6.4%
In arrears	0.7%	1.2%
NHG guaranteed	27%	29%
Weighted average indexed LtV	53%	61%

Stage 2 & stage 3 loans expressed as a % of the total loans and advances



# 4

## Corporate Governance

We want to organise the bank in a structured  
and honest way that fits our vision.

# 74

Social initiatives  
supported by the  
*VoordeBuurt fonds*

[Voordebuurt fonds >](#)





# TOP

RegioBank once again  
most customer-friendly  
bank, SNS and ASN Bank  
in top 5

[Read more >](#)

# 400

workshops  
'Safe Online Banking'  
held by Independent  
Advisers

[Read more >](#)





## 4.1 Looking back and ahead with the Chairman of the Supervisory Board

Like everyone else, de Volksbank felt the impact the Covid-19 pandemic had on its customers and employees. Although the peak of the Covid-19 crisis seems to be behind us, quite some uncertainty still exists. The combination of the Covid-19 pandemic and macroeconomic developments, such as the tight labour market, the low interest rate environment and the surplus of savings, as well as the more sector-related risks of cybercrime and customer integrity, marked a turbulent year full of challenges for de Volksbank.

On 12 February 2021, we made a flying start with the implementation of the new strategy for 2021-2025 with concrete growth priorities for the SNS, ASN Bank, RegioBank and BLG Wonen brands. The new strategy also addresses the challenges the bank faces with its traditional revenue model, the low interest rates and the digital revolution. A number of changes are necessary if we are to reinforce the relationship with our customers even more and create opportunities for a greater social impact.

To give substance to the transformation into a more customer-focused organisation, we have chosen to build an agile organisation and practice an agile way of working. The name of this change programme is 'Klantificeren Graag!' This term describes the fact that, in everything we do, we ask ourselves what value this has for the customer and how this strengthens the customer relationship. The transformation to this structure is an intensive process for the employees

involved and also marks the start of a period of uncertainty. The Works Council expressly advised the Supervisory Board of these concerns in 2021. The Supervisory Board fully endorses the new strategy and was closely involved in the progress made with its implementation throughout the year. The Supervisory Board saw to it that implementation took place within the parameters of responsible risk management and considering the interests of employees and supported the Board of Directors where necessary. The Works Council and the Supervisory Board consult on a regular basis.

The choice for an agile way of working calls for different behaviour and different leadership. Both aspects are obviously discussed at length in the change programme. The members of the Board of Directors and other senior management are also involved in development assessments. These provide further substantiation of appointments in the changed orga-

nisation, but also identify these colleagues' points for development and how the Supervisory Board may facilitate this development. Helping develop people's own talents is one of the Supervisory Board's key objectives for the next few years.

As part of the new strategy de Volksbank will also form a new senior management structure, consisting of an Executive Committee, to add even more focus and balance to the management of the changed organisation with effect from 1 April 2022. The Executive Committee consists of four members under the Articles of Association, i.e. the CEO, CFO, CRO and CCO, and three non-statutory members: the Chief Information Officer (CIO), the Chief Transformation Officer (CTO) and the Chief People & Organisation Officer (CPOO). The recruitment process for the current vacancies for the CFO, CIO, CTO and CPOO positions is an explicit point of focus for the Supervisory Board. All vacancies are expected to be filled in the first half of 2022.

On 6 July 2021, the Minister of Finance presented the progress report prepared by our shareholder NLF to the House of Representatives and essentially outlined a broad picture of possible future scenarios for de Volksbank, in terms of both ownership structure and the corresponding governance. A successful implementation of the new strategy enhances the options for de Volksbank's future and – as a result – for the shareholder. NLF has confirmed in this regard that the new strategy contains the transformations required for a stronger financial position and an even more solid

**On 12 February 2021,  
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ASN Bank, RegioBank and  
BLG Wonen brands**

base for de Volksbank's future. Consequently, the Board of Directors focuses fully on the successful implementation of the new strategy.

The Supervisory Board approved the Operational Plan for 2022-2025 on 30 November. The Supervisory Board challenged the Board of Directors in a positive and critical way to achieve more growth and diversification in income, and increased attention for cost development, the gradual reduction in capital ratios and the long-term target for return on equity. A lot of effort was put into the Deltawerken programme in 2021, too. The programme improves and streamlines financial accounting within the bank and the provision of information to supervisory authorities. Deltawerken went live at the end of 2021; a number of important improvements from the programme will be implemented in 2022.

In 2021, de Volksbank posted robust results on its shared value ambitions for customers, society and employees. Net profit, however, showed a limited decline and return on equity equally dropped. In this respect, the Supervisory Board is critical about the quality of the profit, which is largely underpinned by a release of provisions and higher income from prepayment charges.

Unfortunately, in 2021 de Volksbank was again the subject of more media coverage than is generally considered desirable. The news reports mainly addressed the unrest among the bank's senior management. The results of the independent

external survey into collaboration within senior management were announced in February 2021. The researchers drew firm and clear conclusions and confirmed the previous year's administrative unrest. We are glad that proper collaboration among the members of the Board of Directors and between the Board of Directors and the Supervisory Board has now been restored. The findings presented concerning underlying causes and possibilities for improvement have been followed up where necessary. A partial renewal of the Supervisory Board also contributed to more calm around the company. We are pleased that the new Supervisory Board has found a balance with two members who have been involved with de Volksbank for a longer period of time and three new members boasting a great deal of experience outside the bank. The composition of the Supervisory Board changed as follows over the course of 2021: I myself joined as Chairman on 13 August, and the appointment of Jeanine Helthuis and Petra van Hoeken as new members on 20 September complemented the current composition of the Supervisory Board. History has taught us that a solid foundation contributes to proper management dynamics. Guided by external advice, the Supervisory Board has now implemented a programme aimed at redefining the relationship between the Board of Directors and the Supervisory Board. In line with this and in addition to its regular supervisory duties, in 2022 the Supervisory Board will supervise the development of execution power and leadership within the new agile organisation and of the IT roadmap as cornerstones of the customer bank.

