de volksbank

Pillar 3 Report 2024

Table of contents

Pillar 3-report

1. Introduction

1.1 Introduction to Pillar 3

De Volksbank's Pillar 3 report deals with capital adequacy and risk management and has been approved by the management body. It contains the bank's main financial ratios and provides insight into aspects such as our capital position, the size and composition of capital and how the capital is related to risks, as expressed in risk-weighted assets. These ratios can also be found in the Annual Report 2024.

The Pillar 3 report allows us to be transparent and comply with the reporting requirements from the European Capital Requirements Regulation (CRR). It provides information on all the topics mentioned in the Regulation to the extent that they apply to de Volksbank.

The Pillar 3 report is published separately to de Volksbank's Annual Report 2024, which also contains a detailed explanation of capital and risk management. The information included in the Annual Report and the information in this report are consistent and partially overlap.

To make this report more readable, rows and columns in the tables have been omitted where they are not populated because de Volksbank does not have any exposure related to these rows or columns respectively. In these cases the numbering of rows or columns has not been altered. The tables are simultaneously presented in an Excel file in their entirety on our website www.devolksbank.nl.

The Pillar 3 report has been prepared in millions of euros (€) unless stated otherwise. The euro is the functional and reporting currency of de Volksbank. Small differences to figures in the (Interim) Financial Reports may occur due to rounding. Numbers presented throughout this document may not precisely add up to the totals due to rounding in some cases.

Where disclosures have been enhanced, we do not restate prior year comparatives, unless stated otherwise.

The mandatory Pillar 3 information of de Volksbank is disclosed every six months, which is the regular disclosure scheme of de Volksbank. These disclosures also include the mandatory quarterly tables.

If it is deemed necessary, interim updates on key issues are provided in de Volksbank's press releases or on its website.

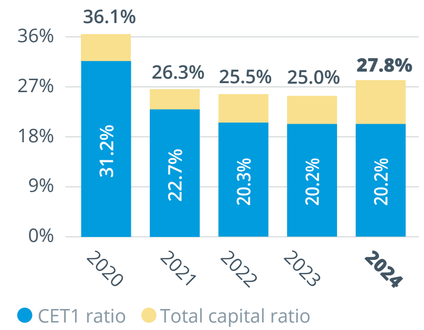
The Pillar 3 disclosures have been subject to de Volksbank's internal controls and validation mechanisms, to provide assurance over the information disclosed in this report as well as with regards to compliance with laws and regulations.
The information in the Pillar 3 report has not been audited or reviewed by de Volksbank's external auditor.

1.2 Key figures and Management statement

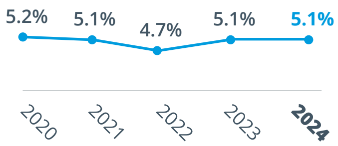
Capital risk

Our capital position continued to be strong. The CET1 capital ratio remained unchanged at 20.2%, as an increase in CET1 capital was offset by higher risk-weighted assets. The leverage ratio remained unchanged at 5.1% as the increase in CET1 capital was offset by a higher balance sheet total.

Total capital ratio



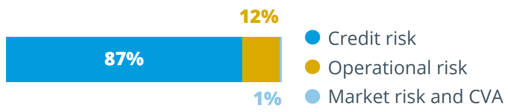
Leverage ratio



Common Equity Tier 1 ratio year-end 2024

20.2%

Risk-weighted assets



Liquidity risk

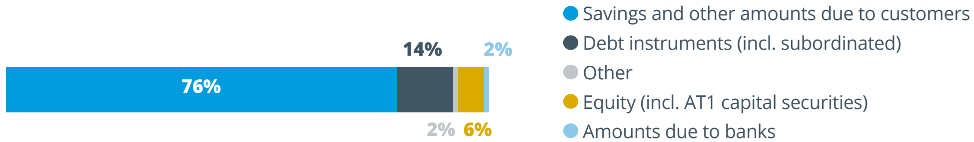
The bank has a strong liquidity position to continuously meet its financial obligations. Savings are our main source of funding. In 2024, the liquidity position remained well above de Volksbank's minimum target and regulatory minimum requirements. We consider the size and composition of our liquidity position sufficiently robust.

Liquidity position year-end 2024 € 13.4 BILLION

Green notes issuance in 2024 € 1.0 BILLION

Long-term senior unsecured credit rating A/A2

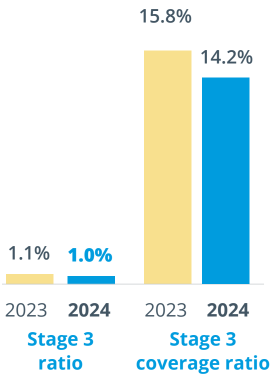
Funding mix



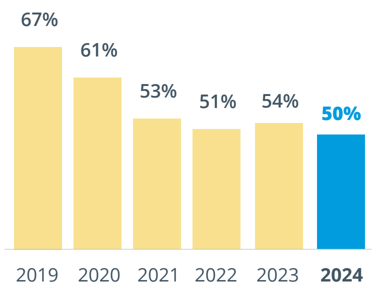
Credit risk

In 2024, the credit quality of the total loans and advances to customers remained virtually unchanged. Loans and advances in arrears as a percentage of total loans was 0.6%, lower compared to year-end 2023 and the stage 3 ratio decreased slightly to 1.0%. The stage 2 ratio for residential mortgages did go up, mainly reflecting the transfer of a specific group of interest-only mortgages from stage 1 to stage 2. The amounts of incurred losses due to write-offs remained low in all portfolios. The provision for credit losses decreased, mostly due a decrease in the modelled provision as a result of increased house prices and an improved macroeconomic outlook.

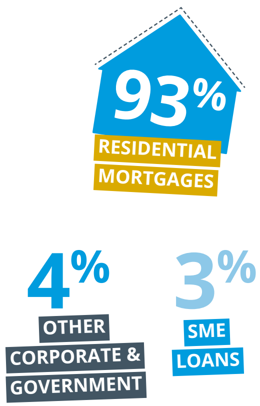
Total loans and advances to customers in stage 3



Average Loan-to-Value of residential mortgages



Loans and advances to customers[1]



[1] Consumer loans are less than 1% of total loans and advances to customers

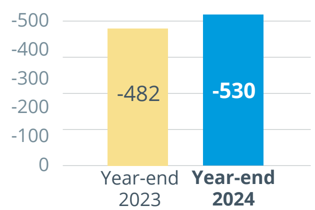
Market risk

The interest rate risk position expressed in the sensitivity of NII and Basis Point Value remained limited during 2024. No active position towards short- or long-term rates based on our interest rate outlook was taken.

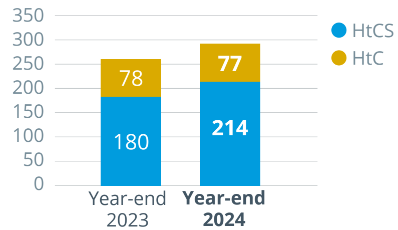
Volume of net interest income at risk year-end 2024

€ 54 MILLION

Basis point value (in € 1,000)



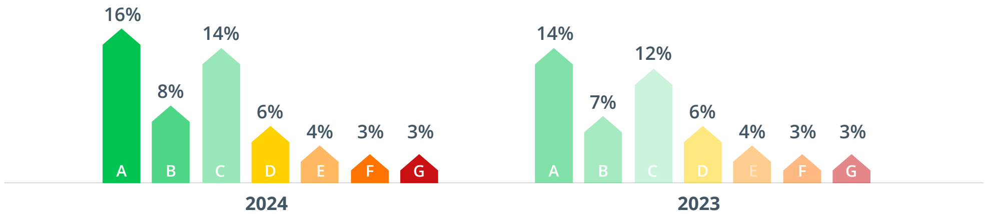
Credit spread risk (in € millions)



Sustainability risk

Our goal is to make a positive impact on society and the environment. But we also consider the possible financial and reputational impact that sustainability can have on the bank.

Distribution of definitive energy efficiency rating of residential mortgage portfolio



* In 2024 46% of our residential mortgage portfolio did not have a definitive energy efficiency rating compared to 51% in 2023.

RISK MANAGEMENT
De Volksbank is a retail bank with sustainable business operations that provides services to private individuals, self-employed persons and small businesses in the Netherlands. We engage in activities that create benefits for customers, take responsibility for society, provide meaning for employees and achieve stable returns for the shareholder over a long-term horizon.

Our risk management processes have been designed to recognise developments that might impede that ambition and identifies initiatives that fit in with de Volksbank's objectives. This results in the following overall Risk Appetite Statement (RAS) for de Volksbank, which we reconfirmed for 2024:

The overall risk appetite statement supports our strategy to be a bank with the strongest customer relationship in the Netherlands and to have a substantial and measurable positive impact on society. To reduce the concentration risk that is inherent to our current business model, well-diversified sources of revenue are an important objective of our strategy.

We have a moderate risk appetite with respect to financial risks, implying a limited degree of net risk with a sufficient risk premium. We aim to minimise non-financial risks at reasonable costs, while respecting regulatory requirements.

TOP RISKS
De Volksbank undertakes regulated and supervised activities that may be impacted by both external and internal developments, which, along with the associated risks, may impede the achievement of our strategic objectives. Accordingly, de Volksbank conducts an annual Strategic Risk Assessment (SRA) to proactively identify and assess the top risks related to its strategy. Please refer to section 3.1 Institution risk management approach in this report for further details.

STRATEGIC RISKS
De Volksbank distinguishes three strategic risks, i.e. business risk, reputational risk and sustainability risk.

We have established these strategic risk categories because the risks differ in nature. All these risks have a material impact on the viability of our strategy. They potentially threaten the bank’s ability to add long-term value if we fail to adequately identify, and respond to, internal and external changes and events. An exception to this is reputational risk which always materialises through events caused by other risk types. In order to manage this dynamic interaction in an appropriate manner, reputational risk is classified and managed as a separate risk type.

In general, we established indicators for all types of risk, ensuring that the development of risks is continuously monitored, and adjustments are made when necessary.

SUSTAINABILITY RISK
Sustainability risk is one of de Volksbank's strategic risks and is incorporated in the bank's risk taxonomy as a stand-alone risk type with the aim of developing a holistic approach to the incorporation of ESG risk drivers into its overall business strategy, governance, risk management framework, organisational structure and reporting.

We define sustainability risk as the risk arising from Environmental, Social or Governance-related (ESG) factors over the short, medium or long term that may have an (in)direct financial or reputational impact on de Volksbank - either directly or by acting as a driver for other risk types - as well as the risk arising from the value chain of de Volksbank that may have an (in)direct negative impact on the environment or society.

We divide sustainability risk into three sub-risk types: environmental risk, social risk and governance risk.

De Volksbank's Risk Appetite Statement (RAS) supports its strategy to be the bank with the strongest customer relationship in the Netherlands and to have a substantial and measurable positive impact on society. As such, we aim to minimise (the financing of) activities that lead to negative impacts on society or the environment and limit (the financing of) activities that may negatively affect our financial results as a consequence of ESG events or climate-related hazards. Therefore, de Volksbank has a low appetite for sustainability risk. Our business model and strategy are the main factors determining our sustainability risk profile. Being a retail bank with a high concentration of residential mortgage loans in the Netherlands, our exposure to transition risk largely depends on the transition to a more sustainable housing sector. We actively encourage and facilitate our customers in reducing their energy costs by making their home more sustainable.

De Volksbank has exposures in sectors that significantly contribute to climate change, mostly in the electricity, gas and steam sector. However, we assess our exposure to transition risk in these sectors to be low, as our project finance portfolio solely consists of renewable energy companies within that sector and does not include any customers in the (fossil) gas sector. To assess which exposures within our mortgage portfolio are sensitive to climate change events, we consulted the data from the Dutch Climate Impact Atlas (Klimaateffectatlas), an initiative of the Dutch government. The categorisation of all maps is available at the level of the collateral's coordinates. We mapped the coordinates of the underlying collateral in our database to the categorisation of the maps in the atlas, irrespective regardless of the (loan) portfolio.

OPERATIONAL RISKS
Operational risk is the risk of direct or indirect losses from inadequate or failed internal processes and (IT) systems, human failures and errors or external events, which may result in a weaker financial position and/or in reputational damage. This may have a substantial impact and therefore, we measure the results of process and system controls to further improve them. Besides being exposed to financial risks,

de Volksbank is exposed to operational risks, caused by internal and external factors and developments.

The ExCo is ultimately responsible for managing and controlling operational risks. To that end, de Volksbank has a Risk Control Framework in place to closely monitor status and solution for events and incidents. De Volksbank distinguishes three main categories for non-financial risks: operational risk, compliance risk and model risk. Operational risk and compliance risk are further subdivided into various subrisk types.

The Non-Financial Risk Committee (NFRC) reviews and assesses the status and progress of most of the risk types on a monthly basis. For some risk types, there is a dedicated risk committee is in place, e.g. the Model Governance Committee (MGC), please also refer to section 'Risk governance' of Annual Report 2024. Overall, our operational risk score was outside our risk appetite in 2024 (please also refer to section 'Risk appetite and risk indicators' of Annual Report 2024). We are executing dedicated 'Path to Green' programmes for relevant operational risk types to get back within our risk appetite.

CREDIT RISK

To manage its credit risk, de Volksbank clusters its loans in portfolios. We have a high concentration of residential mortgage loans in the Netherlands. Other loan portfolios on our balance sheet are much smaller in size. We have developed a policy framework to actively monitor, and thus prevent, any undesirable concentration risks within our portfolio clusters.

As part of credit risk management, we internally assess and monitor the credit standing of our customers i.e. borrowers or counterparties. In this process we estimate the probability of our customers being unable to meet their contractual payment obligations arising from the loan agreement, as such inability could result in a potential financial loss for the bank.

MARKET RISK

Market risk in the banking book mainly comprises market interest rate risk, i.e. the risk that the bank’s future interest income deteriorates when market rates change. This risk is part and parcel of a bank that provides mortgage and savings products. In addition, market liquid instruments with direct or indirect reference to market prices may be affected by credit spread risk. Other risks that may be qualified as market risk are very limited for de Volksbank. With equity holdings in other companies totalling € 16 million (2023: € 14 million), the equity (price) risk is small. Moreover, the Banking Book does not contain any exposure to commodities.

Interest rate risk management aims to protect and generate stable net interest income. We achieve this goal by optimising the value of our interest cash flows.

LIQUIDITY MANAGEMENT AND FUNDING STRATEGY

De Volksbank has a strong liquidity position, enabling the bank to meet its financial obligations at all times. We manage our liquidity position such that we are able to absorb the consequences of bank-specific and market-wide stress factors, such as stress in the money and/or capital markets. To fund our liquidity needs, we seek to diversify our funding sources in accordance with our funding strategy.

De Volksbank centrally manages its liquidity position, cash flows and liquidity risks. The risk management cycle, defined in Section Risk management structure that we use to manage liquidity risk, constitutes the Internal Liquidity Adequacy Assessment Process (ILAAP). This process is performed to monitor de Volksbank's liquidity profile on a continuous basis and to ensure the timely awareness of developments that may require action.

CAPITAL MANAGEMENT

The primary objective of capital management is to ensure that the amount of de Volksbank’s available capital is sufficient to support our corporate strategy. Our capital targets are determined on the basis of the bank’s strategy, risk appetite and exposures, now and in the future. Considering our ambition to optimise shared value, we take into account the supervisory authorities' requirements, rating agencies' expectations and customers' and investors' interests, while aiming to deliver an adequate return for the shareholder. We also are required to meet our internal targets that are in line with our strategy to be a stable bank with a moderate risk profile.

There are no intragroup transactions and/or transactions with related parties that have a material impact on the risk profile of the consolidated group.

PILLAR 3 PROCESS AND MANAGEMENT STATEMENT

The Pillar 3 disclosures are predominantly based on information used in prudential, financial and management reporting. The data is obtained from several departments and aggregated within the Risk and Finance divisions in conjunction with information used in the management or annual reports. In addition, the Risk and Finance divisions check whether the information complies with the requirements noted in the CRR/CRD. The information has been presented to and approved by the Executive Board and the (respective committees of the) Supervisory Board. Together they form the Management Body of de Volksbank. The Executive Board (‘ExBo’) is de Volksbank’s statutory managing board within the meaning of section 2:129 Dutch Civil Code and is entrusted with the management of de Volksbank. The Management Body thereby verifies that the Pillar 3 report conveys the risk profile of de Volksbank comprehensively to market participants. In addition, the Executive Board verifies that these Pillar 3 disclosures are made in accordance with the formal policies, and internal processes, systems and controls.

The Executive Board of de Volksbank is responsible for the set-up, presence and operation of the (risk) management and control system. This system is designed to manage risks, to ensure that de Volksbank is not prevented from achieving its strategic operational and financial objectives, that reporting on financial and non-financial performance indicators is reliable and that laws and regulations are complied with. The Management Body of de Volksbank N.V. confirms that the risk management systems of de Volksbank are adequate with regard to the risk profile and business strategy of all of the identified and above mentioned risks.

Utrecht,

March 14, 2025

EXECUTIVE BOARD
Roland Boekhout (Chief Executive Officer and Chairman)
André Haag (Chief Financial Officer)
Saskia Hoskens (Chief Risk Officer)
Isold Heemstra (Chief Customer Officer)
Gwendolyn van Tunen (Chief Financial Crime Officer)

For further in-depth information see chapter 3 Risk management objectives and policies.

1.3 Scope of application

BASIS OF DISCLOSURE

De Volksbank prepares the Pillar 3 disclosures in accordance with the Capital Requirements Regulations 2013/575/EU (CRR), the Capital Requirements Directive 2013/36/EU (CRD) and related legislation. The basis for preparation of the Pillar 3 disclosures are the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted within the European Union. The information in this report relates to de Volksbank N.V. and all of its subsidiaries. The prudential scope of consolidation for the purpose of calculating regulatory capital is the same as the International Financial Reporting Standards scope of consolidation of de Volksbank.

For more information about the accounting principles and basis for consolidation, please refer to the Annual Report 2024.

EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories 2024

	a/b	c	d	e	f	g
		Carrying values of items:				
in € millions	Carrying values as reported in published financial statements and under scope of prudential consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework[1]	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Assets						
Cash and cash equivalents	2,834	2,834	-	-	-	-
Derivatives	2,141	-	2,141	-	427	-
Investments	7,199	6,977	-	222	-	-
Loans and advances to banks	6,710	6,343	367	-	-	-
Loans and advances to customers	54,494	54,494	-	-	-	-
Tangible and intangible assets	55	50	-	-	-	5
Tax assets	11	11	-	-	-	-
Other assets	247	247	-	-	-	-
Total assets	**73,691**	**70,956**	**2,508**	**222**	**427**	**5**
Liabilities						
Derivatives	1,105	-	1,105	-	425	-
Amounts due to banks	1,401	-	1,205	-	-	196
Amounts due to customers	56,153	-	-	-	-	56,153
Debt certificates	9,322	-	-	-	-	9,322
Subordinated debts	997	-	-	-	-	997
Provisions	405	-	-	-	-	405
Tax liabilities	20	-	-	-	-	20
Other liabilities	240	-	-	-	-	240
Total Liabilities	**69,643**	**-**	**2,310**	**-**	**425**	**67,333**
Share capital	381	-	-	-	-	381
Reserves	3,225	-	-	-	-	3,225
Net result for the period	144	-	-	-	-	144
AT1 capital securities	298	-	-	-	-	298
Total equity	**4,048**	**-**	**-**	**-**	**-**	**4,048**
Total equity and liabilities	**73,691**	**-**	**2,310**	**-**	**425**	**71,381**

1 This concerns repurchase agreements and derivatives, which are mainly part of an GMRA or ISDA master netting agreement.

Items subject to credit risk increased to € 71.0 billion (2023: € 67.8 billion), mainly due to an increase in loans and advances to banks and loans and advances to customers. This was partly offset by a decrease in balances at central banks. Items subject to counterparty credit risk decreased to € 4.8 billion (2023: € 5.8 billion). This was mainly due to a decrease in both derivative assets and liabilities, as well as the related cash collateral posted and received.

EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories 2023

	a/b	c	d	e	f	g
				Carrying values of items:		
in € millions	Carrying values as reported in published financial statements and under scope of prudential consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework[1]	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Assets						
Cash and cash equivalents	5,891	5,891	-	-	-	-
Derivatives	2,544	-	2,544	-	445	-
Investments	6,733	6,599	-	117	17	-
Loans and advances to banks	4,671	4,101	570	-	-	-
Loans and advances to customers	50,847	50,843	-	-	4	-
Tangible and intangible assets	77	72	-	-	-	5
Tax assets	14	14	-	-	-	-
Other assets	283	283	-	-	-	-
Total assets	**71,060**	**67,803**	**3,114**	**117**	**466**	**5**
Liabilities						
Derivatives	1,121	-	1,121	-	436	-
Amounts due to banks	1,947	-	1,536	-	-	411
Amounts due to customers	54,910	-	-	-	-	54,910
Debt certificates	7,935	-	-	-	-	7,935
Subordinated debts	500	-	-	-	-	500
Provisions	44	-	-	-	-	44
Tax liabilities	82	-	-	-	-	82
Other liabilities	430	-	-	-	-	430
Total other liabilities	**66,969**	**-**	**2,657**	**-**	**436**	**64,312**
	-	-	-	-	-	-
Share capital	381	-	-	-	-	381
Reserves	2,981	-	-	-	-	2,981
Net result for the period	431	-	-	-	-	431
AT1 capital securities	298	-	-	-	-	298
Total equity	**4,091**	**-**	**-**	**-**	**-**	**4,091**
Total equity and liabilities	**71,060**	**-**	**2,657**	**-**	**436**	**68,403**

1 This concerns derivatives, which are mainly part of an ISDA master netting agreement.

EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements 2024

	in € millions	a	b	c	d	e
		Total	Items subject to:			
			Credit risk framework	Securitisation framework	CCR framework[1]	Market risk framework
1	Assets carrying value amount under scope of prudential consolidation (as per template LI1)	73,686[2]	70,956	222	2,508	427
2	Liabilities carrying value amount under regulatory scope of prudential consolidation (as per template LI1)	2,310	-	-	2,310	425
3	**Total net amount under the scope of prudential consolidation**	**71,376**	**70,956**	**222**	**198**	**2**
4	Off-balance-sheet amounts	3,041	3,041[3]	-	-	
5	Differences in valuations	-3	-3	-	-	
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	
7	Differences due to consideration of provisions	80	80	-	-	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	-3	-3	-	-	
9	Differences due to credit conversion factors	-568	-568	-	-	
10	Differences due to Securitisation with risk transfer	-	-	-	-	
11	Other differences	1,635	1,080	-	555	
12	**Exposure amounts considered for regulatory purposes**	**75,558**	**74,583**	**222**	**753**	**2**

1 This concerns repurchase agreements and derivatives, which are mainly part of a GMRA or ISDA master netting agreement.
2 Excluding assets not subject to capital requirements or subject to deduction from capital as per template EU-LI1 column g.
3 After value adjustments and provisions.

EXPLANATIONS OF DIFFERENCES BETWEEN ACCOUNTING AND REGULATORY EXPOSURE AMOUNTS

The main differences between the carrying value of assets in the financial statements and the exposure amounts considered for regulatory purposes per year-end 2024 can be explained by the following elements:

- inclusion of off-balance sheet liabilities and the effect of credit conversion factors (shown in row 4 and 9)
- loan loss provisions are not taken into account in the IRB exposure value of residential mortgages (shown in row 7)
- exclusion of fair value adjustments from hedge accounting (shown in row 11)
- different valuation of derivatives due to netting rules (shown in row 11)
- inclusion of an add-on for derivatives and a multiplier of 1,4 (shown in row 11)
- the exclusion of items that are capital deducted (shown in row 11)

For further information o in the IRB exposure value of residential mortgages, please refer to section 7.4 Use of the AIRB approach to credit risk.

EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements 2023

		a	b	c	d	e
			Items subject to:			
	in € millions	Total	Credit risk framework	Securitisation framework	CCR framework[1]	Market risk framework
1	Assets carrying value amount under scope of prudential consolidation (as per template LI1)	71,055[2]	67,803	117	3,114	466
2	Liabilities carrying value amount under regulatory scope of prudential consolidation (as per template LI1)	2,657	-	-	2,657	436
3	**Total net amount under the scope of prudential consolidation**	**68,398**	**67,803**	**117**	**457**	**30**
4	Off-balance-sheet amounts	2,857	2,857[3]	-	-	
5	Differences in valuations	-4	-4	-	-	
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	
7	Differences due to consideration of provisions	118	118	-	-	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	-4	-4	-	-	
9	Differences due to credit conversion factors	-707	-707	-	-	
10	Differences due to Securitisation with risk transfer	-	-	-	-	
11	Other differences	1,760	1,299	-	460	
12	**Exposure amounts considered for regulatory purposes**	**72,418**	**71,363**	**117**	**918**	**30**

1 This concerns derivatives, which are mainly part of an ISDA master netting agreement.
2 Excluding assets not subject to capital requirements or subject to deduction from capital as per template EU-LI1 column g.
3 After value adjustments and provisions.

As the prudential scope of consolidation for the purpose of calculating regulatory capital is the same as the IFRS scope of consolidation of de Volksbank, template EU LI3 is not applicable and therefore not disclosed.

EU PV1: Prudent valuation adjustments (PVA) 2024

		a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty				
	Category level AVA in € millions	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	Total category level post-diversification	Of which: Total core approach in the Trading Book	Of which: Total core approach in the Banking Book
12	**Total Additional Valuation Adjustments (AVAs)**								3		

EU PV1: Prudent valuation adjustments (PVA) 2023

		a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty				
	Category level AVA in € millions	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA	Total category level post-diversification	Of which: Total core approach in the Trading Book	Of which: Total core approach in the Banking Book
12	**Total Additional Valuation Adjustments (AVAs)**								4		

De Volksbank uses the Simplified approach for calculating the prudent valuation adjustment for fair valued positions, hence only the additional valuation adjustments is reported in the tables above.

OTHER QUALITATIVE INFORMATION ON THE SCOPE OF APPLICATION

There is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities between the de Volksbank and its subsidiaries.

All subsidiaries are included in the prudential scope of consolidation for the purpose of calculating regulatory capital. Therefore, the aggregate amount by which the actual own funds are less than the required minimum in subsidiaries not included in the consolidation scope is nil.

According to the CRR de Volksbank is required to comply with prudential and liquidity requirements on a consolidated and individual basis. In 2022, de Volksbank received a waiver for the prudential requirements on an individual basis in accordance with article 7 CRR. De Volksbank does not make use of derogation referred to in Article 9 CRR.

1.4 Detailed index of Pillar 3 references

The Pillar 3 disclosure requirements are described in Part Eight of the CRR 2. The table below provides insight into these requirements and states where the reader can find this information in the Pillar 3 report and/or the Annual Report.

CRR 2 article	Pillar 3 disclosure requirements	Location in Pillar 3 report	Notes
435	Disclosure of risk management objectives and policies	Section 1.2 Key figures and Management Statement Chapter 3 Risk management objectives and policies Chapter 4 Own funds Chapter 5 Leverage Section 7.1.1 General qualitative information regarding credit risk Section 8.1 Qualitative disclosure requirements regarding CCR Section 10.2 Interest rate risk not included in the trading portfolio Chapter 11 Operational risk See also the Annual Report of de Volksbank	Chapter 3 in the Annual Report addresses subjects of the risk committees and the governance provisions. Chapter 1 discusses in Section 1.1 Our strategy and in Section 1.2 Our strategic progress.
436	Disclosure of the scope of application	Section 1.3 Scope of application	
437	Disclosure of own funds	Chapter 4 Own funds	In Section 1.3 Scope of application the basis for consolidation is included.
437a	Disclosure of own funds and eligible liabilities	Chapter 4 Own funds	De Volksbank is not a Globally Systemically Important Institution (G-SII). MREL (and not TLAC) is applicable as de Volksbank is a Resolution Group under SRB's remit. MREL disclosure applicable from 1/1/2024.
438	Disclosure of own funds requirements and risk weighted exposure amounts	Section 2.2 Overview of RWA Section 2.3 ICAAP information (including CRR/CRD IV requirements) Section 4.2 Own funds Section 4.3 Macro prudential supervisory measures	
439	Disclosure of exposures to counterparty credit risk	Chapter 8 Counterparty credit risk (CRR)	
440	Disclosure of countercyclical capital buffers	Section 4.3 Macroprudential supervisory measures	
441	Disclosure of indicators of global systemic importance	Not included	De Volksbank is not considered an institution of global systemic importance.
442	Disclosure of exposures to credit risk and dilution risk	Section 7.1.1 General qualitative information regarding credit risk Section 7.1.2 General quantitative information regarding credit risk	
443	Disclosure of encumbered and unencumbered assets	Section 6.3 Encumbered and unencumbered assets	
444	Disclosure of the use of the Standardised Approach	Section 7.3 Use of the Standardised Approach	
445	Disclosure of exposure to market risk	Section 10.1 Market risk qualitative disclosure	
446	Disclosure of operational risk management	Chapter 11 Operational risk	
447	Disclosure of key metrics	Section 2.1 Key metrics	
448	Disclosure of exposures to interest rate risk on positions not held in the Trading Book	Section 10.2 Interest rate risk not included in the Trading Book	
449	Disclosure of exposures to securitisation positions	Chapter 9 Securitisation	
449a	Disclosure of environmental, social and governance risks (ESG risks)	Chapter 13 Sustainability risk	
450	Disclosure of remuneration policy	Chapter 12 Remuneration policy	Section Remuneration Report in the Annual Report of de Volksbank also contains information about the remuneration report.
451	Disclosure of the leverage ratio	Chapter 5 Leverage ratio	
451a	Disclosure of liquidity requirements	Section 6.1 Liquidity risk management Section 6.2 Liquidity Coverage Ratio Section 6.4 Net Stable Funding Ratio	
452	Disclosure of the use of the IRB Approach to credit risk	Section 7.4 Use of the AIRB approach to credit risk	
453	Disclosure of the use of credit risk mitigation techniques	Section 7.2 Use of credit risk mitigation techniques	
454	Disclosure of the use of the Advanced Measurement Approaches to operational risk	Not included	De Volksbank does not use internal models to calculate capital requirements for operational risk.
455	Use of internal market risk models	Not included	De Volksbank does not use internal models to calculate capital requirements for market risk.

1.5 Tables that are out of scope for de Volksbank

The following tables are not applicable to de Volksbank and therefore not included in this report.

Table	Description	Reason of exclusion
EU INS1	Insurance participations	De Volksbank does not hold any own fund instruments in insurance or re-insurance undertakings or insurance holding company not deducted from own funds.
EU INS2	Financial conglomerates information on own funds and capital adequacy ratio	De Volksbank is not (part of) a financial conglomerate.
EU LI3	Outline of the differences in the scopes of consolidation (entity by entity)	The prudential scope of consolidation for the purpose of calculating regulatory capital is the same as the IFRS scope of consolidation of de Volksbank.
EU CR7	AIRB approach – Effect on the RWAs	De Volksbank does not use credit derivatives as a form of security or as an instrument to hedge credit risk.
EU CR9.1	IRB approach – Back-testing of PD per exposure class	De Volksbank does not apply CRR article 180(1)(f).
EU CR10	Specialised lending and equity exposures under the simple risk weighted approach	De Volksbank does not use the Internal Ratings Based approach for specialised lending and equity exposures.
EU MR2-A	Market risk under the Internal Model Approach (IMA)	De Volksbank does not use the Internal Model Approach to calculate own funds requirements for market risk.
EU MR2-B	RWA flow statements of market risk exposures under the IMA	De Volksbank does not use the Internal Model Approach to calculate own funds requirements for market risk.
EU MR3	IMA values for trading portfolio	De Volksbank does not use the Internal Model Approach to calculate own funds requirements for market risk.
EU MR4	Comparison of VaR estimates with gains/losses	De Volksbank does not use the Internal Model Approach to calculate own funds requirements for market risk.
EU CCR4	IRB approach – CCR exposures by portfolio and PD scale	De Volksbank does not use the Internal Ratings Based approach for counterparty credit risk exposures
EU CCR6	Credit derivative exposures	De Volksbank does not use credit derivatives as a form of security or as an instrument to hedge credit risk
EU CCR7	RWEA flow statements of credit exposures under the IMM	De Volksbank does not use the Internal Ratings Based approach for counterparty credit risk exposures
EU SEC2	Securitisation exposures in the Trading Book	De Volksbank does not have any Trading Book securitisation exposures.
EU SEC3	Securitisation exposures in the Non-Trading Book and associated regulatory capital requirements - institution acting as originator or as sponsor	Where de Volksbank is the originator institution of securitisation, own funds requirements are calculated on the securitised exposures instead of securitisation positions from the securitisations.
EU REM3	Deferred remuneration	De Volksbank does not grant deferred remuneration.
EU REM4	Remuneration of 1 million EUR or more per year	De Volksbank does not have staff that have been remunerated €1 million or more per financial year.
EU TLAC2	Creditor ranking - Entity that is not a resolution entity	De Volksbank is not a Globally Systemically Important Institution (G-SII), nor an entity that is not a resolution entity itself, pursuant to Article 92b CRR, and Articles 45 and 45f BRRD. Therefore, the internal MREL does not apply.
EU iLAC	Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs	De Volksbank is not a Globally Systemically Important Institution (G-SII), nor an entity that is not a resolution entity itself, pursuant to Article 92b CRR, and Articles 45 and 45f BRRD. Therefore, the internal MREL does not apply.
ESG Template 4	Banking Book - Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms	As a result of our sustainability policies we exclude almost all activities in the fossil fuel, mining, and iron, steel and coke production sector and therefore we have no exposure to the top 20 carbon-intensive firms.

The NPE ratio of de Volksbank is below the 5% threshold in accordance with Article 8 (3) of Regulation (EU) 2021/637. Therefore the following tables are not included in this report.

Table	Description
EU CR2a	Changes in the stock of non-performing loans and advances and related accumulated recoveries
EU CQ2	Quality of forbearance
EU CQ6	Collateral valuation – loans and advances
EU CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown

2. Key metrics and overview of RWA

2.1 Key metrics

EU KM1 - Key Metrics

		31-12-2024	30-9-2024	30-6-2024	31-3-2024	31-12-2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	3,442	3,550	3,446	3,368	3,319
2	Tier 1 capital	3,740	3,848	3,744	3,666	3,616
3	Total capital	4,736	4,354	4,248	4,166	4,116
	Risk-weighted exposure amounts					
4	Total risk exposure amount	17,059	16,726	17,485	16,480	16,470
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	20.18%	21.22%	19.71%	20.44%	20.15%
6	Tier 1 ratio (%)	21.92%	23.00%	21.41%	22.24%	21.96%
7	Total capital ratio (%)	27.76%	26.03%	24.30%	25.28%	24.99%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU-7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.00%	3.00%	3.00%	3.00%	3.00%
EU-7b	of which: to be made up of CET1 capital (percentage points)	1.69%	1.69%	1.69%	1.69%	1.69%
EU-7c	of which: to be made up of Tier 1 capital (percentage points)	2.25%	2.25%	2.25%	2.25%	2.25%
EU-7d	Total SREP own funds requirements (%)	11.00%	11.00%	11.00%	11.00%	11.00%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU-8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	1.91%	1.91%	1.91%	0.97%	0.98%
EU-9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-10a	Other Systemically Important Institution buffer (%)	0.25%	0.25%	0.25%	1.00%	1.00%
11	Combined buffer requirement (%)	4.66%	4.66%	4.66%	4.47%	4.48%
EU-11a	Overall capital requirements (%)	15.66%	15.66%	15.66%	15.47%	15.48%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.67%	14.8%	13.16%	13.99%	13.71%
	Leverage ratio					
13	Total exposure measure	73,383	71,533	71,933	70,822	70,375
14	Leverage ratio (%)	5.10%	5.38%	5.20%	5.18%	5.14%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU-14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU-14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU-14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%

Our capital position remained robust. De Volksbank's Common Equity Tier 1 ratio (CET1 ratio) remained unchanged at 20.2%, well above our target of at least 17%. The CET1 ratio target of at least 17% includes an ample management buffer to withstand severe stress scenarios and to provide flexibility to absorb potentially higher capital requirements.

Our CET1 capital rose by € 124 million to € 3,442 million. Tier 2 capital rose by € 497 million due to the issuance of € 0.5 billion in a green Tier 2 capital instrument and the recognition of accrued interest following new EBA guidance on the valuation of non-CET1 own funds instruments. Total RWA rose by € 0.6 billion to € 17.1 billion, mainly due to a € 0.5 billion increase in risk-weighted assets (RWA) for credit risk calculated according to the Standardised Approach (SA), which was primarily caused by increased exposures to financial institutions.

On 31 May 2024, the CCyB for Dutch exposures increased from 1% to 2%, as announced by DNB on 31 May 2023.

On 31 May 2024, the capital buffers for Other Systemically Important Institutions (O-SII buffers) of Dutch systemically important banks were reduced, for de Volksbank from 1.0% to 0.25%. Lower O-SII buffers better reflect that large banks pose less systemic risk to national economies compared to 2016, the year in which the O-SII buffers were implemented. This is explained by the decline in the size of the Dutch banking sector relative to the economy, and by the progress made on European regulations and integration, such as the development of the banking union, allowing problems in the banking sector to be addressed more effectively.

The leverage ratio remained unchanged from year-end 2023 at 5.1%, balanced by the € 124 million increase in CET1 capital and the € 3.0 billion increase in the leverage ratio exposure. The 5.1% leverage ratio is well above the regulatory requirement of 3.0% and above our target of at least 4.5%.

EU KM1 - Key Metrics Liquidity

		31-12-2024	30-9-2024	30-6-2024	31-3-2024	31-12-2023
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	8,620	9,102	10,535	11,895	12,204
EU-16a	Cash outflows - Total weighted value	6,190	6,080	6,030	6,062	6,116
EU-16b	Cash inflows - Total weighted value	1,411	1,494	1,595	1,786	2,435
16	Total net cash outflows (adjusted value)	4,779	4,586	4,435	4,277	3,681
17	Liquidity coverage ratio (%)[1]	180.87%	202.21%	245.62%	284.39%	349.87%
	Net Stable Funding Ratio					
18	Total available stable funding	66,736	65,339	66,326	64,834	63,481
19	Total required stable funding	41,771	40,918	40,285	39,381	38,304
20	NSFR ratio (%)	159.76%	159.68%	164.64%	164.63%	165.73%

1 The LCR figures in this template are calculated using the reported supervisory values and figures for each of the four calendar quarters (January-March, April-June, July-September, October-December) preceding the disclosure date. The values and figures in the template are calculated as the simple averages of month-end observations over the twelve months preceding the end of each quarter. Following this approach, the LCR cannot be calculated using the figures in the template.

The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) remained well above the regulatory minimum of 100%. At year-end 2024, the LCR stood at 191% (2023: 262%) and the NSFR at 160% (2023: 166%). The reduction in the LCR is mainly explained by the increased investment of available liquidity with several counterparties in the money market outside the 30-day LCR window to optimise the return on our liquidity position.

Fundamental changes in the LCR are mainly driven by net cash flows resulting from loan growth, deposit changes, capital market funding developments and the net cash collateral position related to derivative positions. However, the resulting net cash impact is not necessarily reflected in actual withdrawable central bank reserves as part of high-quality liquid assets, because de Volksbank invests part of its available liquidity with several counterparties in the money market and also attracts money market funding. These cash management choices affect the liquidity in scope of the 30-day LCR window via both high-quality liquid assets and cash inflows.

Required stable funding mainly stems from our residential mortgage portfolio. Part of our mortgage portfolio is encumbered mainly on account of outstanding covered bonds.

EU KM2: Key metrics - MREL and, where applicable, G-SII requirement for own funds and eligible liabilities 31-12-2024

		a	b	c	d	e	f
		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII Requirement for own funds and eligible liabilities (TLAC)				
		31-12-2024	31-12-2024	30-9-2024	30-6-2024	31-3-2024	31-12-2023
Own funds and eligible liabilities, ratios and components							
1	Own funds and eligible liabilities	7,804					
EU-1a	Of which own funds and subordinated liabilities	7,736					
2	Total risk exposure amount of the resolution group (TREA)	17,059					
3	Own funds and eligible liabilities as a percentage of TREA	45.75%					
EU-3a	Of which own funds and subordinated liabilities	45.35%					
4	Total exposure measure (TEM) of the resolution group	73,383					
5	Own funds and eligible liabilities as percentage of the TEM	10.63%					
EU-5a	Of which own funds or subordinated liabilities	10.54%					
6a	Does the subordination exemption in Article 72b(4) of the CRR apply? (5% exemption)						
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3.5% exemption)						
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised under row 1 if no cap was applied (%)						
Minimum requirement for own funds and eligible liabilities (MREL)							
EU-7	MREL expressed as a percentage of the TREA	26.34%					
EU-8	Of which to be met with own funds or subordinated liabilities	21.68%					
EU-9	MREL expressed as a percentage of the TEM	8.05%					
EU-10	Of which to be met with own funds or subordinated liabilities	8.05%					

On 26 March 2024, the National Resolution Authority (NRA) updated the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirements for de Volksbank effective from 1 January 2024. The MREL requirement based on the leverage ratio exposure (LRE) amounts to 8.05% and the MREL requirement based on RWA to 21.68%, excluding the Combined Buffer Requirement. Both the LRE and RWA MREL requirements are to be fully met with subordinated instruments, i.e. Tier 1 capital, Tier 2 capital and senior non-preferred (SNP) notes with a residual contractual maturity of at least 1 year. The non-risk-weighted MREL requirements are more restrictive for de Volksbank than the risk-weighted MREL requirements.

As of December 2024, de Volksbank meets its MREL requirements.

De Volksbank is not a Globally Systemically Important Institution (G-SII). Therefore, columns b to f of template EU KM2 are not applicable.

On 29 January 2025 the National Resolution Authority (NRA) updated the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirements for de Volksbank with effect from 29 January 2025.

2.2 Overview of RWA

EU OV1 – Overview of RWA

	in € millions	Total risk exposure amounts (TREA)					Total own funds requirements			
		a				b	c			
		31-12-2024	30-9-2024	30-6-2024	31-3-2024	31-12-2023	31-12-2024	30-9-2024	30-6-2024	31-3-2024
1	**Credit risk (excluding CCR)**	**14,664**	**14,696**	**15,366**	**14,432**	**14,298**	**1,173**	**1,176**	**1,229**	**1,155**
2	*Of which the standardised approach*	4,726	4,823	5,158	4,636	4,220	378	386	413	371
3	*Of which the Foundation IRB (F-IRB) approach*	-	-	-	-	-			-	-
4	*Of which slotting approach*	-	-	-	-	-			-	-
EU-4a	*Of which equities under the simple riskweighted approach*	-	-	-	-	-			-	-
5	*Of which the advanced IRB (A-IRB) approach*	9,938	9,874	10,208	9,796	10,079	795	790	817	784
6	**Counterparty credit risk - CCR**	**246**	**168**	**217**	**153**	**271**	**20**	**13**	**17**	**12**
7	*Of which the standardised approach*	184	121	159	108	200	15	10	13	9
8	*Of which internal model method (IMM)*	-	-	-	-	-			-	-
EU-8a	*Of which exposures to a CCP*	9	8	8	8	11	1	1	1	1
EU-8b	*Of which credit valuation adjustment - CVA*	54	38	50	36	60	4	3	4	3
9	*Of which other CCR*	-	-	-	-	0	-	-	-	-
15	**Settlement risk**	-	-	-	**-**	-	-	-	-	-
16	**Securitisation exposures in the Non-Trading Book (after the cap)**	**28**	**24**	**19**	**18**	**13**	**2**	**2**	**1**	**1**
17	*Of which SEC-IRBA approach*	-	-	-	-	-	-	-	-	-
18	*Of which SEC-ERBA (including IAA)*	2	-	-	-	-	0	-	-	-
19	*Of which SEC-SA approach*	27	24	19	18	13	2	2	1	1
EU-19a	*Of which 1250% / deduction*	-	-	-	-	-			-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**159**	**144**	**188**	**182**	**193**	**13**	**12**	**15**	**15**
21	*Of which the standardised approach*	159	144	188	182	193	13	12	15	15
22	*Of which IMA*	-	-	-	-	-	-	-	-	-
EU-22a	**Large exposures**	-	-	-	-	-	-	-	-	-
23	**Operational risk**	**1,961**	**1,695**	**1,695**	**1,695**	**1,695**	**157**	**136**	**136**	**136**
EU-23a	*Of which basic indicator approach*	-	-	-	-	-	-	-	-	-
EU-23b	*Of which standardised approach*	1,961	1,695	1,695	1,695	1,695	157	136	136	136
EU-23c	*Of which advanced measurement approach*	-	-	-	-	-	-	-	-	-
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	-	-	-	-	**-**	-	-	-	-
29	**Total**	**17,059**	**16,726**	**17,485**	**16,480**	**16,470**	**1,365**	**1,338**	**1,399**	**1,318**

The RWA for credit risk based on the AIRB approach decreased due the lower average risk weighting of residential mortgages, decreasing to 18.4%, from 19.7% at year-end 2023. This development was partly offset by portfolio growth. The lower risk weighting mainly follows from an improvement in our customers' average credit quality given more favourable macroeconomic conditions.