Special thanks are due to Sonja Barendregt-Roojers and Monika Milz for their dedication until the last day of their term of office as members of the Supervisory Board. I would like to express my sincere thanks to my predecessor Jan van Rutte for his careful handover and tremendous efforts until my appointment. Special thanks are also due to John Reichardt for holding the CFO position in the interim from 15 April 2021 until the end of the year.

The Supervisory Board expresses its appreciation of the enormous engagement and commitment shown by employees. They are the ones who put our mission 'Banking with a human touch' and our promise 'Better for each other' in practice every single day.

On behalf of the  
Supervisory Board of  
de Volksbank,

**Gerard van Olphen,**  
Chairman



# FALAFVAL made from vegetable waste

Ayuk Bakia en Scifo Minnaard

“We can put our view of the world into this company”

**Ayuk Bakia and Scifo Minnaard are the two founders and owners of FALAFVAL. Their falafel, made of leftover vegetables, won them the ASN Public Award in 2020. How do these young entrepreneurs view sustainable choices and fair opportunities?**

Scifo: “We share a love of food and we’ve both worked in the hospitality industry. You wouldn’t believe how much food gets thrown away there. So when we started collaborating in 2019, it didn’t take us very long to find out that we wanted to reduce the amount of food that is wasted. But our idea had to be new, different and great. We saw

juice bars everywhere and that got us thinking: what could you do with the vegetable pulp, which is bursting with nutrients? And that’s how FALAFVAL was born. Instead of pulp, we now use multiple residual flows from the Netherlands. The name says it all and is a good starting point for a conversation.

Telling this story is important. It shows that you can have a big impact with a small idea. And that’s exactly what we want to do; we can put much of our view of the world into this company. For example, it’s our ambition to give vulnerable groups a chance. These are people with a distance to the labour

market or people without a fixed address. We want to make the world a bit better in a concrete way.”

Ayuk: “Exactly, and it starts with choices that everyone can make every single day – then sustainability really takes shape. Because so many people have such great ambitions, but they easily overwhelm us and then nothing will materialise. If you’re a company and you want to make a positive contribution to society, you need to reduce the distance. A bank is able to provide microcredit to people who aim to make their neighbourhoods more sustainable. Find other people and start brainstorming about the question ‘what is a more

sustainable alternative to what I’m doing now?’ It should be much smaller and much more accessible.

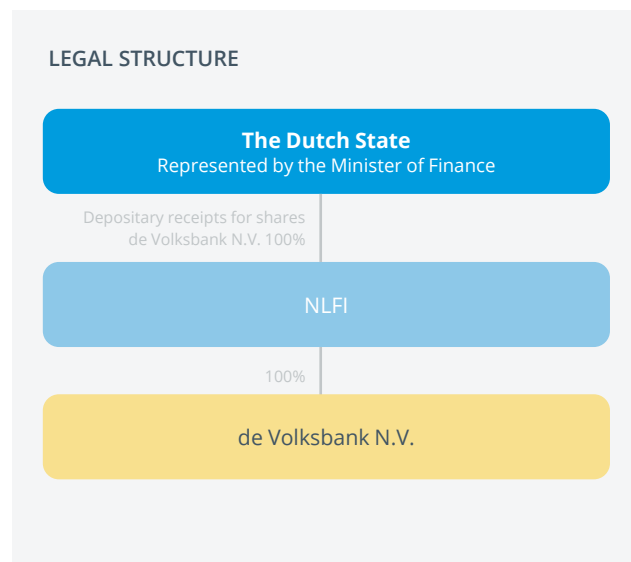
At the same time, we should also have the nerve to tackle the large problems, such as major polluters. If they can continue to do their work undisturbed, our positive impact and that of many, many others will be wiped out. So let’s stop supporting and investing in companies that harm the environment. It’s like telling a naughty child ‘don’t do this anymore!’ while continuing to reward their behaviour.”





## 4.2 Legal structure and shareholder

*Stichting administratiekantoor beheer financiële instellingen* (NL financial investments; NLFI) directly holds 100% of de Volksbank's share capital on behalf of the Dutch State. NLFI was established by the Minister of Finance and its statutory duty is to exercise the shareholder rights on behalf of the Dutch State in a number of financial institutions in a businesslike, non-political manner and to separate the interests in a transparent manner. The overview below is a simplified representation of the legal structure as at 31 December 2021. More information is available in the [2021 Annual Report](#) and on our [website](#).



## 4.3 Governance MT16

De Volksbank has a two-tier system, which means that the bank is managed by a Board of Directors and a Supervisory Board. Although NLFI owns de Volksbank's shares and we are not listed, we voluntarily apply the Dutch Corporate Governance Code and observe the Banking Code introduced by the Dutch Banking Association (*Nederlandse Vereniging van Banken*; NVB) in 2015. More information on how we apply the two codes is available on our [website](#).

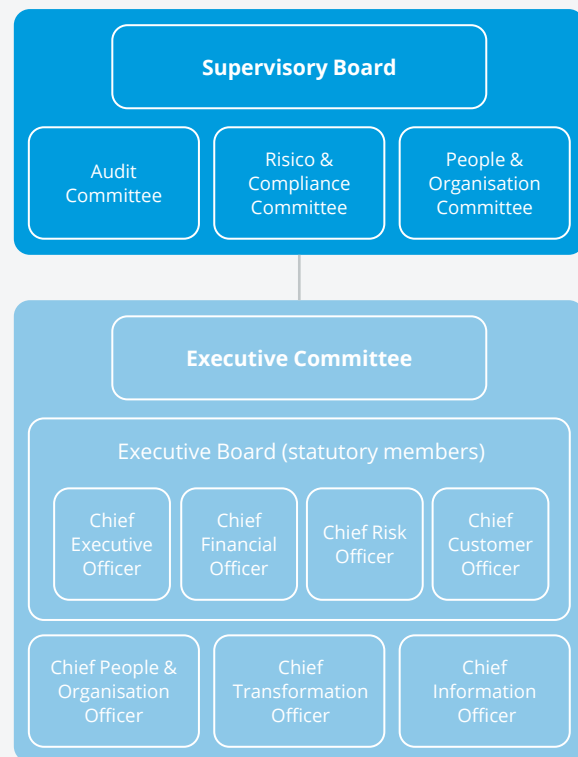


## Changes in the senior management structure

Following on from the new strategic plan 'Better for each other - from promise to Impact' that we introduced on 12 February 2021, de Volksbank will form an Executive Committee (ExCo) to add focus and balance to the management of the changing organisation with effect from the second quarter of 2022. This is necessary for a successful implementation of the strategy adopted. The Supervisory Board will determine the number of members under the Articles of Association and the shareholder will subsequently appoint them. The Executive Board (ExBo) will determine the number of non-statutory members and will subsequently appoint them. In the second quarter of 2022, the position of Chief Operations Officer will be cancelled as a formal position on the Board of Directors.

The overview on the next page is a simplified representation of the top management structure as from the second quarter of 2022.

[To the senior management structure >](#)

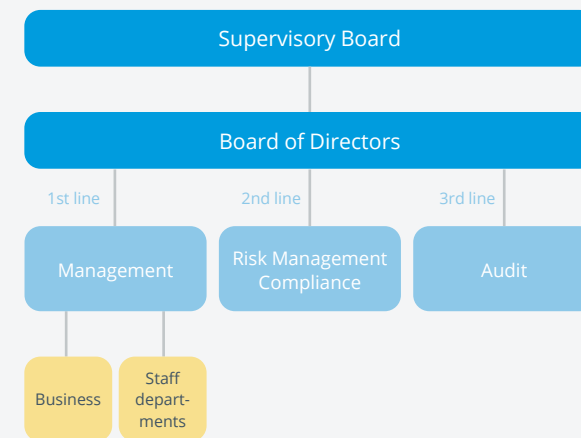
**SENIOR MANAGEMENT STRUCTURE AS FROM THE  
SECOND QUARTER OF 2022****Sustainability governance**

De Volksbank's Board of Directors is responsible for achieving our shared value ambition and for creating value in the long term. Within the Board, the Chief Risk Officer is responsible for sustainability. The Supervisory Board advises the Board of Directors and assesses to what extent our social, strategic objectives have been achieved in practice.

De Volksbank also has a Social Impact Committee (SIC), which enjoys a broad mandate. The SIC is chaired by the Chief Risk Officer and the Vice Chair of ASN Bank's Hub Lead. The SIC develops, implements and monitors our sustainability policy and our policies on good housing, financial resilience and quality of life in communities. The SIC also assesses and advises on sustainability risk and on internal and external reporting on social issues, including this annual review. More information is available in the [2021 ESG Report](#).

**Risk governance**

The Board of Directors bears ultimate responsibility for risk management and acts as the umbrella 'bank risk committee' within the risk management organisation. It is supported by formal risk committees (please refer to the Definitions for a description), with each committee comprising representatives from the first line (management) and the second line who support and monitor the business. The third line, Audit, independently assesses the first and second lines' performance. The Supervisory Board is charged with the supervision of the Board of Directors and receives advice on this from the Audit Committee (AC), the Risk & Compliance Committee (R&CC) and the People & Organisation Committee (P&OC). More information is available in the [2021 Annual Report](#).

**THREE LINES OF DEFENCE****4.4 Board of Directors and Supervisory Board****Appointment of the Board of Directors**

The Supervisory Board draws up a generic profile for the Board of Directors in consultation with the Board of Directors. This profile specifies the required knowledge, suitability, expertise, integrity and availability of the Board and its members. The profile also sets out relevant aspects of diversity, such as nationality, age, gender, education and professional experience. The generic profile for the Board of Directors has been approved by NLFI and is published on our website. NLFI appoints, suspends and dismisses members of the Board of Directors. The Supervisory Board must approve any decision to appoint, suspend or dismiss a member of the Board of Directors in advance.

## Composition of the Board of Directors

### BOARD OF DIRECTORS

As at 31 December 2021	Appointed until
CEO & COO a.i. Martijn Gribnau	GMS <sup>1</sup> 2024
CRO Jeroen Dijst	GMS 2024
CCO Marinka van der Meer	GMS 2022
CFO a.i. John Reichardt	n.a.

1. GMS = General Meeting of Shareholders  
2. CFO a.i. from April – December 2021

Martijn Gribnau held the role of acting CFO up to and including 14 April 2021. From 15 April to 31 December 2021, John Reichardt acted as interim CFO. As from that date, Martijn Gribnau will again assume the role of acting CFO and will continue

to do so until the vacancy is filled. Following the departure of Mirjam Verhoeven, Martijn Gribnau has filled the role of interim COO as from 12 November 2020 and will continue to do so until the second quarter of 2022 when the new ExCo will commence.

Background information on the members of the Board of Directors is included in our 2021 Annual Report.