The RWA for operational risk increased by € 0.3 billion to € 2.0 billion. The RWA for market risk decreased by € 34 million. The RWA for the Credit Valuation Adjustment and securitisation notes went up slightly to a total of € 83 million. The bank does not hold commodities and therefore no capital is required for commodity risk.

For all quarters as shown in template EU OV1, the total net position in foreign currency is lower than the CRR threshold of 2% of total capital. Therefore no capital is required for foreign exchange risk.

2.3 ICAAP information

Capital adequacy lifecycle

The risk management lifecycle applies to capital management by:

1. Identifying risks within the scope of capital adequacy: we continuously aim to identify that all potential, material and emerging risks are within the scope of capital adequacy. For example, we perform an independent risk review of all relevant capital adequacy-related proposals.
2. Assessing the risk profile against the risk thresholds by comparing the risk exposure to the available capital from own funds and MREL eligible liabilities: as part of the ICAAP, we continuously assess the adequacy and effectiveness of the risk management framework as far as capital adequacy and its compliance with internal policies and the risk appetite framework are concerned. ICAAP provides input for the ECB's SREP. We present the outcome of the assessment in the annual ICAAP Capital Adequacy Statement (CAS) report. The assessment of (expected future) capital exposure and developments also comprises the:
    - recalibration of the capital management strategy;
    - definition of actions in the capital and liquidity plan that we draw up at least once a year, giving substance to the anticipated capital needs ensuing from the Financial Plan & Budget (FP&B). As the FP&B has a multi-year horizon, we make forecasts of relevant risk indicators and compare these with the internal thresholds. We work out various scenarios, taking into account the anticipated effects of future regulations;
    - update of forecasts in the capital part of the monthly Balance Sheet Management (BSM) Asset and Liability Committee (ALCO) report. The BSM ALCO report is provided with a second line opinion based on the current risk profile versus the risk thresholds and a forward-looking assessment;
    - regular stress tests to provide insight into the key vulnerabilities and to assess the resilience of the capital position to severe but plausible adverse (economic) conditions. The results are used to set the risk appetite thresholds.
3. Defining the risk response to capital adequacy: every year, we determine the RAS for capital adequacy in conjunction with the bank's general risk appetite and strategic objectives. To monitor capital adequacy, we use specific risk indicators and determine the level above which we feel comfortable based on the risk appetite for capital adequacy.
4. Monitoring capital adequacy: the Treasury Committee monitors early warning indicators defined in the RAS for capital adequacy on a regular basis. The ALCO monitors the actual and forecasted development of the RAS indicators in the BSM ALCO report on a monthly basis.
5. Identifying residual risk: not all risks to capital adequacy are identified or fully managed at all times, because of expected or unexpected balance sheet or regulatory developments. By following the capital adequacy lifecycle, we intend to identify these risks and formulate a risk response.
6. Reporting capital adequacy indicators: we prepare regulatory and internal reports to measure, monitor and manage the bank's capital adequacy on an ongoing basis.

CRR/CRD requirements

With effect from 1 January 2025, de Volksbank is required to meet a minimum total Overall Capital Requirement (OCR) of 16.2%, of which at least 11.1% has to be composed of Common Equity Tier 1 (CET1) capital. This obligation stems from the Supervisory Review and Evaluation Process (SREP) performed by the ECB in 2024.

The OCR includes the 8.0% Pillar 1 capital requirement and the 3.5% Pillar 2 capital requirement – together forming the Total SREP Capital Requirement (TSCR) – and the Combined Buffer Requirement (CBR). The Pillar 2 capital requirement has been raised by 0.5 percentage point relative to the previous SREP decision.

CRR/CRD requirements as from 1 January 2025

	Total capital	of which Tier 1 capital	of which CET1 capital
Pillar 1 requirement	8.00%	6.00%	4.50%
Pillar 2 requirement	3.50%	2.63%	1.97%
Total SREP Capital Requirement (TSCR)	**11.50%**	**8.63%**	**6.47%**
Capital conservation buffer	2.50%	2.50%	2.50%
O-SII buffer	0.25%	0.25%	0.25%
Countercyclical capital buffer	1.91%	1.91%	1.91%
Combined Buffer Requirement (CBR)	**4.66%**	**4.66%**	**4.66%**
Overall Capital Requirement (OCR)	**16.16%**	**13.29%**	**11.13%**

The CBR, to be held in the form of CET1 capital, consists of a capital conservation buffer, a capital buffer for Other Systemically Important Institutions (O-SII buffer) and a countercyclical capital buffer. As at 1 January 2025, de Volksbank's capital conservation buffer equalled 2.50% and the O-SII buffer 0.25%. The countercyclical capital buffer for exposures to counterparties is currently 1.91%. This buffer is intended to protect banks against risks arising from excessive credit growth.

Based on the current capital requirements and the capital position at year-end 2024, the Maximum Distributable Amount (MDA) trigger level amounted to 11.5% of CET1 capital, including a 0.4% Additional Tier 1 (AT1) shortfall. In case of a breach of the

MDA trigger level, the maximum amount available for dividend payments and/or AT1 coupon distributions would be restricted in accordance with the Capital Requirements Directive (CRD).

De Volksbank is not classified as G-SII (global systemically important institutions).

3. Risk management objectives and policies

3.1 Institution risk management approach

Risk management structure

Risk management elements

De Volksbank is a retail bank with sustainable business operations that provides services to private individuals, self-employed persons and small businesses in the Netherlands. We engage in activities that create benefits for customers, take responsibility for society, provide meaning for employees and achieve stable returns for the shareholder over a long-term horizon.

Risk Appetite Statement

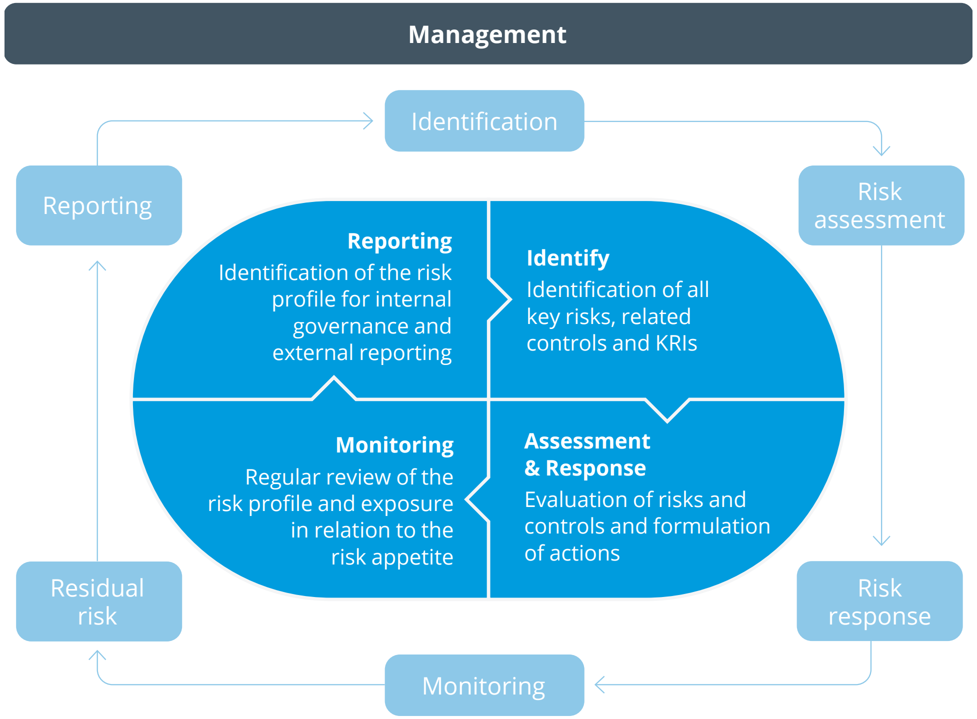
Our risk management processes have been designed to recognise developments that might impede that ambition and identifies initiatives that fit in with de Volksbank's objectives. This results in the following overall Risk Appetite Statement (RAS) for de Volksbank, which we reconfirmed for 2024:

The overall risk appetite statement supports our strategy to be a bank with the strongest customer relationship in the Netherlands and to have a substantial and measurable positive impact on society. To reduce the concentration risk that is inherent to our current business model, well-diversified sources of revenue are an important objective of our strategy.

We have a moderate risk appetite with respect to financial risks, implying a limited degree of net risk with a sufficient risk premium. We aim to minimise non-financial risks at reasonable costs, while respecting regulatory requirements.

Risk management framework

To manage risks, de Volksbank applies the COSO[1] Enterprise Risk Management (ERM) Framework. To properly apply all COSO ERM elements, we have set up a Risk Management Cycle (RMC), which serves as a generic tool for both the first line and the second line. The RMC ensures consistent terminology and provides a compatible methodology for the identification, assessment, measurement, monitoring, management and reporting of all risks.



Risk governance

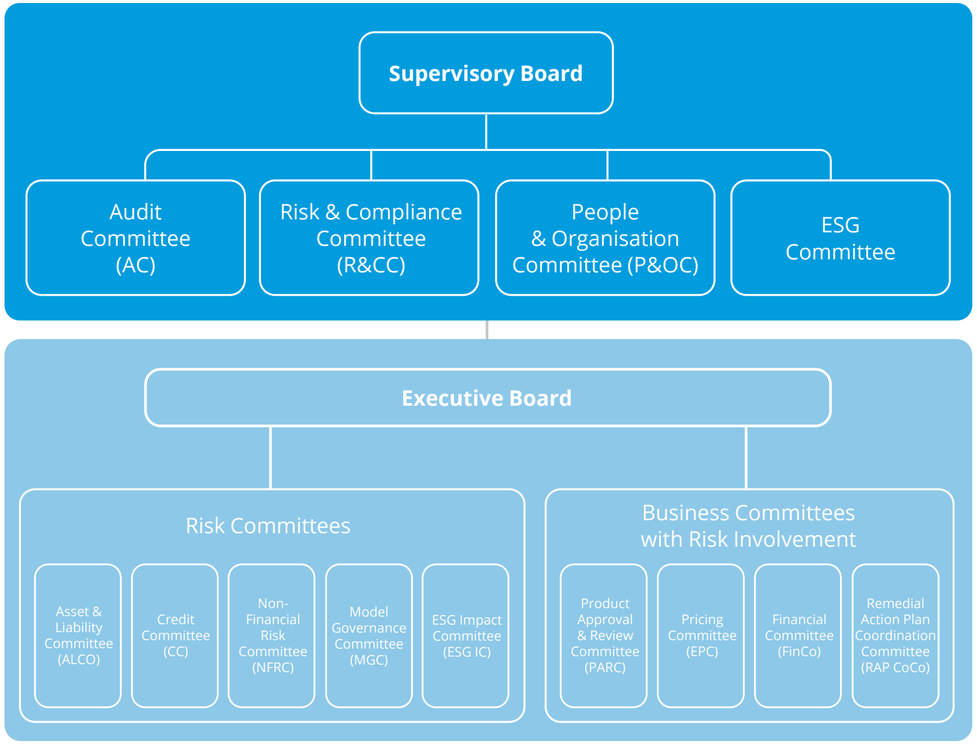
De Volksbank's risk governance is based on the three lines model. In this model, the first line, i.e. the business, is responsible for setting up and executing its own processes and for the identification and assessment of the risks involved. The business measures the risks against the defined risk appetite and reports on relevant risks. The second line, consisting of the Risk Management function and the Compliance function, supports the first line, sets the frameworks, gives advice and monitors if the business takes its responsibility. More specifically, the Compliance function monitors how de Volksbank complies with laws and regulations and its internal policies on integrity. The third line, the Audit function, independently assesses the effectiveness of the first and second line.

The Executive Board (ExBo) is ultimate responsibility for risk management within the organisation. Various risk committees support the ExBo in fulfilling this task.

[1] COSO: The Committee of Sponsoring Organizations of the Treadway Commission, www.coso.org

The Supervisory Board is charged with the supervision of the ExBo and in that role is provided with advice by the Audit Committee, the Risk and Compliance Committee, the People and Organisation Committee and the ESG Committee.

Risk governance



In 2024, de Volksbank redesigned its risk committee structure to reduce complexity and enhance effectiveness. The bank now has five risk committees and four so-called business committees. Other former risk committees have been repositioned as a sub-committee of the Non-Financial Risk Committee (NFRC). Each risk committee is chaired by an ExBo member and is responsible for the monitoring and steering of exposures in one or more risk types of the risk taxonomy. Business committees address questions that involve aspects of various risk types. In 2024, business committees were chaired by an ExBo members or a designated replacement for the CCO-vacancy[1]. The third line has a standing invitation for all risk and business committee meetings but has no voting rights. Both types of committees, are made up of officers who represent the business and manage the risks, and officers from the Risk Management function and/or Compliance function, who monitor risks and the risk-related response.

Decision-making related to, or with impact on, risk management follows the lines of risk governance and is assessed against risk guidelines. If risk limits are exceeded, or if the risk appetite is not otherwise observed, risk committees will discuss the issue and take subsequent remedial actions. A risk committee may escalate and present a point of discussion to the ExBo. Regularly, the Risk Management function facilitates a complete self-assessment for all risk committees, defining areas for improvement where necessary.

Supervisory actions

In January 2025, DNB imposed a fine of € 5 million for deficiencies under the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) in the period from 2020 up to and including 2023.

DNB imposed another fine of € 15 million for risk management-related deficiencies in the period from 2018 up to and including 2023 by which de Volksbank failed to meet the requirements that follow from the Financial Supervision Act (*Wft*) to ensure sound business operations.

We acknowledge and regret the deficiencies identified by DNB that have led to the above-mentioned fines.

We have, in the meantime, initiated a Remediation plan to fight money laundering and the financing of terrorism. This Remediation plan was submitted to DNB at the end of 2024. For more detailed information on the Anti-financial crime (AFC) remediation, see Section Anti-financial crime in the Sustainability statements in the Annual Report 2024.

Underlying the second fine was the fact that the bank had not structured its business activities in such a way as to ensure sound business operations. De Volksbank failed to manage relevant risks, including credit and counterparty risks, capital risks and operational risks, mainly due to an ineffective framework of internal governance and internal controls. As a result, de Volksbank had insufficient overview and understanding of the possible risks to which it was exposed and the way to manage and mitigate these risks.

We are fully committed, and have set to work, to sustainably and adequately address the identified deficiencies in risk management in order to comply with laws and regulations. De Volksbank is giving the highest priority i.a. to improved monitoring, reporting and tightened escalation mechanisms.

[1] As from 1 March 2025, this vacancy has been filled by Isold Heemstra.

Risk awareness and culture

Risk culture

De Volksbank's Risk Management function is an integral, but independent, part of the organisation. On the one hand, the Risk Management function informs, challenges, takes positions and gives solicited and unsolicited advice, and on the other hand it is essential that they listen and liaise with stakeholders. They take into consideration all stakeholders and try to find solutions that do justice to the various stakeholder interests and contribute to the realisation of the strategy.

A strong risk culture identifies, manages and controls relevant risks in line with the bank's vision, risk appetite, customer needs, all within the applicable legal frameworks. It shapes management's and employees' day-to-day decisions and fosters an atmosphere of open communication and constructively challenging each other, which is a prerequisite for effective risk management and risk awareness. We aim for the envisaged risk culture to be endorsed by the entire organisation. This starts by using de Volksbank's ERM policy that describes our overall risk management governance.

In addition to this, the Compliance function develops and executes an Integrity Awareness Plan for all employees on an annual basis. This plan not only includes ongoing training and communication initiatives such as workshops, e-learning courses, intranet publications, but also thematic initiatives such as sharing dilemmas during Integrity Week or the publication of decisions made by the Ethics Committee. Moreover, it is the Compliance function's responsibility to oversee ethical employee conduct within the organisation.

In 2023, we measured the perceived integrity and risk culture within de Volksbank with an employee survey. This survey included the main elements from de Volksbank risk culture model and EBA requirements. The results of the 2023 employee survey on integrity in the organisation showed that employees experience an improvement in certain areas of the risk culture, mainly in commitment (94%), transparency (83%) and consequence management (83%). In addition to this, they show that employees are familiar - and agree - with the contents of the code (93%) and are motivated to comply with the code. They also feel that that management observes and acts in accordance with the code.

Throughout 2024, almost all departments initiated improvement plans and rolled out activities where survey results gave reason to do so. The effectiveness of these activities will be measured in the survey in the first quarter of 2025.

The way in which de Volksbank manages its behavioural risk is described in multiple policy documents. To gain a better overview of conduct and culture-related risks that support enhanced risk management of these specific risks across the three lines, we introduced a Conduct Risk Policy.

As far as leadership and senior management are concerned, we launched a new leadership and culture programme (Stronger together in Transformation) in the second quarter of 2023 for all members of the ExBo and de Volksbank Leadership Team. This programme stresses the desired leadership behaviour and enhances risk awareness. Moreover, we rolled out an organisation-wide development KPI: 'Risk awareness' in 2024. On top of this, especially for senior management, we organised several workshops that focus on simplifying the organisation. The objective of the programme is that, by the end of 2025, all leads within de Volksbank exhibit the envisaged leadership behaviour so they will exemplify a culture in which de Volksbank works in a collaborative, risk-aware and results and responsibility-oriented way under directive leadership to achieve its mission and strategy.

Risk awareness

De Volksbank has risk policies in place on its risk appetite, duties and responsibilities, reporting, communication as well as on various other guidelines. These reflect our position as a bank with low-risk activities. We encourage a critical consideration of the risk-return ratio by focusing on the interests of our customers, society, our employees and the shareholder.

Risk awareness is the ability to spot risks that could impact the organisation, we raise risk awareness among our employees by helping them identify, assess and respond better and more consciously to (potential) risks. We do this by providing training courses, workshops and e-learning programmes as well as by sharing risk awareness-related success stories and lessons learned with our employees.

This risk awareness framework is carefully maintained and continuously improved, and new rules and regulations are embedded into the different policies that are accessible to employees in the policy house.

Internal code of conduct

We expect our employees to show ethical behaviour. They are guided in this by our Code of Conduct entitled 'Common Sense, Clear Conscience', which focuses on moral dilemmas and how to deal with them. A well-spread network of Confidential Counsellors offers staff the opportunity to raise concerns about malpractices.

Remuneration policy

De Volksbank pursues a remuneration policy that is based on its Manifesto, and on the strategy to build strong customer relationships and increase its social impact. We do not grant any variable remuneration in order to discourage employees from taking undesirable risks that may give priority to short-term individual interests over long-term collective objectives. For more detailed information on our remuneration policy, see Section Remuneration report in the Annual Report 2024.

Risk profile

De Volksbank focuses primarily on private individuals, self-employed persons and small businesses in the Netherlands. We offer a limited but relevant range of products and services, i.e. mortgages, payments, savings, small business financing, retail investments and insurances. We accept the risk profile appropriate to a business model with such low net-risk activities, a limited product range and geographical diversification, while aiming for a sufficient risk premium in return. Like any other bank, we are exposed to risks in our business operations, but we work hard to identify these risks and take control measures.

Top risks

De Volksbank carries out regulated and supervised activities that may be impacted by external and internal developments. These developments and related risks may prevent us from achieving our strategic objectives. For more details on our strategic objectives, see Section Our strategy in the Annual Report 2024. To anticipate these developments and related risks, de Volksbank annually carries out a Strategic Risk Assessment (SRA), which identifies and assesses the top risks in relation to its strategy.

We assess these top risks and will adjust the risk taxonomy when necessary. If so, we will take measures to align our strategy and risk appetite to the potential impact of any such top risks. Below is an overview of our top risks resulting from external and internal developments in 2024, in which we have incorporated any mitigating effects.

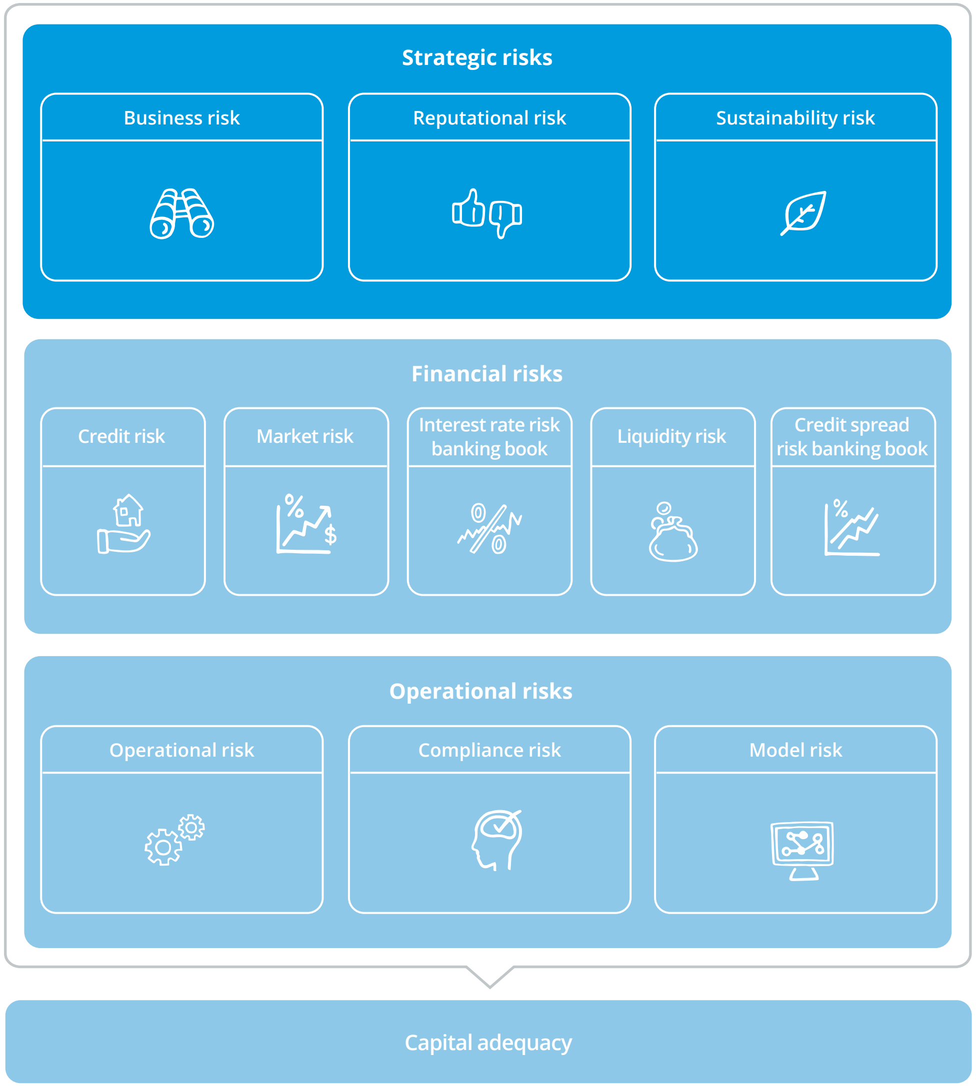
Top risks resulting from external developments

Event	Description of risk and impact	Measures
Dependence of interest income on volatile interest rates in an uncertain economic environment	There is a risk that highly volatile interest rates result in the dependence on the interest income from movements in money market rates and actions from peers. Consequently, the stability of the net interest margin may decrease, and a main source of profit may, therefore, depend on external factors.	• Strategic forecasts and stress testing provide insight into the impact. • We monitor developments in the macroeconomic environment to anticipate trends that might affect our interest rate profile, and to adapt these in our commercial and pricing strategy. • We use both linear and non-linear instruments to hedge the interest rate exposure. • To reduce the dependence on net interest income, our strategy is aimed at diversifying our income base by growing our net fee and commission income.
High pressure on organisation due to the implementation of new laws and regulations, insufficient compliance with existing ones and intensified supervision	There is a risk that required implementation of new laws and regulations place prolonged high pressure on the organisation and that we fail to comply timely with existing regulatory requirements or interpret them correctly. This could ultimately result in high costs, sanctions or in delays in the execution of the strategy.	• We have included the agenda of the supervisory authorities in our top 5 priorities and made a complete inventory of all our outstanding actions. • We have incorporated additional budget to implement new laws and regulations in our strategic plan, and made a substantial reservation to be able to remediate serious supervisory concerns. • We have set to work to sustainably and adequately address the identified deficiencies in risk management.
Shortage of skills, permanent employability and vitality of employees	There is a risk that a tight labour market and a remuneration that is not fully in line with market conditions may prevent us from attracting and retaining skilled employees, especially in the field of IT, data analytics, compliance and risk. Prolonged high work pressure due to understaffing might affect employees' vitality. This could cause our performance and change capacity to fall short of our objectives.	• We strive to be an attractive employer for both existing and new employees. • To improve our employees' vitality and employability – and to reduce absenteeism at the same time - we invest in employee vitality and encourage our employees to work on their personal development and to embrace lifelong learning. In addition to this, we address leadership and corporate culture issues. For more information, see Section Genuine attention for employees in the Annual Report 2024.

Top risks resulting from internal developments

Event	Description of risk and impact	Measures
Failure in executing the transformation	There is a risk that we fail to execute the transformation in time and on quality. As a result, our financial targets may not be reached, and the motivation of our employees could be harmed.	• We closely monitor the progress of the strategic objectives with focus on the balance between achieving results, quality and carefulness. We installed a Transformation Office for coordination and monitoring of our efforts.
Inadequate IT systems	There is a risk that our IT systems are unable to adequately keep up with market and supervisory developments. As a result, agility and innovative strength may fall behind and prevent strategic priorities from being achieved. Infractions might affect the availability of our systems, as well as of our customers' and our own data or funds.	• We ultimately strive for well-designed and robust IT systems to deliver high- quality services to our customers and our employees. We are continuously working on transforming our technology landscape into a modern, flexible and customer-oriented environment. In addition, we continuously assess our IT risk and control framework for relevant security and continuity threats. In addition, we run a programme to embed the DORA requirements.
Inadequate data management and data quality	There is a risk that data management is unable to adequately keep up with market and supervisory developments, or that (customer) data is not reliable or easily accessible. As a result, agility and innovative strength could fall short of our expectations, hindering us in achieving our strategic objectives.	• Data management and data quality improvement is one of our key priorities and an important part of our strategic plan. In 2024, we took an important step by launching a separate Center of Expertise for Data Management. The Data Roadmap will straighten the data and reporting capabilities in line with BCBS 239 regulation.
Insufficient cost control	There is a risk that de Volksbank does not achieve the intended cost savings or achieves them unintendedly at the expense of other objectives. As a result, we cannot execute the strategy and achieve its objectives, which could lead to a decline in customer and shareholder satisfaction.	• We launched a strategic transformation, aimed at a simpler and more cost-efficient organisation. We closely monitor cost development and take mitigating measures where possible
Insufficient regulatory capital data and models	There is a risk that de Volksbank is unable to build and implement the credit risk rating system that meets the quality requirements set by the supervisory authority. As a result, the supervisory authority might not approve the use of the models or impose increasingly higher capital surcharges and sanctions.	• We are executing a Remediation programme to implement a so-called Material Change Application. We cooperate closely with the supervisory authorities regarding our plans and results.
Insufficient implementation and steering of ESG requirements and sustainability goals	There is a risk that de Volksbank is neither able to meet broad and increasing ESG regulations, nor its own sustainability, CSR or ESG objectives. This may result in the bank not being compliant, not creating the intended sustainability value, not sufficiently substantiating its social identity or reputation or its external sustainability claim.	• We launched an extensive compliance programme comprising dedicated taskforces and hiring additional external staff. Part of the programme is a solid incorporation of ESG throughout the organisation and implementation of a dedicated ESG governance.
Insufficient change capabilities and change management in the organisation (ability to deliver)	There is a risk that de Volksbank, or parts of the bank, does not adequately execute strategic initiatives. This might result in strategic objectives and benefits not being achieved (on time) or being achieved at higher costs, in the agility and effectiveness of the organisation being inadequate, or in decreasing employee engagement.	• We launched a leadership and culture programme in which the focus was shifting towards exemplary conduct by senior management, team complementarity and constructive conflict management. To follow up on changes that were brought about, we organised quarterly bank-wide events.
Insufficient or non-demonstrable compliance with customer integrity and sanctions regulations	There is a risk that the bank does not meet relevant regulatory requirements due to the magnitude of the requirements and insufficient resources. This might ultimately result in high costs and sanctions.	• We launched an extensive Remediation programme, comprising dedicated taskforces and hiring of additional external staff. We cooperate closely with the supervisory authorities regarding our plans and results.

Risk taxonomy



All risks that may have a material impact on our risk profile and strategic objectives are included in de Volksbank's risk taxonomy in which we have clustered the main types of risk, i.e. strategic risks, financial risks and operational risks. When the results of the Strategic Risk Assessment (SRA) lead to a new material risk, we will include this risk in our taxonomy.

In the fourth quarter of 2024, we decided to adopt the ORX taxonomy categories for the operational risk types. ORX is a market standard for operational risks. We have started the preparations and expect the use of these categories to come into full effect in 2025. In this annual report we will still report on operational risks categories along the lines of the 2024 risk taxonomy.

To measure and report risks, de Volksbank has a comprehensive risk management framework in place, which is continuously maintained and improved to bring and keep it up to the required standard.

We determine the risk appetite for all types of risk included in our risk taxonomy in conjunction with the bank's general risk appetite and strategic objectives. The results are laid down in the RAS. We specify the risk appetite in greater detail by setting up specific risk indicators and attaching risk thresholds to them. When risks manifest themselves at a decentralised level within de Volksbank, risk indicators are also measured and monitored at that level, allowing us to manage any such risks effectively.

We follow up on the developments of the risks and the levels of the risk indicators in particular. Each month and each quarter, the second line produces a risk and compliance reports giving an overview of the risk exposure developments. The reports are sent to the ExBo and each quarter to the Risk & Compliancy Committee, to support them in their oversight and review responsibilities.

To illustrate the risk profile per risk type, these reports contain the actual level of the risk indicators and a general description of the risk type's exposure. The reports summarise the actual risk profile by measuring it against the formulated risk appetite, thus producing an overall risk score, which is reflected in a green, amber or red box, depending on the score. A forecast for the risk score for the next quarter is also included in the reports.

For each risk indicator, we have established an intervention ladder defining ranges for follow-up action. These ranges are determined on the basis of results from internal stress tests, economic capital and the recovery plan.

Other risk reports comprise an Incident Report based on information gathered in the incident and loss process, the annual SRA and Tactical Risk Assessments, and ad hoc reports that analyse the impact of sudden risk developments.

The tables below present de Volksbank's risk appetite and show how our current risk profile scores in relation to our risk appetite. Every quarter, the scores are reported to the risk committee that monitors and controls the relevant risk. The different risk types are defined and discussed in more detail in the remainder of the Risk Management section of the Annual Report 2024.

Please note that the response to sustainability risk drivers is integrated in the risk management of the other risk types when affected by said drivers.

Legend of score relative to the risk appetite

	Within risk appetite		Above risk appetite
	Slightly above risk appetite		Breaches limits from a business continuity or regulatory perspective

Risk appetite statement - Strategic risks

	Description	Score	Note to the score
Business risk	De Volksbank aims to generate a stable and sufficient return for its shareholder(s) thus ensuring the sustainable viability of de Volksbank's business model.		Business risk is within risk appetite. Our margins were bolstered by external market circumstances. The operating expenses will temporarily rise due to the upcoming transformation.
Reputational risk	Reputational Risk is inherent to (financial) organisations. De Volksbank aims to optimise its risk position in accordance with our shared values. De Volksbank's appetite for reputational risks is to accept a low level of negative reputational impact from internal and external events. Any events that may endanger the bank's reputation are assessed and followed up in a pro-active and adequate manner in order to minimise the risks involved.		Reputational risk is above our risk appetite. In 2024, reputational risk was elevated primarily as a result of the ongoing fine procedures at that time and the introduction of the bank's Transformation programme. Future reputational events will be monitored closely.
Sustainability risk	De Volksbank aims to minimise (the financing of) activities that lead to negative impacts on society or the environment and limit (the financing of) activities that are vulnerable to the impact of ESG events. Therefore, we have a low appetite for Sustainability risk.		Progress on making the mortgage portfolio more sustainable and the realisation of sustainable projects must be accelerated to achieve our long-term net zero and Science Based Targets ambitions on time.

Risk appetite statement - Financial risks

	Description	Score	Note to the score
Credit risk	De Volksbank is primarily a retail bank that provides loans predominantly secured by (residential) real estate to private individuals, self-employed persons and small businesses in the Netherlands. De Volksbank also finances activities related to the sustainable energy sector, such as wind- and solar energy production. In addition, it is our responsibility to help our customers become and remain financially resilient. As such, we will only engage in low-to-medium risk lending activities that result in a high and stable number of financially resilient customers. We ensure that our strategic focus does not result in undesired concentration risks and/or sustainability risks. Therefore, our credit risk appetite is low to medium.		The overall credit risk profile of de Volksbank is within risk appetite. Stable portfolio performance over the past years and the favourable outlook warrants a green score.
Market risk	De Volksbank has low appetite for Market risk, which implies that trading book exposure to potentially adverse movements in market variables should be limited.		De Volksbank's current and forecasted market risk appetite is low and metrics are within appetite.

Interest rate risk in the banking book	De Volksbank aims to protect and stabilise its net interest income (NII), economic value (EV) and capital from potentially adverse impact of interest rate movements. We have a moderate risk appetite regarding IRRBB, which implies that the impact of adverse changes in market rates on short-term NII and EV of equity (long-term perspective of NII) is limited. The net interest rate risk position of the bank is driven by the balance sheet composition, high complexity of the rate sensitive behavioural option embedded in our products and model risk.		IRRBB metrics are within appetite. The uncertainty with regard to the magnitude and timing of ECB rate cuts remains a concern, and we continue to strive to protect the bank's income against expected interest rates decline.
Credit spread risk in the banking book	De Volksbank aims to protect and stabilise its NII, EV and capital from potentially adverse impact of credit spread movements in. The risk appetite for CSRBB remains moderate. Current balance sheet developments, however, require growth in the investment books, which leads to increased credit spread risk.		CSRBB metrics are within appetite. Room to grow the investment book remains limited.
Liquidity risk	Taking into account the different types of liquidity risk, de Volksbank aims to maintain an adequate liquidity and funding position. To ensure this, de bank has a low liquidity risk appetite.		De Volksbank's current and forecasted liquidity position is adequate, and the Loan-to-Deposit ratio is gradually improving towards its internal green threshold as a result of steering the balance sheet.

Risk appetite statement - Operational risks

	Description	Score	Note to the score
Operational risk	De Volksbank aims to minimise operational losses within reasonable expenses whilst respecting regulatory requirements. During the transformation we are willing to accept a moderate level of operational risk.		Operational risk has been elevated for several years, among other things data management risk, crime risk and outsourcing risk. Multiple improvement plans are being executed.
Compliance risk	De Volksbank accepts a low level of reputational damage, negative impact from reporting issues and losses resulting from compliance risk.		Compliance risk is elevated, primarily in the field of ani-money laundering, privacy risk and several prudential topics. The bank is investing in improvement plans that are currently being executed.
Model risk	The bank strives to build models with acceptable model risk that are intuitive and easy to understand. The remaining model risk is mitigated by allocating capital reserves to model risk and optimising the quality of model development and use, while simultaneously weighing the resources required to improve this quality. The bank aims for complete adherence to the model governance process and therefore accepts only a limited number of models without timely validation. Therefore, the risk appetite level for model risk is low.		Remediation activities for the most important models are ongoing and will lead to gradual mitigation of model risk over the course of 2025. Enhancement of data quality is important to achieve a level of model risk that falls within our risk appetite.

Risk appetite statement - Capital adequacy

	Description	Score	Note to the score
Capital adequacy	De Volksbank targets a solid capital position that supports its strategy and suits its risk profile. De Volksbank targets to operate well above the minimum regulatory capital ratios and safeguard its retail clients and suppliers from bail-in in case of resolution.		De Volksbank's current and projected capital position is adequate. The ratios are expected to remain relatively stable in the coming years, although several uncertainties may lead to a certain degree of volatility.

Stress testing
In addition to monitoring our risk indicator-based risk appetite, we use stress tests to gain insight into the sensitivity to changes in the underlying causes and the interrelationship of risks. Several times a year, we calculate a severe yet plausible macroeconomic scenario to determine its effects on aspects such as our profitability, capital and liquidity position. In 2024, we also performed a climate stress test to gain insight in the impact of climate change resulting from both physical and transitional climate-risk drivers. We carry out different types of stress tests to reveal potential vulnerabilities.

For the use of stress tests in relation to credit risk, market risk, liquidity risk and capital adequacy, see sections Credit risk - Management and control, Market risk in the banking book, Liquidity risk management and funding strategy - Management and control, Capital management - Management and control. For more information on the continued development of climate stress testing, see Section Sustainability risk - Areas of focus and activities in the Annual Report 2024.

Strategic risk

De Volksbank distinguishes three strategic risks, i.e. business risk, reputational risk and sustainability risk.

This section provides an overview of these risk types and their developments in 2024. At the end of this section the ESG Risk Assessment of strategic risks are summarised.

Business risk

Business risk is defined as the risk that de Volksbank's profitability deviates from limits that may negatively impact the viability of the bank's business model and sustainability of the bank's strategy. Business risk-sub types are:

- Business model risk, which is defined as the risk that the profitability of de Volksbank deviates from limits that may have a negative impact on the viability of the bank's business model and sustainability of the bank's strategy.
- Transformation risk, which is defined as the incapability to (rapidly) transform the business in response to changes in the market such as the entry of new competitors, the development of new industry-changing technologies, regulatory requirements or shifts in overall market conditions that may negatively impact the viability and sustainability of the bank's business model.

Developments in 2024

Business model risk

Net interest income in 2024 decreased as a result of lower margins on savings as a result of higher interest rates on customer deposits.

Uncertain macroeconomic conditions are putting pressure on the bank's revenues. For the coming year, we expect net interest income in 2025 to decline compared to 2024, mainly as a result of lower expected short-term capital market interest rates. In the second half of 2024, the ECB gradually decreased the deposit facility rate as inflation levels in Europe dropped.

In line with our ambition to further diversify income, gross and net fee and commission income continued to grow in 2024, mainly due to higher fees for basic banking services as a result of customer base growth and pricing. Despite fierce competition, we managed to grow our active multi-customer base in 2024, strengthening the basis for future earnings.

In 2024, both the mortgage and savings market grew. In these markets, we managed to reduce excess liquidity as loan growth outpaced the increase in retail deposits. As a result, our loan-to-deposit ratio improved, which makes us less sensitive to future changes in short-term interest rates. In the coming year, we will continue our efforts to optimise our balance sheet.

Total operating expenses increased sharply in 2024, driven by substantial incidental items, mainly consisting of a restructuring charge for our Transformation programme and a provision related to our Anti-financial crime (AFC) remediation programme.

Total operating expenses, adjusted for incidental items, decreased due to lower regulatory levies, a non-recurring gain related to an adjustment in recoverable VAT in previous years and lower marketing costs. These elements compensated for the impact from (wage) inflation, a higher average number of staff compared to 2023 and increased AFC costs.

Despite lower operating expenses excluding incidental items in 2024, we observe an underlying trend that costs are increasing, impacted by (wage) inflation and large investments needed to comply with laws and regulations and improving the data quality and IT systems. Therefore, to become an effective and cost-efficient bank, we decided to launch a transformation programme that focuses on the simplification of the organisational structure, the optimisation of the distribution model and the rationalisation of the brand portfolio.

The simpler organisation in this phase of the transformation will lead to an expected FTE reduction of 700–750, both internal and external, by 1 July 2025 which is anticipated to result in an annual structural cost saving of approximately € 70 million, of which approximately half is expected in 2025. At the same time, to comply with increasing laws and regulations, we will incur additional running costs in the areas of anti-financial crime and risk management, including the temporary hiring of external staff. These temporary costs and temporary investments related to realising the transformation, will offset the structural cost savings in 2025. Therefore, we expect operating expenses, adjusted for the one-off provisioning charges (incidental items) in 2024, to be at a higher level in 2025.

De Volksbank has drawn up a Financial Plan & Budget (FP&B) for the 2025-2029 period. This plan sets mission-driven objectives for growth and improvement and includes efficient capital management, also on product level, by providing profitable loans to meet de Volksbank's strategy objectives. At the same time, it carves out a path with actions to achieve our financial objectives.

For more information on ongoing and future actions refer to Section Strategy and performance.

Transformation risk

In 2024, de Volksbank made significant progress in its transformation journey to support its long-term strategy. This effort focuses on simplifying the organisational structure, optimising the distribution model, and consolidating the brand portfolio to create a customer-centric, agile, and sustainable bank.

Key milestones achieved during the year include the decision to consolidate the existing brands under the ASN Bank name, a move that reinforces the bank's social and sustainable mission. Additionally, the bank has implemented measures to streamline its branch network, reducing the total number of locations while maintaining a nationwide presence to ensure accessibility and a personal touch for customers.

The primary transformation risk remains the potential inability to sustain the required pace of execution of forementioned decisions. This ambitious programme, which involves substantial investments, places high demands on the organisation. To mitigate this risk, de Volksbank has established a Transformation Team to oversee dependencies, align stakeholders and ensure effective decision-making. Strengthened governance and reporting structures provide the agility needed to promptly address any challenges.

Maintaining momentum is critical for the success of the transformation. De Volksbank is committed to balancing short-term priorities with long-term objectives, thus securing its position as a socially responsible, customer-focused challenger in the Dutch banking landscape.

Reputational risk
Reputational risk is defined as the risk that de Volksbank becomes subject to negative public opinion due to internal or external events that may negatively impact de Volksbank's ability to attract and retain (the support of) customers, employees, society, counterparties, shareholders and supervisory authorities. This may be caused by internal and/or external events and/or developments, which may subsequently result in the loss of stakeholder support and motivation and a direct or indirect financial loss. Reputational risks may be related to our own conduct in events that are subject to the public's attention, but also to policy decisions, our day-to-day actions and issues regarding products, or the actions of individual employees. External developments may also affect reputational risk as they may change stakeholder expectations of de Volksbank.

De Volksbank measures reputation scores on a quarterly basis. They are conducted by RepTrak Company, the leading global reputation research company, not only for de Volksbank, but also for its four brands i.e. SNS, ASN Bank, RegioBank and BLG Wonen.