[2021 Annual Report >](#)

### Proper functioning of the Board of Directors

The Articles of Association of de Volksbank contain a description of the main duties and rules for the proper functioning of the Board of Directors. In addition, additional practical agreements exist on the way in which the Board should exercise its duties and powers. These are set out in both the Regulations for the Board of Directors and the Memorandum of Understanding (MoU) agreed by

NLFI and de Volksbank. New regulations have been drafted for the ExBo/ExCo, Supervisory Board, AC, R&CC and P&OC, which will become effective from the second quarter of 2022. In order to fulfil our mission and ambition, the Board continuously and explicitly weighs up the different interests. In principle, the Board meets every week and takes decisions by a majority of votes.

### Board dynamics

In February 2021, we received the findings ensuing from the independent survey conducted of the dynamics within the Board of Directors and the interaction between the Board of Directors and the Supervisory Board at de Volksbank. Measures were taken in response, including a change in the composition of the Board of Directors and the streamlining of the bank's senior management structure and measures to improve the collaboration between the Supervisory Board and the Board of Directors.



**Martijn Gribnau**  
Chief Executive Officer



**Marinka van der Meer**  
Chief Customer Officer



**Jeroen Dijst**  
Chief Risk Officer



**John Reichardt**  
Chief Financial Officer  
a.i. April - December 2021



## Appointment of the Supervisory Board

The Supervisory Board consists of at least three members who jointly have sufficient expertise to properly perform the duties. The Supervisory Board draws up a generic profile specifying the required knowledge, suitability, expertise, integrity and availability of the Supervisory Board and its members. In addition, the profile sets out the relevant aspects of diversity. De Volksbank's diversity and inclusivity policy also applies to the Supervisory Board. The generic profile for the Supervisory Board is approved by NLFI and published on our website. When a new member is to be appointed, the Supervisory Board will recommend a candidate to the General Meeting with due regard to this profile. The Supervisory Board's generic profile was changed with effect from 1 November 2021.

## Composition of the Supervisory Board

In 2021, the composition of the Supervisory Board changed as follows: on 11 March 2021, Jan van Rutte (Chair at the time) announced that he would cease to perform his duties ahead of schedule, but would remain in office until his successor was appointed. The terms of office of Sonja Barendregt-Roojers and Monika Milz expired on 21 April 2021 in accordance with the rotation schedule; both indicated that they would be available for reappointment. On 13 August 2021 Gerard van Olphen was appointed Chair of the Supervisory Board and Jan van Rutte stepped down. Jeanine Helthuis and Petra van Hoeken were appointed to the Supervisory Board on 20 September 2021.

**Background information on the members of the Supervisory Board is included in our 2021 Annual Report.**

[2021 Annual Report >](#)

### SUPERVISORY BOARD

As at 31 December 2021	Appointed until
Gerard van Olphen (Chairman)	<a href="#">GMS<sup>1</sup> 2025</a>
Jeanine Helthuis	<a href="#">GMS 2025</a>
Petra van Hoeken	<a href="#">GMS 2025</a>
Aloys Kregting	<a href="#">GMS 2022<sup>2</sup></a>
Jos van Lange	<a href="#">GMS 2022<sup>2</sup></a>

1. GMS = General Meeting of Shareholders.

2. Aloys Kregting and Jos van Lange will both step down no later than at the first GMS in 2022.



Gerard van Olphen



Jeanine Helthuis



Aloys Kregting



Petra van Hoeken



Jos van Lange

## Proper functioning of the Supervisory Board

In performing its duties, the Supervisory Board continuously weighs up the interests of all stakeholders to reflect the mission and shared value ambition as much as possible. The Supervisory Board members operate independently, in compliance with the Dutch Corporate Governance Code and in accordance with DNB's position on a Supervisory Board's independent functioning. De Volksbank's Articles of Association describe the main duties and the rules governing the proper functioning of the Supervisory Board. In addition, additional agreements exist on the way in which the Supervisory Board should exercise its duties and powers. These are set out in both the Regulations for the Supervisory Board and the Memorandum of Understanding agreed with NLF. The Supervisory Board meets at least six times a year and takes decisions by a majority of votes.

### Dialogue between the Board of Directors and society

De Volksbank has an Advisory Council that considers our future plans, dilemmas and issues from a social perspective. Its members originate from various organisations in society, whose critical power and advice help us improve our social position even more. The Advisory Council met twice in 2021, discussing with the Board of Directors such matters as the new strategic plan 'Better for each other – from promise to Impact'.

[Read more about our strategy here >](#)

## 4.5 Integrity and ethics MT10

As a bank, we can only be successful if our stakeholders trust us. In everything we do, integrity is key to securing this trust. We have drawn up a code of conduct, which is entitled 'Common Sense, Clear Conscience', which is signed by all employees. To increase awareness in this area, we require our employees to take annual training courses. In 2021 we offered an e-learning under the same name. Twice a year we measure the awareness of this code of conduct among our employees. By the end of 2021, 99.5% were familiar with it. Everyone at de Volksbank is also required to complete a basic course on the Financial Supervision Act. To prevent us or our customers from getting involved in corruption, we take measures that apply to policies including our customer acceptance policy, procurement policy, outsourcing policy and screening policy when recruiting new employees. More information is available in our [2021 Annual Report](#). Several policy papers, including the anti-corruption policy, are also available on our [website](#).

### Principles for Responsible Banking

Banking with a human touch means that we act ethically and in compliance with certain standards and values arising from, for example, external initiatives or guidelines that we have endorsed. A good example here are the Principles for Responsible Banking (PRB), which we signed in 2019. The PRB are an international initiative to increase sustainability of the banking sector by implementing six principles. They include an analysis of our negative and positive impact on

society and the environment, and the formulation of ambitious targets and indicators. In 2021, we again took steps towards implementing these principles. More information is available in the [2021 Principles & Standards Report](#).