The Corporate Communications department actively manages issues at sector and bank level by actively monitoring and mitigating current and upcoming internal and external events that may result in reputational damage for the bank and its brands. In addition, de Volksbank's Crisis Communication Plan (CCP) includes (press) policies, communication strategies and key messages for various crisis communication scenarios. The CCP is tested and updated annually.

Developments in 2024
In 2024, de Volksbank's reputation scores continues showing stable reputation scores for both de Volksbank as its brands. De Volksbank especially outperforms on relevant reputational drivers such as conduct, products and services and citizenship. Apart from these stable reputation scores, de Volksbank still holds the top position in the Dutch banking industry, specifically with regard to the perception scores on ESG related themes.
In 2024, de Volksbank conducted an ESG materiality assessment, the results of Reputational risk are included in the Section Sustainability risk in the Annual Report 2024.

The two main pillars of our strategy, i.e. strengthening the relationship with our customers and having a positive and measurable impact on society, were and will continue to be key in maintaining the stable reputation of de Volksbank. Several activities of de Volksbank and its brands continue to support the bank's reputation, such as healthy financial results, which creates confidence and trust in the bank's performance, as well as positive media attention around high sector rankings and consumer-related awards.

Over the past year, de Volksbank got both positive and negative media attention. The year started with the inclusion of de Volksbank in the Sustainalytics’ 2024 list of Top-rated ESG companies. We also did well in consumer surveys, such as being ranked 1, 2 and 3 in the most customer-friendly bank survey, for the third year in a row, and being ranked 1, 2 and 4 in the Dutch Bank monitor, for the second year in a row. De Volksbank also presented sound financial results for 2023, and appointed a new CEO on 1 July 2024.

In August, we presented our interim financial results, which were in line with expectations. Simultaneously, we shared the announcement that DNB had initiated two administrative fine procedures. This led to negative media attention and a revision of the outlook on our credit rating at S&P from ‘stable’ to ‘negative’. S&P affirmed its 'A/A-1' long-term and short-term issuer credit ratings on de Volksbank and related issue credit ratings on the bank.

At the same time, the transformation process was announced, followed by a press release in October about the start of the Transformation Office. This message led to several external media publications. On 16 December, de Volksbank announced that its current retail brands ASN Bank, RegioBank and SNS would continue to operate under the banner of ASN Bank. These disclosures led to several external media publications.

In the first half of 2024, our customer-weighted average NPS score rose, due to the continued increase in active multi-customers, who inherently give a higher score, and the outflow of mono-customers, usually with a low NPS, contributed positively to the overall NPS. In the second half of 2024, the NPS remained stable despite the aforementioned media attention.

The above-mentioned developments did not lead to significant fluctuations in the banks’ 2024 reputation scores.

Sustainability risk
Sustainability risk is the risk of financial and/or reputational damage as a result of Environmental, Social and Governance (ESG) developments. Developments related to sustainability risk are elaborated on in section 13 Sustainability risk.

Managing and hedging risk

Our capital strategy incorporates the objective of having a solid capital position at our disposal to support de Volksbank's corporate strategy, combined with an adequate Return on Equity (RoE).

We assess the risk profile against the risk thresholds by comparing the risk exposure to the available capital from own funds and MREL eligible liabilities: as part of the ICAAP, we continuously assess the adequacy and effectiveness of the risk management framework as far as capital adequacy and its compliance with internal policies and the risk appetite framework are concerned. Every year, we determine the Risk Appetite Statement (RAS) for capital adequacy in conjunction with the bank's general risk appetite and strategic objectives. To monitor capital adequacy, we use specific risk indicators and determine the level above which we feel comfortable based on the risk appetite for capital adequacy.

To manage its credit risk, de Volksbank clusters its loans in portfolios. We have a high concentration of residential mortgage loans in the Netherlands.

As part of credit risk management, we internally assess and monitor the credit standing of our customers and counterparties. In this process we estimate the probability of our customers unable to meet their contractual payment obligations arising from the loan agreement, as such inability could result in a potential financial loss for the bank. At portfolio level, we also steer the risk by defining the desired credit quality of new and existing loans. We monitor the actual development of the credit quality and, if necessary, take corrective measures if a deviation from the risk appetite occurs.

When providing a new mortgage loan, we apply internal standards, which are in line with the applicable legal frameworks, such as a customer's income and the collateral value. We also use the acceptance scorecard to predict whether customers are able to comply with their long-term obligations. To stimulate sustainability, we offer various options in our current residential mortgage range to make homes (more) energy-efficient, for example, by the Bespaarhypotheek, which is also subject to the standard acceptance criteria.

As in previous years, de Volksbank paid special attention to customers with an interest-only mortgage. The customer outreach program 'Customers want to continue living carefree in their homes' continued in 2024.

Interest-only mortgages have our continued attention. In 2024, as in 2022 and 2023, in consultation with the ECB, we explored additional de-risking measures for interest-only mortgages in the Netherlands. We implemented actions to gather information on customer's repayment intention of their interest only mortgage and the afford ability of the mortgage at maturity, aligning with ECB guidance. These measures may result in further scrutiny of the future loan volume development, impairment charges and capital. The exploration of additional de-risking measures involves several legal and compliance aspects which are taken care of by the relevant departments.

As part of this programme, we contact our customers with interest-only mortgages to assess their financial situation at maturity. In the 'Intensified Carefree Living' customer journey we are targeting our potentially vulnerable customers to jointly perform a validated affordability assessment of their mortgage. Customers are made more aware of how to anticipate to future challenges. For example, we may offer budget coaching when needed. We continuously monitor interest-only mortgage customers' credit risk profile to identify customers who fall into a higher risk category in a timely manner and to contact them proactively. We engage with customers to ensure the affordability of the interest-only mortgage. Not only at maturity, but also at this moment, based on the customer's current and future income.

De Volksbank does not use credit derivatives as a form of security or as an instrument to hedge credit risk.

De Volksbank conducts money and capital market transactions with various financial institutions. This also includes derivative transactions to hedge interest rate and currency risks. Here, the bank runs the risk that a counterparty to a transaction defaults before the final settlement of the cash flows associated with the transaction has taken place. Where possible, the bank concludes derivative transactions with financial institutions using clearing via a central counterparty (CCP).

Interest rate risk management aims to protect and generate stable net interest income. We achieve this goal by optimising the value of our interest cash flows. When managing the Banking Book's interest rate risk we focus on the interest income sensitivity to market rate movements.

Market risk is the risk that may arise from de Volksbank concluding contracts and entering into obligations with customers and professional counterparties. The market risk in the Banking Book mainly comprises market interest rate risk, i.e. the risk that the bank's future interest income deteriorates if market rates change.

We mitigate currency risk by hedging most of our foreign currency exposures through FX swaps, where currency risk is managed on a day-to-day basis.

De Volksbank has a strong liquidity position, enabling it to meet its financial obligations at all times. We manage our liquidity position such that we are able to absorb the consequences of bank-specific and market-wide stress factors, such as stress in the money and/or capital markets. To fund our liquidity needs, we seek to diversify our funding sources in accordance with our funding strategy.

De Volksbank is exposed to operational risks caused by internal and external factors and developments. To that end, de Volksbank has a Risk Control Framework in place to closely monitor status and solution for events and incidents. We are executing dedicated 'Path to Green' programmes for relevant operational risk types to get back within our risk appetite.

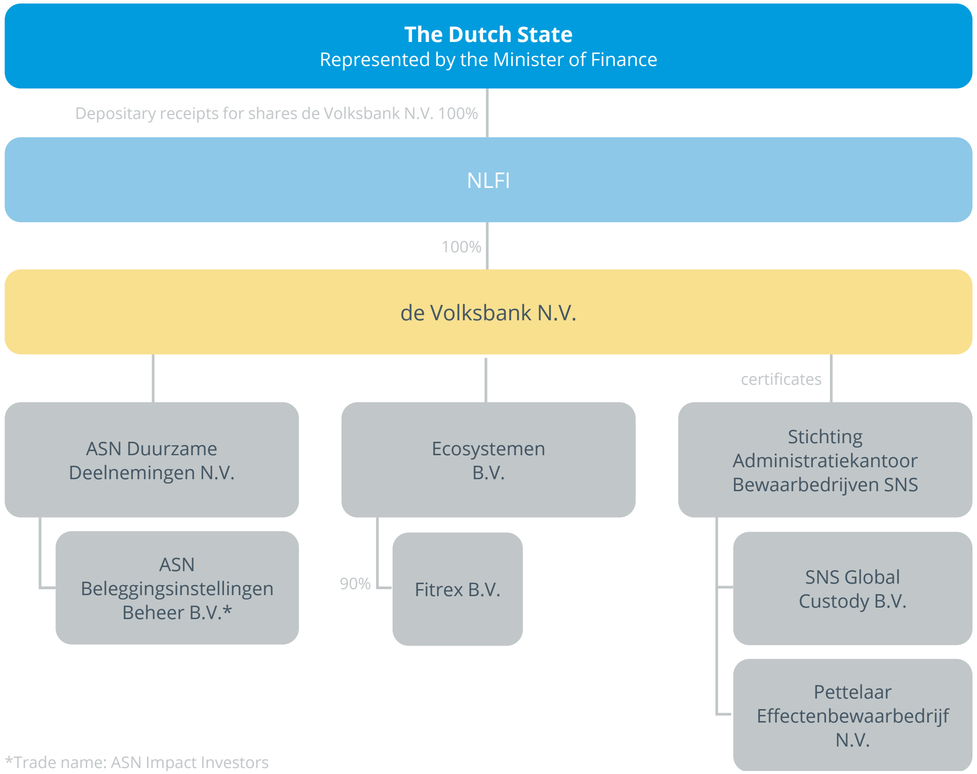
Accounting policy
De Volksbank applies hedge accounting to ensure that its interest rate and currency risk hedge activities are appropriately reflected in the financial statements. For more information please refer to note 4 Hedging and hedge accounting in Annual Report 2024.

MANAGEMENT STATEMENT ON THE ADEQUACY OF RISK MANAGEMENT
For the concise risk statement by the management body see section 1.2 Key figures and Management statement.

3.2 Governance arrangements
Legal structure of de Volksbank

Stichting administratiekantoor beheer financiële instellingen (NL Financial Investments; NLFI) holds 100% of the share capital of de Volksbank on behalf of the Dutch State. NLFI is a foundation with a statutory task established by the Minister of Finance and was established to exercise the shareholder rights on behalf of the Dutch State in a number of financial institutions in a commercial, non-political manner and a transparent separation of interests.
The overview below comprises a statement of all wholly-owned subsidiaries as at 31 December 2024.

Legal structure



*Trade name: ASN Impact Investors

Internal solvency and liquidity management is exercised at the level of de Volksbank N.V.

The four brands ASN Bank, BLG Wonen, RegioBank and SNS operate under the banking license of de Volksbank N.V.

3.2.1 Information about Governance guidelines Executive Board and Executive Committee

Changes to the governance structure

In 2024, the composition of the Executive Committee (ExCo) changed:

- Roland Boekhout was appointed as CEO as from 22 May 2024. He succeeded Martijn Gribnau, who indicated in December 2023 that he would not be available for a second term as CEO.
- Saskia Hoskens was appointed as CRO as from 10 April 2024, succeeding Jeroen Dijst, who has stepped down after two terms as CRO.
- Gwendolyn van Tunen was appointed as CFCO as from 24 June 2024.
- Marinka van der Meer laid down her duties as CCO as from 1 July 2024. She remained attached to de Volksbank until 1 January 2025, ensuring a proper and smooth handover of duties and responsibilities. Until the vacancy is fulfilled, the CEO will be ultimate responsible for the bank's brands, range of products and services, customer relationships and social impact.

Composition of the Executive Committee as at 31 December 2024

Name		Appointed until
Roland Boekhout	CEO	AGM 2028
André Haag	CFO	AGM 2026
Saskia Hoskens	CRO	AGM 2028
Vacancy	CCO	
Gwendolyn van Tunen	CFCO	AGM 2028
Michel Ruijterman	CIO	15 May 2026
Jacqueline Touw	CPOO	1 October 2026

In 2025, the following changes were made in the governance structure:

- With effect from 1 March 2025, the Executive Committee ceased to exist. However, the Executive Board will remain in place.
- On 1 March 2025, Isold Heemstra joined the bank as CCO
- Gwendolyn van Tunen (CFCO) was added to the Executive Board.

As a result, with effect from 1 March 2025, the Executive Board consists of Roland Boekhout (CEO), Saskia Hoskens (CRO), André Haag (CFO), Isold Heemstra (CCO) and Gwendolyn van Tunen (CFCO).

Roles and responsibilities

De Volksbank has a two-tier governance model consisting of a Supervisory Board and an Executive Committee. The Supervisory Board performs its oversight and advisory role 100% independently, in accordance with applicable laws, regulations and corporate governance standards. The Executive Board (ExBo) is de Volksbank's statutory managing board (statutair bestuur) within the meaning of section 2:129 Dutch Civil Code and is entrusted with the management of de Volksbank. The ExCo is part of de Volksbank's management body in its executive function (together with the ExBo) as defined in the Capital Requirement Directive IV (2013/36/EU) (CRD IV) and has duties and responsibilities that have been delegated to it by the ExBo.

The ExBo grants a mandate to the ExCo on which basis the ExCo is charged with and responsible for (i) the day-to-day management of de Volksbank, ensuring compliance with laws and regulations and the adequate financing of its activities; (ii) the continuity of de Volksbank and its business, aimed at sustainable long-term value creation for de Volksbank and taking into account the interests of all relevant stakeholders, and (iii) implementing de Volksbanks' mission, vision, strategy, risk appetite, corporate standards and values, including business conduct and reporting its findings to the Supervisory Board, risk framework, main policies, budgets, financial and non-financialnon-financial targets, with the aim to contribute to sustainable long-term value creation by de Volksbank and to build and maintain the culture required for that purpose.

The ExCo ensures close cooperation with the Supervisory Board while discharging its responsibilities and seeks supervision and advice from the Supervisory Board for the bank-wide strategy and strategy implementation. The ExCo is accountable to the Supervisory Board and to the General Meeting of Shareholders (GSM) for the performance of its duties. With the respect to the latter, the ExCo develops a view on sustainable long-term value creation for de Volksbank and its business, while considering the interests of all relevant stakeholders.

Composition and diversity

In 2024, the ExCo consists of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO), Chief Customer Officer (CCO)(vacancy), Chief Financial Crime Officer (CFCO), Chief Information Officer (CIO) and Chief People and Organisation Officer (CPOO).

The ExCo's composition is based on de Volksbank's Diversity and Inclusion Policy which focuses on recognising and valuing both customers' and employees' diversity. The purpose of the policy is to optimally contribute to the execution of the bank's strategy. The Supervisory Board (SB) draws up job profiles for the ExCo in consultation with the ExCo itself. The job profiles specify the required knowledge, suitability, expertise, integrity and availability of the ExCo and its members. As far as education and professional experience are concerned, the profiles set out the relevant aspects of diversity and inclusion, such as nationality, age, gender and background with regard to education and professional experience.

As from 1 January 2022, the Dutch Gender Balance Act in management and supervisory boards came into force. This Act imposes an ingrowth quota of at least one-third male and one-third female members on the supervisory boards of

Dutch listed companies in the Netherlands. Although de Volksbank is not a listed company,and its shares are privately held by NLFI, the bank voluntarily applies the Gender Balance Act in full. In addition, de Volksbank is to have appropriate and ambitious targets to promote gender diversity across the organisation and is required to report on said above targets, plans and progress. De Volksbank's 2025 target has been set at a female/male ratio of between 40% and 60% at all management levels. At year-end 2024, the percentage of women on the ExCo was 50%; 50% male and 50% female, with one open vacancy not included in the calculation. This percentage is in line with the Gender Balance Act.

In succession planning and when filling vacancies, de Volksbank gives due consideration to any applicable diversity requirements in its search for suitable new ExBo and ExCo's senior executives who meet the fit and proper requirements stipulated in the Dutch Financial Markets Supervision Act (Wft) and CRD IV.

Appointment, suspension and dismissal
Members of the ExCo are appointed and reappointed by NLFI on nomination by the SB and after approval by the supervisory authorities. NLFI holds the right to suspend and dismiss members of the ExBo. The ExCo's senior executives are appointed by the ExBo subject to the approval of the SB and supervisory authorities. The ExCo's senior executives are suspended and dismissed by the ExBo, subject to the approval of the SB. When considering approval the SB will take into account the advice of the People and Organisation Committee (P&OC). Both ExBo and ExCo members are appointed and reappointed for a maximum term of four (4) years, in accordance with the rotation scheme.

When preparing the appointment and reappointment of the members of the ExCo, the P&OC and SB consider the diversity objectives laid down in de Volksbank's internal policies such as the Diversity and Inclusion Policy and the (Re)Appointment Policy. To be eligible for appointment candidates are required to meet the Fit and Proper test under the Dutch Financial Markets Supervision Act (*Wft*). The Works Council has the right to prior consultation on the appointment of members of the ExCo. The SB notifies the GMS of the intended appointment or reappointment of an ExCo member, accompanied by the candidate's condensed resume , including age, gender, educational and professional background.

Further information on the suspension and dismissal procedure of the ExCo is provided in de Volksbank's Articles of Association and the ExBo and ExCo's Rules of Procedure as published on our website.

Functioning
The Articles of Association of de Volksbank contain a list of the duties of the ExBo and the rules governing its functioning. Additional practical arrangements on how the ExCo is to exercise its duties and powers are defined in the ExBo's and ExCo's Rules of Procedure and in the Memorandum of Understanding (MoU) between NLFI and de Volksbank.

The Rules of Procedure for the ExBo and ExCo were updated on 8 February 2024. The ExCo meets on a weekly basis and takes decisions by a majority of votes. In fulfilling de Volksbank's mission and ambition, the ExCo continuously and explicitly weighs up the interests of all stakeholders.

Personal details
The following is a concise description of the ExCo members' professional experience as at 31 December 2024. :

Roland Boekhout
Chief Executive Officer
1963 – Nationality: Dutch – Gender: Male

Roland Boekhout was appointed as Chief Executive Officer and Chair of the Executive Board and Executive Committee with effect from 22 May 2024. In addition to his role at de Volksbank, Roland serves as a board member of the German-Dutch Chamber of Commerce.

With over 30 years of international experience in the banking sector, Roland has held various commercial and managerial positions at ING Group and Commerzbank. From 2010 to 2017, Roland served as CEO of ING Germany. Prior to that, Roland was CEO of ING Commercial Banking Central and Eastern Europe. In 2017, Roland joined the Management Board Banking of ING Group, he became a member of Commerzbank's Board of Managing Directors in 2020, responsible for corporate clients worldwide. Roland holds a Master's degree in Business Economics from Erasmus University, the Netherlands.

André Haag
Chief Financial Officer
1982 – Nationality: German – Gender: Male

André Haag was appointed as Chief Financial Officer and member of the Executive Board and Executive Committee with effect from 1 August 2022. André holds no other board positions.

Prior to joining de Volksbank he served on the Executive Board of Triodos Bank N.V. as Group CFO. Before that he worked for Deutsche Bank from 2011 to 2019, where he held various senior positions in Luxembourg and Germany, notably as Country CFO Luxembourg and Director in Regional Finance Germany. From 2016 to 2019 he was a member of the Management Board and CFO at Deutsche Holdings (Luxembourg) S.à.r.l. Prior to that, he held senior positions in the financial consulting industry. During that period he worked for Ernst & Young, PA Consulting Group and IBM Financial Consulting. André holds a Master of Arts (M.A.) in Finance & Banking from Wissenschaftliche Hochschule Lahr (WHL) in Lahr, Germany.

Saskia Hoskens
Chief Risk Officer
1970 – Nationality: Dutch – Gender: Female

Saskia Hoskens was appointed as Chief Risk Officer and member of the Executive Board and Executive Committee with effect from 10 April 2024. Saskia holds no other board positions.

Before joining de Volksbank, Saskia served as Chief Risk Officer for ING Wholesale Banking. Prior to that, starting in 2005, Saskia held various roles at Rabobank, including leading the integration of the mortgage subsidiary FGH Bank as CEO. Saskia also managed Rabobank's global restructuring department and served as Regional Director for Corporate Banking in the Southern Netherlands. Before her banking career, Saskia was involved in mergers and acquisitions of both large and small companies at Deloitte Corporate Finance and Nuon (now Vattenfall). Saskia has completed a doctoral programme in Financial Economics at Vrije Universiteit in Amsterdam, the Netherlands and holds a Bachelor of Business Administration from Nyenrode Business University, the Netherlands.

Chief Customer Officer
Vacancy[1]

Gwendolyn van Tunen
Chief Financial Crime Officer

1965 - Nationality: Dutch - Gender: Female

Gwendolyn van Tunen was appointed as Chief Financial Crime Officer (CFCO) and non-statutory member of the Executive Committee with effect from 24 June 2024.

Gwendolyn has over 25 years of experience in the financial sector, with the past 20 years in various national and international management roles focusing on compliance, corporate governance and operations. Gwendolyn gained extensive knowledge and experience in national and international laws, regulations and integrity risks. Since, 2021 Gwendolyn has served as Director of Compliance at de Volksbank. Prior to that, Gwendolyn served as Chief Compliance Officer at ABN AMRO Bank N.V. for seven years. She began her career as an auditor. Gwendolyn holds an Executive MSc in Internal Auditing (EMIA) from the University of Amsterdam in Amsterdam, the Netherlands.

Michel Ruijterman
Chief Information Officer
1970 – Nationality: Dutch – Gender: Male

Michel Ruijterman was appointed as Chief Information Officer and non-statutory member of the Executive Committee with effect from 16 May 2022. Michel holds no other board positions.

Michel has worked in IT leadership positions for over 25 years. Prior to joining de Volksbank, Michel worked in similar positions at Albert Heijn and Air France-KLM. Michel holds an MBA/MBI in Business Administration & Informatics from Rotterdam School of Management in Rotterdam, the Netherlands and an MSc in Computer Science - Artificial Intelligence from Delft University of Technology, the Netherlands.

Jacqueline Touw
Chief People & Organisation Officer
1966 – Nationality: Dutch – Gender: Female

Jacqueline Touw was appointed as Chief People & Organisation Officer and non-statutory member of the Executive Committee with effect from 1 October 2022. Jacqueline holds no other board positions.

Prior to joining de Volksbank, Jacqueline was employed at Sligro Food Group as CHRO. Before that she was ultimately responsible for HR at Essent and held various international leading positions at DSM and gained banking experience at Van Lanschot Bankiers N.V. Jacqueline holds a Master's degree in Human Resource Management from Open University in Heerlen, the Netherlands.

[1] As from 1 March 2025, this vacancy was filled by Isold Heemstra

Supervisory Board

Roles and responsibilities

The Supervisory Board (SB) supervises, advises, challenges and supports the ExBo and ExCo exercising of its powers and duties. The SB together with the ExCo is responsible for de Volksbank's sustainable long-term value creation, requiring members to execute their duties in a sustainable manner with due observance of the sustainable long-term viability of the strategy pursued. The SB is part of de Volksbank's 'management body in its supervisory function' as defined in CRD IV.

In discharging its task, the SB takes into account the dynamics and the relationship between the ExBo, ExCo and their members. The SB's early and close involvement with both bodies is required when formulating the bank-wide strategy and targets in line with the pursued culture aimed at sustainable long-term value creation. In performing their duties, the members of the SB are guided by the interests of de Volksbank and its businesses, taking due consideration of the legitimate interests of all of the bank's stakeholders.

Certain decisions taken by the ExBo and ExCo are subject to the approval of the SB. Further information on the role and responsibilities of the SB is provided in de Volksbank's Articles of Association and the SB's Rules of Procedure as published on our website.

Appointment, suspension and dismissal

Members of the SB are appointed and reappointed by the General Meeting of Shareholders (GMS), upon nomination by the SB itself. To be eligible for appointment candidates are required to meet the Fit and Proper test under the *Wft*.

The GMS and the Works Council may recommend candidates to the SB to be nominated as members of the SB. The diversity objectives laid down in de Volksbank's internal policies are taken into consideration when preparing the appointment and reappointment of the members of the SB. The SB notifies the GMS of the intended appointment or reappointment of a member of the SB, accompanied by a short resume of the candidate, including the candidate's age, gender, educational and professional background and geographical provenance.

The SB is required to nominate a candidate recommended by the Works Council in respect of one third of the members of the SB (the 'enhanced right of recommendation'). The SB is to accept the recommendation of the Works Council unless it believes that the candidate recommended is unsuitable to fulfil the duties of a member of the SB or if the SB would not be properly composed if the appointment was made as recommended. The SB may suspend any of its members at any time. In the event of lack of confidence in the SB the GMS may dismiss the SB in its entirety.

Further information on the appointment, suspension and dismissal procedure of the members of the SB is provided in de Volksbank's Articles of Association and the SB's Rules of Procedure as published on our website.

Functioning

In performing its duties, the SB continuously weighs up the interests of all its stakeholders to fulfil the mission and ambition of de Volksbank. SB members operate independently of each other within the meaning of the Dutch Corporate Governance Code and in accordance with the Dutch Central Bank's (DNB) position on the independent functioning of the SB. In December 2022 de Volksbank updated the Code of Conduct entitled Common Sense, Clear Conscience (Code of Conduct). The Code of Conduct contains a conflict- of- interest procedure and a procedure for respectful and professional conduct. In addition, the Articles of Association contain a list of the duties and rules governing the functioning of the SB. Both the Rules of Procedure for the SB and the MoU agreed with NLFI include additional agreements how the SB should exercise its duties and powers as well as on the appointment of the Chair of the SB and the CEO. The Rules of Procedure for the SB were last amended on 1 December 2022. The SB meets at least six times a year and takes decisions by a majority of votes.

Ancillary positions and conflicting interests

Members of the SB may hold and are to disclose other positions, including directorships. CRD IV and the Dutch Corporate Governance Code (DCGC) restrict the total number of SB positions or non-executive directorships that may be held by a SB member, if the SB member also has an executive board position. It is the responsibility of the individual SB member and the SB to ensure that the directorship duties are performed properly and are not affected by any other positions held by the individual member outside de Volksbank and its group structure.

SB members are to report any (potential) conflicts of interests and to provide all relevant information relating to them. The SB, excluding the member concerned, decides whether a conflict of interest exists. If it does, the relevant member of the SB abstains from discussions and decision-making on a subject or transaction in relation to which the relevant SB member has a (potential) conflict of interest.

In accordance with the DCGC and the SB's Rules of Procedure every transaction with one or more SB members that is of material significance to de Volksbank and involves (potential) conflict of interests, will be disclosed in the management report, stating the conflict of interest.

Composition and diversity

The SB is composed in such a way that it has sufficient expertise to properly perform its duties. The SB draws up a generic profile for its members. This profile specifiesspecifies the required knowledge, suitability, expertise, integrity and availability of the SB and its members.

It also sets out the relevant aspects of diversity and inclusion, such as nationality, age, gender and background in relation to education and professional experience. At the end of 2024, 40% of the SB positions were filled by women, 60% male and 40% female, in line with de Volksbank's objective for 2025 and the Gender Balance Act.

De Volksbank's Diversity and Inclusion Policy focuses on recognising and valuing both customers' and employees' diversity. This policy also applies to the SB. The generic profile of the SB has been approved by NLFI and is published on our website. The generic profile of the SB was last amended on 1 November 2021. When a new member is appointed, the SB will propose a candidate to the GMS, taking this profileprofileprofile into account.

Personal details
The following is a concise description of the SB members' professional experience as at 31 December 2024 :

Gerard van Olphen
1962 – Nationality: Dutch – Gender: Male

Gerard van Olphen was appointed as a member and Chair of the Supervisory Board of de Volksbank N.V. on 13 August 2021. Gerard is also a member of the People & Organisation Committee (P&OC) and Chair of the ESG Committee. His term of office will expire on the date of the Annual General Meeting (AGM) of 2025.

Other positions held by Gerard on 31 December 2024:
- Member of the Supervisory Board of a.s.r., member of the Audit & Risk Committee and member of the Nomination & ESG Committee
- Chairman of the Stakeholders' Body for Professional Regulation of the Royal Dutch Professional Organisation of Accountants (*NBA*)
- Chairman of the Supervisory Board of Robidus

Gerard has extensive executive-level experience at various financial institutions with roots in Dutch society. In the spring of 2021, he stepped down as Chair of the Executive Board of APG, the Dutch pension investor. Prior to that, he was Chair of the Executive Board of SNS REAAL and, after the split-off, he briefly served as Chair of insurance company Vivat, acquired at the time by the Anbang Insurance Group. Earlier in his career he held the positions of CFRO and Vice Chair of the Executive Board of Achmea, CEO of NIBC Asset Management and member of the Executive Committee of NIB Capital. From 1991 to 2001, he held several policy-making positions at SNS REAAL, including that of CEO of REAAL. Gerard studied Economics at the University of Groningen and graduated in Business Economics. Gerard subsequently completed his postgraduate education to become a Chartered Accountant (RA) in Groningen. In the following years, he pursued various management and business programmes, including at IMD and INSEAD.

Jeanine Helthuis
1962 – Nationality: Dutch – Gender: Female

Jeanine Helthuis was appointed to the Supervisory Board on 20 September 2021. Jeanine is also Chair of the P&OC and a member of the Risk & Compliance Committee (R&CC) and ESG Committee. Her term of office will expire on the date of the AGM of 2025.

Other positions held by Jeanine on 31 December 2024:
- Member of the Supervisory Board of Transdev Nederland Holding N.V. / member of the Audit & Compliance Committee
- Member of the Supervisory Board of CAB Payments Europe.

Jeanine has broad managerial experience in leading Dutch service providers, including companies in the banking sector. She has held various board and senior management positions at several companies in the logistics sector and in the financial services industry. Until 1 November 2022 Jeanine was a Managing Director at Van Doorne, a Dutch law firm. Prior to that, she was General Manager at PC Uitvaart (2015 – 2020) and Chair of the Board of Directors of Monuta (2009 – 2012). In the intervening period (2013 – 2014), she chaired the working group of the Dutch Investment Institution (NII). In addition, she was a member of the Supervisory Board at Van Lanschot Kempen until May 2021 and Vice Chair of the Supervisory Board of ProRail until the end of April 2023.

From 2006 - 2009, Jeanine sat on the Managing Board of Fortis Bank Nederland in the capacity of CEO of its Retail Bank, and from 1991 – 2005 she held various senior management positions at KPN. Jeanine started her career at Nedlloyd. Jeanine holds a Bachelor of Business Administration and a Master of Business Economics from Erasmus University in Rotterdam, the Netherlands.

Petra van Hoeken
1961 – Nationality: Dutch – Gender: Female

Petra van Hoeken was appointed as a member of the Supervisory Board on 20 September 2021. Petra is also Chair of the R&CC and a member of the Audit Committee (AC) and ESG Committee. Her term of office will expire on the date of the AGM of 2025.

Other positions held by Petra on 31 December 2024:
- Member of the Supervisory Board of Nordea Bank, chair of the Risk & Compliance Committee and member of the Audit Committee
- Non-executive member of the Oranje Fonds Board, Vice Chair of the Audit Committee and member of the Investment Committee
- Adviser to the Ministry of Economic Affairs and Climate Policy, Chair of the Credit Committee of the Corporate Finance Guarantee Scheme (GO Scheme)
- Member of the Donations Review Committee of Leiden University
- Member of the Board of the foundation for the holding and administration of shares under the RDS (Royal Dutch Shell) employee share plans
- Non-Executive Director of Virgin Money UK
- Voluntary board member of Female Cancer Foundation

Petra has extensive managerial and banking experience at Dutch and international banks. Until the end of 2020, Petra was Chief Risk Officer on the Executive Committee of the Intertrust Group. Prior to that, she was CRO and a member of the Managing Board at Rabobank (2016 – 2019), during which period she was responsible for Legal & Compliance and Risk Management of the Rabobank Group. Petra held a similar position at NIBC (2011 – 2016).

Petra started her career in 1986 at ABN AMRO where she, after having held various international positions, became responsible for EMEA & Global Risk Management as CRO. After the split-off from ABN AMRO, she held the same position for RBS. Petra holds a Master's degree in Civil Law from the University of Leiden, the Netherlands.

Aloys Kregting
1967 – Nationality: Dutch – Gender: Male

Aloys Kregting was appointed as a member of the Supervisory Board on 24 August 2018 and was reappointed on 21 April 2022. His term of office will expire on the date of the AGM of 2026. Aloys is also member of the AC and a member of the P&OC and ESG Committee.

Other positions held by Aloys on 31 December 2024:
- Head of ASML Business Services

Aloys started his career as IT Manager at KPN in 1992. From 1999 to 2008, he was employed at Unilever as IT Manager and from 2004 in the role of CIO. Aloys worked for DSM from 2008 to 2016. During this period he held the positions of CIO and CSO. Aloys has been CIO at AkzoNobel from 2016 until April 2022. Aloys holds a Master's degree (MSc) in Electrical and Electronics Engineering from Delft University of Technology and a Master's degree (MSc) in Business Administration and Management from Nyenrode Business University, the Netherlands.

Jos van Lange
1956 – Nationality: Dutch – Gender: Male

Jos van Lange was appointed as a member of the Supervisory Board on 1 May 2018 and was reappointed on 21 April 2022. On 31 October 2022 Jos was appointed as Vice-Chair of the Supervisory Board. His term of office will expire on the date of the AGM of 2026. On 20 September 2021, Jos took the reins as Chair of the AC and remained a member of the R&CC and ESG Committee.

Other positions held by Jos on 31 December 2024:
- Chair of the Supervisory Board (*Raad van Toezicht*), Chair of the People and Organisation Committee of Zuyderland Medisch Centrum
- Vice Chair of the Supervisory Board and Chair of the Audit, Risk & Compliance Committee of Bouwinvest N.V.
- Member of the Board of the Foundation of Tilburg University, Chair of the Audit, Risk & Compliance Committee
- Member of the Investment Advisory Committee of cooperative DELA
- Chair of the Landgoed Kasteel Geldrop Foundation

Jos held the position of CEO at Rabo Real Estate Group from May 2013 until July 2017 and the position of CFRO from December 2006 until May 2013. From 1980 until 2006, Jos held various financial and business- oriented positions at Rabobank. Jos holds a Master's degree in Economics from Tilburg University, the Netherlands.

Flows of risk management information to Executive Committee and Supervisory Board

Table of reports and frequencies

	Report	Executive Committee	Supervisory Board
1st line	Quarterly Business Review/Management reports	quarterly	quarterly
	Monthly Business Review	monthly	n.a.
	In Control Statement	annually	annually
	ICAAP/ILAAP package	annually	annually
	Recovery Plan	annually	annually
2nd line	Quarterly Risk Report	quarterly	quarterly
	ICAAP/ILAAP opinion	annually	annually
	Risk Appetite Statement	annually	annually
	Strategic Risk Assessment	annually	annually
	Self-assessment risk committees	annually	annually
	Recovery Indicator Dashboard	semi annually	n.a.
	Risk Management Function (RMF) Charter	annually	annually
	Review Compliance Function Charter	annually	annually
	Review self-assessment Integrated Control Framework	annually	annually
3rd line	Audit report external accountant	semi annually	semi annually
	Internal audit report	quarterly	quarterly
	Joint EY Audit de Volksbank Management Letter	annually	annually
	Joint EY Audit de Volksbank Management Letter Progress Updates	quarterly	three times a year
	Audit report capital management/Audit report ILAAP	annually	annually

The Executive Committee and Supervisory Board of de Volksbank are regularly informed about risks and risk management. The table above mentions important reports that they receive, as well as their frequency.

The SB convened thirteen times, of which seven are regular meetings, in 2024. All regular meetings were attended by most of the members of the SB. Members of the ExCo and the Company Secretary are permanent attendees at SB meetings.

The AC convened six times, of which five are regular meetings, in 2024. At each meeting, the AC discussed the reports issued by Audit and received regular updates, either in writing or verbally from EY, the external auditor. Top risks related to both the internal control risks and financial risks were explicitly addressed. Also, the quarterly results were discussed in depth each quarter. The design, existence and operation of the internal control systems were also regularly on the agenda, with the AC paying specific attention to the improvement programs that were put in place to strengthen internal control and to make the reporting processes more robust.

The R&CC convened seven times, of which four are regular meetings, in 2024. In every regular meeting, the R&CC reflected on the financial, non-financial and strategic risks subsequent to discussing the risk context and the risk management function.

The P&OC meets at least once a year with the R&CC in a joint meeting to discuss, inter alia, how remuneration outcomes reflect risk. The P&OC convened four times in 2024.

As the ExCo takes ultimate responsibility for risk management within the organisation, it therefore functions as an overarching bank risk committee, and as such is supported by risk committees composed of representatives from the first line and second line in each committee.

We also refer to the report of the Supervisory Board included in the Annual Report, which includes a detailed list of the subjects and reports discussed by the Supervisory Board members in 2024. The reports received by the Supervisory Board members were also discussed by the Executive Committee.

Please refer to chapter 3 of the Annual Report 2024 of de Volksbank for information about the governance arrangements.

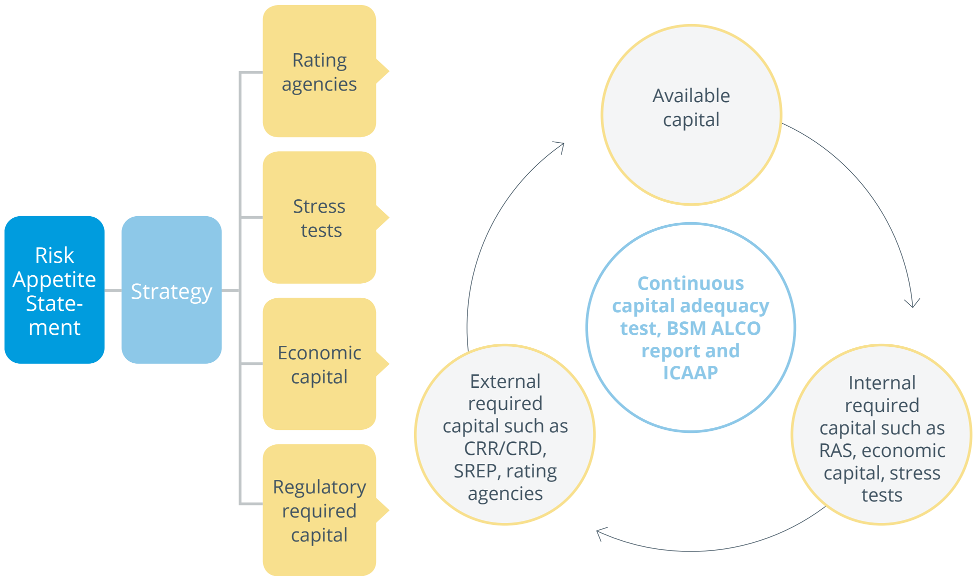
4. Own funds

4.1 Capital Management and control

Capital management strategy
Our capital strategy incorporates the objective of having a solid capital position at our disposal to support de Volksbank's corporate strategy, combined with an adequate Return on Equity (RoE). As for the RoE, de Volksbank applies a (long-term) target in the range of 8-10%. The basic principle for the capital amount held is that the bank maintains buffers in addition to the minimum amount of capital required by the supervisory authority to guarantee sufficient capitalisation in the event of a severe yet plausible stress scenario.

De Volksbank manages its capital from several perspectives, as is shown in the following figure.

Risk Appetite statement



Regulatory capital and MREL
The minimum amount of capital required by law, i.e. regulatory capital, is based on risk-weighted capital ratios (CET1 capital, Tier 1 capital, total capital) and the required non-risk-weighted capital ratio, i.e. the leverage ratio. The minimum risk-weighted capital ratios are based on the SREP. In addition to these required capital ratios, de Volksbank is subject to the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) on both a risk-weighted and non-risk-weighted basis.

Economic capital
De Volksbank also makes its own internal (economic) estimate of the amount of capital required. This differs from regulatory capital in two significant respects, namely:
1. We include in our calculations of economic capital risks from which material losses may ensue within a one-year horizon according to internal insights. This means that we consider more types of risk than in regulatory capital calculations.
2. We use our own insights to translate our risk appetite into internal capital requirements, partly based on the desired credit rating.

We share the economic capital requirements with the supervisory authority. This is part of the Internal Capital Adequacy Assessment Process (ICAAP). We also use the economic capital requirements to determine our internal capital targets and thresholds for specific types of risk, as applied in the Risk Appetite Statement (RAS).

Stress testing
Every year, de Volksbank performs several stress tests to test the robustness of capital adequacy and examine other financial aspects, such as in the areas of liquidity and profitability. Stress tests may either be initiated internally or requested by supervisory authorities.

The scenarios to be calculated are drafted on the basis of a detailed risk identification that considers both systemic risks and idiosyncratic risks, i.e. financial system-related risks and de Volksbank-specific risks. In addition to scenario analyses, used to calculate the impact of, for example, a macroeconomic scenario on de Volksbank's capital position, we also perform sensitivity analyses and reverse stress tests. The latter starts from a pre-determined outcome, such as a situation in which the bank is unable to meet its minimum capital requirements, and then looks at events that could lead to such a situation.

For the scenarios for which the impact is calculated by means of a stress test, we estimate the development of unemployment, economic growth, the interest rate and other factors. In these stress tests, the macroeconomic variables adversely impact aspects such as the net interest margin, the creditworthiness of the outstanding loan portfolio and the fair value of the interest-bearing investment portfolio.
This subsequently results in a deterioration of the bank's capital position. The stress test results are not only used to analyse the bank's sensitivity to various types of stress, but also as input to determine risk appetite-related thresholds and management buffers to set the internal capital ratio target levels. Finally, they are used as input for de Volksbank's recovery plan.

Recovery plan and contingency planning
Contingency planning, i.e. the planning for unforeseen events, is part of the bank's recovery plan. This plan's key objective is to prepare de Volksbank for a crisis in a way that enables us to recover independently and safeguard the bank's continuity.

Contingency planning encompasses the drafting and implementation of an action plan that allows us to take prompt measures as soon as our capital position deteriorates as anticipated or unexpectedly, for example as a result of financial market conditions. In addition to capital aspects, we also monitor the situation with respect to potential liquidity problems, both of which are identified by frequently monitoring early warning indicators. Changes in these indicators may be a first sign of stress.

On top of early warning indicators, we have defined recovery indicators that may trigger activation of the recovery plan. Applying the recovery plan-based measures helps us reinforce the capital ratios and recover independently. The scope of these measures is wide and not only relates to capital and liquidity, but also to operations and communications. The nature and severity of the deteriorating conditions will determine the measures, for example raising capital, lowering the risk-weighted assets or raising funding, whatever is appropriate.

Besides a description of the available measures and conditions to be met before any measures are implemented, the recovery plan also contains an analysis of the expected recovery capacity. The analysis is supported by several (severe) stress scenarios in which the effectiveness of these measures has been assessed, the so-called recoverability assessment.

Every year, the recovery plan is updated and discussed with the Joint Supervisory Team (JST) of the ECB. At the latter's request, the recovery plan for 2024 included four scenarios that addressed system-wide macroeconomic and idiosyncratic stress. This analysis proved de Volksbank's capital and liquidity recoverability capacity to be adequate.

Rating agencies
The bank's creditworthiness is assessed by credit rating agencies S&P, Moody's and Fitch. To determine a credit rating, they look at aspects such as our capital position. To ensure that our capital ratios are in line with our credit rating ambition, we include the corresponding capital requirements in our capital planning.