In addition to the PRB principles, the implementation of our shared value ambition is also underpinned by international guidelines, such as the ten principles of the UN Global Compact, and we apply the International Labour Organization (ILO) and OECD standards. Our policy on specific topics such as climate, human rights and biodiversity is equally based on international guidelines, research and agreements, such as the Paris Agreement. A complete overview is available on our [website](#) and in the [2021 ESG Report](#).

### Remuneration policy

In the remuneration policy and the actual remuneration, we take account of our four stakeholder groups. De Volksbank employees receive equal remuneration in equal situations. Differences in gender or ethnic background, for example, do not affect remuneration and/or appreciation. We do not apply any remuneration incentives that might give priority to short-term individual interests over long-term collective objectives. This means that we do not pay variable remuneration, as we do not consider this to be in keeping with the social character of our bank.

The Board of Directors also receives a fixed remuneration only. The highest earner earns seven times the median salary within the bank (the policy is no more than ten times as much).

**More information about our remuneration policy is available in the 2021 Annual Report and on our website.**

[To the website >](#)

## Tax policy

Health, safety, education and other public expenditure are paid for from tax revenues, and we are well aware of that. Being a social bank, we gladly pay our share. Naturally, we observe all relevant tax laws and regulations, in which respect we check especially whether we comply with their underlying intentions. This means that we have opted not to aim for the lowest possible tax rate or an artificially reduced tax rate.

Our brands do not provide direct tax advice to customers, nor do we want to facilitate tax-aggressive structures for our customers. That is why de Volksbank does not cooperate in transactions of which tax savings are the main objective. In fact, we check very carefully whether a transaction or position is robust and has sufficient substance.

We accounted for € 56 million in corporation tax on the result for 2021. The effective tax rate was 25.8% (2020: 25.2%). Apart from this income tax, de Volksbank is also subject to a number of other taxes.

More information is available in our [2021 Annual Report](#).

**As a bank, we can only be successful if our stakeholders trust us. In everything we do, integrity is key to securing this trust**

## Ethics Office

Ethical decision-making is an essential part of all our ambitions. We have set up the Ethics Office with the intention of striking the right balance between conflicting ethical values. We do so on the basis of our Algo Vision, a vision document containing our standards and values governing the use of data and artificial intelligence.

Furthermore, the Ethics Office significantly contributes to raising awareness of the ethical risks associated with certain decisions and the use of data and algorithms in particular. The Ethics Office also acts as a facilitator for the Ethical Sounding Board Group, a diverse group of colleagues within de Volksbank who, each from their own perspective, are able to shed light on ethical dilemmas and propose potential mitigating measures.

The Ethics Office's preliminary findings are that, overall, the models developed in-house do not entail major ethical issues. We must mainly be alert to incorrect interpretations if the results are used for purposes other than those envisaged when the model was originally developed. That is why models are only approved within the context of a specifically described use and purpose.

In addition to AI-related issues, the Ethics Office was also consulted when a new product was launched and in respect of the office presence policy in the days of Covid-19.

TAXES PAID				
	2021		2020	
Corporation tax	€ 56m	25.8% <sup>1</sup>	€ 59m	25.2% <sup>1</sup>
Payroll tax/ social security contributions	€ 98m		€ 97m	
Non-recoverable VAT	€ 51m		€ 38m	
Bank tax	€ 0		€ 0	

1. The percentage stated is the effective tax rate. The nominal corporation tax rate was 25% for 2020 and 2021.



## Compliance with laws and regulations MT7

Ethical conduct and integrity call for strict compliance with laws and regulations. As these laws and regulations are continuously changing, we, as a bank, need to anticipate them. In 2021, we saw an increase in supervision, customer protection and sustainability laws and regulations, for example. Substantial efforts, which are essential to our operations, need to be made for permanent compliance with these obligations.

We see a particularly rapid development in sustainability legislation. As part of the EU-wide 'Green Deal', the European Commission has drawn up an 'Action Plan: Financing Sustainable Growth', which lists many changes in the area of sustainability. One of the developments is the EU Taxonomy, which we address for the first time in our [2021 Annual Report](#).

## Developments in 2021

Within the scope of the strategic programme entitled *Deltawerken*, we are putting a lot of effort in a robust new data processing infrastructure. We used this new data warehouse for the first time in the preparation of the financial reports as at 31 December. The realisation of the new infrastructure is an important step in being demonstrably in control in the field of data management and reporting of (financial) data. This new data warehouse, however, still needs supervisory review, so adjustments may be necessary. Our [2021 Annual Report](#) includes more details on the most important developments in laws and regulations, including developments related to capital and liquidity positions, the implementation of Basel IV and customer protection.



# 5

## Appendices

The core of our reporting approach is based on the pillars of transparency, relevance, reliability, accuracy and comparability. Being a social bank, de Volksbank attaches great value to transparency. Therefore, we not only report on our successes, but also address our dilemmas, improvement opportunities and negative impact.



# 2,000

written-off  
laptops of  
de Volksbank  
will be given a second  
life thanks to *ICT  
Vanaf Morgen*

[ICT Vanaf Morgen >](#)



5

young people at a distance  
to the labour market have  
a meaningful job through  
a partnership with  
*ICT Vanaf Morgen*



de Volksbank provides  
equal pay for men and  
women

European Equal Pay Day >

21/05

joined the  
Agora Network

Agora Network >



## 5.1 Our approach to reporting

The core of our reporting approach is based on the pillars of transparency, relevance, reliability, accuracy and comparability. Therefore, we not only report on our successes, but also address our dilemmas, improvement opportunities and negative impact. Nevertheless, we are somewhat limited in our openness as we cannot share any privacy-sensitive and confidential information. In order to deliver a relevant report that addresses the most important topics, we use the materiality assessment. For more information, see our [2021 ESG Report](#).