4.2 Own funds
Under the CRD IV rules, de Volksbank's own funds comprise a number of components that must comply to certain conditions. De Volksbank's capital base consists of Common Equity Tier 1 capital (CET1), Additional Tier 1 capital (AT1) and Tier 2 capital (T2). These capital components in relation to the capital structure are explained below. We also address the ability of capital items to absorb losses and the restrictions applicable.

The template below lists the main features and conditions of the equity components of de Volksbank.

EU CCA - Main features of regulatory own funds instruments and eligible liabilities instruments

	In € millions	a CET1 Capital	b Additional Tier 1 Capital	c Tier 2 Capital	d Tier 2 Capital
1	Issuer	de Volksbank N.V.	de Volksbank N.V.	de Volksbank N.V.	de Volksbank N.V.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	XS2454874285	XS2202902636	XS2948048462
2a	Public or private placement	Private	Public	Public	Public
3	Governing law(s) of the instrument	Dutch law	Dutch law	Dutch law	Dutch law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	Yes	Yes	Yes
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1	AT1	Tier 2	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	AT1	Tier 2	Tier 2
6	Eligible at solo/ (sub-)consolidated/ solo&(sub-)consolidated	Consolidated and solo	Consolidated and solo	Consolidated and solo	Consolidated and solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Subordinated loans	Subordinated loans	Subordinated loans
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	3,918	298	499	497
9	Nominal amount of instrument	381	300	500	500
EU-9a	Issue price	381	300	500	498
EU-9b	Redemption price	N/A	300	500	500
10	Accounting classification	Shareholders' equity	Liability-amortised cost	Liability-amortised cost	Liability-amortised cost
11	Original date of issuance	N/A	15 June 2022	22 July 2020	27 November 2024
12	Perpetual or dated	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity	Perpetual	22 October 2030	27 November 2035
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	15 June 2027 to (and including) 15 December 2027 (100% nominal amount), regulatory & tax call (prevailing principal amount)	22 July 2025 to (and including) 22 October 2025 (100% nominal amount), regulatory & tax call (prevailing principal amount)	27 November 2030 (100% nominal amount), regulatory & tax call (prevailing principal amount)

	In € millions	a CET1 Capital	b Additional Tier 1 Capital	c Tier 2 Capital	d Tier 2 Capital
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Fixed
18	Coupon rate and any related index	N/A	7.00%	1.750%	4.125%
19	Existence of a dividend stopper	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	N/A	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
34a	Type of subordination (only for eligible liabilities)	Statutory	Statutory	Statutory	Statutory
EU-34b	Ranking of the instrument in normal insolvency proceedings	1	2	3	3
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Junior to AT1	Subordinated to Tier 2 Capital	Subordinated to senior unsecured funding	Subordinated to senior unsecured funding
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	https://www.devolksbank.nl/investor-relations/debt-informatie/additional-tier-1-notes	https://www.devolksbank.nl/investor-relations/debt-informatie/green-tier-2-notes	https://www.devolksbank.nl/investor-relations/debt-informatie/green-tier-2-notes

On 27th November 2024, de Volksbank doubled its Tier 2 capital from € 500 million to € 1 billion by issuing a new Green Subordinated Tier 2 bond with a nominal value of € 500 million and a coupon rate of 4.125%. No new Additional Tier 1 (AT1) capital were issued by de Volksbank in 2024.

EU CC1 - Composition of regulatory own funds

	in € millions	(a) Amounts 31-12-2024	(b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	3,918	19, 20
	of which: Ordinary shares	381	19
	of which: Share premium	3,537	20
2	Retained earnings	-	24
3	Accumulated other comprehensive income (and other reserves)	-312	21, 22, 23
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	5	25
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**3,611**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-3	2, 3, 10
8	Intangible assets (net of related tax liability) (negative amount)	-5	6a
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	7a, 16a
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-13	2, 5, 10, 22
12	Negative amounts resulting from the calculation of expected loss amounts	-128	
27a	Other regulatory adjustments	-20	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-169**	
29	**Common Equity Tier 1 (CET1) capital**	**3,442**	
	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	298	
31	of which: classified as equity under applicable accounting standards	298	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	298	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	
44	**Additional Tier 1 (AT1) capital**	298	26
45	**Tier 1 capital (T1 = CET1 + AT1)**	**3,740**	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	997	14
51	**Tier 2 (T2) capital before regulatory adjustments**	997	
	Tier 2 (T2) capital: regulatory adjustments		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	
58	**Tier 2 (T2) capital**	**997**	

in € millions		(a) Amounts 31-12-2024	(b) Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
59	**Total capital (TC = T1 + T2)**	**4,736**	
60	**Total Risk exposure amount**	**17,059**	
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	20.18%	
62	Tier 1 capital	21.92%	
63	Total capital	27.76%	
64	Institution CET1 overall capital requirements	10.85%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	1.91%	
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.25%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.69%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**13.67%**	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	13	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	61	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	60	

Total equity according to the Capital Requirements Directive (CRD) is determined by deducting non-eligible interim profits and the amount of Additional Tier 1 capital of € 298 million from total equity.

After profit appropriation by the General Meeting of Shareholders (GMS) in April 2024, € 168 million was added to CET1 capital from the € 332 million non-eligible (interim) profits as at year-end 2023, after the deduction of € 164 million for the dividend payment.

Profit not yet eligible as equity for CRD purposes for 2024, namely € 139 million, is made up of 60% of the net profit for the first half of 2024 (€ 231 million). In effect, € 5 million of the 2024 net profit has been included in CET1 capital at year-end 2024. This reflects an addition of € 92 million, being 40% of the net profit for the first half of 2024 as well as the deduction of the net loss for the second half of 2024 of € 87 million.

CET1 capital is determined by subtracting multiple regulatory adjustments from total equity for CRD purposes. At year-end 2024 these regulatory adjustments amounted to € 169 million negative (2023: € 142 million negative), consisting mainly of a € 128 million deduction related to the IRB shortfall and an € 18 million deduction due to the Article 3 CRR deduction of € 16 million following the ECB's guidelines on non-performing exposures (NPEs) and a deduction of € 2 million related to interest-only mortgages.

The IRB shortfall is the result of our Advanced Internal Ratings Based (AIRB) model calculations. To determine the credit risk in our residential mortgage portfolio, de Volksbank avails itself of an AIRB model entitled Particuliere Hypotheken Interne Rating Model (PHIRM). This model is continuously redeveloped to comply with new rules and regulations.

Column (b) in template EU CC1 is based on the reference numbers of the balance sheet under the regulatory scope of consolidation disclosed in template EU CC2.

EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a/b	c
	in € millions	Balance sheet as in published financial statements / Under regulatory scope of consolidation 31-12-2024	Reference
Assets - *Breakdown by asset classes according to the balance sheet in the published financial statements*			
1	Cash and balances at central banks	2,834	
2	Derivatives	2,141	7, 11
3	Investments	7,199	7
4	Loans and advances to banks	6,710	
5	Loans and advances to customers	54,494	11, 50
6	Tangible and intangible assets	55	
6a	of which: intangible assets	5	8
7	Tax assets	11	
7a	of which: deferred tax assets	11	10
8	Other assets	247	
9	**Total assets**	**73,691**	
Liabilities - *Breakdown by liability classes according to the balance sheet in the published financial statements*			
10	Derivatives	1,105	7, 11
11	Amounts due to banks	1,401	
12	Amounts due to customers	56,153	
13	Debt certificates	9,322	
14	Subordinated debts	997	46
15	Provisions	405	
16	Tax liabilities	20	
16a	of which: deferred tax liabilities	14	10
17	Other liabilities	240	
18	**Total liabilities**	**69,643**	
Shareholders' Equity			
19	Share capital	381	1
20	Share premium reserve	3,537	1
21	Accumulated other comprehensive income	-80	3
22	Fair value reserves related to gains on cash flow hedges	13	3, 11
23	Other reserves	-245	3
24	Retained earnings	-	2
25	Net result for the period	144	EUR-5a
26	AT1 capital securities	298	44
27	**Shareholders' equity**	**4,048**	

Column c in template EU CC2 includes the reference numbers of the regulatory own funds breakdown disclosed in template EU CC1.

There is no difference between the regulatory scope of consolidation defined and the consolidation scope in the financial statements in the financial statements. Therefore column a and b are merged.

EU TLAC1 - Composition MREL 31-12-2024

		a Minimum requirement for own funds and eligible liabilities (MREL)	b G-SII requirement for own funds and eligible liabilities (TLAC)	c Memo item: Amounts eligible for the purposes of MREL, but not TLAC
Own funds and eligible liabilities and adjustments				
1	Common Equity Tier 1 capital (CET1)	3,442		
2	Additional Tier 1 capital (AT1)	298		
6	Tier 2 capital (T2)	997		
11	Own funds for the purpose of Articles 92a of Regulation (EU) No 575/2013 and 45 of Directive 2014/59/EU	4,736		
Own funds and eligible liabilities: Non-regulatory capital elements				
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	3,000		
EU-12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	-		
EU-12b	Eligible liabilities instruments that are subordinated to excluded liabilities issued prior to 27 June 2019 (subordinated grandfathered)	-		
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	-		
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre-cap)	-		
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	68		
14	Amount of non subordinated eligible liabilities instruments, where applicable after application of Article 72b (3) CRR	-		
17	Eligible liabilities items before adjustments	3,068		
EU-17a	Of which subordinated liabilities items	3,000		
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements				
18	Own funds and eligible liabilities items before adjustments	7,804		
19	(Deduction of exposures between multiple point of entry (MPE) resolution groups)			
20	(Deduction of investments in other eligible liabilities instruments)	-		
22	Own funds and eligible liabilities after adjustments	7,804		
EU-22a	Of which: own funds and subordinated liabilities	7,736		
Risk-weighted exposure amount and leverage exposure measure of the resolution group				
23	**Total risk exposure amount (TREA)**	**17,059**		
24	**Total exposure measure (TEM)**	**73,383**		
Ratio of own funds and eligible liabilities				
25	Own funds and eligible liabilities as a percentage of TREA	45.75%		
EU-25a	Of which own funds and subordinated liabilities	45.35%		
26	Own funds and eligible liabilities as a percentage of TEM	10.63%		
EU-26a	Of which own funds and subordinated liabilities	10.54%		
27	CET1 (as a percentage of the TREA) available after meeting the resolution group's requirements	15.68%		
28	Institution-specific combined buffer requirement			
29	of which capital conservation buffer requirement			
30	of which countercyclical buffer requirement			
31	of which systemic risk buffer requirement			
EU-31a	of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer			
Memorandum items				
EU-32	**Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013**			

Total capital and eligible SNP liabilities rose by € 1.1 billion to € 7.7 billion. This was the result of the issuance of € 500 million in green SNP debt, 500 million in a green Tier 2 capital instrument and a € 124 million increase in CET1 capital.

In 2024, de Volksbank successfully executed two capital market funding transactions to strengthen its capital and MREL position in anticipation of expected future redemptions. This included the issuance of € 500 million in green SNP debt with a 7-year maturity and € 500 million in a green Tier 2 capital instrument with a call option on 27 November 2030, temporarily resulting in two outstanding Tier 2 capital instruments.

De Volksbank is not a Globally Systemically Important Institution (G-SII). As Resolution Group MREL (and not TLAC) is applicable. Therefore, columns b to c of template EU TLAC1 are not applicable.

EU TLAC3b - Creditor ranking Resolution entities 31-12-2024

		Insolvency ranking												
		1 (most junior)	2	3	4	5	6	7	8	9	10	11	12 (most senior)	Total
1	Description of insolvency rank (free text)	Common equity Tier 1 instruments	Additional Tier 1 instruments	Tier 2 capital instruments	No longer qualifying AT1 or T2 unless agreed (contractually) otherwise	Other subordinated debt	Senior non-preferred "Tier 3" debt instruments	Other liabilities	Preferred deposits retail + SME	Covered deposits - Claims of a DGS following its subrogation in the rights and obligations of covered depositors	Employee Liabilities that have a preferential status by law.	Dutch Tax and social security authority Claims that have a preferential status by law.	Secured creditors (collateralised part)	
5	Own funds and liabilities potentially eligible for meeting MREL	3,442	298	997	-	-	3,000	68	-	-	-	-	-	7,804
6	of which residual maturity ≥ 1 year < 2 years	-	-	-	-	-	500	25	-	-	-	-	-	525
7	of which residual maturity ≥ 2 year < 5 years	-	-	-	-	-	1,500	40	-	-	-	-	-	1,540
8	of which residual maturity ≥ 5 years < 10 years	-	-	993	-	-	1,000	1	-	-	-	-	-	1,994
9	of which residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-	-	2	-	-	-	-	-	2
10	of which perpetual securities	3,442	298	-	-	-	-	-	-	-	-	-	-	3,740

The difference in Tier 2 capital instruments is due to the accrued interest, which has a maturity date of less than one year.

De Volksbank is not a Globally Systemically Important Institution (G-SII), so only TLAC template TLAC3b is applicable for de Volksbank.

4.3 Macroprudential supervisory measures

Capital requirements

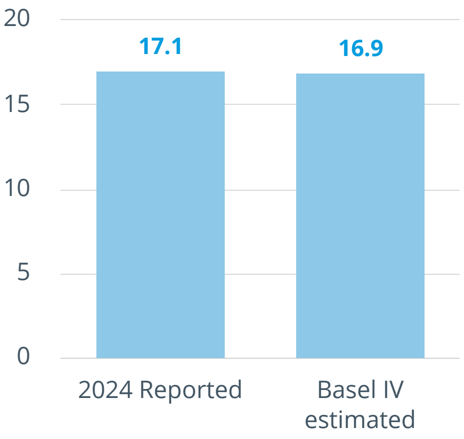
Basel IV

In late 2017, the Basel Committee on Banking Supervision (BCBS) presented the agreement on the completion of the Basel III capital framework, also known as Basel IV. On 30 May 2024, the Council of the European Union announced that it had adopted new rules updating the CRR and the CRD, which translate Basel IV into EU legislation. The resulting final texts were published on 19 June 2024 and entered into force on 9 July 2024 and most amended regulations - except for the market risk framework - apply from 1 January 2025. As from its publication, the Dutch Ministry of Finance has 18 months (until 11 January 2026) to implement the updated CRD into Dutch legislation. With effect from 15 January 2025, the Dutch Minister of Finance has implemented the Member State option to phase in the impact (when applicable) of the output floor on low-risk residential mortgages for which the risk weighting is calculated on the basis of the Internal Ratings Based (IRB) approach. De Volksbank closely monitors all these developments, paying particular attention to new rules for residential mortgages.

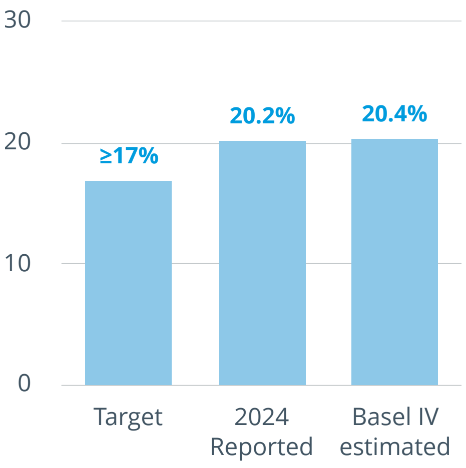
Since year-end 2024, we estimate that our total risk-weighted assets (RWA) according to the fully phased-in Basel IV standards would be below our total RWA under current regulations, mainly due to the removal of a 1.06 scaling factor to determine residential mortgage-related RWA and the adjustment of the credit conversion factor for off-balance sheet items under the revised IRB approach. However, the potential RWA reduction is partly offset by applying a 18% floor for the calculated residential mortgage-related IRB-based risk weight of 16.8% to include additional conservatism. RWA based on the revised IRB approach is estimated to be higher than RWA fully based on the Standardised Approach (SA) after application of the fully phased-in 72.5% output floor.

Basel IV

RWA in € billions



Basel IV (fully phased-in) CET1 ratio



The Basel IV fully phased-in CET1 ratio at year-end 2024 is estimated to equal 20.4% (2023: 21.1%), which is well above our target of at least 17%.

Internal minimum level

De Volksbank sets its target for the leverage ratio at a level of at least 4.5% and for the CET1 ratio target at a level of at least 17.0%, applicable under both current regulations and fully phased-in Basel IV rules. Our leverage ratio target of at least 4.5% is in line with the leverage ratio of comparable European banks and includes an ample management buffer to withstand severe stress situations.

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

Capital expected to sustainably exceed our minimum targets is available for distribution, subject to regulatory approval.

The Overall Capital Requirement of 11.1% is only applicable as per 1 January 2025.

Minimum floor for risk weighting of mortgage loans

In anticipation of the implementation of Basel IV, DNB announced in October 2019 that it would increase the minimum risk weighting for mortgage portfolios of Dutch banks, with the exception of mortgages with (partial) National Mortgage Guarantee (NHG) coverage. This measure applies to banks that use internal risk models to calculate capital requirements for their mortgage portfolios, such as de Volksbank. The regulation entered into force on 1 January 2022 and would initially expire on 1 December 2022 but has now been extended until 30 November 2026. As at year-end 2024, this measure had no impact on de Volksbank, given the bank's RWA level for residential mortgages.

Countercyclical capital buffer in the Netherlands

In Europe, the countercyclical capital buffer (CCyB) aims to ensure that banking sector capital requirements take account of the macro financial environment, i.e. to increase banks' resilience as cyclical risks build up, and to release the buffer as soon as these risks materialise. On 31 May 2024, the CCyB for Dutch exposures increased from 1% to 2%, as announced by DNB on 31 May 2023.

Provision for non-performing exposures

With effect from 26 April 2019, the CRR was amended to introduce common minimum loss coverage levels, i.e. a statutory backstop, for newly originated loans that become non-performing. Non-performing exposures (NPEs) represent a risk to a bank's balance sheet as future losses may not be fully covered by appropriate reserves.

In addition to these CRR requirements, the ECB published its expectations for the level of provisions for NPEs originated before 26 April 2019 and classified as non-performing on or after 1 April 2018. It also made a recommendation in its SREP decision in relation to loans that were classified as non-performing before 1 April 2018.

De Volksbank will deduct any insufficient coverage for NPEs under the CRR statutory backstop from its CET1 capital. As at year-end 2024 this CET1 capital deduction amounted to € 2 million. The prudential provisions for outstanding NPEs according to the ECB expectations and SREP recommendation resulted in a CET1 capital deduction of € 16 million at year-end 2024.

Gone-concern capital: MREL

On 29 January 2025 the National Resolution Authority (NRA) updated the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirements for de Volksbank with effect from 29 January 2025. The MREL requirement based on the non-risk weighted leverage ratio exposure (LRE) amounts to 7.93% and the MREL requirement based on RWA to 21.16%, excluding the Combined Buffer Requirement. Both the LRE and RWA MREL requirements are to be fully met with subordinated instruments, i.e. Tier 1 capital, Tier 2 capital and senior non-preferred (SNP) notes with a residual contractual maturity of at least 1 year. The non-risk-weighted MREL requirements are more restrictive for de Volksbank than the risk-weighted MREL requirements.

In 2024, de Volksbank successfully executed two capital market funding transactions to strengthen its capital and MREL position in anticipation of expected future redemptions:

- € 0.5 billion in green SNP debt with a 7-year maturity;
- € 0.5 billion in a green Tier 2 capital instrument with a call option on 27 November 2030, temporarily resulting in two outstanding Tier 2 capital instruments.

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

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer 2024

		a	b	c	e	f	g	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk	Securitisation exposures Exposure value for Non-Trading Book	Total exposure value	Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	In € millions	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of Trading Book exposures for SA			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Securitisation positions in the Non-Trading Book	Total			
010	**Breakdown by country:**											
	The Netherlands	3,305	53,913	-	222	57,440	955	2	957	11,960	92.00%	2.00%
	France	457	2	-	-	459	13	-	13	163	1.25%	1.00%
	Germany	289	6	-	-	295	12	-	12	151	1.16%	0.75%
	Belgium	270	37	-	-	307	17	-	17	210	1.62%	1.00%
	Luxembourg	253	1	-	-	254	18	-	18	230	1.77%	0.50%
	United Kingdom	177	3	-	-	179	7	-	7	87	0.67%	2.00%
	Norway	172	1	-	-	173	1	-	1	17	0.13%	2.50%
	Austria	113	0	-	-	113	1	-	1	14	0.11%	0.00%
	Denmark	63	0	-	-	63	2	-	2	31	0.24%	2.50%
	Spain	55	1	-	-	55	4	-	4	55	0.42%	0.00%
	Italy	45	1	-	-	46	4	-	4	45	0.35%	0.00%
	Sweden	22	1	-	-	23	2	-	2	23	0.17%	2.00%
	United States	13	1	-	-	14	1	-	1	13	0.10%	0.00%
	Finland	12	-	-	-	12	0	-	0	1.15	0.01%	0.00%
	Switzerland	0	1	-	-	1	0	-	0	0.12	0.00%	0.00%
	Other	1	5	-	-	6	0	-	0	1.64	0.01%	0.00%
020	**Total**	**5,247**	**53,972**	**-**	**222**	**59,440**	**1,038**	**2**	**1,040**	**13,001**	**100.00%**	

The purpose of the CCyB is to increase banks' resilience when cyclical risks build up, and to release the buffer as soon as these risks materialise.

This template contains an overview of the credit exposures relevant for the calculation of the countercyclical capital buffer of countries having an exposure value larger than € 1 million.

As from 31 May 2024, the DNB increased the countercyclical capital buffer (CCyB) of the Netherlands from 1% to 2%.

EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer 2023

		a	b	c	e	f	g	i	j	k	l	m
		General credit exposures		**Relevant credit exposures – Market risk**	**Securitisation exposures Exposure value for Non-Trading book**	**Total exposure value**	**Own fund requirements**			**Risk-weighted exposure amounts**	**Own fund requirements weights (%)**	**Countercyclical buffer rate (%)**
	In € millions	Exposure value under the standardised approach	Exposure value under the IRB approach	**Sum of long and short positions of Trading Book exposures for SA**			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Securitisation positions in the Non-Trading Book	**Total**			
010	**Breakdown by country:**											
	The Netherlands	2,914	50,988	4	117	54,023	964	1	966	12,069	91.95%	1.00%
	Belgium	263	42	-	-	304	20	-	20	252	1.92%	0.00%
	United Kingdom	241	4	-	-	245	12	-	12	148	1.13%	2.00%
	France	320	2	-	-	322	11	-	11	137	1.04%	0.50%
	Luxembourg	239	1	-	-	240	19	-	19	239	1.82%	0.50%
	Germany	217	6	-	-	224	9	-	9	108	0.82%	0.75%
	Norway	143	0	-	-	143	1	-	1	14	0.11%	2.50%
	Canada	116	-	-	-	116	1	-	1	12	0.09%	0.00%
	Italy	48	1	-	-	49	4	-	4	48	0.37%	0.00%
	Sweden	51	1	-	-	52	4	-	4	51	0.39%	2.00%
	United States	0	2	-	-	2	0	-	0	2	0.02%	0.00%
	Switzerland	0	1	-	-	1	0	-	0	0	0.00%	0.00%
	Spain	19	1	-	-	20	2	-	2	19	0.14%	0.00%
	Finland	11	-	-	-	11	0	-	0	1	0.01%	0.00%
	Austria	57	0	-	-	57	0	-	0	6	0.04%	0.00%
	Denmark	15	0	-	-	16	1	-	1	15	0.12%	2.50%
	Other	1	7	-	-	8	0	-	0	4	0.03%	0.00%
020	**Total**	**4,653**	**51,056**	**4**	**117**	**55,831**	**1,049**	**1**	**1,050**	**13,125**	**100%**	

EU CCyB2 - Amount of institution specific countercyclical capital buffer 2024

	in € millions	a
1	Total risk exposure amount	17,059
2	Institution specific countercyclical capital buffer rate	1.91%
3	Institution specific countercyclical capital buffer requirement	326

The institution specific countercyclical buffer rate is mainly driven by the countercyclical capital buffer for exposures to Dutch counterparties.

On 31 May 2023, DNB announced an increase of the countercyclical capital buffer (CCyB) to 2%. Banks with loans in the Netherlands must meet this requirement since 31 May 2024. In accordance with the applicable laws and regulations, DNB determines the level of the CCyB every quarter. The risk picture has not changed materially since the previous CCyB decision, so DNB sees no reason to adjust its previous decision as of year-end 2024.

EU CCyB2 - Amount of institution specific countercyclical capital buffer 2023

	in € millions	a
1	Total risk exposure amount	16,470
2	Institution specific countercyclical buffer rate	0.98%
3	Institution specific countercyclical buffer requirement	161

5. Leverage ratio

5.1 Leverage ratio qualitative disclosure

The leverage ratio is the ratio between a bank's amount of Tier 1 capital and its total exposure measure. To prevent banks from building up excessive debts a minimum Pillar 1 requirement for the leverage ratio of 3.0% applies with effect from June 2021. As from 2022, the ECB also assesses the risk of excessive leverage among supervised banks. This has not resulted in an additional Pillar 2 leverage ratio requirement for de Volksbank.

To manage the risk of excessive leverage, leverage ratio control is part of our continuous capital planning process as explained in section 4.1 Capital Management and control. Wholesale funding that affects the leverage ratio denominator is only attracted when this is consistent with our liquidity management and funding strategy. For more information, please refer to section 6.2 Liquidity Coverage Ratio - Funding strategy

5.2 Leverage ratio quantitative disclosure

The risk exposure that is used in calculating the leverage ratio differs from the value of the assets as included in the financial statements. The template below presents the reconciliation of accounting assets and the leverage ratio exposure.

EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures 2024

	in € millions	a Applicable amount 31-12-2024	a Applicable amount 31-12-2023
1	**Total assets as per published financial statements**	**73,691**	**71,060**
8	Adjustment for derivative financial instruments	-1,470	-1,764
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	1,483	1,397
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-3	-4
12	Other adjustments	-318	-313
13	**Total exposure measure**	**73,383**	**70,375**

The leverage ratio exposure measure increased by € 3.0 billion to € 73.4 billion mainly due to a increase in total assets as per published financial statements.

The adjustment for derivative financial instruments relates to the difference between the accounting value of the derivatives recognised as assets and the leverage ratio exposure value as determined by the application of CRR. As the effects of master netting agreements are taken into account in the leverage ratio exposure value, this adjustment leads to a decrease in exposure.

Other adjustments includes the receivables for cash variation margin provided in derivative transactions (€ 152 million) and the asset amounts deducted in Tier 1 (€ 166 million) due to prudential filters, regulatory deductions, and additional deductions due to Article 3 CRR.

EU LR2 - LRCom: Leverage ratio common disclosure 2024

		CRR leverage ratio exposures		
	in € millions	a 31-12-2024	b 30-6-2024	a 31-12-2023
	On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	71,550	70,153	68,516
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-152	-41	-174
6	(Asset amounts deducted in determining Tier 1 capital)	-169	-161	-142
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**71,229**	**69,952**	**68,199**
	Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	24	13	160
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	647	575	620
13	**Total derivatives exposures**	**671**	**588**	**780**
	Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	3,038	2,851	2,853
20	(Adjustments for conversion to credit equivalent amounts)	-1,548	-1,451	-1,448
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-7	-6	-9
22	**Off-balance sheet exposures**	**1,483**	**1,393**	**1,397**
	Capital and total exposure measure			
23	Tier 1 capital	3,740	3,744	3,616
24	**Total exposure measure**	**73,383**	**71,933**	**70,375**
	Leverage ratio			
25	Leverage ratio (%)	5.10%	5.20%	5.14%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5.10%	5.20%	5.14%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	5.10%	5.20%	5.14%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital	0.00%	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%

	in € millions	CRR leverage ratio exposures a 31-12-2024	b 30-6-2024	a 31-12-2023
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%
	Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	fully phased-in	fully phased-in	fully phased-in
	Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	-	646	847
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	73,383	72,579	71,223
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	73,383	72,579	71,223
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.10%	5.16%	5.08%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.10%	5.16%	5.08%

The leverage ratio decreased to 5.10%, from 5.14% at year-end 2023, mainly due to the € 3.0 billion increase of the leverage ratio exposure (LRE).

The 5.10% leverage ratio is well above the regulatory requirement of 3.0% and above our target of at least 4.5%.

EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) 2024

	in € millions	a CRR leverage ratio exposures 31-12-2024	a CRR leverage ratio exposures 31-12-2023
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**71,398**	**68,341**
EU-2	Trading Book exposures	-	21
EU-3	Banking Book exposures, of which:	71,398	68,321
EU-4	Covered bonds	947	812
EU-5	Exposures treated as sovereigns	8,222	11,056
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	552	403
EU-7	Institutions	6,139	3,723
EU-8	Secured by mortgages of immovable properties	51,406	48,441
EU-9	Retail exposures	326	76
EU-10	Corporates	2,338	2,211
EU-11	Exposures in default	518	524
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	950	1,074

The increase in on-balance sheet exposure is mainly the result of an increase in retail exposures secured by immovable property (€ 3.0 billion). The decrease in exposures to sovereigns (€ 2.8 billion) due to a significant reduction in balances at central banks is largely explained by an increase in exposures to institutions (€ 2.4 billion) resulting from the increased investment of available liquidity to optimise the return on our liquidity position.

6. Liquidity requirements

As explained in subsection 'Management and control' of the risk disclosures 'Liquidity risk and funding strategy' in Annual Report 2024, the Liquidity Coverage Ratio (LCR) is one of the instruments that we use to manage liquidity risk. The regular liquidity management process is also described in the risk disclosures in Annual Report 2024.

6.1 Liquidity risk management

Liquidity risk is the risk that de Volksbank, under normal circumstances as well as in times of stress, has insufficient liquid assets available in the short, medium or long term to meet its financial obligations without incurring unacceptable costs or losses. Liquidity risk also includes the situation in which the balance sheet structure develops in such a way that de Volksbank suffers excessive exposure to a disruption of its funding sources.

Our liquidity management framework is designed to maintain an adequate liquidity and funding profile to support de Volksbank's strategy within our risk appetite.

RISK PROFILE

De Volksbank has a strong liquidity position, enabling the bank to meet its financial obligations at all times. We manage our liquidity position such that we are able to absorb the consequences of bank-specific and market-wide stress factors, such as stress in the money and/or capital markets.

To fund our liquidity needs, we seek to diversify our funding sources in accordance with our funding strategy.

RISK GOVERNANCE

De Volksbank's risk governance is based on the three lines of defence model (see section 3.1 Institution risk management approach).

In terms of liquidity risk management, Hub Balance Sheet Management (BSM) and Hub Financial Markets & Treasury (FMT) make up the first line. Their main liquidity management responsibilities are to manage our liquidity profile with maximum efficiency within the risk appetite determined, and to raise funding in the money and capital markets.

Expertise Centre Risk (ECR) constitutes the second line. It sets frameworks and monitors whether these are complied with, provides advice and determines the liquidity adequacy.

The third line (the audit function) independently assesses the first and second lines' performance.

As the Executive Board has ultimate accountability for risk management within the risk management organisation, it therefore functions as an overarching Bank Risk Committee, which is supported by risk committees, with representatives from the first and second lines in each committee.

The Supervisory Board is charged with the supervision of the Executive Board and in that role is provided with advice by the Audit Committee, the Risk and Compliance Committee and the People and Organisation Committee.

MANAGEMENT AND CONTROL LIQUIDITY RISK

De Volksbank centrally manages its liquidity position, cash flows and liquidity risks. The risk management cycle as defined in section 3.1 Institution risk management approach that we use to manage liquidity risk constitutes the Internal Liquidity Adequacy Assessment Process (ILAAP). This process is performed to monitor de Volksbank's liquidity pr ofile on a continuous basis and to ensure the timely awareness of developments that may require action. The objective of the ILAAP is to ensure that liquidity risk and control elements are adequately covered, and to evaluate how planned and expected developments could influence the adequacy of de Volksbank's liquidity profile. The risk management lifecycle applies to liquidity risk management in the following way:

1. Identification of liquidity risks: we continuously aim to identify all potential risks within the scope of liquidity management. For example, we perform an independent risk review of all relevant liquidity management-related proposals.
2. Assessment of liquidity risks: one element of the ILAAP is that we continuously assess the adequacy of our liquidity profile and liquidity risk management. ILAAP provides input for the ECB's Supervisory Review & Evaluation Process (SREP). We present the outcome of our assessment in the annual ILAAP Liquidity Adequacy Statement (LAS) report. We compare the current and expected risk profile with the risk limits that we have established. We not only use our findings to make adjustments to the actual liquidity profile, risk appetite, policy or guidelines, but also to improve the risk management process. The assessment of liquidity risks within the liquidity risk management life cycle also entails:
    - the recalibration of the liquidity management strategy. We draw up guidelines for a balance sheet structure with optimum efficiency from a liquidity risk perspective.
    - the definition of actions in the Capital and Liquidity Plan. We do this at least once a year, giving substance to the anticipated funding and liquidity needs ensuing from the Financial Plan & Budget, which has a multi-year horizon.To this end, we make forecasts of relevant risk indicators compared with the internal thresholds and work out various scenarios.
    - the updating of forecasts in the liquidity part of the monthly Balance Sheet Management (BSM) ALCO report. The forecasts are updated every month based on the most recent insights and reported to the Asset and Liability Committee (ALCO). The BSM ALCO report is provided with a second line opinion based on the current risk profile versus the risk thresholds and a forward-looking assessment.

   - regular stress testing to provide insight into the key vulnerabilities and to assess the resilience of the liquidity position to severe but plausible adverse (economic) conditions. The results are included in the BSM ALCO report.
   - drawing up a recovery plan and contingency plan for adverse circumstances. These plans contain possible measures to strengthen de Volksbank's liquidity position. An annual update of the recovery plan contributes to de Volksbank's continuity. For more information, please refer to section 4.1 Capital management and control.
3. Risk response to liquidity risks: every year, we determine the Risk Appetite Statement (RAS) for liquidity risk in conjunction with de Volksbank's general risk appetite and strategic objectives. To monitor liquidity risk, we use specific risk indicators and determine the level at which we feel comfortable on the basis of the liquidity risk appetite.
4. Monitoring of liquidity risks: we monitor specific indicators on a daily basis and monitor early warning indicators defined in the RAS for liquidity risk on a regular basis in the Treasury Committee. On top of this, the ALCO monitors the RAS indicators in the BSM ALCO report on a monthly basis.
5. Residual risk: because of (unexpected) balance sheet or regulatory developments, we may not be able to identify or fully manage liquidity risks at all times. By carrying out the liquidity risk management lifecycle, we aim to identify any such risks and formulate a risk response.
6. Reporting of liquidity risk indicators: we prepare regulatory and internal reports to measure, monitor and manage de Volksbank's liquidity profile on an ongoing basis.

MANAGEMENT INSTRUMENTS

Liquidity position

In order to be able to instantly absorb unexpected increases in its liquidity need when necessary, de Volksbank maintains a liquidity position, which includes the central bank reserves. In addition, the liquidity position comprises a liquidity portfolio with unencumbered (highly) liquid investments that are eligible as ECB collateral and are registered in the DNB collateral pool. Investments in our liquidity portfolio are required to meet our sustainability criteria.

Besides the central bank reserves, the liquidity position mainly consists of government (guaranteed) bonds and bonds of de Volksbank's own securitisations, known as Residential Mortgage Backed Securities (RMBS), backed by mortgages issued by de Volksbank. We determine the liquidity value of bonds in the liquidity position on the basis of the fair value of the bonds after applying the percentage haircuts as determined by the ECB.

Liquidity stress testing

We test the robustness of the liquidity position by means of stress tests. To this end, we have defined various scenarios, of which the so-called combined severe stress test has the highest impact. In this scenario we take the following into account:

- a strong outflow of savings and current account balances;
- a lack of funding options in money and capital markets;
- a decline in the fair value of bonds in the liquidity position;
- additional collateral requirements in the event of a 3-notch downgrade in our credit rating;
- additional collateral requirements caused by margin requirements on derivatives;
- a possible liquidity outflow in the event that committed credit lines are drawn.

The objective of de Volksbank's liquidity management is to survive this severe stress scenario for a certain period of time. The impact of this stress scenario on the liquidity position therefore serves as input to determine and monitor de Volksbank's risk capacity and risk appetite.

We perform the combined severe stress test every month and review the stress test scenarios every year.

Key liquidity ratios

The Liquidity Coverage Ratio (LCR) indicates whether we have adequate liquid assets to absorb a prescribed 30-day liquidity stress scenario. The Net Stable Funding Ratio (NSFR) serves to determine the extent to which longer-term assets are financed with more stable forms of funding. Both liquidity standards are subject to a 100% regulatory minimum.

In addition to the LCR and NSFR, we manage the Loan-to-Deposit (LtD) ratio and the degree of asset encumbrance. Whereas the liquidity position focuses on liquidity that is instantly available to function as counterbalancing capacity when necessary, we also manage liquidity with a short-term horizon through short-term loans and investments and money market funding. Apart from this, we monitor the liquidity that may potentially be generated from our assets. On this basis, we assess the extent to which we can absorb certain stress and extreme outflows of funds.

LIQUIDITY POSITION

In 2024, the liquidity position remained well above de Volksbank's own minimum target and regulatory minimum requirements. We consider the size and composition of our liquidity position sufficiently robust, and in managing the liquidity position we prudently consider any possible impact from the announced strategic transformation.

Liquidity position

in € millions	2024	2023
Central bank reserves	3,281	6,334
Sovereigns	1,378	473
Regional/local governments and Supranationals	2,118	1,758
Eligible retained RMBS	4,549	5,545
Other liquid assets	2,029	1,490
Liquidity position	**13,355**	**15,600**

This template provides an overview of the instantly available liquidity position from an internal perspective which differs from the regulatory perspective for the liquidity buffer as laid down in Annex I of EU Regulation 2015/61. The liquidity position includes amongst others ECB-eligible retained RMBS that are registered in the DNB collateral pool, and which could be pledged to obtain central bank funding, thereby serving as additional counterbalancing capacity when necessary. As a result, the liquidity position differs from the liquidity buffer used in the LCR disclosure template.

The liquidity position amounted to € 13.4 billion at year-end 2024 (2023: € 15.6 billion).

Apart from changes in loans and deposits, cash flows in 2024 mainly came from capital market and money market funding developments. In 2024, cash outflows were comparable with cash inflows. Nonetheless, central bank reserves decreased from € 6.3 billion at year-end 2023 to € 3.3 billion as we invested more available liquidity in the money market and in the bank's bond portfolio to optimise the return on our liquidity position. At year-end 2024, € 7.4 billion in assets had been invested for cash management purposes (2023: € 4.9 billion). Of this amount, € 3.7 billion was held at Swiss cantonal banks (2023: € 1.7 billion) and was, therefore, not included in the central bank reserves. Attracted money market funding amounted to € 1.5 billion at year-end 2024 (2023: € 0.6 billion), mainly due to a higher amount of Commercial Paper.

The liquidity value of bonds in the DNB collateral pool amounted to € 10.1 billion at year-end 2024 (2023: € 9.3 billion), of which:

- the liquidity value of eligible retained RMBS declined to € 4.5 billion (year-end 2023: € 5.5 billion) due to the impact of i) a higher ECB haircut based on an increased estimated weighted average life of the mortgages in the underlying mortgage pool and ii) a lower ECB valuation for retained RMBS in general following a methodology update;
- the value of other liquid assets in the liquidity position increased by € 1.8 billion due to a rise in both the nominal and liquidity value, including a € 0.6 billion impact from ECB-eligible bond investments in the money market for cash management purposes. The increase is also due to the fact that a higher amount of sovereign bonds was registered in the DNB collateral pool at year-end 2024. These bonds were not ring-fenced for other purposes, such as potential repo transactions.

6.2 Liquidity Coverage Ratio

EU LIQ1 - Quantitative information of LCR

	Consolidated in € millions	a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU-1a	**Quarter ending on**	**31-12-2024**	**30-9-2024**	**30-6-2024**	**31-3-2024**	**31-12-2024**	**30-9-2024**	**30-6-2024**	**31-3-2024**
EU-1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	**Total high-quality liquid assets (HQLA)**					**8,620**	**9,102**	**10,535**	**11,895**
	CASH - OUTFLOWS								
2	Retail deposits and deposits from small business customers, of which:	52,628	52,293	52,239	52,394	2,850	2,830	2,825	2,833
3	*Stable deposits*	*46,775*	*46,548*	*46,566*	*46,741*	*2,339*	*2,327*	*2,328*	*2,337*
4	*Less stable deposits*	*4,596*	*4,511*	*4,453*	*4,437*	*511*	*502*	*496*	*496*
5	Unsecured wholesale funding	1,863	1,786	1,759	1,868	1,143	1,042	972	1,034
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all counterparties)*	*1,361*	*1,417*	*1,599*	*1,753*	*641*	*673*	*811*	*920*
8	*Unsecured debt*	*502*	*369*	*160*	*114*	*502*	*369*	*160*	*114*
9	Secured wholesale funding					8	8	8	8
10	Additional requirements	1,809	1,810	1,843	1,851	1,163	1,211	1,259	1,278
11	*Outflows related to derivative exposures and other collateral requirements*	*1,097*	*1,149*	*1,198*	*1,218*	*1,097*	*1,149*	*1,198*	*1,218*
12	*Outflows related to loss of funding on debt products*	-	-	-	*1*	-	-	-	*1*
13	*Credit and liquidity facilities*	*712*	*661*	*644*	*632*	*66*	*62*	*60*	*59*
14	Other contractual funding obligations	488	466	478	457	426	405	417	397
15	Other contingent funding obligations	1,939	1,928	1,871	1,833	600	584	549	513
16	**Total cash outflows**					**6,190**	**6,080**	**6,030**	**6,062**
	CASH - INFLOWS								
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	1,395	1,380	1,348	1,558	1,266	1,260	1,224	1,428
19	Other cash inflows	145	234	371	358	145	234	371	358
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)							-	-
EU-19b	(Excess inflows from a related specialised credit institution)							-	-
20	**Total cash inflows**	**1,540**	**1,614**	**1,718**	**1,916**	**1,411**	**1,494**	**1,595**	**1,786**
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	*1,540*	*1,614*	*1,718*	*1,916*	*1,411*	*1,494*	*1,595*	*1,786*
	TOTAL ADJUSTED VALUE								
EU-21	**Liquidity buffer**					**8,620**	**9,102**	**10,535**	**11,895**
22	**Total net cash outflows**					**4,779**	**4,586**	**4,435**	**4,277**
23	**Liquidity coverage ratio[1]**					**180.87%**	**202.21%**	**245.62%**	**284.39%**

1 The figures in this template are calculated using the reported supervisory values and figures for each of the four calendar quarters (January-March, April-June, July-September, October-December) preceding the disclosure date. The values and figures in the template are calculated as the simple averages of month-end observations over the twelve months preceding the end of each quarter. Following this approach, the LCR cannot be calculated using the figures in the template.

The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) remained well above the regulatory minimum of 100%. At year-end 2024, the LCR stood at 191% (2023: 262%) and the NSFR at 160% (2023: 166%). The reduction in the LCR is mainly explained by the increased investment of available liquidity with several counterparties in the money market outside the 30-day LCR window to optimise the return on our liquidity position.

Fundamental changes in the LCR are mainly driven by net cash flows resulting from loan growth, deposit changes, capital market funding developments and the net cash collateral position related to derivative positions. However, the resulting net cash impact is not necessarily reflected in actual withdrawable central bank reserves as part of high-quality liquid assets, because de Volksbank invests part of its available liquidity with several counterparties in the money market and also attracts money market funding. These cash management choices affect the liquidity included in the scope of the 30-day LCR window via both high-quality liquid assets and cash inflows and outflows.

QUALITATIVE INFORMATION ON LCR

In line with the EBA guidelines on LCR disclosure, information is provided below on:
- Funding strategy;
- Counterparty risk on derivative positions;
- Currency risk;
- A description of the degree of centralisation of liquidity management.

Funding strategy

De Volksbank's funding strategy supports overall strategy.

Retail savings are de Volksbank’s main source of funding. We attract funding by providing term deposits, demand deposits and current accounts to retail customers. We also attract funding by providing savings and current accounts to SME customers.

In 2024, total customer deposits increased to € 55.7 billion, from € 54.3 billion at year-end 2023.

The objective of our funding strategy is to optimise the bank’s liquidity and funding profile and to ensure access to diversified funding sources to maintain the bank’s short-term and long-term funding position.

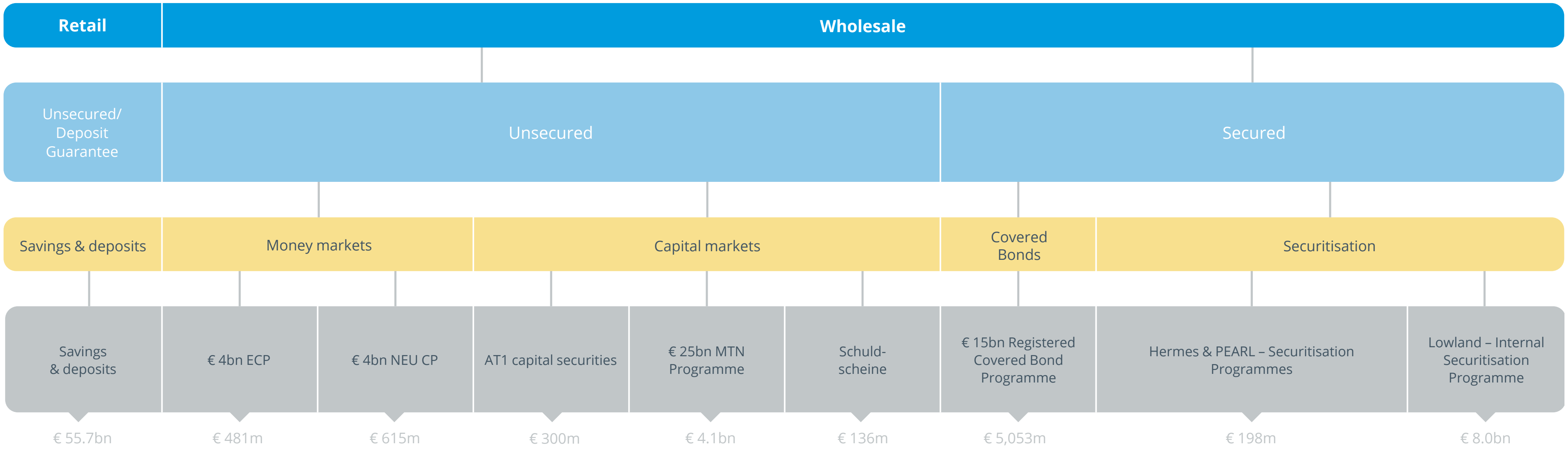
Therefore, in addition to attracting customer deposits, we also attract long-term funding from capital markets. For regulatory purposes and funding diversification, this funding is attracted through various instruments with different terms and investor types spread over regions.

In addition to (subordinated) capital market funding to strengthen the bank's capital and MREL position, de Volksbank can issue capital market funding with maturities over one year through:
- senior (unsubordinated) unsecured debt;
- (mortgage) securitisations (RMBS);
- covered bonds.

The covered bond programme not only permits the issue of public covered bonds but also of private placements.

We issue short-term funding with a term of up to one year in the money markets via our Euro Commercial Paper (ECP) and Negotiable European Commercial Paper (NEUCP) programmes.

The overview below presents the various public funding programmes, including maximum amounts and outstanding nominal value available to de Volksbank at year-end 2024. The overview also includes other important funding sources.



Outstanding amounts as at year-end 2024

Counterparty risk on derivative positions

De Volksbank enters into money and capital market transactions with various financial institutions. This also includes derivative transactions for the hedging of interest rate and currency risks. Here, the bank runs the risk that the counterparty to a transaction defaults before the final settlement of the cash flows associated with the transaction has taken place. In line with common market practices, de Volksbank has several risk mitigating mechanisms in place, such as netting, margining and guarantees. De Volksbank clears derivative transactions as much as possible via central clearing counterparties to mitigate counterparty credit risk. See chapter 8 Counterparty credit risk for more details.

Currency risk

The currency risk is minimised by effecting most of our foreign currency exposures through the Trading Book, where currency risk is managed on a day-to-day basis. As a result, the currency mismatch in the LCR is virtually zero.

Degree of centralisation of liquidity management

De Volksbank has centrally managed mid and back offices and staff departments. In addition, de Volksbank has a central liquidity management function.

Potential Collateral Deposit

In the event of a 3-notch downgrade of the bank's credit rating, de Volksbank is required to deposit additional collateral totalling € 56 million with counterparties (2023: € 48 million). We include this potential collateral deposit as an outflow in the LCR and the combined severe liquidity stress test.

Management statement

The management statement on the adequacy of risk management for liquidity is included in the overall statement in section 1.2 Key figures and Management statement.

6.3 Encumbered and unencumbered assets

The level of asset encumbrance provides insight into the amount of assets that have been pledged or are subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which they cannot be freely withdrawn.

There is no difference between the regulatory consolidation scope used for the purpose of the disclosures on all asset encumbrance information and the accounting scope of consolidation. For more information reference is made to section 1.3 Scope of application.

IMPORTANCE OF ASSET ENCUMBRANCE

De Volksbank's main sources of funding are savings deposits and current account balances. In addition, we attract funding from the capital market through various funding instruments, as explained in more detail in section 6.2 Liquidity Coverage Ratio - Funding strategy. These funding instruments include secured debt instruments such as covered bonds and securitisations. We have encumbered a limited part of our loan portfolio in these secured transactions. Other sources that contribute to asset encumbrance are the margining of derivative exposures to manage interest rate risk, a savings-based mortgage arrangement with Athora Netherlands and mandatory minimum reserve requirements.

TOTAL ENCUMBERED ASSETS

Based on the median of the four quarters, € 8.8 billion of the assets was encumbered during 2024. At year-end 2024, € 8.7 billion of the assets was encumbered (2023: € 8.4 billion), mainly on account of:

- outstanding covered bonds;
- collateral deposited in connection with derivative transactions;
- a savings-based mortgage arrangement with Athora Netherlands;
- cash reserve requirements;
- outstanding securitisations;
- foreign exchange transactions;
- payment transactions.

The increase in 2024 was primarily due to the increase in outstanding covered bonds.

At year-end 2024, the total amount of liabilities related to total encumbered assets stood at € 7.5 billion (2023: € 7.1 billion).

UNENCUMBERED ASSETS

The unencumbered part of the assets amounted to € 65.0 billion at year-end 2024 and may partly be converted into cash, for example through a securitisation. Securitised mortgages of which the bank itself holds the bonds are considered to be unencumbered, except if these bonds are used as collateral, for instance in a repurchase transaction.

EU AE1 - Encumbered and unencumbered assets 2024[1]

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
	in € millions	010	030	040	050	060	080	090	100
010	**Assets of the disclosing institution**	**8,856**	**485**			**63,238**	**5,228**		
030	Equity instruments	-	-	-	-	12	-	12	-
040	Debt securities	485	485	473	473	6,289	5,226	6,070	5,196
050	*of which: covered bonds*	-	-	-	-	978	978	970	970
060	*of which: securitisations*	-	-	-	-	199	199	199	199
070	*of which: issued by general governments*	419	419	407	407	3,577	2,950	3,445	2,938
080	*of which: issued by financial corporations*	66	66	66	66	2,153	1,867	2,126	1,826
090	*of which: issued by non-financial corporations*	-	-	-	-	516	437	513	433
120	Other assets	8,356	-			57,215	19		

1 The figures are based on the median value of the four quarters in the financial year. This is in contrast to the figures in the text which are year-end figures.

Encumbered assets included in row 120 in template EU-AE1 (Other assets) mainly include loans to customers encumbered on account of our outstanding debt securities, savings premiums received in savings mortgage arrangement, and loans encumbered for foreign exchange and payment transactions. Furthermore, it includes cash collateral pledged to collateralise derivative transactions and mandatory cash reserve requirements.

The asset encumbrance ratio at year-end 2024 amounts to 11.8% (2023: 11.8%).

EU AE1 - Encumbered and unencumbered assets 2023[1]

	in € millions	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the disclosing institution**	**8,375**	**495**			**64,271**	**4,870**		
030	Equity instruments	-	-	-	-	11	-	11	-
040	Debt securities	495	495	481	481	5,785	4,870	5,574	4,797
050	*of which: covered bonds*	-	-	-	-	591	591	581	579
060	*of which: securitisations*	-	-	-	-	89	83	89	83
070	*of which: issued by general governments*	427	427	413	413	3,540	3,017	3,418	2,928
080	*of which: issued by financial corporations*	64	64	64	64	1,665	1,471	1,648	1,454
090	*of which: issued by non-financial corporations*	-	-	-	-	462	379	461	378
120	Other assets	7,849	-			58,529	-		

1 The figures are based on the median value of the four quarters in the financial year. This is in contrast to the figures in the text which are year-end figures.

The median of unencumbered own covered bonds and securitisations issued and not yet pledged decreased to € 7.4 billion in 2024 (2023: € 8.9 billion). This decrease is mainly due to the redemption of the Lowland 5 and Lowland 6 retained RMBS during 2023.

EU AE2 - Collateral received and own debt securities issued 2024[1]

				Unencumbered	
		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
	in € millions	010	030	040	060
130	**Collateral received by the disclosing institution**	-	-	-	-
240	**Own debt securities issued other than own covered bonds or securitisations**	-	-	-	-
241	**Own covered bonds and securitisations issued and not yet pledged**			7,365	-
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	8,856	485		

1 The figures are based on the median value of the four quarters in the financial year. This is in contrast to the figures in the text which are year-end figures.

EU AE2 - Collateral received and own debt securities issued 2023[1]

				Unencumbered	
		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
	in € millions	010	030	040	060
130	**Collateral received by the reporting institution**	-	-	-	-
240	**Own debt securities issued other than own covered bonds or asset-backed securities**	-	-	-	-
241	**Own covered bonds and asset-backed securities issued and not yet pledged**			8,909	-
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	8,375	495		

1 The figures are based on the median value of the four quarters in the financial year. This is in contrast to the figures in the text which are year-end figures.

EU AE3 - Sources of encumbrance 2024[1]

in € millions	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
	010	030
010 Carrying amount of selected financial liabilities	7,241	7,453

1 The figures are based on the median value of the four quarters in the financial year. This is in contrast to the figures in the text which are year-end figures.

The median carrying amount of encumbered assets presented in template EU-AE3 are associated with derivative liabilities, collateralised deposits (including repurchase agreements) and debt securities issued increased to € 7.2 billion in 2024 (2023: € 6.9 billion). The € 0.3 billion increase compared to year-end 2023 is mainly due to an increase in issued covered bonds.

EU AE3 - Sources of encumbrance 2023[1]

in € millions	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and owndebt securities issued other than covered bonds and ABSs encumbered
	010	030
010 Carrying amount of selected financial liabilities	6,851	7,393

1 The figures are based on the median value of the four quarters in the financial year. This is in contrast to the figures in the text which are year-end figures.

6.4 Net Stable Funding Ratio

EU LIQ2 - Net Stable Funding Ratio 31 December 2024

		a	b	c	d	e
			Unweighted value by residual maturity			
	In € millions	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items						
1	Capital items and instruments	**3,907**	**-**	**499**	**497**	**4,405**
2	*Own funds*	3,907	-	499	497	4,405
4	Retail deposits		**52,151**	**42**	**1,215**	**50,557**
5	*Stable deposits*		47,324	37	1,164	46,157
6	*Less stable deposits*		4,827	5	51	4,400
7	Wholesale funding:		**2,703**	**102**	**9,481**	**10,084**
9	*Other wholesale funding*		2,703	102	9,481	10,084
11	Other liabilities:	**-**	**200**	**22**	**1,680**	**1,690**
13	*All other liabilities and capital instruments not included in the above categories*		200	22	1,680	1,690
14	**Total available stable funding (ASF)**					**66,736**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**531**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**39**	**41**	**5,410**	**4,667**
17	Performing loans and securities:		**5,597**	**1,747**	**48,429**	**35,054**
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		3,955	1,201	1,020	2,016
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		1,215	77	1,522	1,961
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		36	39	1,109	782
22	*Performing residential mortgages, of which:*		427	446	45,477	30,713
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		384	405	43,567	29,268
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		0	24	411	363
26	Other assets:		**968**	**33**	**1,284**	**1,459**
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		211	30	351	503
29	*NSFR derivative assets*		9	0	-	9
30	*NSFR derivative liabilities before deduction of variation margin posted*		160	0	-	8
31	*All other assets not included in the above categories*		588	3	933	939
32	Off-balance sheet items		**1,077**	**-**	**-**	**61**
33	**Total RSF**					**41,771**
34	**Net Stable Funding Ratio (%)**					**159.76%**

The NSFR remained well above the regulatory minimum of 100%. Required stable funding increased mainly due to an increase in our residential mortgage portfolio, while available stable funding increased mainly due to an increase in retail deposits and capital market funding.

As a result of the guidance provided in EBA Q&A 2023_6797, IFRS fair value adjustments from hedge accounting are reclassified during 2024 from required stable funding item residential mortgages to available stable funding item Other liabilities.

Retail savings are de Volksbank's main source of funding. We attract funding by providing term deposits, demand deposits and current accounts to retail customers. We also attract funding by providing savings and current accounts to SME customers.

In 2024, total customer deposits increased to € 55.7 billion, from € 54.3 billion at year-end 2023.

The objective of our funding strategy is to optimise the bank's liquidity and funding profile and to ensure access to diversified funding sources to maintain the bank's short-term and long-term funding position. Therefore, in addition to attracting customer deposits, we also attract long-term funding from capital markets. For regulatory purposes and funding diversification, this funding is attracted through various instruments with different terms and investor types spread over regions.

For more information on our funding strategy see section 6.2 Liquidity Coverage Ratio.

Required stable funding mainly stems from our residential mortgage portfolio. Part of our mortgage portfolio is encumbered mainly on account of outstanding covered bonds. For more information see section 6.3 Encumbered and unencumbered assets.

De Volksbank has no interdependent assets and liabilities in accordance with Article 428f CRR.

EU LIQ2 - Net Stable Funding Ratio 30 September 2024

	In € millions	a	b	c	d	e
			Unweighted value by residual maturity			
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items						
1	Capital items and instruments	**4,004**	**-**	**507**	**-**	**4,004**
2	*Own funds*	4,004	-	507	-	4,004
4	Retail deposits		**51,789**	**44**	**1,185**	**50,188**
5	*Stable deposits*		47,034	36	1,141	45,858
6	*Less stable deposits*		4,755	7	44	4,330
7	Wholesale funding:		**2,489**	**117**	**9,014**	**9,618**
9	*Other wholesale funding*		2,489	117	9,014	9,618
11	Other liabilities:	**-**	**285**	**1**	**1,527**	**1,528**
13	*All other liabilities and capital instruments not included in the above categories*		285	1	1,527	1,528
14	**Total available stable funding (ASF)**					**65,339**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**439**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**41**	**41**	**5,545**	**4,783**
17	Performing loans and securities:		**5,932**	**1,317**	**47,270**	**34,180**
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		4,585	733	659	1,484
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		834	144	1,457	1,780
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		30	33	860	612
22	*Performing residential mortgages, of which:*		412	434	44,827	30,584
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		399	410	42,192	28,521
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		100	5	326	331
26	Other assets:	**-**	**1,026**	**33**	**1,205**	**1,476**
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		249	30	330	517
29	*NSFR derivative assets*		2	-	-	2
30	*NSFR derivative liabilities before deduction of variation margin posted*		66	-	-	3
31	*All other assets not included in the above categories*		709	4	875	953
32	Off-balance sheet items		**704**	**-**	**-**	**40**
33	**Total RSF**					**40,918**
34	**Net Stable Funding Ratio (%)**					**159.68%**

EU LIQ2 - Net Stable Funding Ratio 31 December 2023

		a	b	c	d	e
			Unweighted value by residual maturity			
	In € millions	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Available stable funding (ASF) Items						
1	Capital items and instruments	**3,758**	**-**	**-**	**500**	**4,258**
2	*Own funds*	3,758	-	-	500	4,258
4	Retail deposits		**50,675**	**47**	**1,091**	**49,052**
5	*Stable deposits*		46,189	37	1,083	44,999
6	*Less stable deposits*		4,486	10	8	4,054
7	Wholesale funding:		**1,987**	**751**	**8,632**	**9,672**
9	*Other wholesale funding*		1,987	751	8,632	9,672
11	Other liabilities:	**-**	**391**	**1**	**498**	**499**
13	*All other liabilities and capital instruments not included in the above categories*		391	1	498	499
14	**Total available stable funding (ASF)**					**63,481**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					**506**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**33**	**34**	**4,986**	**4,296**
17	Performing loans and securities:		**3,266**	**1,648**	**44,460**	**31,911**
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		2,145	996	764	1,476
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		688	163	1,777	1,896
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		42	47	1,058	757
22	*Performing residential mortgages, of which:*		384	390	41,657	28,241
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		343	350	39,650	26,637
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		49	99	262	298
26	Other assets:	-	**1,232**	**3**	**1,184**	**1,554**
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		337	-	343	578
29	*NSFR derivative assets*		103	-	-	103
30	*NSFR derivative liabilities before deduction of variation margin posted*		185	-	-	9
31	*All other assets not included in the above categories*		606	3	841	863
32	Off-balance sheet items		**637**	**-**	**-**	**39**
33	**Total RSF**					**38,304**
34	**Net Stable Funding Ratio (%)**					**165.73%**

7. Credit risk

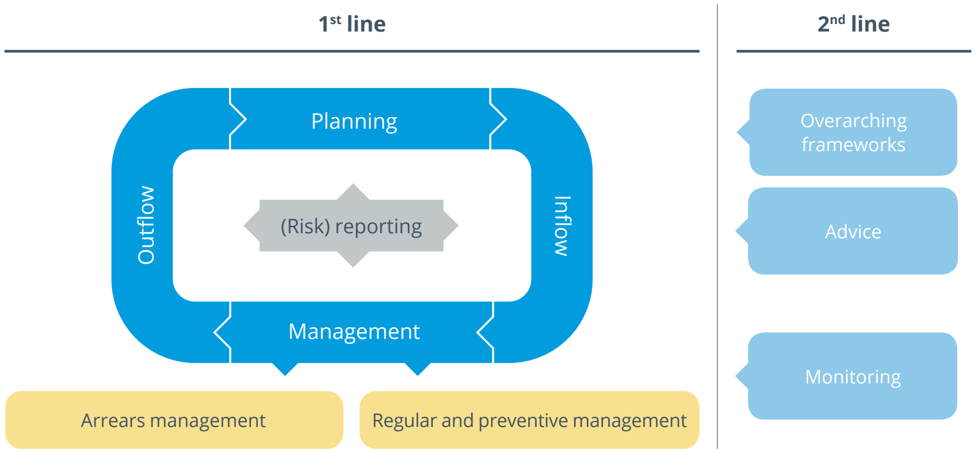
7.1 Credit risk quality

7.1.1 General qualitative information regarding credit risk

As part of credit risk management, we internally assess and monitor the credit standing of our customers i.e. borrowers or counterparties. In this process we estimate the probability of our customers being unable to meet their contractual payment obligations arising from the loan agreement, as such inability could result in a potential financial loss for the bank.

At portfolio level, we also steer the risk by defining the desired credit quality of new and existing loans. We monitor the actual development of the credit quality and, if necessary, take corrective measures if a deviation from the risk appetite occurs. The diagram below provides a visual representation of de Volksbank's credit risk management process.

Risk reporting



Reporting

De Volksbank has a comprehensive credit risk monitoring framework, allowing it to monitor, analyse and manage the credit risk at risk appetite level.

The responsibility for credit risk reporting lies with the first and second lines of risk management. The first line monitors portfolio developments to keep the risk for which it is accountable within the risk appetite. The second line develops credit risk reports, which provide comprehensive insight into the level of credit risk and give a timely warning when the quality of the portfolio deteriorates in terms of credit risk.

The first and second lines hold monthly meetings in which they discuss portfolio developments as well as various credit risk aspects, including insights gained from the credit risk reports.

The credit risk reports are periodically submitted to the Credit Committee, the ExCo and the Risk and Compliance Committee of the Supervisory Board.

Loan portfolios

Residential mortgages

When providing a new mortgage loan, we apply internal standards that align with the applicable legal frameworks, with regard to the customer's income and the collateral value. We also use an acceptance model to predict whether customers will be able to meet their long-term obligations. For more information on risk mitigation measures, see Section Credit risk mitigation in the Annual Report 2024. To promote sustainability, we offer various options in our current residential mortgage range to make homes (more) energy efficient, for example, by the *Bespaarhypotheek*, which is also subject to the standard acceptance criteria.

Interest-only mortgages

As in previous years, de Volksbank paid special attention to customers with an interest-only mortgage. The customer outreach programme 'Customers want to continue living carefree in their homes' continued in 2024.

Interest-only mortgages have our continued attention. In 2024, as in 2022 and 2023, in consultation with the ECB, we explored additional de-risking measures for interest-only mortgages in the Netherlands. We implemented actions to gather information on customers' intention to repay their interest-only mortgage and the affordability of the mortgage at maturity, aligning with ECB guidance. These measures may result in further scrutiny of the future loan volume development, impairment charges and capital. The exploration of additional de-risking measures involves several legal and compliance aspects which are taken care of by the relevant departments.

As part of this programme, we contact our customers with interest-only mortgages to assess their financial situation at maturity. In the 'Intensified Carefree Living' customer journey we target our potentially vulnerable customers to jointly perform a validated affordability assessment of their mortgage. Customers are made more aware of how to anticipate future challenges. For example, we may offer budget coaching when needed. We continuously monitor interest-only mortgage customers' credit risk profile to identify customers who fall into a higher risk category in a timely manner and to contact them proactively. We engage with customers to ensure the affordability of the interest-only mortgage, not only at maturity, but also at this moment, based on the customer's current and future income.

For more information on the management overlay concerning interest-only mortgages, see Figures, ratios and trends in the Annual Report 2024.

Preventive management and arrears management

De Volksbank regards customer trust as the basis for a long-term relationship. We manage our credit risk through an active and specific policy for customers who are in arrears or are expected to fall into arrears within 12 months. If there is reason to doubt the ability of a customer to fulfil his or her obligation to the bank in accordance with the agreed terms, the Preventive Management department will contact the customer. After examining the situation, they assess whether a solution needs to be found for the customer, whether it is possible to offer financial coaching, and whether any such a solution is within the commercial mandate. If this is not the case, the customer is transferred to the Arrears Management department.

The Arrears Management department is responsible for dealing with customers with financial difficulties in relation to mortgage loans, private loans or current accounts. It is important that customers are aware of what they can and should expect from this department, which is why it applies eight service promises. These promises are communicated to the relevant customers personally and are also available on our website.

When a customer's arrears exceed 30 days, or when the risk of financial instability rises, we assign a case handler to this customer. Our starting point is that customers are allowed to stay in their homes and continue to make their (mortgage) payments. To this end, Arrears Management also arranges home visits by a dedicated customer visitor to ensure that there are low-barrier options for customers to engage in a dialogue about their financial difficulties.

However, to prevent an accumulation of payment problems, or in situations in which the loan has to be called in early, we may have to apply a forbearance measure.

This is a non-commercial concession: an arrangement with the customer entailing a temporary or permanent modification of the loan, the terms and conditions of the loan and/or the payment conditions. If customers are truly unable to meet their obligations, we consult with them and may agree on a payment or restructuring measure.

If no solution can be found to resolve a customer's financial difficulties, we support them in selling their home. To preserve a good relationship, we continuously stay in touch with the customer. We do not engage debt collection agencies and only engage a bailiff if we fail to agree on a long-term solution even though the customer has the necessary financial resources. We refrain from doing so, because using external parties' services drives up the costs for the customer, worsening his or her financial problems.

In 2024, we found that the number of customers entering Arrears Management had remained stable compared to 2023. This is because of the self-service we offer, but also the strong economy, the development of house prices and wage increases had a positive effect on our customers and their payment behaviour. The outlook for 2025 is that the Arrears Management portfolio will remain at a stable low level.

For now, the solutions that we offer are adequate to help customers solve their financial problems. In 2025, we will continue to keep a close eye on market developments with regard to customers who need support, and monitor whether the (forbearance) measures are still appropriate if circumstances change.

As for our brands, SNS was the first to offer customers even more autonomy in the event of initial payment arrears by making a process available in its online environments in 2023. In this process, customers are made aware of their arrears through a notification and are then able to settle arrears themselves within the first 30 days of their arrears. In 2025, Arrears Management plans to expand this process and to offer customers multiple options to solve a payment problem through these online channels, for example by independently entering into simple payment arrangements. There are some caveats here, such as the need to properly map out the customer's financial situation. For example, for both customers and de Volksbank to get a sound understanding of the affordability of a chosen solution, we would require an online income and expenditure statement.

Consumer loans

Our consumer loan portfolio consists of personal loans, revolving credit facilities and overdraft facilities, i.e. credit limits on current accounts.

We offer personal loans to SNS and RegioBank customers, and this portfolio grew steadily over the past year.

Our revolving credit portfolio decreased by one third in 2024 as no withdrawals could be made anymore. At this rate the portfolio will have decreased to zero in 2028.

SME loans

De Volksbank focuses on the micro-sized and small-sized business market segment in the Netherlands. These businesses have a maximum turnover of € 10 million. Our SME loan portfolio consists of two basic products; firstly, mortgage loans to purchase or refinance commercial real estate with a maximum notional amount of € 2 million and a maximum maturity of 20 years and, secondly, working capital loans of up to € 150,000 for a maximum of 5 years.

Our maximum Loan-to-Value is either 80% or, for those loans with a high sustainable profile, such as an energy efficiency rating in band A or higher, 90%.

Preventive management and arrears management

De Volksbank regards customers' trust as the basis for a long-term relationship. We manage our credit risk through an active and specific policy for customers who are in arrears or anticipate other Early Warning Indicators of financial difficulties. If there is reason to doubt the ability of a customer to fulfil its obligation to the bank in accordance with the agreed terms, our department will contact the customer. After examining the (financial) situation they assess whether a solution needs to be found for the customer.

To prevent an accumulation of payment problems, or in situations in which the loan has to be called in early, we may have to apply a forbearance measure. This is a non-commercial concession: an arrangement with the customer entailing a temporary or permanent modification of the terms and conditions of the product. If customers are truly unable to meet their obligations, we consult with them and may agree on a payment or restructuring measure.

If no solution can be found to resolve a customer's financial difficulties, we support it in selling its collateral. To preserve a good relationship, we continuously stay in touch with the customer. We do not engage debt collection agencies and only engage a bailiff if we fail to agree on a long-term solution even though the customer has the necessary financial resources. We refrain from doing so, because using external parties' services drives up the costs for the customer, worsening their financial problems.

Other corporate and government loans
This portfolio is made up almost entirely of the two sub-portfolios of ASN Bank: sustainable loans and private placement loans. In addition, through our Financial Markets portfolio we provide various loans to other financial institutions and central and regional governments. Below, we describe what these sub-portfolios entail.

ASN Bank sustainable loans
ASN Bank's sustainable loan portfolio consists mainly of loans provided to organisations in the renewable energy sector. We mitigate concentration risk by our thorough knowledge of the sector, geographical distribution of investments and diversification by type of energy production, such as wind, sun, thermal storage and biomass, and underlying suppliers for solar panels and wind turbines. A substantial part of the sustainable loans involves government-guaranteed electricity prices or power purchase agreements, therefore the credit risk on these loans and advances is moderate to low.

Rates are under pressure and returns are low in the sustainable loans market. In addition to our internal sustainable loan portfolio return targets, we also consider sustainability aspects, such as CO_2e reduction, in our decision on the loan to be provided.

Furthermore, ASN Bank invests in sustainable funds. These consist of exposures to financial institutions that, in turn, provide sustainable financing.

Private placement
ASN Bank's private placement portfolio consists of loans provided to housing associations, healthcare institutions, regional water boards and local governments. The loans provided to housing associations and healthcare institutions are guaranteed by the Social Housing Guarantee Fund (*WSW*) or the Guarantee Fund for the Health Care Sector (*WfZ*). The other loans are provided to government-related parties. Hence, this portfolio has an extremely low risk profile. The portfolio is a non-selling portfolio that will decline year-on-year due to the scheduled repayments.

In addition to ASN Bank, Financial Markets also provides private placement loans, including money market loans, which have a maturity of less than 3 months.

Preventive management and arrears management
As soon as ASN Bank customers notify us that they anticipate financial difficulties or show signs of financial difficulties, we take action based on the key principles of continuity of the customer's enterprise and recovery potential. We may have to apply a forbearance measure. Together with the customer, we explore the options to make the business financially resilient again, focussing on a healthy liquidity and profitability position. When a customer has recovered, and a stable situation has been achieved, the customer is transferred back to regular management. If recovery proves impossible, we may support the customer in selling the collateral. In this case, we aim to limit the loss for the customer as well as for the bank.

Investments
Investments predominantly consist of a bond portfolio used for liquidity management. To be included in this portfolio, counterparties have to meet stringent requirements and have investment grade ratings. We also apply our Applied Sustainability Policy, which contains strict rules on ESG.

Loans and advances to banks
The loans provided to banks or other credit institutions in the Financial Markets portfolio are classified as Loans and advances to banks, including posted collateral.

Stress testing and sensitivity analyses
As part of its Risk Management Framework de Volksbank evaluates its capital and liquidity position under severe stress conditions. The level of credit risk has a significant impact on stress test results. In addition, we regularly measure the sensitivity of the loan portfolios, and the level of the loan loss provisions against fluctuations of macroeconomic parameters.

Just like other banks, we are sensitive to these fluctuations. However, thanks to its strong capital and liquidity position, de Volksbank has proven to be capable of withstanding the extreme scenarios applied in these stress tests. For further details, see Section Capital management - Management and control in the Annual Report 2024.

7.1.1.1 Provisioning methodology

Loan loss provisions (IFRS 9)

Based on IFRS 9 Expected Credit Loss (ECL) models, we estimate the risk of our customers running into financial difficulties on a monthly basis. Details of how loan loss provisions are determined are set out in this section.

Under IFRS 9, de Volksbank forms a provision for expected credit losses for every customer with a loan or credit facility. This provision also includes expected losses on loan commitments and financial guarantee contracts, known as 'off-balance sheet commitments'.

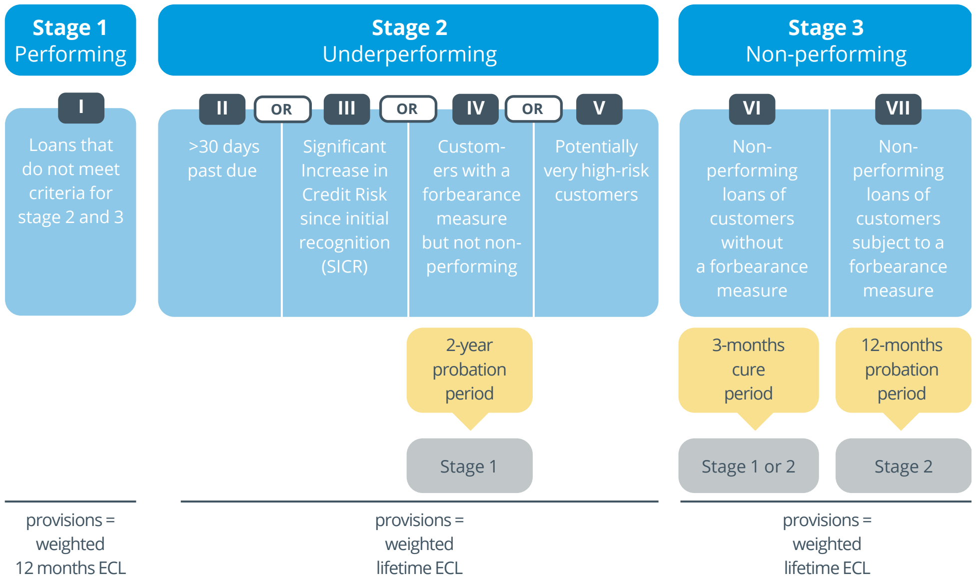
ECL models and loan portfolios

At de Volksbank, we distinguish the following specific loan portfolios for which we determine loan loss provisions:

- residential mortgages;
- consumer loans;
- SME loans;
- sustainable and private placement loans of ASN Bank (the ASN Bank portfolio, as part of the other commercial and government loans);
- Financial Markets portfolio (included in other commercial and government loans, investments and loans and advances to banks).

De Volksbank uses a specific IFRS 9 model for every portfolio to establish customers' creditworthiness and the Expected Credit Loss (ECL). The ECL models are Point-In-Time (PIT) and forward-looking, which means that, at every reporting date, they calculate the ECL for every loan in the portfolio based on internal predictions of the present economic situation in three scenarios (base, up and down), with every scenario being assigned a probability of occurrence.

Stage allocation



IFRS 9 includes three stages reflecting how the credit risk of a loan may develop over time compared with the date of origination. The stages are decisive for the calculation method and the amount of the provision to be made. The IFRS 9 stage allocation process within de Volksbank is presented in the diagram above.

Stage 1: 12-month ECL (category I)

I. Loans that do not meet criteria for stage 2 and 3

Stage 1 includes customers with loans that have shown no significant increase in credit risk since the origination date. For these customers, we form a provision for ECL in the next 12 months.

Stage 2: lifetime ECL not credit impaired (categories II-V)

We form a provision for stage 2 customers based on losses expected until maturity (lifetime ECL). A customer is included in stage 2 if at least one of the following conditions applies:

II. A customer has been in arrears for more than 30 days

A customer is in arrears if the interest payment and/or redemption amount are past due one day after the agreed payment date (monthly payment arrangement) and exceed a threshold value. When a customer is past due for more than 30 days, the loan is transferred to stage 2.

As far as the day count is concerned, we check the total amount in arrears against absolute and relative thresholds. In the case of a private obligor, the counting starts when the total amount in arrears exceeds € 100 and is higher than 1% of total outstanding exposure for days past due. For business obligors and financial institutions, the absolute threshold is set at € 500, while the relative threshold is kept at 1%, the same level as for private obligors.

III. The credit rating is subject to significant deterioration (SICR trigger), as ensures from the ECL models

For each individual portfolio, the ECL models determine when a customer's credit rating is subject to significant deterioration (Significant Increase in Credit Risk, SICR). For the residential mortgage portfolio this deterioration is assessed by comparing the current lifetime Probability of Default (PD) with the lifetime PD assigned to the customer on the origination date. If the difference between the two exceeds a pre-defined threshold, the lifetime PD is considered to have significantly deteriorated and the customer is allocated to stage 2. If the customer's lifetime PD subsequently improves, the customer may be transferred back to stage 1, keeping the threshold in mind.

For the other loan portfolios, a significant deterioration in credit risk is assessed as follows:

- In the SICR model for SME loans, customers are classified into PD buckets according to their individual credit rating calculated on the loan origination date. Depending on the PD bucket, the current credit rating may show a capped deterioration compared with the loan origination date.
- Consumer loans are assigned a rating. If this rating exceeds a pre-determined limit, the credit facility is allocated to stage 2.
- For customers in the ASN Bank portfolio, we assess whether the current PD shows that pre-determined relative and absolute limits are exceeded compared with the PD on the loan origination date. If this is the case, the loan is allocated to stage 2.
- For the exposures in the Financial Markets portfolio, the current external credit rating and PD are used to assess whether there is a significant deterioration relative to the external credit rating and the PD upon initial recognition of the bond or loan. If pre-determined relative and absolute limits are exceeded, the bond or loan is allocated to stage 2.

IV. A forbearance measure is applied to one of the customer’s contracts

Customers who have been subjected to a forbearance measure and who do not meet the prudential non-performing criteria are allocated to stage 2. This category consists of:
1) customers who are subject to a forbearance measure but who have not yet been classified as non-performing, and
2) customers who were previously part of the prudential non-performing forborne category (category VII) and were reclassified to the prudential performing forborne category after a probation period of at least one year.

Following a minimum probation period of two years, a customer is allocated to stage 1.

V. Potentially very high-risk customers

De Volksbank pays specific attention to retail customers with full or partial interest-only mortgage loans.

Mortgage loans with:
1. High expected Loan-to-Value (LtV),
2. High Loan-to-Income (LtI) and
3. Nearing maturity, retirement of the borrower or the end of tax deductibility of interest payments (i.e. time-to-event)

carry a higher potential risk as an affordability and/or repayment problem may arise when these events occur.
These three variables are used to distribute full or partial interest-only mortgage loans over multiple risk segments. Depending on the risk segment a collective SICR trigger is applied. In addition, future affordability information is available from an increasing number of customers as part of our customer contact strategy. The information from this affordability test is taken into account in the provisioning methodology and used to determine whether individual customer should be classified as performing (stage 1), underperforming (stage 2) or non-performing (stage 3).

Stage 3: lifetime ECL credit impaired (VI-VII)

If a customer is credit impaired, the loans provided are considered non-performing and allocated to stage 3. The provision is formed based on losses expected until maturity (lifetime ECL). A loan is credit impaired in the following situations:

VI. Non-performing loans of customers without a forbearance measure

De Volksbank applies a specific definition of default to every portfolio for which loan loss provisions have to be determined. A default is considered to occur if at least one of the following conditions is met:

- the obligor is past due for more than 90 days on any material credit obligation, and/or
- the obligor is considered unlikely-to-pay (UtP).

Examples of these UtP triggers are the following:

- suspension of payment
- bankruptcy
- fraud
- sale of the collateral by the Arrears Management department
- sale of the collateral with a residual debt

Customers only recover from the default status once the arrears have been repaid in full or the UtP triggers have lapsed, and a three-month probation period has expired.

VII. Non-performing loans of customers subject to a forbearance measure

In addition, loans to customers - who are subject to a forbearance measure and who meet the prudential non-performing criteria - are allocated to stage 3. This is the case for forborne loans that were transferred to stage 2 after a one-year probation period in stage 3 and receive a new forbearance measure and/or later fall into arrears of 30 days. Customers in this category are in default due to a UTP trigger.

Risk management of ECL models

We calculate the various risks in the aforementioned portfolios at customer level on a monthly basis by means of our credit risk models. Monitoring the development of the customer and the portfolio is essential if we are to make proper estimates of the loss expected. We have provisions in place for expected losses and we maintain capital for unexpected credit losses.

Model techniques

To arrive at the ECL models, we use various techniques for the individual portfolios.

Residential mortgages, SME loans and ASN Bank loan portfolio

We use the survival model technique for the residential mortgage loans, SME loans and the ASN Bank loan portfolio. This is a method for calculating the month-on-month Probability of Default (PD), Probability of Cure and Probability of Foreclosure. These models determine the creditworthiness of the customer over two periods: 1) a 12-month period; i.e. we calculate the probability of the customer defaulting on payments in the next 12 months (also known as the ‘12-month PD’), and 2) the remaining term of the loan; i.e. we calculate the probability of the customer defaulting on payments at any time during the remaining term of the loan (also known as the ‘lifetime PD’).

The total expected credit loss (ECL) is determined by customers' Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), taking into account a discount rate.

Consumer loans

We apply an expert-based model to determine stage allocation and provisioning for consumer loans, consisting of personal loans and accounts, revolving credit and overdraft facilities (credit limits on current accounts). The model calculates an individual PD at loan or account level and ranks consumer contracts from low to high risk based on risk parameters. These risk parameters include the registered arrears, use of the limit available and the date of origination. Contracts are then allocated to stages based on their credit ranking (rating). We use historical observations (default rates) to set an average PD for each stage, and the LGD is a result of the expert judgement based on historical data. We determine the ECL by multiplying the stage-dependent PD and product-specific LGD by the amount of the credit facility.

Financial Markets portfolio

For the ECL of the Financial Markets portfolio, we use a model in which the PD is derived from spreads on Credit Default Swap (CDS) curves. Specific CDS curves have been selected for various portfolio components. The ECL is the sum of the cumulative PDs multiplied by the cumulative discounted cashflows multiplied by the LGD factor. The ECL stage migration for underperforming financial instruments is based on numerical as well as qualitative triggers, such as significant increases in PD as well as three-notch credit rating downgrades. These credit ratings originate from well-known rating agencies such as S&P and Moody’s.

Forward-looking information

We use three scenarios in our provisions calculations, in which we also make forward-looking information available. The three scenarios describe the expected macroeconomic forecast (baseline scenario) as well as a downside and upside development. An independent team of macroeconomic experts estimates forward-looking trends based on various macroeconomic parameters for each scenario. In making these estimates, these experts also look at trends and forecasts of external parties, such as Eurostat, Statistics Netherlands (CBS) and the Netherlands Bureau for Economic Policy Analysis (CPB). All three scenarios describe a realistic development of the macroeconomy.

Weights are also assigned to the scenarios based on the probability of the scenario becoming a reality. The development of macroeconomic parameters is predicted four years ahead. After that period, the ECL models extrapolate the values of the macroeconomic variables to a long-term average. A 12-month ECL and a lifetime ECL are calculated for each of the three scenarios and for each customer, on a monthly basis. The scenario weights are used to calculate a weighted average 12-month ECL and a lifetime ECL.

For residential mortgages, we use the following macroeconomic parameters: the relative change in house prices i.e. the house price index, and the unemployment rate. For SME loans, we use the unemployment rate and the number of bankruptcies. In the model for consumer loans, we only use the unemployment rate as a macroeconomic parameter. All macroeconomic parameters of the ECL models for residential mortgages, consumer loans and SME loans are related to the developments in the Netherlands. In the Financial Markets and ASN Bank ECL model, the macroeconomic impact is incorporated in the CDS curves used.

The Asset and Liability Committee (ALCO) approves the scenarios and the corresponding weights. The scenarios that are used to determine the provisions are also used to draw up our Financial Plan & Budget. The scenarios and the weights are assessed on a quarterly basis and adjusted where necessary.

The parameters used in the three scenarios are presented in Section Macroeconomic scenarios and sensitivity in the Annual Report 2024.

Write-off
When writing off a loan, we make a distinction between the waiver of amounts payable and the write-off of a residual debt. The following is a description of these terms:

1. Waiver of amounts payable: a loan is written off, in full or in part if the waiver of amounts payable leads to the customer's recovery. The consequence of this is that the customer can meet his or her payment obligations again. Waivers of amounts payable are debited to the credit provision;
2. Write-off of residual debt: there may be a residual debt as a result of a recovery process. This residual debt is fully provisioned for. Any collateral is realised during a period of 6 months after the execution process. After this period, any remaining debt is written off.

Management overlay
We apply a management overlay when credit-related dynamics, such as dynamics in the macroeconomic environment, are not sufficiently captured in our credit risk models. Other model deficiencies are also included in the management overlay. A management overlay is a temporary adjustment in the provision for credit risks until a long-term solution (e.g. a model adjustment) is effective. The management overlay does not result in stage transfers in terms of exposure or provision (ECL). De Volksbank reviews the elements of the management overlay at least every quarter.

At year-end 2024, only a management overlay for residential mortgages was in place and not for the other loan portfolios. For more information, please refer to Section Figures, ratios and trends - Management overlay in the Annual Report 2024.

Credit risk in capital adequacy
To determine capital requirements for credit risk of residential mortgages, de Volksbank uses the Advanced Internal Ratings-based (AIRB) approach. The AIRB approach measures credit risk by using internal models for the calculation of PD and LGD.

For the other exposures, risk-weighted assets are determined according to the Standardised Approach (SA).