Our reporting is structured as follows:

- This Integrated Annual Review (IAR) is about de Volksbank N.V. and all its business units and brands; we consistently refer to them as 'de Volksbank'. Our reports are prepared in accordance with the 'core & more' approach. This 'core' report includes a concise yet comprehensive picture of our business model, strategic choices and performance, and the external context in which we operate. Please refer to our [website](#) for the additional 'more' reports.
- This report has been prepared in accordance with the GRI standards: Core option. For the GRI Content Index 2021, see the 2021 Principles & Standards Report on our [website](#).
- We report on calendar year 2021, which runs from 1 January up to and including 31 December 2021. This IAR was published on 10 March 2022 and is available on our [website](#).

- The contents of this IAR originate from internal and external sources. In the case of external sources, we have added a reference to the source.

This IAR has been compiled by a multidisciplinary team. The Social Impact Committee assessed the contents and progress. The Board of Directors and Supervisory Board of de Volksbank ultimately approved this IAR.

We attach great value to producing a reliable and accurate report. On that account we asked for a limited assurance on this IAR. EY, our independent auditor, has provided external assurance on this report. See [section 5.3](#) for their assurance report.

## Disclaimer

Forward-looking statements reflect our convictions, plans and expectations at the time of publication. Words such as 'ambition', 'plans', 'intention' and 'expectation' are intended to clearly indicate such statements in our report. Information about the future is based on goals and informed estimates. Nevertheless, new insights and external factors may negate this information or lead to materially different outcomes. We do not intend to publicly update this information during the year. However, we may change and/or delete this forward-looking information in future publications, such as the interim results. In case of any disparities between versions of this report, the Dutch version shall prevail.

We highly value your opinion on this report and our business operations. We therefore invite you to ask questions, provide feedback and share tips. If you have any suggestions or comments, please let us know via [verantwoord.ondernemen@devolksbank.nl](mailto:verantwoord.ondernemen@devolksbank.nl).

## Definitions

KPI	Definition
Active multi-customers	An active multi-customer is a customer with a current account and at least one product from another product group. Both retail and corporate customers can be considered an active multi-customer. An active current account is a current account on which the customer initiated at least ten transactions for three months in a row. For customers under the age of 18 five transactions for three months in a row is sufficient.
Climate-neutral balance sheet	Our balance sheet is climate neutral when we avoid, reduce or eliminate as much CO <sub>2</sub> -emissions as we emit. From 2021 onwards, our climate-neutral balance sheet is calculated using the PCAF methodology. More information about the PCAF methodology is available in the <a href="#">2021 ESG Report</a> .
Net Promoter Score (NPS)	The customer-weighted NPS involves the retail customer expressing a satisfaction rating (in terms of probability of recommendation), the higher the score, the more satisfied the customer is. De Volksbank measures the customer-weighted NPS for all its brands (SNS, ASN Bank, RegioBank and BLG Wonen) on a quarterly basis. The calculation for the weighted average NPS for de Volksbank only considers the total number of retail customers per brand; corporate customers are excluded. The weighted average is based on the number of customers at the end of the middle month of the quarter.
Genuine attention	The extent to which employees feel they are given genuine attention, based on five themes (mission & strategy, trust, open & people oriented, facilitating leadership and professionalism & personal growth). The KPI genuine attention is measured twice a year as part of the employee survey, which is conducted by a third party among all of de Volksbank's employees.

Read the [2021 ESG Report](#) for a more detailed description of the definitions, the methodology, the limitations and certain choices we made in relation to the measurement methods for our strategic KPIs.

## 5.2 Consolidated financial statements

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Before result appropriation and in € millions	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	10,296	4,672
Derivatives	591	864
Investments	5,638	5,113
Loans and advances to banks	4,527	5,990
Loans and advances to customers	50,727	50,542
Tangible and intangible assets	93	110
Tax assets	39	42
Other assets	170	151
<b>Total assets</b>	<b>72,081</b>	<b>67,484</b>
<b>EQUITY AND LIABILITIES</b>		
Savings	45,646	42,111
Other amounts due to customers	12,482	11,541
<b>Amounts due to customers</b>	<b>58,128</b>	<b>53,652</b>
Amounts due to banks	1,059	945
Debt certificates	7,402	6,119
Derivatives	1,013	2,163
Tax liabilities	9	17
Other liabilities	382	558
Provisions	102	80
Subordinated debts	500	500
<b>Total other liabilities</b>	<b>10,467</b>	<b>10,382</b>
Share capital	381	381
Other reserves	2,943	2,895
Net profit for the period	162	174
<b>Shareholders' equity</b>	<b>3,486</b>	<b>3,450</b>
<b>Total equity and liabilities</b>	<b>72,081</b>	<b>67,484</b>

### CONSOLIDATED INCOME STATEMENT

in € millions	2021	2020
<b>INCOME</b>		
Interest income	1,043	1,148
Interest expense	268	298
<b>Net interest income</b>	<b>775</b>	<b>850</b>
Fee and commission income	137	121
Fee and commission expenses	98	75
<b>Net fee and commission income</b>	<b>39</b>	<b>46</b>
Investment income	3	17
Other result on financial instruments	10	9
Other operating income	-	1
<b>Total income</b>	<b>827</b>	<b>923</b>
<b>EXPENSES</b>		
Staff costs	414	427
Depreciation and amortisation of tangible and intangible assets	20	29
Other operating expenses	233	196
<b>Total operating expenses</b>	<b>667</b>	<b>652</b>
Impairment charges of financial assets	-58	38
<b>Total expenses</b>	<b>609</b>	<b>690</b>
<b>Result before taxation</b>	<b>218</b>	<b>233</b>
Taxation	56	59
<b>Net result for the period</b>	<b>162</b>	<b>174</b>



# The impact of change

Greg Kromosoeto

## Fast and agile: “We will sprint for our customers”

**In 2025, we want to be the bank with the strongest customer relationship in the Netherlands and large proven social impact. Last year, we redesigned our entire organisation, introducing a single, uniform and agile way of working tailor-made for de Volksbank that will enhance our ability to take the lead. Greg Kromosoeto, Customer Hub Lead, explains what this means.**

“Agile means ‘moving quickly and easily’. This dynamic way of working and thinking substantially improves our orientation on results while fully focusing on our customers. The responsibility to provide products

and services or to structure processes is no longer spread across all sorts of different departments. Instead, it’s placed with independent, multidisciplinary teams. Together, they’re the beating heart of the bank.

How this will affect customers? Customers will notice that we’re able to accelerate and innovate more easily and that we’re more productive, for example because the teams work with sprints – short development periods in collaboration with customers and other parties. This is how we’ll learn continuously, and from one another, too. The results will be reflected in our services. A new feature for mobile

banking? A change to the terms and conditions of insurance? Their implementation will be faster and better. In everything we do and develop we also ask ourselves: ‘How does this add value for customers?’ and ‘How will it strengthen the customer relationship?’ We’ve even created a new verb for this: ‘clintify’.

Customers will also notice that we’re there at times when we can truly help them. The current digital possibilities increase our ability to identify customers’ needs based on their behaviour, which, in turn, helps us reach out to them. This allows us to offer products a person truly needs.

In the near future, customers will be able to arrange even more of their affairs themselves. At the same time, they can still easily contact us both online and offline. The integration of digital and physical channels will make the customer experience even more personal.

In the next two to three years, we’ll carefully introduce, develop and improve agile working step by step. This will put great demands on our organisation and on all colleagues, because the door will obviously remain open for all. And that’s how it should be: you must have the will to work on a strong relationship with customers.”

## 5.3 Assurance report of the independent auditor

To: the shareholder and Supervisory Board of de Volksbank N.V.

### Our conclusion

We have reviewed the accompanying Integrated Annual Review for the year 2021 of de Volksbank N.V. at Utrecht. A review is aimed at obtaining a limited level of assurance.

Based on our review nothing has come to our attention that causes us to believe that the Integrated Annual Review does not present, in all material respects, a reliable and adequate view of:

- The policy and business operations with regard to corporate social responsibility
- The thereto related events and achievements for the year 2021

in accordance with the reporting criteria as included in the section Reporting criteria of our report.

### Basis for our conclusion

We have conducted our review of the Integrated Annual Review in accordance with Dutch law, including Dutch Standard 3810N, “Assurance-opdrachten inzake maatschappelijke verslagen” (Assurance engagements relating to sustainability reports), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000, “Assurance Engagements other than Audits or Reviews of Historical Financial Information”. Our responsibilities under this standard are further described in the section Our

responsibilities for the review of the Integrated Annual Review of our report.

We are independent of de Volksbank N.V. in accordance with the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten” (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. 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 Integrated Annual Review 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 Integrated Annual Review are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as disclosed in:

- Chapter 5.1 ‘Our approach to reporting’ of the Integrated Annual Review
- Chapter 5.2 ‘Data, KPIs & definitions’ of the Environmental, Social and Governance Report 2021 as published on the website of de Volksbank N.V. (hereafter: ‘the ESG Report 2021’)

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

### Limitations to the scope of our review

The Integrated Annual Review 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 Integrated Annual Review.

In section 'Sustainability policy: 3 pillars' of the chapter '3.2 Social impact' the results of the Climate-neutral Balance sheet are presented. For the Climate-neutral Balance sheet calculations are mostly based on external sources. These external sources are disclosed in chapter 5.2 'Data, KPIs & definitions' of the ESG Report 2021, which details the methodology used for the Climate-neutral Balance sheet based on The Global GHG Accounting and Reporting Standard for the Financial Industry of the Partnership for Carbon Accounting Financials (PCAF) (hereafter: 'the methodology of the Climate-neutral Balance sheet'). We have not performed procedures on the content of these external sources, other than evaluating the suitability and plausibility of these external sources used.

The references to external sources or websites in the Integrated Annual Review are not part of the Integrated Annual Review as reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

### **Responsibilities of the Board of Directors and the Supervisory Board for the Integrated Annual Review**

The Board of Directors is responsible for the preparation of a reliable and adequate Integrated Annual Review in accordance with the reporting criteria as included in the section Reporting criteria,

including the identification of stakeholders and the definition of material matters. The choices made by the Board of Directors regarding the scope of the Integrated Annual Review and the reporting policy are summarized in chapter 5.1 'Our approach to reporting' of the Integrated Annual Review.

Furthermore, the Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the Integrated Annual Review 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 review of the Integrated Annual Review**

Our responsibility is to plan and perform the review 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 review is therefore substantially less than the assurance obtained in an audit.

We apply the "Nadere voorschriften kwaliteits-systemen" (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 review performed by a multi-disciplinary team, in accordance with the Dutch assurance standards, ethical requirements and independence requirements.