Definition of Default (DoD)
As from 31 December 2021, we have implemented a uniform definition of default (DoD) for all credit exposures, which is aligned to Capital Requirements Regulation (CRR) Article 178. A default is considered to occur if at least one of the following conditions is met:

- the obligor is past due for more than 90 days on any material credit obligation and/or;
- the obligor is considered unlikely-to-pay (UtP).

7.1.2 General quantitative information regarding credit risk

EU CR1 - Performing and non-performing exposures and related provisions 2024

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
	in € millions		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	3,319	3,319	-	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances[1]	61,366	54,470	6,880	557	-	553	-67	-34	-33	-78	-	-78	-	55,686	467
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	780	780	-	-	-	-	-0	-0	-	-	-	-	-	18	-
040	*Credit institutions*	6,194	6,194	-	-	-	-	-3	-3	-	-	-	-	-	2,664	-
050	*Other financial corporations*	316	316	-	-	-	-	-1	-1	-	-	-	-	-	-	-
060	*Non-financial corporations*	1,790	1,691	99	59	-	59	-8	-4	-4	-39	-	-39	-	865	11
070	*Of which SMEs*	671	621	50	13	-	13	-6	-2	-4	-2	-	-2	-	652	11
080	*Households*	52,285	45,488	6,781	499	-	494	-55	-27	-28	-40	-	-39	-	52,140	456
090	Debt securities	7,279	7,279	-	-	-	-	-6	-6	-	-	-	-	-	300	-
110	*General governments*	4,318	4,318	-	-	-	-	-2	-2	-	-	-	-	-	252	-
120	*Credit institutions*	1,869	1,869	-	-	-	-	-2	-2	-	-	-	-	-	44	-
130	*Other financial corporations*	471	471	-	-	-	-	-1	-1	-	-	-	-	-	-	-
140	*Non-financial corporations*	620	620	-	-	-	-	-1	-1	-	-	-	-	-	5	-
150	Off-balance-sheet exposures	3,032	2,916	116	12	-	12	-5	-3	-2	-3	-	-3		892	8
170	*General governments*	375	375	-	-	-	-	-	-	-	-	-	-		-	-
190	*Other financial corporations*	24	24	-	-	-	-	-	-	-	-	-	-		-	-
200	*Non-financial corporations*	281	275	6	1	-	1	-1	-0	-0	-0	-	-0		22	0
210	*Households*	2,352	2,242	110	11	-	11	-4	-2	-2	-3	-	-2		870	8
220	**Total**	**74,996**	**67,983**	**6,997**	**569**	**-**	**565**	**-78**	**-43**	**-35**	**-81**	**-**	**-81**	**-**	**56,878**	**475**

1 Excluding fair value adjustments from hedge accounting

The coverage ratio for non-performing loans and advances is 14.0% as per 31 December 2024 (31 December 2023: 15.8%). The coverage ratio for non-performing loans and advances is calculated by dividing the provisions and if applicable, the negative fair value adjustments due to credit risk for non-performing loans and advances, by the total gross carrying amount for non-performing loans and advances.

Cash balances at central banks & other demand deposits decreased by € 2.5 billion in 2024 attributable to cash management activities.

The loans and advances to credit institutions increased by € 4.9 billion in 2024 mainly due to to the increase of loans and advances to credit institutions (€ 2.0 billion) and households (€ 2.9 billion).

Performing stage 1 exposure decreased by € 1.0 billion as result of less Cash balances at central banks and other demand deposits of € 2.5 billion and less loans and advances to households of € 1.2 billion. The decrease is partly offset by an increase in loans and advances to credit institutions of € 2.0 billion and debt securities € 0.6 billion.

Performing stage 2 exposures increased by € 4.1 billion mainly due to an increase in stage 2 interest-only mortgages and increased Loan to Values (LtVs).

Performing exposures - accumulated impairment and provisions increased by € 33 million mostly due to an increase in the provisions for mortgages.

Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions decreased by € 13 million attributable to the decrease in households in stage 3.

Developments per portfolio

Residential mortgages

Portfolio

De Volksbank's residential mortgage portfolio, excluding IFRS value adjustments[1], grew by € 2.8 billion to € 52.0 billion (year-end 2023: € 49.2 billion). Organic growth amounted to € 2.5 billion and the accelerated execution in 2024 of an existing repurchase commitment contributed € 0.3 billion to net growth. Average mortgage rates decreased in the second half of 2024, after broadly stabilising in the first half. In 2024, 77% of new mortgage production consisted of mortgages with a 10-year fixed mortgage rate (2023: 70%). In a larger mortgage market, de Volksbank's new mortgage production increased to € 7.1 billion (2023: € 5.1 billion).

The market share of new mortgages stood at 6.3%, slightly up compared to 2023 (5.7%). Repayments amounted to € 4.7 billion, compared to € 4.3 billion in 2023. Interest rate renewals amounted to € 1.2 billion, higher compared to 2023 (€ 0.9 billion) because of increased regular renewals, while early renewals decreased.

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

The percentage of customers taking out NHG-guaranteed loans has been virtually flat over the past years. The weighted average indexed LtV of the residential mortgage portfolio went down to 50%, from 54% at year-end 2023. To determine the LtV, we index collateral values every month on the basis of house price developments. Increased house prices have led to a shift of mortgages to lower LtV buckets.

Provision for credit losses

In 2024, the credit loss provision for residential mortgages declined to € 85 million, from € 124 million at year-end 2023. The modelled provision decreased by € 29 million to € 44 million, and the management overlay decreased by € 10 million to € 41 million, both mainly driven by the improved macroeconomic outlook and improved LtVs. Additionally, the credit quality of the portfolio improved as loans in arrears decreased by € 99 million to € 279 million.

Management overlay

The management overlay for residential mortgages decreased to € 41 million (year-end 2023: € 51 million). The overlay component for high inflation risk was fully released (year-end 2023: € 9 million) as purchasing power expectations were positive and loans in arrears had dropped significantly.

The management overlay for the interest-only mortgage portfolio is sensitive to improved house prices as LtV is one of the risk drivers. As a result, customers migrated to lower risk buckets, resulting in lower provisioning level. In addition, a significant part of the interest-only mortgages (€ 3.2 billion), previously in scope of the management overlay, has been included in the modelled part of the stage 2 provision. Hence the associated management overlay decreased by € 12 million to € 22 million (year-end 2023: € 34 million). A part of the exposure regarding this management overlay (€ 0.7 billion), together with the corresponding management overlay (€ 19 million) is allocated to its current stage, being stage 1, while the management overlay is calculated based on lifetime expected credit losses. We will further align the staging framework in the coming period.

These decreases in the management overlay were partially offset by refinements for model deficiencies and limitations. As a considerable part of the modelled provision was released due to improved house prices, a new overlay for model oversensitivity to house prices was introduced (€ 6 million). Furthermore, a new model overlay for ESG risks was introduced in which the physical environmental risk associated with collateral, i.e. the risk of flood and drought in the Netherlands, is identified. All in all, the management overlay for model deficiencies and limitations rose from € 7 million to € 18 million. Finally, the management overlay for future interest revisions remained unchanged at € 1 million.

Provision for credit losses per stage

The stage 1 exposure decreased from € 46.1 billion to € 44.8 billion due to a large transfer to stage 2. However, the provision for stage 1 exposures decreased to € 25 million (year-end 2023: 37 million) due to other factors: in addition to a € 9 million decrease in the management overlay for stage 1 exposures, the increase in provisions due to new originations was offset by a decrease because of the improved macroeconomic outlook and LtVs.

In 2024, the stage 2 exposure went up, mainly due to the transfer of € 3.2 billion exposures of a specific group of interest-only mortgages from stage 1 to stage 2. In total, the stage 2 exposure rose from € 2,590 million to € 6,723 million. In 2023 and 2024 the provisions for credit losses related to these exposures were both calculated as stage 2. Despite this addition, stage 2 provisions decreased from € 39 million at year-end 2023 to € 24 million as a result of improved LtVs, an upwardly adjusted macroeconomic outlook, derecognitions, a release of the management overlay and improved credit quality, resulting in recoveries to stage 1.

The stage 3 exposure remained unchanged at € 473 million while the stage 3 mortgages in arrears decreased from € 149 million in 2023 to € 124 million. This was the result of stage 3 inflows with unlikely-to-pay (UTP) triggers other than 90 days past due and outflows due to recoveries. Just like the stage 1 and stage 2 provisions, the stage 3 provision was also lower due to improved LtVs and the upwardly revised macroeconomic outlook. Furthermore, derecognitions in the amount of € 8 million contributed to the decline in the stage 3 provision to € 31 million (year-end 2023: € 42 million). As a result, the stage 3 coverage ratio declined by 2.3 percentage points to 6.6%, even though the stage 3 management overlay nearly doubled.

Consumer loans

Portfolio

The consumer loan portfolio grew slightly and comprises three products: personal loans, revolving credit facilities and overdraft facilities. Since the second quarter of 2024, RegioBank has also offered personal loans on an execution-only basis through its adviser channel. The inflow of new personal loans exceeded the portfolio's downward trend resulting from the winding down of the revolving credit portfolio.

Provision for credit losses

In 2024, the credit quality of the consumer loan portfolio remained fairly stable, the total exposure increased slightly, as did the loans and accounts in arrears. Due to recoveries of exposures in stage 2, the provision decreased by € 1 million. The provision for off-balance sheet items also decreased by € 1 million to € 2 million as we actively reduced the revolving credit portfolio.

SME loans

Portfolio

We further simplified our SME origination process and expanded our distribution channels offering business customers a mix of personal contact and digital comfort. This resulted in new loan originations of € 286 million, and as such our SME portfolio grew from € 1,235 million to € 1,393 million in 2024.

Provision for credit losses

The credit loss provision for SME loans declined from € 23 million at year-end 2023 to € 16 million, of which € 1 million for off-balance sheet items in both periods. This decrease was caused by the release of the management overlay for the inflation risk in the SME portfolio as sectors vulnerable for inflation risk no longer have an increased risk profile. In addition, a change in model parameters resulted in a release of € 2 million, while derecognitions and write-offs also contributed to the decrease in the provision.

Stage 3 derecognitions exceeded the stage 3 net inflow, resulting in a € 7 million decline in the stage 3 exposure to € 32 million. We also saw a slight improvement in credit quality: exposures in arrears decreased from € 49 million to € 43 million, with mainly long-term arrears improving.

Other corporate and government loans

Portfolio

Other corporate and government loans consist for about 70% of ASN Bank's loan portfolio, mainly consisting of loans to renewable energy projects, such as solar and wind energy companies. The remaining 30% relate to our Financial Markets portfolio, through which we provide loans to other financial institutions and central and local governments.

Provision for credit losses

In 2024, the total credit loss provision for other corporate and government loans rose to € 40 million (year-end 2023: € 34 million), mainly due to the increase in the stage 3 provision for a few individual corporate customers.

The largest lender of these has a partial guarantee from the shareholder regarding the functioning of the financed installation. This guarantee is taken into account and mitigates the credit risk and thus the provision. There were no loans in arrears at year-end 2024 (year-end 2023: no loans in arrears).

EU CR1 - Performing and non-performing exposures and related provisions 2023

	in € millions	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	5,864	5,864	-	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances[1]	56,449	53,625	2,810	558	-	552	-97	-48	-49	-89	-	-87	-	50,987	454
020	*Central banks*	512	512	-	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	402	402	-	-	-	-	-0	-0	-	-	-	-	-	20	-
040	*Credit institutions*	4,163	4,163	-	-	-	-	-4	-4	-	-	-	-	-	959	-
050	*Other financial corporations*	261	261	-	-	-	-	-0	-0	-	-	-	-	-	-	-
060	*Non-financial corporations*	1,688	1,556	133	58	-	58	-10	-4	-6	-36	-	-36	-	777	12
070	*Of which SMEs*	553	486	67	20	-	20	-7	-3	-5	-5	-	-5	-	534	12
080	*Households*	49,422	46,732	2,677	500	-	494	-83	-39	-43	-53	-	-51	-	49,231	443
090	Debt securities	6,709	6,709	-	-	-	-	-7	-7	-	-	-	-	-	1,208	-
110	*General governments*	4,229	4,229	-	-	-	-	-3	-3	-	-	-	-	-	306	-
120	*Credit institutions*	1,686	1,686	-	-	-	-	-3	-3	-	-	-	-	-	870	-
130	*Other financial corporations*	332	332	-	-	-	-	-1	-1	-	-	-	-	-	-	-
140	*Non-financial corporations*	461	461	-	-	-	-	-1	-1	-	-	-	-	-	33	-
150	Off-balance-sheet exposures	2,848	2,772	76	14	-	14	-7	-4	-3	-4	-	-4	-	1,079	9
170	*General governments*	300	300	-	-	-	-	-	-	-	-	-	-		-	-
190	*Other financial corporations*	8	8	-	-	-	-	-	-	-	-	-	-		-	-
200	*Non-financial corporations*	238	216	22	1	-	1	-1	-1	-1	-0	-	-0		64	0
210	*Households*	2,302	2,248	54	13	-	13	-6	-3	-2	-4	-	-4		1,015	9
220	**Total**	71,869	68,970	2,885	572	-	566	-111	-59	-52	-93	-	-92	-	53,274	463

1 Excluding fair value adjustments from hedge accounting

EU CR1-A - Maturity of exposures 2024

In € millions		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	48	6,308	2,443	52,556	422	**61,778**
2	Debt securities	-	1,312	2,918	2,953	-	**7,183**
3	**Total**	**48**	**7,620**	**5,361**	**55,509**	**422**	**68,961**

In 2024 total loans and advances increased by € 4.957 million. The increase is mainly due to increase in loans advances to credit institutions and households. The loans and advances granted from credit institutions are short-term of nature and will mature within a period less than 1 year. Loans and advances bucket less than 1-year increased by € 3,865 million.

Mortgage rates remained broadly stable in 2024. In 2024, majority the of new mortgage production consisted of mortgages with a 10-year fixed mortgage rate. Loans and advances bucket greater than 5 years increased by € 2,333 million.

EU CR1-A - Maturity of exposures 2023

In € millions		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	567	2,443	3,013	50,223	575	56,821
2	Debt securities	-	1,214	2,576	2,912	-	6,702
3	**Total**	**567**	**3,657**	**5,589**	**53,135**	**575**	**63,523**

The NPE ratio of de Volksbank is below the 5% threshold in accordance with Article 8(3) of regulation 2021/637. Therefore tables EU CQ2, EU CQ6 and EU CQ8 are not dislcosed below.

EU CQ1 - Credit quality of forborne exposures 2024

in € millions		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which Collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	766	275	275	275	-8	-59	959	206
060	*Non-financial corporations*	11	55	55	55	-0	-38	15	8
070	*Households*	755	220	220	220	-8	-21	944	198
080	Debt securities	-	-	-	-	-	-	-	-
090	Loan commitments given	5	2	2	2	-0	-1	3	0
100	**Total**	**770**	**277**	**277**	**277**	**-8**	**-60**	**962**	**206**

EU CQ1 - Credit quality of forborne exposures 2023

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
	in € millions	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which Collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	798	322	322	322	-14	-66	1,027	246
060	*Non-financial corporations*	14	50	50	50	-1	-33	21	9
070	*Households*	784	272	272	272	-13	-32	1,006	237
080	Debt securities	-	-	-	-	-	-	-	-
090	Loan commitments given	3	3	3	3	-0	-1	4	2
100	**Total**	**801**	**326**	**326**	**326**	**-14**	**-67**	**1,030**	**248**

The forborne exposures portfolio showed an improvement and decreased due to the higher outflow and lower inflow of customers in 2024.

Regulatory requirements for UtP triggers also became more detailed and prescriptive. De Volksbank differentiates between mandatory and judgemental UtP triggers. Mandatory UtP triggers, such as fraud, bankruptcy or exposure assignment to stage 3, automatically lead to a default status. Judgemental triggers give signals that there is a high probability that the obligor’s payment capacity will suffer as a result of the changing conditions and /or specific events. judgemental triggers are based on subjective signals that should be supported by verifiable evidence. Both mandatory and judgemental triggers are specified in the risk policy on the application of default and registered in the bank's system.

For business obligors and financial institutions, the absolute threshold is set at € 500, while the relative threshold is kept at 1%, the same level as for private obligors.

In addition to loans in default, loans to customers who are subject to a forbearance measure, who meet the prudential non-performing criteria are allocated to stage 3. This is the case for forborne loans that were transferred to stage 2 after a one-year probation period in stage 3 and receive a new forbearance measure and/or later fall into arrears of 30 days.

See also section 7.1.1 General qualitative information regarding credit risk.

EU CQ3 - Credit quality of performing and non-performing exposures by past due days 2024

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
	in € millions		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	3,319	3,319	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	61,366	61,262	104	557	462	20	23	31	12	3	6	557
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	780	780	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	6,194	6,194	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	316	316	-	-	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	1,790	1,788	2	59	54	1	0	3	1	0	0	59
070	*Of which SMEs*	671	669	2	13	9	1	0	3	1	0	0	13
080	*Households*	52,285	52,184	102	499	408	20	23	29	11	3	6	499
090	Debt securities	7,279	7,279	-	-	-	-	-	-	-	-	-	-
110	*General governments*	4,318	4,318	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	1,869	1,869	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	471	471	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	620	620	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	3,032			12								12
170	*General governments*	375			-								-
190	*Other financial corporations*	24			-								-
200	*Non-financial corporations*	281			1								1
210	*Households*	2,352			11								11
220	**Total**	**74,996**	**71,860**	**104**	**569**	**462**	**20**	**23**	**31**	**12**	**3**	**6**	**569**

Performing exposure increased by € 3.1 billion in 2024. This is mainly attributable to an increase in the loans and advances to credit institutions and households. The increase was partly offset by the decrease of cash balances.

EU CQ3 - Credit quality of performing and non-performing exposures by past due days 2023

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
	in € millions		Not past due or past due <= 30 days	Past due > 30 days <= 90 days		Unlikely to pay that are not past due or are past due <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 years <= 2 years	Past due > 2 years <= 5 years	Past due > 5 years <= 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	5,864	5,864	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	56,449	56,287	162	558	445	30	28	27	16	2	10	558
020	*Central banks*	512	512	-	-	-	-	-	-	-	-	-	-
030	*General governments*	402	402	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	4,163	4,163	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	261	261	-	-	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	1,688	1,686	2	58	50	0	1	3	1	0	3	58
070	*Of which SMEs*	553	551	2	20	12	0	1	3	1	0	3	20
080	*Households*	49,422	49,263	160	500	395	30	27	24	16	2	6	500
090	Debt securities	6,709	6,709	-	-	-	-	-	-	-	-	-	-
110	*General governments*	4,229	4,229	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	1,686	1,686	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	332	332	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	461	461	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	2,848			14								14
170	*General governments*	300			-								-
190	*Other financial corporations*	8			-								-
200	*Non-financial corporations*	238			1								1
210	*Households*	2,302			13								13
220	**Total**	**71,869**	**68,859**	**162**	**572**	**445**	**30**	**28**	**27**	**16**	**2**	**10**	**572**

EU CQ4 - Quality of non-performing exposures by geography 2024

In € millions	a	c	e	f
	Gross carrying/Nominal amount		Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given
		of which: defaulted		
010 On balance sheet exposures	**69,202**	**557**	**-151**	
020 Netherlands	55,951	551	-140	
030 Switzerland	4,719	0	-2	
040 Germany	2,416	0	-2	
050 Belgium	1,080	5	-2	
060 France	956	0	-1	
070 Other countries	816	0	-1	
080 Spain	425	0	-0	
090 Finland	411	-	-0	
100 Austria	347	-	-0	
110 Luxembourg	345	-	-1	
120 Japan	324	-	-0	
130 Czech Republic	297	-	-0	
140 United Kingdom	250	0	-0	
150 Denmark	213	-	-0	
160 Canada	191	0	-0	
170 Norway	190	-	-0	
180 United States	98	-	-0	
190 Ireland	63	-	-0	
200 Italy	46	-	-1	
210 Slovenia	30	0	-0	
220 Sweden	22	0	-0	
230 Korea, Rebublic of	9	-	-0	
240 Turkey	1	0	-0	
250 United Arab Emirates	1	0	-0	
260 Off balance sheet exposures	**3,044**	**12**		**8**
270 Netherlands	2,967	12		7
280 Spain	42	-		-
290 Germany	21	0		-
300 Belgium	7	0		-
310 Italy	3	-		-
320 France	3	0		-
330 Other countries	1	0		0
340 Total	**72,246**	**569**	**-151**	**8**

EU CQ4 - Quality of non-performing exposures by geography 2023

In € millions	a	c	e	f
	Gross carrying/Nominal amount		Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given
		of which: defaulted		
010 On balance sheet exposures	**63,715**	**558**	**-193**	
020 Netherlands	53,406	551	-181	
030 Germany	2,378	1	-2	
040 Switzerland	2,068	0	-1	
050 France	835	0	-1	
060 Belgium	796	5	-2	
070 Other countries	705	0	-2	
080 Japan	667	-	-0	
090 Finland	615	-	-0	
100 Spain	394	0	-0	
110 United States	366	0	-1	
120 Norway	323	-	-1	
130 Luxembourg	296	0	-0	
140 Austria	190	-	-0	
150 Canada	162	0	-0	
160 United Kingdom	154	0	-0	
170 Denmark	116	-	-0	
180 Ireland	72	0	-0	
190 Sweden	59	0	-0	
200 Italy	48	-	-1	
210 Korea, Rebublic of	24	-	-0	
220 Australia	14	0	-0	
230 Slovenia	13	0	-0	
240 Iceland	10	-	-0	
250 United Arab Emirates	1	0	-0	
260 Singapore	1	-	-0	
270 Turkey	1	-	-0	
280 Kenya	1	-	-0	
290 Curaçao	1	0	-0	
300 Russian Federation	1	-	-0	
310 Off balance sheet exposures	**2,862**	**14**		**11**
320 Netherlands	2,829	14		11
330 Germany	10	0		-

In € millions	a	c	e	f
	Gross carrying/Nominal amount		Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given
		of which: defaulted		
340 France	9	0		-
350 *Belgium*	7	0		-
360 United Kingdom	2	0		-
370 *Other countries*	5	0		-
380 Total	**66,577**	**572**	**-193**	**11**

This template contains a breakdown of exposures (excluding cash balances at central banks and other demand deposits) in countries where the exposure value is larger than € 0.5 million. The template is disclosed because the non-domestic exposures as on 31 December 2024 is 19.1%, which exceeds the required threshold of 10%.

De Volksbank is predominantly active in the Dutch market and especially the domestic mortgage market. The exposures outside the Netherlands are mostly caused by liquidity management activities (central government bonds, money market activities with financial institutions). Exposures to International Organisations and Multilateral Development Banks are included in Other countries.

The NPE ratio of de Volksbank is below the 5% threshold in accordance with Article 8(3) of regulation 2021/637. Therefore column b and d in tabel EU CQ4 are not reported.

De Volksbank mainly focuses on retail customers therefore the exposure to non-financial corporations is relatively small. The increase of the total gross carrying amount are mainly due to the increase in loans and advances in the financial and insurance activities and the professional, scientific and technical activities.

The NPE ratio of de Volksbank is below the 5% threshold in accordance with Article 8(3) of regulation 2021/637. Therefore column b and d are not reported in template EU CQ5.

De Volksbank does not have collateral obtained by taking possession and execution processes. Template EU CQ7 - Collateral obtained by taking possession and execution processes is therefore not included in this report.

EU CQ5 - Credit quality of loans and advances by industry 2024

In € millions	a	c	e
	Gross carrying amount		Accumulated impairment
		of which: defaulted	
010 Agriculture, forestry and fishing	1	0	-0
020 Mining and quarrying	-	-	-
030 Manufacturing	45	1	-0
040 Electricity, gas, steam and air conditioning supply	754	39	-35
050 Water supply	0	-	-0
060 Construction	26	1	-0
070 Wholesale and retail trade	36	1	-0
080 Transport and storage	4	0	-0
090 Accommodation and food service activities	2	0	-0
100 Information and communication	4	0	-0
110 Financial and insurance activities	417	4	-4
120 Real estate activities	265	2	-2
130 Professional, scientific and technical activities	173	3	-2
140 Administrative and support service activities	11	6	-3
150 Public administration and defense, compulsory social security	-	-	-
160 Education	1	0	-0
170 Human health services and social work activities	81	0	-0
180 Arts, entertainment and recreation	28	0	-0
190 Other services	2	1	-0
***200* Total**	**1,849**	**59**	**-46**

EU CQ5 - Credit quality of loans and advances by industry 2023

In € millions	a Gross carrying amount	c of which: defaulted	e Accumulated impairment
010 Agriculture, forestry and fishing	1	-	-0
020 Mining and quarrying	-	-	-
030 Manufacturing	26	5	-2
040 Electricity, gas, steam and air conditioning supply	785	38	-32
050 Water supply	0	-	-
060 Construction	42	1	-1
070 Wholesale and retail trade	36	1	-1
080 Transport and storage	3	0	-0
090 Accommodation and food service activities	4	1	-0
100 Information and communication	3	0	-0
110 Financial and insurance activities	341	4	-5
120 Real estate activities	261	4	-3
130 Professional, scientific and technical activities	123	3	-2
140 Administrative and support service activities	11	0	-0
150 Public administration and defense, compulsory social security	-	-	-
160 Education	1	0	-0
170 Human health services and social work activities	94	0	-0
180 Arts, entertainment and recreation	15	0	-0
190 Other services	2	1	-0
200 Total	**1,747**	**58**	**-46**

EU CR2 - Changes in the stock of non-performing loans and advances 2024

In € millions	a Gross carrying amount 31-12-2024	a Gross carrying amount 31-12-2023
010 Initial stock of non-performing loans and advances	**558**	**549**
020 Inflows to non-performing portfolios	252	255
030 Outflows from non-performing portfolios	-253	-246
040 Outflows due to write-offs	-4	-2
050 Outflow due to other situations	-248	-244
060 Final stock of non-performing loans and advances	**557**	**558**

The stock of non-performing loans and advances decreased marginally. The loans and advances in arrears as a percentage of total loans was 0.6%, lower compared to year-end 2023.

7.2 Use of Credit Risk Mitigation techniques

De Volksbank has divided its credit risk portfolio into several exposure classes. We use the Advanced Internal Ratings-Based approach to calculate the capital requirements for the residential mortgage portfolios. We use the Standardised Approach for all other portfolios. The credit risk portfolio is presented in the Pillar 3 report in accordance with regulations: Standardised Approach (SA) versus Advanced Internal Ratings-Based (AIRB) approach and then further specified within the exposure classes.

7.2.1 General qualitative information regarding credit risk mitigation

Collateral

Residential mortgages

As far as residential mortgages are concerned, we ensure that the inflow of loans meets adequate standards in respect of customer, income and collateral. We limit potential losses resulting from credit risk by setting conditions on collateral, such as the value of the collateral and possibly the issue of a National Mortgage Guarantee (*NHG*).

An NHG mortgage provides both the customer and the bank with additional security. On 1 January 2024, the *NHG* limit was set at € 435,000 and at € 461,100 in case of investments in energy-saving measures. With effect from 1 January 2025, these maximum amounts were raised to € 450,000 and € 477,000 respectively.

Of the residential mortgages, € 14.1 billion (2023: € 12.6 billion), i.e. 27%, of the gross carrying amount of the exposure fell under the *NHG* guarantee scheme (see also the table Breakdown of residential mortgages by LtV bucket in Section Details of residential mortgages in the Annual Report 2024).

The Loan-to-Value (LtV) is the amount of the (remaining) loan expressed as a percentage of the indexed market value of the collateral. In 2018, the maximum regulatory LtV for new mortgage loans was lowered to 100%. A low LtV is advantageous to both customers and the bank, as it reduces the likelihood of a residual debt.

Consequently, lower LtVs mean lower risk surcharges in our mortgage rates at origination. We bring this to customers' attention as part of the SNS Mortgage Term Monitoring Service. If customers' LtV has fallen during the term of the mortgage contract, they may request a risk surcharge reduction. They can do so by submitting a recent valuation report of the collateral showing that the collateral value has increased or, alternatively, by making additional repayments to reduce the mortgage amount.

Every month, we index collateral values based on house price developments by using indices, by municipality and type of collateral, which we purchase from third parties.

For our portfolio management, we adjust the collateral value both upwards and downwards. If the value of collateral has dropped, we do adjust the LtV but we do not impose the higher risk surcharge on the customer.

The weighted average indexed LtV of the residential mortgages declined to 50%, from 54% at year-end 2023. Increased house prices have led to a shift of mortgages to lower LtV buckets.

In the event of foreclosure, we instruct an appraiser of our choosing to (re)value the collateral.

SME loans
The major part of our SME loan portfolio consists of mortgages on commercial real estate. All collateralised assets are located in the Netherlands, a mature market for commercial real estate.

The revaluation frequency for property depends on the amount of its exposure. If 1) the exposure exceeds € 3 million or 2) the exposure exceeds € 1 million and the LtV is above 80%, the property must be revalued once every three years.

A revaluation is also initiated as part of the (arrears) management process. This is a standard procedure once the process for a loan that has been declared to be in default has been started. A revaluation is also made if, upon a check, the information received indicates that the value of the real estate has dropped sharply in comparison with general market prices.

For every new mortgage or material change in a loan, a valuation report is required for all properties to which the loan pertains. For new developments, this is a valuation based on the specifications and underlying documents such as a building contract.

Other corporate and government loans
The major part of the sustainable loans we provide are loans with government-guaranteed electricity prices and/or power purchase agreements. Other corporate and government loans also have government-issued guarantees, such as loans provided to healthcare institutions and housing associations.

In 2024, the credit loss provision amounted to € 40 million, mainly attributable to a corporate loan in stage 3, of which the lender has a partial guarantee from the shareholder regarding the functioning of the financed installation. This guarantee is taken into account and mitigates the credit risk and thus the provision.

We do not use credit derivatives as collateral.

7.2.2 General quantitative information regarding credit risk mitigation

EU CR3 – CRM techniques – Overview 2024

		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
	In € millions	a	b	c	d	e
1	Loans and advances	8,944	56,153	53,258	2,895	-
2	Debt securities	6,972	300	-	300	
3	**Total**	**15,917**	**56,453**	**53,258**	**3,195**	**-**
4	*Of which non-performing exposures*	13	467	466	0	-
EU-5	*Of which defaulted*	13	467			

The unsecured carrying amount of loans and advances decreased by € 2.3 billion and secured carrying amount of loans and advances increased by € 4.7 billion. The increase of secured loans and advances was due to an increase of loans and advances secured by collateral (€ 3.0 billion) and financial guarantees (€ 1.7 billion) respectively.

EU CR3 – CRM techniques – Overview 2023

		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
	in € millions	a	b	c	d	e
1	Loans and advances	11,243	51,442	50,216	1,226	-
2	Debt securities	5,493	1,208	-	1,208	
3	**Total**	**16,736**	**52,650**	**50,216**	**2,434**	-
4	*Of which non-performing exposures*	15	454	454	0	-
EU-5	*Of which defaulted*	15	454			

7.3 Use of the Standardised Approach

We distinguish the following exposure classes within the Standardised Approach (SA):

- **Central governments or central banks.** In addition to direct exposures to central governments and central banks, this also includes items covered by guarantees of these entities.

- **Regional governments or local authorities.** These are, for example, provinces, municipalities or water boards.
- **Public sector entities.** These include non-commercial administrative bodies, such as universities or university hospitals, that are accountable to central, regional or local governments.
- **Multilateral development banks.** Examples in this exposure class are the European Investment Bank and the Council of Europe.
- **International organisations.** Legal entities subject to international law, established by two or more member states and incorporated on the basis of a treaty or an agreement. An example is the European Stability Mechanism (ESM).
- **Institutions.** These are mainly credit institutions such as banks.
- **Corporates.** These include SMEs with an exposure exceeding € 1 million (excluding exposures fully and completely secured on residential property collateral) as well as large businesses. Large businesses are companies employing more than 250 people, with sales equal to or greater than € 50 million and a balance sheet total equal to or larger than € 43 million.
- **Retail.** In addition to natural persons, this category also contains SMEs with an exposure of no more than € 1 million (excluding exposures fully and completely secured on residential property collateral). SMEs are companies employing fewer than 250 people and which have an annual turnover not exceeding € 50 million, and/or an annual balance sheet total not exceeding € 43 million.
- **Secured by mortgages on immovable property.** This exposure includes exposures secured by mortgages on residential and commercial immovable property.
- **Exposures in Default.** All SA exposures that are either or both unlikely to pay or are more than 90 days in arrears on any material credit obligation are in default.
- **Items associated with particularly high risk.** This includes high risk mortgages and investments in venture capital funds.
- **Covered bonds.** These are bonds that offer additional security to the holders by means of a first right to specific assets upon bankruptcy.
- **Collective investments undertakings.** These are equity exposures in investment funds.
- **Equity exposures.** This category includes exposures to equities of businesses.
- **Other items.** All other exposures that do not fall in any of the above categories are classified in this category.

De Volksbank does not have exposures in the exposure class:
- **Claims on institutions and corporates with a short-term credit assessment.**

7.3.1 Qualitative information regarding the use of the Standardised Approach

Under the Standardised Approach (SA), credit risk is measured using prescribed risk weights that are applied to the exposure. The application of risk weights within the SA is subject to a set of fixed rules and is primarily determined by the risk classification of the underlying asset.

External ratings issued by recognised credit rating agencies serve as input to determine the risk classification and, as a result, the risk weight in the SA measurement of risk-weighted assets (RWA). De Volksbank uses the recognised external ratings issued by Standard & Poor's, Moody's and Fitch Ratings. The credit rating is related to the credit quality steps (from high to low: 1 through 6) defined in the CRR. The CRR/CRD IV rules indicate for various exposure classes which risk weight corresponds with which credit quality step.

The template below indicates for each exposure class, if applicable, the rating agency whose ratings are applied.

SA Ratings

Exposure classes	S&P	Moody's	Fitch	Regulatory Risk Weight
Central governments or central banks	x	x	x	
Regional governments or local authorities				x
Public sector entities				x
Multilateral development banks	x	x	x	
International organisations				x
Institutions	x	x	x	
Corporates	x	x	x	
Retail				x
Secured by mortgages on immovable property				x
Exposures in Default				x
Covered Bonds	x	x	x	
Collective investment undertakings				x
Equity exposures				x
Other exposures				x

Following the guidelines (CRR), we use credit ratings to determine the risk weight for an exposure, which is a standard method used to link the rating to a credit quality step (in accordance with ITS 2016/1799). If a single credit rating is available, that credit rating is used to determine the risk weight; if two credit ratings are available and the associated risk weights differ, the highest risk weight is used; If three credit ratings are available the highest associated risk weight is removed, of the two remaining risk weights the highest is used.

If no issue rating is available, we first check whether a rating has been given for a similar issue of the same counterparty, which may be adopted. If no other issue rating is available, the issuer rating – the rating provided by the issuer – may be used. If neither an issue rating nor an issuer rating exists, the risk weight for unrated exposures is used.

7.3.2 Quantitative information regarding the use of the Standardised Approach

EU CR4 – Standardised approach – Credit risk exposure and CRM effects 2024[1]

	in € millions Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	5,581	-	5,857	-	-	0.00%
2	Regional government or local authorities	1,332	-	1,335	0	103	7.68%
3	Public sector entities	1,106	375	1,088	188	42	3.28%
4	Multilateral development banks	444	-	444	-	-	0.00%
5	International organisations	310	-	310	-	-	0.00%
6	Institutions	6,252	-	6,209	-	1,581	25.47%
7	Corporates	2,377	168	2,161	84	1,776	79.12%
8	Retail	326	499	326	215	351	64.86%
9	Secured by mortgages on immovable property	1,052	30	1,051	15	431	40.41%
10	Exposures in default	37	1	37	1	44	117.56%
11	Exposures associated with particularly high risk	0	-	0	-	0	150.00%
12	Covered bonds	947	-	947	-	95	10.00%
14	Collective investment undertakings	-	-	-	-	-	0.00%
15	Equity	16	-	16	-	16	100.00%
16	Other items	329	-	329	-	288	87.49%
17	**Total**	20,110	1,073	20,110	502	4,726	22.93%

1 This template excludes exposures subject to counterparty credit risk.

The total exposure before CCF and CRM increased to € 21.2 billion by the year-end 2024, which is € 166 million more when compared with year-end 2023. The overall RWA increased to € 4.7 billion.

The decrease in exposures to Central governments or central banks is mainly due to the decrease in central bank reserves by € 3.0 billion compared to year-end 2023.

The increase in exposures for the asset class Regional Governments is due to a higher exposure to Belgium states (Flemish and Wallonia) and Switzerland.

The increase in Institutions reflects a higher amount of new outstanding short term deposits with an original maturity of less than one year with credit institutions in Switzerland (mainly Cantonal banks) compared to year-end 2023. Existing exposures on counterparties remained stable.

EU CR4 – Standardised approach – Credit risk exposure and CRM effects 2023[1]

	in € millions Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and CRM		RWAs and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWAs	RWA density (%)
		a	b	c	d	e	f
1	Central governments and central banks	8,854	-	9,203	-	-	0.00%
2	Regional governments or local authorities	863	-	866	0	73	8.46%
3	Public sector entities	1,044	300	1,023	150	35	2.94%
4	Multilateral developments banks	457	-	457	-	-	0.00%
5	International organisations	241	-	241	-	-	0.00%
6	Institutions	3,877	-	3,819	-	1,137	29.77%
7	Corporates	2,232	200	1,958	100	1,742	84.64%
8	Retail	76	477	75	32	70	65.78%
9	Secured by mortgages on immovable property	1,158	29	1,158	14	694	59.18%
10	Exposures in default	39	1	39	1	52	130.95%
11	Items associated with particularly high risk	0	-	0	-	0	150.00%
12	Covered bonds	812	-	812	-	81	10.00%
14	Collective investments undertakings	1	-	1	-	8	583.41%
15	Equity exposures	13	-	13	-	13	100.00%
16	Other Items	342	-	342	-	314	91.92%
17	**Total**	20,010	1,007	20,010	297	4,220	20.78%

1 This template excludes exposures subject to counterparty credit risk.

The template provides the breakdown of exposure after applying CCF and CRM, under the standardized approach, by exposure class and risk weight.

The exposure in the 50% risk weight bucket increased from € 1.6 billion at year-end 2023 to € 2.5 billion at the year-end 2024, mainly due to the application of loan splitting of exposures secured by mortgages on immovable properties since Q4-2024.

De Volksbank does not have exposures in the exposure class Institutions and corporates with a short term credit assessment.

EU CR5 – Standardised approach 2024

	in € millions Exposure classes	Risk weight 0% a	10% d	20% e	35% f	50% g	75% i	100% j	150% k	250% l	1250% n	Total p	Of which unrated q
1	Central governments or central banks	5,857	--	--	--	--	--	--	--	--	--	5,857	--
2	Regional governments or local authorities	822	--	513	--	--	--	--	--	--	--	1,335	29
3	Public sector entities	1,066	--	209	--	--	--	--	--	--	--	1,276	--
4	Multilateral development banks	444	--	--	--	--	--	--	--	--	--	444	--
5	International organisations	310	--	--	--	--	--	--	--	--	--	310	--
6	Institutions	--	--	5,077	--	1,132	--	--	--	--	--	6,209	51
7	Corporates	--	--	244	--	422	--	1,580	--	--	--	2,245	1,291
8	Retail exposures	--	--	--	--	--	540	--	--	--	--	540	540
9	Exposures secured by mortgages on immovable property	--	--	--	42	901	94	29	--	--	--	1,066	952
10	Exposures in default	--	--	--	--	--	--	24	13	--	--	37	37
11	Exposures associated with particularly high risk	--	--	--	--	--	--	--	0	--	--	0	0
12	Covered bonds	--	947	--	--	--	--	--	--	--	--	947	--
14	Units or shares in collective investment undertakings	--	--	--	--	--	--	--	--	--	--	--	--
15	Equity exposures	--	--	--	--	--	--	16	--	--	--	16	16
16	Other items	41	--	--	--	--	--	288	--	--	--	329	296
17	**Total**	**8,541**	**947**	**6,043**	**42**	**2,454**	**635**	**1,937**	**13**	**--**	**--**	**20,612**	**3,212**

EU CR5 – Standardised approach 2023

in € millions		Risk weight											
	Exposure classes	0%	10%	20%	35%	50%	75%	100%	150%	250%	1250%	Total	Of which unrated
		a	d	e	f	g	i	j	k	l	n	p	q
1	Central governments or central banks	9,203	-	-	-	-	-	-	-	-	-	9,203	-
2	Regional governments or local authorities	500	-	366	-	-	-	-	-	-	-	866	2
3	Public sector entities	1,007	-	162	-	4	-	-	-	-	-	1,173	3
4	Multilateral development banks	457	-	-	-	-	-	-	-	-	-	457	-
5	International organisations	241	-	-	-	-	-	-	-	-	-	241	-
6	Institutions	-	-	2,575	-	1,244	-	-	-	-	-	3,819	-
7	Corporates	-	-	88	-	388	-	1,582	-	-	-	2,058	1,026
8	Retail exposures	-	-	-	-	-	107	-	-	-	-	107	107
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	1,050	123	-	-	-	1,172	1,172
10	Exposures in default	-	-	-	-	-	-	15	24	-	-	40	40
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	0	-	-	0	0
12	Covered bonds	-	812	-	-	-	-	-	-	-	-	812	-
14	Units or shares in collective investment undertakings	0	-	1	-	-	-	0	0	-	1	1	1
15	Equity exposures	-	-	-	-	-	-	13	-	-	-	13	13
16	Other Items	28	-	-	-	-	-	314	-	-	-	342	342
17	**Total**	**11,436**	**812**	**3,193**	**-**	**1,636**	**1,157**	**2,047**	**25**	**-**	**1**	**20,306**	**2,707**

7.4 Use of the AIRB approach to credit risk

De Volksbank uses the Advanced Internal Ratings-Based (AIRB) approach for residential mortgages. At the moment, de Volksbank has no intention of reporting other exposures classes under the AIRB approach.

RESIDENTIAL MORTGAGES

Exposures to individual residential mortgages – secured with collateral subject to a mortgage registration and possibly a National Mortgage Guarantee (NHG) – are classified as loans and advances to customers. At year-end 2024, the residential mortgages portfolio comprised 93% (2023: 94%) of de Volksbank's total loans and advances to customers.

7.4.1 Qualitative information regarding the use of the AIRB-approach

The AIRB approach measures credit risk using supervisory authority approved internal models for the calculation of Probability of Default (PD), (downturn) Loss Given Default (LGD), Credit Conversion Factor (CCF), Exposure at Default (EAD) and Margin of Conservatism (MoC), as input for the Risk Weighted Assets (RWA) calculation.

PROBABILITY OF DEFAULT

De Volksbank assesses debtors' credit quality by assigning them an internal risk rating. Based on historical data, a statistical rating model has been developed. The rating reflects the probability of a customer running into payments problems within the next 12 months, which is defined as default.

The model leads to the classification of customers in 15 different PD exposure risk rating classes: 14 non-default rating classes and 1 default rating class. Broadly speaking classes 6-9 correspond to customers 'recently recovered'[1] and rating classes 10-14 correspond to customers 'in arrears'. Rating class 5 refers to the part of the portfolio which is not rated directly by the rating model, but using a standard value comprising of the portfolio average. Rating class 5 represents approximately 4.6% of the mortgage portfolio and is included in PD range 0.75< to 1.75 in template EU_CR6.

LOSS GIVEN DEFAULT

When a customer defaults on its residential mortgage loan, large parts of the amount outstanding are usually recovered by the proceeds of selling the underlying collateral. The actual loss is the remaining part of the outstanding amount of the loan increased by the recovery costs. Together with the economic costs associated with the (un)forced

1 Relates to customers who were at least one month in arrears or in default at least once in the last 12 months but who have now recovered (i.e. who have paid the missed payments and now mortgage payments on time).

sale of the collateral, this is the total loss namely Loss Given Default (LGD). The LGD is measured as a percentage of the exposure at default.

Each customer is allocated to an LGD rating bucket, which in turn is calibrated on a historically observed realised loss.

DOWNTURN LGD
In addition to determining the LGD based on current information, Downturn LGD is determined as input for calculating the RWA. The regulations specify that LGD estimates of internal models should be appropriate for an economic downturn, meaning that losses may be systematically higher under worse macroeconomic conditions than under 'normal' or average conditions. For the residential retail mortgages portfolio of the bank, downturn periods are determined. Based on these determined economic downturn periods, a downturn LGD is determined for each LGD bucket.

EAD AND CCF
The EAD is a calculation of the outstanding amount of a customer at the moment of default. For the products with a credit line a Credit Conversion Factor (CCF) is estimated for the relevant products.

MARGIN OF CONSERVATISM
Next to the PD, LGD and CCF models, a Margin of Conservatism (MoC) framework is required to take into account model risk. A MoC framework has been developed and implemented, which includes model risks related to development data and model estimation. The relevant identified risks are quantified and lead to an MoC add-on for PD, LGD, Downturn LGD and CCF.

INTERNAL RATING PROCEDURE
The internal rating procedure for residential mortgages is based on various data elements such as Loan-to-Value, type of collateral and payment behaviour, ensuring that risk is correctly measured. The ratings are automatically assigned in the rating procedure. This rating procedure runs every month for the entire residential retail mortgages portfolio, including contractual obligations for future loans (quotations or signed offers). Regarding the latter category, not all necessary information is available on that specific reporting date to calculate the regular PD, LGD and CCF; for this reason the average portfolio values are substituted, internally known as standard values.

CONTROL MECHANISM FOR THE INTERNAL RATING SYSTEM
Model documentation
An internal guideline of de Volksbank is that the documentation of AIRB models must be of sufficient detail to allow an independent validation of the model. It must include a description of the data used for model development, the methods used (and the rationale for choosing those methods), all assumptions used in the model and the known strengths and weaknesses of the model. Furthermore the documentation should include an assessment of compliance with relevant legislation and regulations.

Initial and periodic model validation
All new or revised models are subject to a thorough validation process before the external approval process by the supervisor commences. Model Validation (MV) examines the model's methodological development, the data used for model development, the model performance, the assumptions made during model development and whether the model can be used for calculating RWA. The examination by MV results in a validation report and accompanying advice.

MV also subjects the model to an annual review. Just like the model monitoring process (see below), this review is used to determine the extent to which the model is still performing in line with expectations, as well as whether the changes in model performance require a model adjustment.

Internal Model approval process
MV is an independent team that reports directly to the Model Governance Committee (MGC), which is chaired by the CRO. De Volksbank has adopted clear rules for the model approval process. The model owners submit the risk models to the MGC for approval, and the Asset Liability Committee (ALCO) is given the opportunity to examine the models' impact on capital requirements and decide on the timing of their implementation.

The MGC ensures that the model building and approval processes are followed and the various models are consistent.

After MV has issued its advice and the MGC has given a positive decision, the model is assessed for materiality of model change. If the change is determined to be material, the model is submitted for supervisory approval. In the case of a material model change, the model can only be deployed after external approval from supervisor.

Model monitoring
After the model has been approved and implemented, the second-line risk management department (EC Risk - Kern Credit Risk Control Unit) performs a model monitoring process on a quarterly basis with the aim of assessing whether the model's predictive and explanatory power is still sufficient. The process includes an explicit review by the CRCU department of the model's projections as compared to actual performance. If CRCU finds a significant difference between the projections and actual performance, the cause is investigated and the need for a model adjustment is assessed. In this case, the model monitoring may lead to an early model review requested by MGC.

Audit
Audit has a standard invitation to MGC meetings and always receives the model validation reports, based on which it may commence an additional procedure.

Supervisory authority
Our AIRB models are also assessed by the supervisory authority: at the start of AIRB application, after a material change, and through Internal Model Investigations (IMIs). De Volksbank must act on the Supervisory Authority's findings, either immediately or in a subsequent model iteration. To address the findings of the Supervisory Authority as well as to implement the new regulations on PD and LGD estimation (issued by European Banking Authority), the AIRB model is redeveloped and submitted to the Supervisory Authority for their assessment.

In their assessment, the Supervisory Authority assesses the degree of compliance with legislation and regulations, the modelling techniques used and the model's applicability to the portfolio concerned. Based on findings, if any, the Supervisory Authority may give instructions, demand adjustments or even impose sanctions.

In October 2021, de Volksbank was given permission to use its updated AIRB model RegCap PHIRM to calculate the capital requirement of its mortgage portfolio. It consists of models for PD, (Downturn) LGD and CCF. The model calculates the likelihood of a customer running into payment problems within one year and the (un)expected losses resulting for the bank. We use the results to determine the RWA of the residential retail mortgage portfolio. They also serve as input for the management process and internal risk reports.

OTHER USES
Internal rating models are used to determine the LGD, the downturn LGD and the PD and calculate the RWA from these. Next to being used for regulatory capital calculations, the PD and LGD estimates play an essential role in the following processes:
- Input for regulatory and internal stress tests;
- Collection processes, early and late collections;
- Input for determining Economic Capital;
- Pricing;
- Portfolio management.

To determine IFRS 9 provisions de Volksbank has developed a separate IFRS 9 ECL model, using methodology comparable to our AIRB models and compliant to IFRS 9 regulations.

EXPECTED CREDIT LOSS ADJUSTMENT FOR THE AIRB APPROACH
The available capital for the potential differences between the loss expected under the CRR/CRD IV guidelines and the actual IFRS 9 provision for the related AIRB exposures is adjusted. A negative difference arises when the loss expected according to the CRR/CRD IV guidelines exceeds the IFRS 9 provision, creating an AIRB shortfall. Based on the CRR/CRD IV rules, the shortfall is subtracted from the available Common Equity Tier 1 capital. If the difference is positive (the provision is higher than the expected loss), this surplus is added to Tier 2 capital, taking into account certain regulatory restrictions.

7.4.2 Quantitative information regarding the use of the AIRB-approach
De Volksbank avails itself of an Advanced Internal Ratings Based (Advanced IRB or AIRB) model entitled Particuliere Hypotheken Interne Rating Model (PHIRM) to determine the credit risk in its residential mortgage portfolio. The model is regularly redeveloped to comply with new rules and regulations.

To become fully compliant with existing and new regulations and to address remaining obligations as well as internal model validation findings, we have initiated an overarching programme to incorporate the improvements into our IRB model. As a result, an amount of additional conservatism was added to our AIRB calculations as of the second half of 2022.

For more information regarding the (management of the) residential mortgage portfolio see also section 7.1.1 Credit risk - General qualitative information regarding credit risk and 7.1.2 Credit risk - General quantitative information regarding credit risk.

The following template presents the breakdown of the residential mortgages portfolio by PD scale.

EU CR6 – AIRB approach – Credit risk exposures by exposure class and PD range 2024[1]

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	j	k	l	m
Exposure class Retail - Secured by immovable property non-SME												
	0.00 to <0.15	22,042	319	1	22,361	0.13%	158,142	23.04%	1,708	7.64%	9	-4
	0.00 to <0.10	*-*	*-*	*-*	*-*	*0.00%*	*-*	*0.00%*	*-*	*--*	*-*	*-*
	0.10 to <0.15	*22,042*	*319*	*1*	*22,361*	*0.13%*	*158,142*	*23.04%*	*1,708*	*7.64%*	*9*	*-4*
	0.15 to <0.25	-	-	-	-	0.00%	-	0.00%	-	0.00%	-	-
	0.25 to <0.50	25,218	311	1	25,530	0.26%	90,116	25.18%	3,649	14.29%	22	-17
	0.50 to <0.75	1,239	11	1	1,250	0.61%	3,226	35.68%	462	36.96%	4	-4
	0.75 to <2.50	1,731	1,112	1	2,843	1.52%	12,654	29.27%	1,579	55.54%	17	-3
	0.75 to <1.75	*1,640*	*1,111*	*1*	*2,751*	*1.50%*	*12,219*	*29.45%*	*1,525*	*55.43%*	*16*	*-2*
	1.75 to <2.5	*92*	*0*	*1*	*92*	*2.30%*	*435*	*23.88%*	*54*	*58.83%*	*1*	*-1*
	2.50 to <10.00	1,006	181	1	1,187	7.95%	2,469	25.05%	1,402	118.10%	31	-14
	2.5 to <5	*153*	*0*	*1*	*153*	*4.12%*	*576*	*24.64%*	*130*	*84.79%*	*2*	*-2*
	5 to <10	*853*	*181*	*1*	*1,034*	*8.52%*	*1,893*	*25.11%*	*1,273*	*123.02%*	*29*	*-12*
	10.00 to <100.00	294	26	1	320	20.33%	792	28.03%	522	163.21%	24	-11
	10 to <20	*239*	*24*	*1*	*263*	*14.19%*	*569*	*28.34%*	*441*	*167.56%*	*14*	*-9*
	20 to <30	*25*	*1*	*1*	*27*	*29.74%*	*113*	*24.38%*	*44*	*164.85%*	*3*	*-1*
	30.00 to <100.00	*30*	*0*	*1*	*30*	*66.10%*	*110*	*28.51%*	*37*	*123.29%*	*7*	*-1*
	100.00 (Default)	473	8	1	481	100.00%	2,531	16.82%	616	128.00%	106	-32
	Subtotal (exposure class)	52,004	1,968	1	53,972	1.46%	269,930	24.69%	9,938	18.41%	212	-85
Total (all exposures classes)		**52,004**	**1,968**	**1**	**53,972**		**269,930**		**9,938**	**18.41%**	**212**	**-85**

1 Including the Margin of Conservatism and Trim obligations.

The RWA for credit risk based on the AIRB approach slightly decreased from € 10.1 billion at year-end 2023 to € 9.9 billion at year-end 2024. The impact on the RWA from the increase of € 2.8 billion exposure was partly offset by the decrease of the average risk weighting of residential mortgages from 19.7% at year-end 2023 to 18.4% at the year-end 2024. This lower risk weighting mainly reflects an improvement in our customers' average credit quality driven by more favourable macroeconomic conditions, such as increasing house prices and low unemployment rate.

De Volksbank does not apply F-IRB to credit risk exposures. Therefore, template EU CR6 for F-IRB approach is not applicable and not included in this report.

EU CR6 – AIRB approach – Credit risk exposures by exposure class and PD range 2023[1]

A-IRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
	a	b	c	d	e	f	g	h	j	k	l	m
Exposure class Retail - Secured by immovable property non-SME												
	0.00 to <0.15	17,221	285	1	17,506	0.13%	136,264	22.51%	1,294	7%	6	-3
	0.00 to <0.10	*-*	*-*	*-*	*-*	*0.00%*	*-*	*0.00%*	*-*	*0%*	*-*	*-*
	0.10 to <0.15	*17,221*	*285*	*1*	*17,506*	*0.13%*	*136,264*	*22.51%*	*1,294*	*7%*	*6*	*-3*
	0.15 to <0.25	-	-	-	-	0.00%	-	0.00%	-	0%	-	-
	0.25 to <0.50	25,839	234	1	26,073	0.26%	103,097	24.65%	3,612	14%	21	-19
	0.50 to <0.75	2,776	39	1	2,814	0.60%	7,858	39.72%	1,147	41%	9	-9
	0.75 to <2.50	1,591	1,130	1	2,720	1.49%	13,283	29.41%	1,490	55%	15	-6
	0.75 to <1.75	*1,487*	*1,129*	*1*	*2,616*	*1.46%*	*12,777*	*29.53%*	*1,424*	*54%*	*14*	*-5*
	1.75 to <2.5	*104*	*1*	*1*	*104*	*2.27%*	*506*	*26.27%*	*67*	*64%*	*1*	*-1*
	2.50 to <10.00	919	114	1	1,034	7.29%	2,733	25.60%	1,192	115%	25	-16
	2.5 to <5	*213*	*1*	*1*	*215*	*4.06%*	*866*	*25.01%*	*183*	*85%*	*3*	*-3*
	5 to <10	*706*	*113*	*1*	*819*	*8.14%*	*1,867*	*25.75%*	*1,009*	*123%*	*22*	*-13*
	10.00 to <100.00	386	39	1	425	20.88%	1,094	28.69%	717	169%	34	-27
	10 to <20	*306*	*36*	*1*	*342*	*14.48%*	*778*	*28.61%*	*584*	*171%*	*19*	*-21*
	20 to <30	*40*	*1*	*1*	*41*	*29.35%*	*161*	*27.56%*	*77*	*186%*	*4*	*-3*
	30.00 to <100.00	*40*	*2*	*1*	*42*	*65.23%*	*155*	*30.43%*	*56*	*134%*	*11*	*-3*
	100.00 (Default)	476	9	1	485	100.00%	2,397	18.27%	625	129%	114	-43
	Subtotal (exposure class)	49,206	1,850	1	51,056	1.56%	266,726	24.99%	10,079	20%	225	-124
Total (all exposures classes)		**49,206**	**1,850**	**1**	**51,056**		**266,726**		**10,079**	**19.7%**	**225**	**-124**

1 Including the Margin of Conservatism and Trim obligations.

EU CR6-A – Scope of the use of AIRB and SA approaches 2024

	In € millions	Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
		a	b	c	d	e
1	Central governments or central banks		8,637	100.00%	0.00%	0.00%
1.1	*Of which Regional governments or local authorities*		819	100.00%	0.00%	0.00%
1.2	*Of which Public sector entities*		1,481	100.00%	0.00%	0.00%
2	Institutions		7,712	100.00%	0.00%	0.00%
3	Corporates		2,555	100.00%	0.00%	0.00%
3.1	*Of which Corporates - Specialised lending, excluding slotting approach*		-	100.00%	0.00%	0.00%

In € millions		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
		a	b	c	d	e
3.2	*Of which Corporates - Specialised lending under slotting approach*		-	100.00%	0.00%	0.00%
4	Retail	51,815	53,749	3.60%	0.00%	96.40%
4.1	*of which Retail – Secured by real estate SMEs*		1,105	100.00%	0.00%	0.00%
4.2	*of which Retail – Secured by real estate non-SMEs*		51,816	0.00%	0.00%	100.00%
4.3	*of which Retail – Qualifying revolving*		410	100.00%	0.00%	0.00%
4.4	*of which Retail – Other SMEs*		417	100.00%	0.00%	0.00%
4.5	*of which Retail – Other non-SMEs*		411	100.00%	0.00%	0.00%
5	Equity	-	16	100.00%	0.00%	0.00%
6	Other non-credit obligation assets	-	329	100.00%	0.00%	0.00%
7	**Total**	**51,815**	**72,997**	**29.02%**	**0.00%**	**70.98%**

The decrease in exposures to Central governments or central banks is mainly due to the decrease in central bank reserves by € 3 billion compared to year-end 2023.

The increase in exposures for the asset class Institutions reflects a higher amount of outstanding positions with other banks compared to year-end 2023.

EU CR6-A – Scope of the use of AIRB and SA approaches 2023

In € millions		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposurevalue subject to a roll-out plan (%)
		a	b	c	d	e
1	Central governments or central banks	-	11,490	100.00%	0.00%	0.00%
1.1	*Of which Regional governments or local authorities*		594	100.00%	0.00%	0.00%
1.2	*Of which Public sector entities*		1,344	100.00%	0.00%	0.00%
2	Institutions	-	4,959	100.00%	0.00%	0.00%
3	Corporates	-	2,444	100.00%	0.00%	0.00%
3.1	*Of which Corporates - Specialised lending, excluding slotting approach*		-	100.00%	0.00%	0.00%
3.2	*Of which Corporates - Specialised lending under slotting approach*		-	100.00%	0.00%	0.00%
4	Retail	48,831	50,599	3.49%	96.51%	0.00%
4.1	*of which Retail – Secured by real estate SMEs*		1,210	100.00%	0.00%	0.00%
4.2	*of which Retail – Secured by real estate non-SMEs*		48,833	0.00%	100.00%	0.00%
4.3	*of which Retail – Qualifying revolving*		418	100.00%	0.00%	0.00%
4.4	*of which Retail – Other SMEs*		136	100.00%	0.00%	0.00%
4.5	*of which Retail – Other non-SMEs*		420	100.00%	0.00%	0.00%
5	Equity	-	14	100.00%	0.00%	0.00%
6	Other non-credit obligation assets	-	342	100.00%	0.00%	0.00%
7	**Total**	**48,831**	**69,848**	**30.09%**	**69.91%**	**0.00%**

EU CR7-A – AIRB approach – Disclosure of the extent of the use of CRM techniques 2024

	A-IRB	Total exposures	Credit risk Mitigation techniques						Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)					Unfunded credit Protection (UFCP)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
			Part of exposures covered by **Financial Collaterals (%)**	Part of exposures covered by **Other eligible collaterals (%)**	Part of exposures covered by **Immovable property Collaterals (%)**	Part of exposures covered by **Other funded credit protection (%)**	Part of exposures covered by **Instruments held by a third party (%)**	Part of exposures covered by **Guarantees (%)**		
		a	b	c	d	g	j	k	m	n
4	Retail	53,972	3.27%	98.21%	98.21%	0.00%	0.00%	20.79%	9,938	9,938
4.2	*Of which Retail – Immovable property non-SMEs*	53,972	3.27%	98.21%	98.21%	0.00%	0.00%	20.79%	9,938	9,938
5	**Total**	**53,972**	**3.27%**	**98.21%**	**98.21%**	**0.00%**	**0.00%**	**20.79%**	**9,938**	**9,938**

Because de Volksbank does not use credit derivatives as a form of security or as an instrument to hedge credit risk, template EU CR7 AIRB approach – Effect on the RWAs is not applicable and therefore not included in this report.

Template EU CR7-A shows that the majority of our IRB exposures at 31 December 2024 was covered by eligible collateral consisting of mainly immovable property and guarantees. De Volksbank only uses collateral and guarantees as credit risk mitigation technique taken into account in LGD estimates for its IRB retail portfolio.

De Volksbank does not apply F-IRB to credit risk exposures. Therefore, template CR7-A for F-IRB approach is not applicable and therefore not included in this report.

EU CR7-A – AIRB approach – Disclosure of the extent of the use of CRM techniques 2023

	A-IRB	Total exposures	Credit risk Mitigation techniques						Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)					Unfunded credit Protection (UFCP)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
			Part of exposures covered by **Financial Collaterals (%)**	Part of exposures covered by **Other eligible collaterals (%)**	Part of exposures covered by **Immovable property Collaterals (%)**	Part of exposures covered by **Other funded credit protection (%)**	Part of exposures covered by **Instruments held by a third party (%)**	Part of exposures covered by **Guarantees (%)**		
		a	b	c	d	g	j	k	m	n
4	Retail	51,056	3.37%	98.47%	98.47%	0.00%	0.00%	21.28%	10,079	10,079
4.2	*Of which Retail – Immovable property non-SMEs*	51,056	3.37%	98.47%	98.47%	0.00%	0.00%	21.28%	10,079	10,079
5	**Total**	**51,056**	**3.37%**	**98.47%**	**98.47%**	**0.00%**	**0.00%**	**21.28%**	**10,079**	**10,079**

EU CR8 – RWEA flow statements of credit risk exposures under the AIRB approach 2024

	in € million	Risk weighted exposure amount a 31-12-2024	Risk weighted exposure amount a 30-9-2024	Risk weighted exposure amount a 30-6-2024	Risk weighted exposure amount a 31-3-2024
1	**Risk weighted exposure amount as at the end of the previous reporting period**[1]	**9,874**	**10,208**	**9,796**	**10,079**
2	Asset size (+/-)	93	-65	182	196
3	Asset quality (+/-)	-29	-269	-114	-478
4	Model updates (+/-)	-	-	344	-
5	Methodology and policy (+/-)	-	-	-	-
6	Acquisitions and disposals (+/-)	-	-	-	-
7	Foreign exchange movements (+/-)	-	-	-	-
8	Other (+/-)	-	-	-	-
9	**Risk weighted exposure amount as at the end of the reporting period**	**9,938**	**9,874**	**10,208**	**9,796**

1 This template includes the RWEA flow statement per quarter.

In 2024, RWA for the credit risk of the residential mortgage portfolio, calculated according to the Internal Rating Based (IRB) approach, decreased by € 141 million compared to year-end 2023, mainly due to:

- Asset size (+/-); due to an increase in the size of the residential mortgage portfolio;
- Asset quality (+/-); due to an improvement in both PD and LGD, mainly due improvement in our customers' average credit quality given the more favourable macroeconomic conditions, and due to improved LTV's as a result of risen house prices;
- Model updates (+/-); due to an increase in the Self Imposed Add-on (SIA) resulting from our return to compliance program.

BACKTESTING

As part of the quarterly monitoring process, a backtest is conducted to determine the extent to which the model's projections match actual performance within the portfolio. A major point of focus is that estimates in the model are based not only on recent developments but especially also on longer periods of observation. The PD model's backtest shows that the model underestimates for some buckets. Since this is not in line with the purpose of providing a Through-the-cycle estimate, an additional add-on has been introduced to mitigate the underestimation.

Note that the mortgages that are part of the formerly acquired DBV portfolio and the mortgage offers are not included in these backtesting results. Also note that the backtest of the PD's is excluding the Margin of Conservatism and the TRIM/IMI limitation on PD.

The following template shows the predicted PD of 2024 and shows the actual defaults of calendar year 2024.

CR9 – AIRB approach – Back-testing of PD per exposure class (fixed PD scale) 2024

Exposure class	PD range	Number of obligors at the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)[1]
			Of which number of obligors which defaulted in the year				
a	b	c	d	e	f	g	h
Retail - Secured by immovable property non-SME	0.00 to <0.15	135,922	502	0.37%	0.13%	0.13%	0.28%
	0.00 to <0.10	-	-	0.00%	0.00%	0.00%	0.00%
	0.10 to <0.15	135,922	502	0.37%	0.13%	0.13%	0.28%
	0.15 to <0.25	-	-	0.00%	0.00%	0.00%	0.36%
	0.25 to <0.50	102,952	330	0.32%	0.26%	0.26%	0.36%
	0.50 to <0.75	7,845	89	1.13%	0.61%	0.60%	1.23%
	0.75 to <2.50	10,939	87	0.80%	1.52%	1.50%	0.98%
	0.75 to <1.75	10,435	70	0.67%	1.50%	1.47%	0.84%
	1.75 to <2.5	504	17	3.37%	2.30%	2.27%	3.69%
	2.50 to <10.00	2,709	211	7.79%	7.95%	6.66%	8.38%
	2.5 to <5	865	53	6.13%	4.12%	4.06%	6.72%
	5 to <10	1,844	158	8.57%	8.52%	7.87%	9.15%
	10.00 to <100.00	1,091	263	24.11%	20.33%	24.03%	20.53%
	10 to <20	775	142	18.32%	14.19%	14.69%	14.02%
	20 to <30	161	44	27.33%	29.74%	29.35%	30.52%
	30.00 to <100.00	155	77	49.68%	66.10%	65.23%	45.09%
	100.00 (Default)	2,373			100.00%	100.00%	

1 5 year average historical default rate.

CR9 – AIRB approach – Back-testing of PD per exposure class (fixed PD scale) 2023

Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)[1]
a	b	c	d	e	f	g	h
Retail - Secured by immovable property non-SME	0.00 to <0.15	147,053	525	0.36%	0.13%	0.12%	0.23%
	0.00 to <0.10	-	-	0.00%	0.00%	0.00%	0.00%
	0.10 to <0.15	147,053	525	0.36%	0.13%	0.12%	0.23%
	0.15 to <0.25	-	-	0.00%	0.00%	0.00%	0.32%
	0.25 to <0.50	95,731	367	0.38%	0.26%	0.25%	0.38%
	0.50 to <0.75	4,663	70	1.50%	0.60%	0.58%	1.10%
	0.75 to <2.50	11,317	91	0.80%	1.49%	1.47%	0.99%
	0.75 to <1.75	10,736	73	0.68%	1.46%	1.43%	0.87%
	1.75 to <2.5	581	18	3.10%	2.27%	2.20%	3.43%
	2.50 to <10.00	3,063	234	7.64%	7.29%	6.36%	7.83%
	2.5 to <5	1,049	46	4.39%	4.06%	3.93%	6.15%
	5 to <10	2,014	188	9.33%	8.14%	7.62%	8.59%
	10.00 to <100.00	1,093	228	20.86%	20.88%	21.51%	19.49%
	10 to <20	818	108	13.20%	14.48%	13.76%	13.18%
	20 to <30	147	54	36.73%	29.35%	28.39%	30.00%
	30.00 to <100.00	128	66	51.56%	65.23%	63.11%	42.67%
	100.00 (Default)	2,320			100.00%	100.00%	

1 5 year average historical default rate.

8. Counterparty credit risk

8.1 Qualitative disclosure regarding CCR

METHODOLOGY

Pillar 1 method for counterparty credit risk

We use the Standardized approach for counterparty credit risk specified in the CRR. We are calculating the Exposure at Defaults (EADs) according to the SA-CCR rules.

The simplified method for calculating the exposure value of derivatives according to Article 273a of CRR is not used.

OFFSETTING AND COLLATERAL

Offsetting

The bank offsets financial assets and liabilities and reports the net amount on the balance sheet if there is a legally enforceable right to offset the recognised amounts, and if there is an intention to settle the items on a net basis, or to settle the asset and the liability simultaneously. There is an enforceable right to offset amounts, provided it is not dependent on a future event and is legally enforceable under normal circumstances as well as in the case of bankruptcy. If these conditions are not met, amounts will not be offset.

Counterparty risk on derivative positions

De Volksbank conducts money market and capital market transactions with various financial institutions and corporates. This also includes derivative transactions to hedge interest rate and currency risks. Here, the bank runs the risk that a counterparty to a transaction defaults before the final settlement of the cashflows associated with the transaction has taken place. The counterparties are subject to a periodic review cycle, in which their creditworthiness and the appropriateness of the internal limits are assessed. These limits are set in line with the bank's risk appetite and are assessed as part of the periodic review cycle. Additionally, the counterparties are continuously monitored for certain triggers.

To reduce this counterparty risk on derivative transactions, de Volksbank applies the following order when entering into such transactions:

- Where possible, the bank concludes derivative transactions with financial institutions and corporates using clearing via a central counterparty (CCP). Exceptions to this are transactions that are not supported by a CCP, and very short-term transactions entailing extremely high central clearing costs. Of our eligible derivatives, 98% are CCP cleared, based on par value;
- If central clearing is not possible, the bank subjects derivative transactions with financial institutions to collateral agreements. These are International Swaps and Derivatives Association (ISDA) standardised contracts with a Credit Support Annex (CSA) agreed in advance with each counterparty, laying down the collateral arrangements. In this respect, the bank limits the credit risk on counterparties by means of the provision and acquisition of collateral in the form of cash that covers the value of the derivatives. If a counterparty defaults, the bank will terminate the transactions and the collateral in the amount of the replacement value of the transactions will become available to the bank based on the CSA collateral agreement. Also, repurchase agreements are governed by Global Master Repurchase Agreements (GMRA) in case of bilateral agreements.

In relation to the above, we determine the collateral required on a regular, frequent basis (in general daily), i.e. the net market value of the outstanding derivative transactions, which we subsequently receive (or have to pay) pursuant to the CSA following a notification (margin call) to or from the counterparty.

Both counterparty risk mitigating measures reduce the EAD calculation according to the CRR/CRD rules.

Other risk-mitigating measures taken by de Volksbank include the following:

- Daily checks to determine whether the fair value development of derivative positions with collateral arrangements is proportionate to the collateral received or to be provided;
- Settlement of foreign exchange transactions via the Continuous Linked Settlement system, a global system that limits settlement risk by means of the 'payment versus payment' method and payment netting;
- Continuous monitoring to assess whether the assets available still meet the requirements to serve as collateral;
- Assessment of the fair value of the collateral received to ensure that it provides adequate cover for the underlying derivative.

For some ISDA/CSA agreements with the counterparty, de Volksbank will provide more collateral if de Volksbank's credit rating deteriorates.

De Volksbank does not use credit derivatives as a form of security or as an instrument to hedge credit risk.

CREDIT VALUATION ADJUSTMENT

Credit Valuation Adjustment (CVA) means an adjustment to the mid-market valuation of the portfolio of transactions with a counterparty. That adjustment reflects the current market value of the credit risk of the counterparty to the institution, but does not reflect the current market value of the credit risk of the institution to the counterparty.

CVA risk means the risk of losses arising from changes in the value of CVA, calculated for the portfolio of transactions with a counterparty as set out in the first paragraph, due to movements in a counterparty's credit spreads risk factors and in other risk factors embedded in the portfolio of transactions.

The CRR requires capital charge for CVA risk, as a result of a deterioration in the credit quality of the derivative counterparties.

De Volksbank applies the standardized method for determining capital requirement in accordance with CRR, article 384.

WRONG-WAY RISK
Wrong-way risk pertains to the unfavourable relation between the creditworthiness of the counterparty and the exposure to the counterparty if the creditworthiness deteriorates and the exposure increases. We distinguish between general wrong-way risk and specific wrong-way risk. General wrong-way risk pertains to situations in which general market conditions or macroeconomic factors are the cause. Examples of this are decreasing interest rates and companies in distress, deteriorating economic conditions. If companies in distress had concluded interest rate swaps with a bank (had hedged the interest rate risk by paying a fixed interest rate and receiving a floating interest rate), the market value (i.e. the exposure) of the swap would rise for the bank in case of falling interest rates. After all, the bank received the fixed interest rate and paid an increasingly lower floating interest rate. Specific wrong-way risk pertains to the situation in which the unfavourable relation is more direct and is actually inherent in (the execution of) the transaction itself. An example of this type of risk is a put option with a bank's stock being the underlying asset, in which the counterparty to the transaction is a subsidiary of the same bank. De Volksbank primarily transacts 'plain-vanilla' interest rate and currency derivative transactions with financial institutions, which are mostly settled centrally at a CCP or fall under ISDA/CSA conditions with daily GC collateral settlement. We thus minimize counterparty credit risk exposure and therefore also any possible wrong-way risk exposure.

OTHER RISK MANAGEMENT OBJECTIVES
Policies are in place to govern counterparty limits and revisions. The Credit Committee (CC) approves the counterparty mandates, credit limit revisions and respective policies.

POTENTIAL COLLATERAL DEPOSIT
For details about the potential collateral deposit please refer to section 6.2 Liquidity Coverage Ratio

8.2 Quantitative disclosure regarding CCR

EU CCR1 – Analysis of CCR exposure by approach 2024[1]

	In € millions	a Replacement cost (RC)	b Potential future exposure (PFE)	c EEPE	d Alpha used for computing regulatory exposure value	e Exposure value pre-CRM	f Exposure value post-CRM	g Exposure value	h RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	23	286		1.4	680	432	432	184
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
6	**Total**					**680**	**432**	**432**	**184**

1 This template excludes all counterparty credit risk exposures cleared through a CCP. Counterparty credit risk exposures cleared through a CCP are included in EU CCR8.

De Volksbank uses the Standardised approach for counterparty credit risk. The simplified method for calculating the exposure value of derivatives according to Article 273a of CRR is not used.

EU CCR1 – Analysis of CCR exposure by approach 2023[1]

	In € millions	a Replacement cost (RC)	b Potential future exposure (PFE)	c EEPE	d Alpha used for computing regulatory exposure value	e Exposure value pre-CRM	f Exposure value post-CRM	g Exposure value	h RWEA
EU-1	EU - Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	88	244		1.4	548	465	465	200
4	Financial collateral comprehensive method (for SFTs)					0	0	0	0
6	**Total**					**549**	**465**	**465**	**200**

1 This template excludes all counterparty credit risk exposures cleared through a CCP. Counterparty credit risk exposures cleared through a CCP are included in EU CCR8.

EU CCR2 – Transactions subject to own funds requirements for CVA risk 2024

	in € millions	a Exposure value	b RWEA
1	Total transactions subject to the Advanced method	-	-
4	Transactions subject to the Standardised method	431	54
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**431**	**54**

De Volksbank applies the standardised method for determining RWA for CVA in accordance with CRR, article 384.

In 2024 RWEA decreased due to a decrease in exposures with non-CCP counterparties.

EU CCR2 – Transactions subject to own funds requirements for CVA risk 2023

	in € millions	a Exposure value	b RWEA
1	Total transactions subject to the Advanced method	-	-
4	Transactions subject to the Standardised method	464	60
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**464**	**60**

EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights 2024

	in € millions Exposure classes	b 2%	c 4%	e 20%	f 50%	i 100%	l Total exposure value
6	Institutions	214	107	113	253	-	687
7	Corporates	-	-	-	63	3	66
11	**Total exposure value**	**214**	**107**	**113**	**316**	**3**	**753**

In 2024, the exposure value subject to counterparty credit risk including counterparty credit risk exposures cleared through a CCP decreased.

EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights 2023

	in € millions Exposure classes	b 2%	c 4%	e 20%	f 50%	i 100%	l Total exposure value
6	Institutions	343	109	115	243	-	810
7	Corporates	-	-	-	104	3	108
11	**Total**	**343**	**109**	**115**	**347**	**3**	**918**

EU CCR5 – Composition of collateral for CCR exposures 2024

in € millions	Collateral type	a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	826	378	211	155	-	-	-	-
2	Cash – other currencies	-	-	-	1	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	326	64	-	-	-	-
9	**Total**	**826**	**378**	**537**	**220**	**-**	**-**	**-**	**-**

De Volksbank has not concluded any securities financing transactions (SFTs) resulting in lower posted collateral for SFT exposures at year-end 2024.

EU CCR5 – Composition of collateral for CCR exposures 2023

in € millions	Collateral type	a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	245	1,291	337	226	-	-	-	-
2	Cash – other currencies	-	-	-	7	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	268	63	-	-	-	100
9	**Total**	**245**	**1,291**	**605**	**296**	**-**	**-**	**-**	**100**

EU CCR8 – Exposures to CCPs 2024

	in € millions	a Exposure value	b RWEA
1	**Exposures to QCCPs (total)**		**11**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	321	9
3	(i) OTC derivatives	321	9
7	Segregated initial margin	537	
8	Non-segregated initial margin	64	3
11	**Exposures to non-QCCPs (total)**		**-**

Where possible, the bank concludes derivative transactions with financial institutions using clearing via a central counterparty (CCP). In 2024 the exposure to central clearing counterparties decreased. The decrease in segregated initial margin 2024 is mainly explained by lower posted cash collateral.

EU CCR8 – Exposures to CCPs 2023

	in € millions	a Exposure value	b RWEA
1	**Exposures to QCCPs (total)**		**14**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	452	11
3	(i) OTC derivatives	452	11
7	Segregated initial margin	605	
8	Non-segregated initial margin	63	3
11	**Exposures to non-QCCPs (total)**		**-**

9. Securitisation

9.1 Qualitative disclosure requirements related to securitisation exposures

De Volksbank acts as an originator of and an investor in securitisation positions. As originator, we have securitised part of our residential mortgage loan portfolio to obtain funding and to improve liquidity. As investor, we hold a relatively small portfolio of third-party securitisation notes in our Banking Book. De Volksbank does not hold any securitisation positions in its Trading Book.

DE VOLKSBANK AS ORIGINATOR

By the end of 2024, de Volksbank securitised residential mortgages in the amount of € 8.2 billion (2023: € 8.2 billion). We only securitise residential mortgages that we originated. In securitisation transactions, the beneficial and legal title of the residential mortgages is transferred to separate entities, which are referred to as Special Purpose Vehicles (SPVs).

There are three reasons for securitising residential mortgages:

- Funding: securitisation is a funding instrument that broadens and diversifies our funding base;
- Lower capital charges: securitisation of residential mortgages enables us to reduce the risk-weighted assets;
- Liquidity: by securitising residential mortgages we create new assets that are used as collateral.

De Volksbank does not have any re-securitisation activities, nor does it perform securitisation programmes for third parties. We securitise residential mortgages under two different programmes: Pearl and Lowland.
The purpose of the Pearl programme is funding. The Lowland transactions are set up for liquidity purposes.

The senior tranches of Lowland are held for own account and qualify as eligible assets at the European Central Bank. The Pearl and Lowlands transactions outstanding are not designated as STS securitisations.

No synthetic securitisations – transactions in which it is not the assets that are transferred but merely the associated credit risks – were outstanding for de Volksbank in 2024.

An overview of the securitisations originated by de Volksbank and included in the regulatory scope of consolidation as at 31 December 2024 is provided below:

Securitisations originated

	Initial principal	Start of securitisation	Book value		First call-option date	Contractual expiration
in € millions			**2024**	2023		
Pearl Mortgage Backed Securities 1 B.V.	1,014	09-2006	276	308	18-09-2026	18-09-2047
Lowland Mortgage Backed Securities 7 B.V.	8,000	04-2023	7,931	7,909	18-04-2028	18-04-2060
Total			**8,207**	**8,217**		
On own book			-8,008	-7,987		
Total			**199**	**230**		

There are no legal entities affiliated with de Volksbank that invest in securitisations originated by de Volksbank.

DE VOLKSBANK AS INVESTOR

By the end of 2024, de Volksbank held a portfolio of senior tranches in third-party residential mortgage backed securities of € 222 million (2023: € 117 million). De Volksbank has not invested in re-securitisation positions.

RISKS

In the context of the securitisation programmes where de Volksbank acts as originator, we recognise several types of risk, including credit risk, interest rate risk and liquidity risk.

The credit risk from the securitisation programmes pertains to the possible credit losses on the underlying residential mortgage loans. In the Pearl 1 and Lowland transactions, de Volksbank retains the credit risk of the underlying mortgages in full. In these cases, the underlying mortgages are weighted based on the internal risk model (AIRB).

There is also counterparty risk in respect of counterparties with which risks are hedged in swap transactions. See the explanation of the interest rate risk below, which includes a description of the background of the swap transactions. The credit and counterparty risks are managed in the regular control processes for mortgage loans, counterparty risk and balance sheet management.

De Volksbank holds the interest rate risk of the residential mortgages in the outstanding Pearl transaction securitised by it on the balance sheet. The SPV hedged the interest rate risk of the securitisation with an interest rate swap, which has been executed with a third party. We executed a back-to-back swap with this third party. The interest rate risk of the back-to-back swap is included in the regular process of managing the balance sheet. The Lowland transactions are an exception. These transactions do not include any interest rate swaps, but we still bear the interest rate risk because these notes are on our balance sheet.

The liquidity risk of de Volksbank's own securitisation positions pertains to the possible cash outflow. This has to do with its role of liquidity provider and the possible deposit of cash collateral in the swap transaction. The impact on the liquidity position is included in the regular process of liquidity management. See sections 6.1 Liquidity risk management, 7.1.1 General qualitative information regarding credit risk and 10.2 Interest rate risk not included in the trading portfolio for an explanation of the regular processes for credit-, interest- and liquidity risks.

Where de Volksbank acts as investor, the risks of positions in securitisations of third parties mainly pertain to credit risk of default on the underlying mortgage loans. We are limiting this risk by purchasing tranches of the highest seniority, the so-called A notes, and we are also monitoring the performance of these transactions.

ROLES
De Volksbank plays various roles in its own securitisation programmes. As 'originator' we granted the underlying residential loans. In addition, we are active as 'arranger': we structure the transaction and conduct negotiations with the rating agencies. We coordinate the documentation on the transaction together with our legal advisor. As 'manager' we are co-responsible for placing securities with institutional investors, for which purpose we work together with other financial institutions.

De Volksbank can also (indirectly) act as swap counterparty for the interest rate risk management of the SPV. The SPV executes an interest rate swap with a third party that, in turn, executes a fully offsetting transaction for the swap with us. Consequently, we do not play a role as swap counterparty in the swap transactions of the SPV itself. The Lowland securitisation programme does not comprise swaps.

As 'servicer' we are responsible for the daily operational management of the underlying residential mortgages. We set up a foundation that is in charge of collecting the principal and interest payments: 'Stichting Hypotheken Incasso'. The foundation is responsible for the collection of the various mortgage payments and transfers these amounts to the relevant SPVs.

Our support of the securitisation programmes does not extend beyond our contractual obligations, nor do we act as a programme sponsor.

Following template shows the roles that de Volksbank plays in the different securitisation programmes.

Roles in securitisation programmes

Programme name	Originator	Arranger	Manager	Servicer	Swap CP (indirect)
Pearl	x	x	x	x	x
Lowland	x	x	x	x	

POLICY & PROCESSES
Risk management is applied on the residential mortgage loans in the securitisation programmes. The interest rate and liquidity risks of these mortgage loans fall under the regular process for balance sheet management. See also section 10.2 Interest rate risk not included in the trading portfolio of this report, where we explain the interest rate risk outside the Trading Book.

The credit risk is included in the regular process for monitoring mortgage loans. This process does not distinguish between securitisation positions issued or retained. That is why we do not pursue separate policies to hedge the risks relating to (retained) securitisation positions.

De Volksbank Financial Markets conducts the operational management of the retained (unsold) or purchased securitisation positions within the mandate set by the ExCo.

The interests in securitisation positions of third parties are part of the investments by de Volksbank. Within the powers delegated to it, de Volksbank Financial Markets is free to take positions and manage the risks of these investments.

ACCOUNTING POLICY FOR SECURITISATION
We do not have a separate loan book containing loans that may still be securitised. For each securitisation transaction, loans to be securitised are selected from the total pool of eligible loans. Partly for that reason, we do not have a different accounting policy or classification for loans that may be eligible for future securitisation transactions. In the securitisation transactions we initiated, we transferred the underlying loans to separate SPVs at nominal value. Our economic interest in the SPVs is expressed in several ways. First of all, in most SPVs we have a large or significant direct position in the notes issued by the SPV. The size of these positions differs for each securitisation programme and may also differ in each SPV within the various programmes. Furthermore, the securitisations entitle us to a deferred selling price that is not obtained until the SPV generates positive results during the transaction. This economic connection in combination with the other IFRS criteria shows that de Volksbank must be considered the entity that controls the SPVs. That is why we fully consolidate the SPVs in our consolidated financial statements. On de Volksbank's consolidated balance sheet, the securitisation positions of securitisations we initiated are limited to the SPVs' monetary balances and the derivative transactions that the SPVs concluded with third parties. These securitisation positions are measured on the balance sheet at amortised cost and fair value, respectively. The consolidated balance sheet also shows securitisation positions in which we are the investor. These are positions in notes issued by these SPVs. These notes are classified as part of the investments and are measured at fair value, with gains and losses being recognised directly in equity.

RATING AGENCIES
De Volksbank obtained credit ratings from the main credit rating agencies for its residential mortgage loans securitisations. The template below shows which credit

ratings are issued by the rating agencies for the securitisation programmes active at year-end 2024.

Credit ratings securitisation programmes

Programme name	Moody's	Fitch
Pearl 1	x	x
Lowland 7	x	x

REGULATORY TREATMENT FOR SECURITISATION

The regulatory scope of consolidation is the same as the IFRS scope of consolidation. For securitisations where de Volksbank acts as originator and no significant transfer of credit risk has occurred, the risk-weighted exposure is calculated for the underlying securitised mortgage loans using the internally developed AIRB model PHIRM. There is no significant transfer of credit risk for the Pearl and Lowland transactions.