Our review included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the Integrated Annual Review. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Board of Directors
- Obtaining an understanding of the reporting processes for the Integrated Annual Review, including obtaining a general understanding of internal control relevant to our review
- Identifying areas of the Integrated Annual Review 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 Integrated Annual Review responsive to this risk analysis. These further review procedures consisted amongst others of:

- Interviewing management and relevant staff at brand level responsible for the sustainability 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 Integrated Annual Review;
- Obtaining assurance information that the Integrated Annual Review reconciles with underlying records of the company
- Evaluating whether the estimates made in the Climate-neutral balance sheet are reasonable, including the assumptions on which the estimates were based, which are included in the methodology of the Climate-neutral balance sheet
- Evaluating the suitability and plausibility of the external sources used in the calculations on which the Climate-neutral balance sheet is based, which are included in the methodology of the Climate-neutral balance sheet.
- 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 statements, or with information underlying the financial statements in case the reconciliation cannot be made directly

- Evaluating the overall presentation, structure and content of the Integrated Annual Review
- Considering whether the Integrated Annual Review 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 review and significant findings that we identify during our review.

Amsterdam, 9 March 2022

**Ernst & Young Accountants LLP**

**Signed by R.J. Bleijs**

## 5.4 Abbreviations

AC	Audit Committee of de Volksbank's Supervisory Board
AI	Artificial Intelligence
CCO	Chief Customer Officer
CDP	Climate Disclosure Project
CEO	Chief Executive Officer
CES	Customer Effort Score
CFO	Chief Financial Officer
CIO	Chief Information Officer
COO	Chief Operations Officer
CP&OO	Chief People & Organisation Officer
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CRS	Customer Relationship Score
CTO	Chief Transformation Officer
CUSU	Cost efficiency, Usefulness, Security and Comprehensibility
DNB	Dutch Central Bank
ECB	European Central Bank
ESG	Environmental, Social & Governance
EU	European Union
ExBo	Executive Board
ExCo	Executive Committee

GDPR	General Data Protection Regulation
GMS	General Meeting of Shareholders
GRI	Global Reporting Initiative
HOP	House of Policies
ILO	International Labour Organization
IT	Information Technology
KPI	Key Performance Indicator
MoU	Memorandum of Understanding
NGO	Non-Governmental Organisation
NLFI	NL Financial Investments
NPS	Net Promoter Score
NSR	Dutch Debt Relief Route
NVB	Dutch Banking Association
OECD	Organisation for Economic Co-operation and Development
PARP	Product Approval and Review Process
PBAF	Partnership for Biodiversity Accounting Financials
PBL	Netherlands Environmental Assessment Agency
PCAF	Partnership Carbon Accounting Financials
PLWF	Platform Living Wage Financials
P&OC	People and Organisation Committee of de Volksbank's Supervisory Board
PRB	Principles for Responsible Banking

R&CC	Risk and Compliance Committee of de Volksbank's Supervisory Board
RWA	Risk-Weighted Assets
SDG	Sustainable Development Goal
SEC	Sustainability Expertise Centre
SFDR	Sustainable Finance Disclosure Regulation
SIC	Social Impact Committee
SME	Small and Medium-sized Enterprises
TCFD	Task Force on Climate-related Financial Disclosures
UN	United Nations
Wft	Financial Supervision Act
Wwft	Money Laundering and Terrorist Financing (Prevention) Act

## 5.5 Definitions material topics

Material topic	Definition
Fair, transparent and sustainable products	We are constantly working on understandable and transparent products and services where the customer's interests are central. We strive for products and services that cause as little harm as possible to nature and the environment.
Customer relationship and service	We strive to help customers in the best possible way, not only with questions or complaints, but also by providing them with proactive solutions.
Data privacy and safety	We strive for optimal surveillance of customer data to ensure maximum privacy and security.
Responsible investment and financing	We incorporate sustainability into all our financing and investments in order to make a positive impact.
Responsible financial results	We are committed to being a financially healthy bank, with a solid return and a strong capital position.
Climate impact	We want to make a positive contribution to the climate. As a bank, we have a significant (indirect) impact on the climate, which we measure by means of our climate-neutral balance sheet.
Compliance with laws and regulations	We adhere strictly to laws and regulations. These days, especially in the financial services sector, social standards are an important part of the interpretation of laws and regulations and unwritten rules.
Social engagement, cooperation and entrepreneurship	We strive for close social cooperation with a broad group of stakeholders and include their input where possible. We do this by being involved at a regional, national and international level. For example, we support entrepreneurship, accessibility of the housing market and quality of life in communities.
Countering cyber and financial crime	We are committed to combating cyber crime and financial crime, such as phishing, fraud and money laundering.
Integrity and ethics	We value honest and ethical business practices, in an open culture. We do this partly through our responsible remuneration and taxation policies.
Genuine attention for our employees	We find it important that our employees are committed and engaged. We want them to feel at home within our organisation and to be motivated by our mission. We encourage our employees to invest in their personal development.
Responsible risk management	We choose activities with a low risk profile and avoid aggressive risk-return strategies.
Social impact	Focusing on the growth of every individual, we are committed to financial health and inclusion, for younger and older age groups, for now and in the future.
Digitalisation and innovation	We want to use digitalisation and innovation to continuously improve products and services and make them more sustainable.
Human rights	We make a strong case for human rights, with a special focus on a living wage for all.
Corporate governance	We want to organise the bank in a structured and honest way that fits our vision.
Diversity and inclusion	We believe it is important that everyone matters and is able to be themselves, both inside and outside of de Volksbank.
Biodiversity and natural resources	We want to make a positive contribution to biodiversity. In addition, we conduct a strict commodity policy that fits our vision and our customers. This goes for the impact of our business operations and our customers.



## Publication details

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