For our investment in third-party securitisation positions we follow the hierarchy of RWA calculation approaches pursuant to CRR article 242 to 270e. Three RWA calculation approaches are distinguished: Internal Ratings-Based Approach (SEC-IRBA), Standardised approach (SEC-SA) and External Ratings-Based Approach (SEC-ERBA). We do not make use of the option provided for in CRR article 254 (3) to apply the SEC-ERBA instead of the SEC-SA to all securitisation positions for which an external credit rating is available or for positions in respect of which an inferred rating may be used. Following the prescribed hierarchy our third-party securitisation positions are risk weighted by the standardised approach (SEC-SA) as of the end of 2024. The new framework also introduces a specific framework for Simple, Transparent and Standardised (STS) securitisations. Under all approaches in the hierarchy, the risk weight for STS-compliant securitisations is subject to a preferential treatment. To determine regulatory capital under the SEC-ERBA, de Volksbank uses the following External Credit Assessment Institutions (ECAIs): Fitch Ratings, Moodys Investor Service and Standard & Poor's Rating Services.

As de Volksbank does not have any positions in an ABCP programme or ABCP transaction, there are no securitisation positions subject to the Internal Assessment Approach at the end of 2024.

9.2 Securitisation exposures

The tables below show explanatory figures pertaining to the securitised residential mortgages. These are exposures in the Banking Book. De Volksbank does not hold any securitisation positions in the trading portfolio.

The tables present, if applicable, the outstanding nominal values of de Volksbank's own securitisation programmes plus the investment positions in third-party securitisations. De Volksbank's own securitisation programmes decreased as a result of regular redemptions in the programmes.

EU-SEC1 - Securitisation exposures in the Non-Trading Book 2024

		a	b	c	d	e	f	g	l	m	n	o
		Institution acts as originator							Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS			of which SRT		STS	Non-STS		
	In € millions		of which SRT		of which SRT							
1	**Total exposures**	**-**	**-**	**8,079**	**-**	**-**	**-**	**8,079**	**222**	**-**	**-**	**222**
2	Retail (total)	-	-	8,079	-	-	-	8,079	222	-	-	222
3	Residential mortgage	-	-	8,079	-	-	-	8,079	222	-	-	222
7	Wholesale (total)	-	-	-	-	-	-		-	-	-	-

Securitisation exposures consist mainly of securitisations where de Volksbank acts as originator. This exposure remained stable, and mainly consists of exposures relating the Lowland Mortgage Backed Securities (Lowland) 7.

EU-SEC1 - Securitisation exposures in the Non-Trading Book 2023

		a	b	c	d	e	f	g	l	m	n	o
		Institution acts as originator							Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS					STS	Non-STS		
	In € millions		of which SRT		of which SRT		of which SRT					
1	**Total exposures**	**-**	**-**	**8,078**	**-**	**-**	**-**	**8,078**	**117**	**-**	**-**	**117**
2	Retail (total)	-	-	8,078	-	-	-	8,078	117	-	-	117
3	Residential mortgage	-	-	8,078	-	-	-	8,078	117	-	-	117
7	Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-

EU-SEC4 - Securitisation exposures in the Non-Trading Book and associated regulatory capital requirements - institution acting as investor 2024

		a	b	f	g	h	j	k	l	n	o	EU-p
		Exposure values (by RW bands/deductions)		Exposure values (by regulatory approach)			RWEA (by regulatory approach)			Capital charge after cap		
	In € millions	≤20% RW	>20% to 50% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA
1	**Total exposures**	**208**	**13**	**-**	**15**	**207**	**-**	**2**	**27**	**-**	**-**	**2**
2	Traditional securitisation	208	13	-	15	207	-	2	27	-	-	2
3	Securitisation	208	13	-	15	207	-	2	27	-	-	2
4	Retail underlying	208	13	-	15	207	-	2	27	-	-	2
5	Of which STS	208	13	-	15	207	-	2	27	-	-	2
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-

At year-end 2024 there are no securitisations with a SEC-SA risk weight above 25%. Therefore, Article 254(2) CRR was not applicable. The total on-balance sheet securitisation exposure rose to € 208 million, from € 109 million at year-end 2023.

EU-SEC4 - Securitisation exposures in the Non-Trading Book and associated regulatory capital requirements - institution acting as investor 2023

	a	b	f	g	h	j	k	l	n	o	EU-p
	Exposure values (by RW bands/deductions)		Exposure values (by regulatory approach)			RWEA (by regulatory approach)			Capital charge after cap		
In € millions	≤20% RW	>20% to 50% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA
1 **Total exposures**	**109**	**8**	**-**	**-**	**117**	**-**	**-**	**13**	**-**	**-**	**1**
2 Traditional securitisation	109	8	-	-	117	-	-	13	-	-	1
3 Securitisation	109	8	-	-	117	-	-	13	-	-	1
4 Retail underlying	109	8	-	-	117	-	-	13	-	-	1
5 Of which STS	109	8	-	-	117	-	-	13	-	-	1
9 Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-

EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments 2024

	a	b	c
	Exposures securitised by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
In € millions		Of which exposures in default	
1 **Total exposures**	**8,279**	**3**	**1**
2 Retail (total)	8,279	3	1
3 Residential mortgage	8,279	3	1
7 Wholesale (total)	-	-	-

EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments 2023

	a	b	c
	Exposures securitised by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
In € millions		Of which exposures in default	
1 **Total exposures**	**8,307**	**2**	**1**
2 Retail (total)	8,307	2	1
3 Residential mortgage	8,307	2	1
7 Wholesale (total)	-	-	-

Total exposures where de Volksbank acts as originator had no significant changes, and mainly consists of exposures relating the Lowland Mortgage Backed Securities (Lowland) 7.

10. Market risk

10.1 Market risk qualitative disclosure

We use the standardised approach to calculate capital requirements for the Trading Book. The model covers interest rate risk and currency risk and is based on fixed risk weights.

EU-MR1 - Market risk under the Standardised approach 2024

		a	a
		RWEAs	RWEAs
	In € millions	31-12-2024	31-12-2023
	Outright products		
1	Interest rate risk (general and specific)	159	193
9	**Total**	**159**	**193**

At year-end 2024 RWA for market risk stood at € 159 million (2023: € 193 million). Market risk from cash management activities, for which its interest rate risk is internally transferred to the Trading Book, has decreased compared to year-end 2023, resulting in a lower RWA for market risk in the Trading Book.

CURRENCY RISK

Foreign exchange risk (or currency risk) is the risk arising from adverse foreign exchange rate movements that may change the value or the cash flows of financialfinancial instruments. Currency risk is managed by the Treasury Department for both the banking book and trading book.

De Volksbank has a low risk appetite for currency risk. Currency risk is mitigated by hedging most of our foreign currency exposures through FX swaps. Currency risk is managed on a day-to-day basis. To avoid concentration risk in one single foreign currency, limits are used for the positions in each currency. These limits are reviewed periodically. All portfolios that are allowed to contain currency risk are actively monitored to ensure that they remain within the approved limits.

The equivalent of the total net foreign currency exposure of the bank at the end of 2024 was € 8.6 million (2023: € 5.4 million).

MARKET RISK IN THE TRADING BOOK

The Trading Book may contain exposure to interest rate risk, credit spread risk and currency risk, There is no mandate for equity or commodity risk. The bank does not trade in credit default swaps.

Market risk in the trading portfolio is measured on a day-to-day basis by using Value at Risk (VaR), Expected Shortfall (ES) and stress testing indicators, that are used for internal monitoring and to specified limits. VaR, ES as well as the stress tests look ahead to the next day (one-day horizon), applying a confidence interval for VaR of 99% and for ES of 97.5%. The total VaR limit for the trading book is set in line with the risk appetite of the bank and is limited compared to core activities of the bank. The VaR methodology is based on historical simulations in which no underlying probability distribution is assumed. In these simulations, the VaR model takes into account interest rate risk, currency risk and credit spread risk.

10.2 Interest rate risk not included in the Trading Book

INTEREST RATE RISK IN THE BANKING BOOK

Interest rate risk management aims to protect and generate stable net interest income. In the assessment and management of interest rate risks we take into account:

- anticipated prepayments on mortgage loans;
- anticipated early adjustments of mortgage rates;
- behavioural aspects of demand deposits;
- customer options in the products;
- effects of the current and anticipated interest rate environment;
- effects of interest rate developments that deviate from our expectations.

When managing the banking book's interest rate risk we focus on the interest income (NII) sensitivity to market rate movements. We measure the short to medium- term impact of market rate movements by using the Net Interest Income-at-Risk (NII-at-Risk) methodology, and the long-term impact by using the Economic Value of Equity (EVE) methodology. Apart from that, to properly assess and mitigate equity and P&L volatility we assess the fair value sensitivity for banking book items that are marked-to-market (MtM).

All three perspectives are covered in internal reporting on the Banking Book's interest rate risk, which occurs on a monthly basis, as well as in stress testing and economic capital calculations. Limit-setting takes place in line with the bank's risk appetite.

Steering of the different perspective occurs through dynamic hedging. Offsetting asset and liabilities are targeted as natural hedges where desired and possible. Interest rate swaps and non-linear derivatives are used to further steer the balance sheet to the desired interest rate risk profile, preferably through fair value or cash flow hedge accounting, but incidentally using economic hedges that entail direct P&L impact.

Short-term interest rate risk: NII

To determine the short-term risk to NII, we apply the NII-at-Risk measure, which expresses the change in interest income due to gradual deviations from the expected interest rate development over a horizon of one year. This assessment is based on a dynamic balance sheet, which is aligned with the regular planning process. Deviating interest rate scenarios are calibrated using statistical analysis. To capture basis risk, the NII-at-Risk calculations take into account diverging rate movements of different benchmark rates as part of the scenario-set. Complimentary to the internal perspective, the NII sensitivity is measured and steered in relation to the supervisory outlier test on net interest income.

Long-term interest rate risk: EVE

When we apply the economic value (EV) methodology, we determine the economic value of equity (EVE) by considering all future incoming and outgoing cashflows based on current market rates. The key control measures of EVE sensitivity for day-to-day steering purposes are basis point values at total level and per tenor. The basis point value at total level is used to express the sensitivity of the EVE in euros in the event of a parallel interest rate increase of one basis point. The basis point values per tenor expresses this sensitivity at specific points on the yield curve, enabling us to identify sensitivity to non-parallel shifts in the market yield curve.

Complementary to the basis point value measurements, protecting the EVE against stress in market interest rates is managed by considering its sensitivity to parallel and non-parallel curve movements of a greater magnitude, with a specific focus on potential adverse effects from (behavioural) non-linearity.

Fair value impact on P&L and equity

Fair value changes of positions marked-to-market may result in P&L and/or (indirect) capital effects from marking-to-market. To manage this risk, the sensitivity of fair value movements from credit spread scenarios is monitored and managed for these items within our risk management framework.

On top of assessing the risk of direct revaluations being reflected in the P&L and/or capital, we take into account the impact of adverse credit spread movements on the fair value of our Hold to Collect (HTC) bond portfolio. This assessment supports the management of the potential risk of realising losses not reflected in the book value of these items, should a sale occur under conditions in which credit spreads are at stressed levels.

For modelling customer behaviour , the following key customer options are relevant:

- Customers have the option to fully or partially prepay mortgages before maturity. Typical examples of prepayments are when someone moves house, early renews a mortgage rate, or changes bank. A model is used to accurately estimate the probability of a mortgage prepaying in a certain month, given its loan characteristics and macro-economic circumstances. Important drivers are the number of houses being sold and the interest rate incentive for the customer e.g. is it beneficial given current mortgage rates to prepay.
- Customers have the option during the application process of a mortgage to accept or reject an offer from the bank. The bank commits itself several months to a client rate without firm commitment from the customer. Historical data is used to estimate the probability of clients accepting a mortgage, as well as the period until the mortgage is activated.
- Customers have the option to withdraw their balance on savings and/or current accounts without notice. The future client rate on these products is modelled using a replicating portfolio model. Important drivers are the historic development of yield curves, liquidity spreads and client rates. A maximum maturity of 10 years is assumed for savings accounts and 20 years for current accounts. The average duration for the whole Non Maturing Deposits (NMD) portfolio is around 2.5 , well below the regulatory maximum of 5 year.

Credit spread risk

At year-end 2024, the credit spread risk for HTCS and HTC liquidity portfolios amounted to € 214 million and € 77 million respectively (2023: € 180 million and € 78 million). The increase in credit spread risk of the HTCS portfolio is due to its increased volume.

MARKET RISK EXPOSURE TRADING AND NON-TRADING RISK

The overview below presents the balance sheet broken down by the risks associated with the Banking Book and the Trading Book. It shows that de Volksbank, in view of its activities, is particularly sensitive to the market interest rate risk in the Banking Book.

Market risk exposure trading and non-trading risk

	Carrying amount	Market risk measure		Carrying amount	Market risk measure		Primary risk sensitivity
		Non-trading	Trading		Non-trading	Trading	
in € millions	2024	2024	2024	2023	2023	2023	
Assets subject to market risk							
Investments fair value through P&L	12	12	--	28	11	17	interest rate, exchange rate, credit spread
Investments fair value OCI	3,931	3,931	--	3,279	3,279	--	interest rate, exchange rate, credit spread
Investments amortised costs	3,256	3,256	--	3,426	3,426	--	interest rate, exchange rate, credit spread
Derivatives	2,141	1,714	427	2,544	2,099	445	interest rate, exchange rate
Loans and advances to customers	54,494	54,494	--	50,847	50,847	--	interest rate
Loans and advances to banks	6,710	6,710	--	4,671	4,671	--	interest rate, exchange rate
Cash and cash equivalents	2,834	2,834	--	5,891	5,891	--	interest rate
Other	313	313	--	374	374	--	
Total assets	**73,691**	**73,264**	**427**	**71,060**	**70,598**	**462**	
Liabilities subject to market risk							
Subordinated debts	997	997	--	500	500	--	interest rate
Debt certificates	9,322	9,322	--	7,935	7,935	--	interest rate
Derivatives	1,105	680	425	1,121	685	436	interest rate, exchange rate
Amounts due to customers	56,153	56,153	--	54,910	54,910	--	interest rate
Amounts due to banks	1,401	1,401	--	1,947	1,847	100	interest rate
Other	4,713	4,713	--	4,647	4,647	--	
Total liabilities	**73,691**	**73,266**	**425**	**71,060**	**70,524**	**536**	

The market risk exposure of the Trading Book decreased to a carrying amount of € 427 million for assets, and decreased to € 425 million for liabilities (2023: € 462 million and € 536 million respectively).

INTEREST RATE RISK BANKING BOOK

A short description of the six supervisory shock scenarios referred to in template EU IRRBB1 below:

1. parallel shock up, where there is a parallel upward shift of the yield curve with the same positive interest rate shock for all maturities;
2. parallel shock down, where there is a parallel downward shift of the yield curve with the same negative interest rate shock for all maturities;
3. steepened shock, where there is a steepening shift of the yield curve, with negative interest rate shocks for shorter maturities and positive interest rate shocks for longer maturities;
4. flattener shock, where there is a flattening shift of the yield curve, with positive interest rate shocks for shorter maturities and negative interest rate shocks for longer maturities;
5. short rates shock up, with larger positive interest rate shocks for shorter maturities to converge with the baseline for longer maturities; and
6. short rates shock down, with larger negative interest rate shocks for shorter maturities to converge with the baseline for longer maturities.

EU IRRBB1 - Interest rate risks of Non-Trading Book activities 2024

Supervisory shock scenarios	a	b	c	d
In € millions	Changes of the economic value of equity		Changes of the net interest income	
	Current period	Last period	Current period	Last period
	31-12-2024	30-6-2024	31-12-2024	30-6-2024
1 Parallel up	-141	-121	101	125
2 Parallel down	-21	19	-118	-132
3 Steepener	-63	-114		
4 Flattener	38	94		
5 Short rates up	8	65		
6 Short rates down	-9	-67		

The table above contains the change of economic value under six supervisory shock scenarios, as well as the change in Net Interest Income (NII) under the parallel up and parallel down scenario. For the calculation of the NII impact a constant balance sheet assumption has been used. The parallel up and down scenarios are calculated as a 200 bps instantaneous interest rate shock. Per year-end 2024, the scope for this table is limited to Euro, as this is the only material currency. We have adjusted the comparing figures per half year 2024 accordingly.

Economic Value of Equity

The scenario with the largest negative outcome on the economic value of equity is the parallel up scenario. This scenario has a negative impact of € 141 million (half year 2024: € 121 million negative). This is mainly caused by the interest rate sensitivity of the mortgage portfolio, which is largely, but not fully hedged. During the second half of 2024, the EVE sensitivity has increased, driven by lower market rates; the downwards shift in the yield curve resulted in a stronger increase in the sensitivity on the asset-side than on the combination of the liability-side and derivatives.

Net interest income

The scenario with the largest negative outcome on net interest income is the parallel down scenario. This scenario has a negative impact of € 118 million (half year 2024: € 132 million). The NII sensitivity to interest rate shocks is actively steered to mitigate negative NII effects from short-term repricings.

11. Operational risk

11.1 Operational (non-financial) risk qualitative disclosure

CAPITAL REQUIREMENTS

De Volksbank calculates the capital requirements for operational risk according to the standardised approach, in which all activities are divided into eight standardised business lines: corporate finance, trading & sales, retail banking, commercial banking, payment & settlement, agency services, asset management and retail brokerage. At year-end 2024, the Pillar 1 capital requirements were € 157 million for the operational risks (2023: € 136 million).

The total capital requirement for operational risks is calculated as the sum of the capital requirements for each of the business lines. The total capital is calculated as the 3-year average of the sum of the statutory capital costs for each of the divisions. The capital requirement for each business line equals the beta coefficient multiplied by gross income. The beta coefficients differ between business lines and are 12%, 15% or 18%. The capital requirement calculated on a yearly basis constitutes input for the Internal Capital Adequacy Assessment Process (ICAAP).

RISK MANAGEMENT APPROACH

The ExCo is ultimately responsible for managing and controlling operational risks. To that end, de Volksbank has a Risk Control Framework in place to closely monitor status and solution for events and incidents. De Volksbank distinguishes three main categories for non-financial risks: operational risk, compliance risk and model risk. The Non-Financial Risk Committee (NFRC)) reviews and assesses the status and progress of most of risk types on a monthly basis. For some risk types, there is a dedicated risk committee is in place, e.g. the Model Governance Committee (MGC). Overall, our operational risk score was outside our risk appetite in 2024 (please refer to section 'Risk appetite and risk indicators' of Annual Report 2024). We are executing dedicated 'Path to Green' programmes for relevant operational risk types to get back within our risk appetite.

For more information, please refer to section 'Operational risks' in chapter Risk management of Annual Report 2024.

11.2 Operational risk quantitative disclosure

EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts 2024

Banking activities		a	b	c	d	e
In € millions		Relevant indicator			Own funds	Risk exposure
		Year-3	Year-2	Last year	requirements	amount
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	965	1,414	1,308	157	1,961
3	*Subject to TSA:*	965	1,414	1,308		
4	*Subject to ASA:*	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

The increase in the relevant indicator last year compared to the previous year is mainly due to higher results in the business lines Retail Banking and Commercial Banking.

EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts 2023

Banking activities		a	b	c	d	e
In € millions		Relevant indicator			Own funds	Risk exposure
		Year-3	Year-2	Last year	requirements	amount
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	828	965	1,414	136	1,695
3	*Subject to TSA:*	828	965	1,414		
4	*Subject to ASA:*	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

11.3 Types of risk and areas of focus
Operational risk
People risk
People risk is the risk of direct or indirect loss caused by lack of sufficient quality and quantity of staff.

Developments in 2024
To have a positive impact on our employees, de Volksbank offers good working conditions and actively promotes equal treatment and opportunities for all. This helps us to attract and retain employees with the right skills. Despite the efforts to be an attractive employer we run risks of not having the right people with the right skills in the right role at the right time. These risks may occur if there is insufficient inflow or unwanted outflow, especially in a tight labour market, a skills gap or high absenteeism. These risks have a direct impact on the quantitative and qualitative availability of employees we need to achieve our strategic goals. Below we describe some of the measures we took to mitigate these risks. More information can also be found in Section Own workforce in the Annual Report 2024.

The percentage of vacancies that had been open for more than six months increased in 2024. This could partly be explained by the restraints on vacancies, which meant that recruitment only took place for critical positions, roles that were often difficult to fill anyway. Our remuneration package cannot always compete with other banks. Labour market allowances were awarded where necessary. Also, de Volksbank is less visible as an employer due to a reduction in the number of labour market campaigns. The announced transformation of de Volksbank also has an impact, as job security is an important driver for many candidates. We took various measures to ensure sufficient inflow, for example through extra initiatives by the recruitment team to improve (online) visibility. On the other hand, both the first-year resignation rate, i.e. the outflow within 12 months after onboarding, and the talent attrition rate, i.e. the rate at which internal talented individuals left de Volksbank, decreased.

The risk of unwanted outflow of key staff increased due to the announced transformation. Although the outflow of talent (talent attrition) decreased in 2024, the first-year resignation rate increased in the last quarter of 2024 after a decrease in the first three quarters of 2024. When necessary, we take retention measures to mitigate unwanted outflow and other workforce-related risks.

Talent retention is essential if we are to have the right organisational capabilities, now and in the future. In the annual talent review we identified high performers and high potentials. We also updated the list of single points of knowledge (SPOK). The number of SPOKs was reduced in 2024 due to mitigating actions of leadership teams. De Volksbank launched new talent programmes in June 2024, designed especially for employees who have the potential and ambition to grow. Our investments in the continuing education of employees have resulted in 99% of our employees meeting the professional competence requirements.

The employee absenteeism rate remained above 5% in 2024. Absenteeism guidance has been further optimised based on a root cause and best practices analysis in the organisation. When absenteeism is work-related, workload stress is and remains the main underlying cause. All departments have drawn up an absenteeism reduction plan and taken actions to reduce absenteeism and promote vitality and wellbeing. As we expect the transformation might put additional pressure on the absenteeism rate due to job insecurity and employees not being able to cope with the change, we need to pay extra attention to this issue in the coming period.

Process risk
Process risk is the risk of direct or indirect loss resulting from inadequate or failed processes, run and change, including the completeness and structure of processes and process governance.

Developments in 2024
In 2024, de Volksbank continued its commitment to improving its key risk indicators (KRIs): overdue high-risk issues, ineffective (key) controls and out-of-date process descriptions. The Overdue high issues KRI remained outside the scope of risk tolerance in certain areas. Strategic programmes are in place for several issues. An issue team has also been set up to analyse the issues database, to eliminate possible redundancies and inefficiencies and to increase the speed of resolving (overdue) issues. To ensure a more accurate monitoring of our risk profile, we will use an adjusted KRI as from 2025.

Effective key controls remained stable, but below the required minimum of 95%. We are making ongoing efforts to achieve and surpass this benchmark. The percentage of process descriptions remains green, indicating that our processes are consistently updated and maintained. The Process Risk Policy has been revised and underlying policies have been newly drafted and are currently being implemented. We have made significant progress in implementing the new process management framework, which is expected to be fully operational by the end of 2025. This structure supports cross-functional collaboration and provides governance for end-to-end value streams, ensuring that our processes are demonstrably in control. The new process architecture has enhanced our understanding of the exhaustiveness of our process model by leveraging reference standards.

Additionally, we have strengthened our process management team by appointing a dedicated Process Management Lead and increasing resources to further support our efforts in managing process risks effectively.

IT systems risk
IT systems risk is the risk of direct or indirect loss resulting from inadequate or failed internal (IT) systems.

Developments in 2024

With the rapid digitalisation in today's world, cybercrime and financial crime unfortunately remain a fact of life. Cybercriminals are becoming more sophisticated in their attacks, also benefiting from easier access to Ransomware-as-a-Service (RaaS) and to generative artificial intelligence (AI). Cybercrime has also moved from the banking environment to the customer environment. This means that criminals persuade customers to enter into a transaction and authorise it themselves. We respond to this shift by increasing cybercrime awareness among our customers.
Faced with ever-increasing cyber(crime) threats, we also continued to strengthen the bank’s resilience and (cyber)security. The effectiveness of these efforts was confirmed in the outcome of the latest Threat-Led Penetration Test. This extensive security testing by ethical hackers is also required by the Digital Operational Resilience Act (DORA), which became applicable on 17 January 2025. DORA introduces a uniform and comprehensive framework for the digital operational resilience of financial institutions in the EU. De Volksbank has to put in place safeguards to protect its business operations and activities against cyber threats and other ICT risks. In the past two years, we executed a programme to implement DORA. We did so by developing, testing, enhancing and implementing security capabilities and our insight into IT health and security, including the coverage and effectiveness of our IT control framework.
In 2024, we continued to focus on increasing the coverage and quality of our IT control framework by broadening, automating and improving the IT key controls, partly in order to meet supervisory expectations and applicable DORA requirements. This IT key controls improvement programme is scheduled to continue until the end of 2026. Furthermore, regarding the further embedding of DORA in 2025, we will finalise the implementation of the required register of information and will make all relevant IT third-party contracts compliant.

Our employees are our human firewall: the first and last 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, our employees completed the mandatory Human Firewall course again in 2024. Furthermore, they participated in the organisation-wide Risk Awareness Days, Cybersecurity Month and phishing awareness campaigns, in which they were trained in dealing with cyber resilience and data privacy challenges. We will continue our efforts and initiatives to further strengthen our corporate security culture and mindset.

We are modernising our applications and underlying infrastructure, based on our IT architecture roadmap. In the last quarter of 2024, we updated this roadmap as part of the bank-wide transformation plan. This especially resulted in speeding up the decision-making process and implementation timelines. For our IT architecture, we apply the ‘cloud first, but not cloud only’ principle. We also performed a disaster recovery scenario, crisis management team tests and back-up and data recovery tests. Like many other organisations, de Volksbank is investigating the use of AI, including pilot testing, while being cautious about the risks associated with these new technologies at the same time.

In 2024, we continued to execute our Path to Green programme for IT systems risk, especially in terms of priority setting combined with improved reporting, active follow-up and support. This resulted in strong improvements in the scores of our Key IT Risk Indicators, bringing most scores within our risk appetite at year-end 2024. In preparation for 2025, we are updating our set of IT Key Risk Indicators to further improve them and ensure that they reflect the actual IT risks of our organisation.

Data management risk

Data management risk is the risk of failing to appropriately manage and maintain data.

Developments in 2024

At the end of 2023, the ExCo approved the new de Volksbank Data Strategy & Roadmap, including a new data operation model and governance. In 2024, de Volksbank started to execute this new data strategy.

The Data Strategy & Roadmap challenges in relation to KYC (anti-financial crime, AFC), BCBS 239, GDPR, ESG and IRB are addressed in an integrated way to manage the risk of overlapping data management-related root causes.
A first deliverable of the strategy execution was the bank-wide Data KPI entitled 'Data quality' in early 2024. It ensures that data quality performance is frequently discussed and that action is taken at different levels in the organisation, such as in the Leadership Teams of the hubs and in the ExCo.
A second new element of the bank's data strategy is the establishment of a Data Council, a data governance body representing all hubs, centres of expertise and staff departments at ExCo level and one or two levels below the ExCo, to monitor the execution of the strategy and roadmap and the performance on data-related KRIs/KPIs.
Thirdly, de Volksbank decided to centralise its data management capabilities, which had been fragmented and spread across various departments until then. A request for advice was drafted and approved leading to the establishment of a new Expertise Center (EC) Data which went live on 1 October 2024. In October and November, 180 colleagues working on data management activities were transferred from the EC Business and the EC Tech to the new EC Data, which consists of six data clusters and one Data Management Core Team.

Besides the establishment of the new centralised EC Data, de Volksbank has further strengthened its data maturity. We implemented Collibra, a data management tool, to get more control of our data. First of all, all our Critical Data Elements (CDEs) are now captured in Collibra. Collibra is also the only formal storage system for the bank’s data quality (DQ) issues, replacing numerous Excel sheets with DQ issue listing that were used before the tool was implemented. Each data domain, i.e. each hub, EC and staff department, also appointed a Data Domain Owner and Data Steward who are responsible for the quality of data owned by the domain. We designed and implemented a new process to register and resolve data quality issues, including instruction manuals and dashboards to track progress and draw up management reports on the progress in resolving DQ issues. With these improvements we provide additional insight into the state of the bank's data, that requires action. This helps us bring CDEs within the norm, supplement CDEs with complete metadata and resolve overdue data issues. Another deliverable to improve control of data and data initiatives is a bank-wide data roadmap, consolidating the main data-related projects such as Customer Integrity, Return to Compliance IRB, ESG, BCBS 239 and Ignite.

BCBS 239 is the main programme that focuses on getting in control of the data and making sure that all data risks are managed in conformity with Risk Data Aggregation and Risk Reporting (RDARR). The BCBS 239 programme started in the summer of 2024 with the drafting of the letter to the JST, followed by the delivery of a Baseline Assessment and Remedial Action Plan after the summer, and then a Detailed Action Plan in the autumn. BCBS 239 is moving into the execution mode and is expected to deliver the first reports as planned in the first quarter of 2025.

Reporting risk In scope of CSRD

Reporting risk is the risk that internal management reports, external financial reports and/or supervisory reports are not relevant, not reliable and/or not comprehensible and therefore not fit for purpose.

Developments in 2024

In 2024, we integrated several major regulatory reporting processes into our central data warehouse, thereby increasing the level of automation and quality of control over the data used. Our risk reporting on IFRS 9 provisioning for the ASN Bank sustainable loan portfolio was transferred to our central data warehouse environment and we will continue this effort for other credit risk reporting. We also expanded the control test framework for the central data warehouse environment for mortgages and continued to resolve data quality issues.
We will continue the execution of our multi-year programme to improve and centralise our finance and risk data infrastructure.

We have implemented the Basel IV / CRR3 RWA calculations and will continue this work towards the first submission of the supervisory reporting for the 31 March 2025 reporting period.

Our external reporting suite - consisting of the Annual Report and the Pillar 3 Report - was redesigned to comply with the latest regulatory changes and supervisory expectations regarding the disclosures, with the largest change being the new Corporate Sustainability Reporting Directive (CSRD). Our external auditor has performed a limited assurance engagement on the Sustainability statements for the first time. In the period ahead, we will address continuously evolving insights, phase-in requirements and remaining gaps for the next reporting year.

Legal risk

Legal risk is the risk of financial loss or reputational damage due to legal or regulatory events originating from lack of awareness, or incorrect or altered interpretation of or non-compliance with laws and regulations that apply to de Volksbank and its entities in relation to its agreements, liabilities, processes, products and services. As of 2025, CRR3 introduces a definition for legal risk, which also applies to de Volksbank.

Developments in 2024

In 2024, de Volksbank was informed by DNB that it had started proceedings to impose an administrative fine in relation to anti-financial crime (AFC) and sound business operations for shortcomings in risk management in previous years. At the end of January 2025, DNB imposed these two administrative fines for deficiencies under the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) and for risk management-related deficiencies in relation to the Financial Supervision Act (*Wft*).

In order to sustainably and structurally remedy the identified deficiencies, de Volksbank has prepared an ambitious Remediation plan in relation to the AFC-related deficiencies. To remediate the deficiencies in relation to the obligation under the Financial Supervision Act (*Wft*) to ensure sound business operations, the ExCo also put more focus on topics related to risk management, including improvements to internal risk models and improving data quality and data management in 2024. Going forward, the implementation of the Transformation programme should also contribute to the remediation of the shortcomings in question. We expect this to positively affect legal risk. For more details on these fines, see Section Compliance with laws and regulations in the chapter Our strategy and Note 15 Provisions - Administrative fines to the consolidated financial statements in the Annual Report 2024.

At the same time, the Transformation programme, which includes the optimisation of the distribution model may slightly increase the legal risk in the short term and it cannot be ruled out that legal proceedings will result from decisions taken in relation to the transformation.

De Volksbank has reached a settlement in the Madoff cases, as a result of which both legal proceedings have now ended. For more details on this settlement, see Note 19 Contingent liabilities and commitments - Legal proceedings and Note 15 Provisions - Litigation to the consolidated financial statements in the Annual Report 2024.

In other fields, the number of legal claims filed against de Volksbank remained stable and relatively low and no material new litigation has been initiated. An overview of the material legal proceedings involving de Volksbank can be found in Note 19 Contingent liabilities and commitments - Legal proceedings to the consolidated financial statements in the Annual Report 2024.

De Volksbank's Regulatory Radar process was evaluated in 2023 and 2024. This process embeds the process of implementing new laws and regulations within de Volksbank. Several potential improvements have been identified, such as input for the implementation of cross-departmental laws and regulations and ownership, which are expected to have a positive effect on legal and compliance risk. Identified improvements will be implemented as part of the Transformation programme.

Change risk
Change risk is defined as the risk of direct or indirect loss due to inadequate design, execution or implementation of changes or of deployment of processes, resources, products or services, as a result of insufficient execution power or change competencies.

Developments in 2024
Managing the risk associated with the execution of changes has become increasingly important as the number of changes required from regulatory and transformational perspectives is high. Since the implementation of the agile way of working, change has been an integral part of day-to-day business operations. We perform change risk assessments for the major changes.

In 2024, after approval from the Works Council, we set up and launched a Strategic Portfolio Office (SPO). It will provide an overview of priorities and interdependencies of major changes such as the bank-wide transformation, anti-financial crime, risk models and the modernisation of our IT landscape. Apart from strengthening portfolio management and progress reporting, the SPO will also monitor and manage change risk from a first-line perspective, enabling the organisation to learn from change and the controlled execution of changes.

Outsourcing risk
Outsourcing risk is defined as the risk of direct or indirect financial loss or reputational damage as a result of non-performance or poor performance of a service provider and/or as a consequence of inadequate control over the outsourced activities.

Developments in 2024
De Volksbank aims to increase its efficiency and use its capital more effectively through partnerships and by outsourcing activities. By implementing our outsourcing policies, processes and tools within the business and overarching risk management, we ensure that the bank complies and continues to comply with the EBA guidelines on outsourcing. Thus, we incorporated the recent requirements from the Digital Operational Resilience Act (DORA) into policies and processes. We also integrated the Risk Assessment of Outsourcing (RAO) into our tailor-made procurement tools. All outsourcing initiatives are carried out in accordance with the implemented policies and processes using this procurement tool. Contract management is centralised within the Procurement Centre of Expertise, enabling de Volksbank to better manage (critical) outsourcing contracts.

We carried out a risk analysis for all outsourcing contracts and will review it again if necessary. The bank conducted due diligence on all suppliers of outsourced services to determine whether they are suitable and whether they meet the requirements set by de Volksbank. Dashboards were developed and made available to the business to get a better grip on its (outsourcing) contracts. Now that these risk analyses have been completed, we are better able to analyse the risks of all our outsourced activities. Every month, the Outsourcing Board (OB) discusses new initiatives for critical outsourcing and renewals of critical outsourcing. The quarterly OB meetings focus on the overarching risk management of outsourcing risk.

In 2024, the above actions were performed to become compliant with the EBA Guidelines on Outsourcing. To this end, a report to close the regulator's findings was submitted to the JST in December 2024 and in early 2025 we received additional questions regarding the remaining outstanding items required to comply with the EBA Guidelines on Outsourcing. De Volksbank has drawn up a detailed action plan and governance structure to address these items by 30 April 2025.
In 2025, de Volksbank will continue to work on compliance with existing and new European laws and regulations and enhance control of outsourcing risk.

Crime risk (including fraud)
Crime risk is the risk of internal crime, intermediary and franchise crime, or external crime that can lead to damage or breach the trust of customers or other stakeholders of de Volksbank or its employees. These three types of risks entail respectively: criminal acts by an employee or director of de Volksbank, criminal acts by an intermediary, franchisee or their staff with authorised access to the systems and/or premises of de Volksbank, and criminal acts by third parties against de Volksbank, its organisation, customers and stakeholders.

Fraud risk is not defined as a separate operational risk type in the risk taxonomy of de Volksbank as we classify fraud as part of crime risk, a subtype of operational risk. Hence, fraud risk is described below.

Developments in 2024

Internal & external fraud
Fraud has a significant impact on society. It erodes the trust in financial systems and causes personal and financial hardship for victims. De Volksbank recognises that managing fraud risk is an important area of attention.

In 2024, the primary method of external fraud in payment transactions observed by de Volksbank involved scams where individuals impersonate trusted identities, always with the intention of gaining trust and deceiving the victim.

As fraudsters continually adapt their modus operandi, de Volksbank continues to invest in its security measures to reduce the risk of customers falling victim to external fraud. To increase the recognition of fraud and scams, we raise customer awareness through various forms of training. The online training course for customers launched in 2021, was updated in 2024 to make it more accessible for every type of customer. Furthermore, we introduced personalised fraud and scam messages in our banking environment, through a combination of AI and real-time data, thus raising awareness of the issue. In addition to these initiatives, the newsletters of SNS, ASN Bank and RegioBank include topics on fraud prevention.

We also deployed advanced monitoring and detection systems to recognise fraud patterns and identify fraudulent transactions more quickly. If, despite all efforts, a customer falls victim to fraud, de Volksbank takes measures to mitigate the damage and provides aftercare to restore trust in digital banking.

De Volksbank collaborates with other financial institutions and public entities to exchange information on trends, developments, and new modus operandi. For instance, we appealed to politicians to urgently develop legislation on information exchange in the sector. In a joint effort with the Ministry of Justice and Security and other financial market parties, we are also investigating how to further reduce online crime. Furthermore, in collaboration with the Dutch Banking Association, we closely monitor trends based on AI and fraud to respond swiftly and further safeguard customer protection.

In addition to external fraud, de Volksbank once again observed mortgage fraud in its mortgage applications in 2024. The most frequently occurring types are income fraud and concealment of (non-registered) debts, such as student loans.

De Volksbank continued its dialogues with finance services industry associations to make improvements in laws and regulations governing financial institutions.

As far as internal fraud is concerned, de Volksbank continues to protect its organisation from threats from within. It also continually invests in strengthening its preventive, detective, and responsive measures. The key development in 2024 was the launch of the external SpeakUp Reporting Point, where employees or third parties may anonymously report misconduct. In this way, de Volksbank contributes to safe and reliable business operations.

Physical incidents

The upward trend in the number of aggression and violence incidents in 2023 continued in 2024. Despite mitigating measures, more and more customers act in aggressive and intimidating ways towards our staff. In 2024, de Volksbank continued its training and awareness programme for all customer-facing staff. The challenge for 2025 is to prevent the number of aggression incidents from increasing even more.

Cybercrime

More information on cybercrime can be found in the section on IT systems risk above.

In 2025, we will continue our collaboration with public and private organisations to address upcoming legislation, closely monitor national, economic and technical developments and translate these into independent advice, infrastructure improvements and internal and external awareness programmes to make de Volksbank and its customers more resilient going forward.

Compliance risk

We define compliance risk as the risk that de Volksbank fails to comply with laws, or the spirit of any such laws, additional regulations, self-regulation and any relevant codes of conduct.

The Compliance function continuously monitors compliance with laws, regulations and internal policies. The taxonomy of compliance risk distinguishes three sub-risks:
- Customer integrity risk
- Business integrity risk
- Conduct risk

We ensure better identification and management of compliance risks by means of tools, such as regulatory technology, Compliance Management Dashboarding and new privacy tooling.

De Volksbank conducted an ESG materiality assessment in 2024; the results for compliance risk are included in the Section Sustainability risk.

Developments in 2024

Below, we describe the most important compliance risk-related developments in 2024.

Customer integrity risk - Anti-financial crime (KYC)
See Section Anti-financial crime in the Sustainability statements in the Annual Report 2024 for disclosures on AFC.

Business integrity risk

Products that meet customer needs and expectations

The financial services industry has a responsibility to provide products that are safe and comply with laws and regulations. Since it is de Volksbank's mission to bank with a human touch, we want to emphasise this responsibility. This is translated into product governance and policies that are used in the development and adjustment of services and products. Products are reviewed on the basis of standards that evolve over time.

We focus on product-related topics, including, but not limited, to the compliance of commercial communication, the development of new products and advice on appropriate savings interest rates.

New products, services and channels, and changes to them, go through the Product Approval and Review Process (PARP). The Product Approval and Review Committee (PARC) is responsible for approving new - and changes to existing - products and services of all of de Volksbank's brands. Every year, we conduct a product scan to check if our products still comply with laws and regulations and fit our core values. This scan may lead to adjustments or even the discontinuation of a product, which, however, turned out not to be necessary in 2024.

Part of the PARP is to make a balanced assessment of our stakeholders' interests, i.e. our customers, society, our shareholder and employees. In the PARP we apply the so-called 'CUSU' (Cost effective, Useful, Safe and Understandable) criteria developed by the Dutch Authority for the Financial Markets (AFM). These criteria reflect the way in which we balance our stakeholders' interests.

To ensure that what we communicate is clear and complies with the relevant laws and regulations, we use the Content Creation Process (CCP), part of which is a writing guide for all customer communications. All our product and service information goes through this process. The writing guide contains guidelines our communications should comply with. Thus, product information has to be correct and understandable for customers, has to give a fair picture of the essential product characteristics and has to be balanced. By this we mean that both the relevant benefits and the relevant disadvantages and risks of the product are clearly stated in the information.

General Data Protection Regulation (GDPR)

De Volksbank continues to improve its General Data Protection Regulation (GDPR) compliance maturity to protect the privacy of customers, employees and other stakeholders. The division between the 1st and 2nd line of privacy staff has been formalised, allowing for an adequate three lines model to further improve privacy governance, risk management and internal control. As a result, de Volksbank is making substantial progress in completing multiple GDPR compliance requirements such as Data Protection Impact Assessments, Transfer Impact Assessments, providing important insights into the most sensitive processing activities and privacy risks. We continue to monitor privacy developments as a result of court decisions as well as guidelines, sanctions and fines announced by supervisory authorities.

In particular, we took notice of developments relating to the transfer of personal data to countries outside of the European Economic Area (EEA) and the stricter interpretations of the legal grounds for processing activities with respect to consent and legitimate interests.

Conduct risk

Ethical business conduct is key to the strategy of de Volksbank and essential to safeguarding customer trust and a sound risk culture within our organisation. Conduct risk management is embedded through several risk policies as well as through the standard risk management processes, such as risk identification, assessment, mitigation, monitoring and reporting and the investigation and follow-up of concerns raised and, misconduct, including circumvention or inappropriate behaviour.

In 2024, People & Organisation (P&O) and Compliance teamed up to initiate several activities to further strengthen risk management in the area of conduct risk. For example, we rolled out the updated Code of Conduct in the organisation. We also enhanced our speak-up policy and procedure for raising concerns, entitled 'SpeakUp regulations', which included the implementation of an external SpeakUp Reporting Point enabling both internal and external stakeholders to make a report anonymously.

We also initiated several activities to enhance risk awareness, such as an all-staff personal development goal on risk awareness and a risk awareness programme based on short online learning exercises combined with team dialogue sessions.

The Ethics Committee is charged with giving advice on ethical issues and promoting ethical conduct within the bank and plays a crucial role in addressing significant normative questions and providing guidance on bank-wide ethical dilemmas. The committee comprises members from the ExCo, senior management, the Works Council and representatives from various first line and second line functions. Besides promoting ethical conduct and raising awareness of social responsibility, the committee has contributed to building 'moresprudence', i.e. the development of expertise and experience in responding to ethical dilemmas across the organisation.

Moral decision-making plays a crucial role in ensuring integrity and fostering trust within our organisation. To address this, the concept of moral decision-making, based on de Volksbank dilemma model, has been further expanded through targeted workshops across the organisation.

Moral decision-making aims to enhance our ability to conduct structured, balanced, and well-documented decision-making processes, enabling us to prevent future issues or incidents. Additionally, it strengthens transparency in decision-making, thereby increasing trust, and fosters a culture of continuous learning within the organisation.

We will continue to embed these initiatives in 2025. For more background information on this particular topic see the section on Business conduct in the Sustainability statements.

Model risk

Model risk is defined as the risk that the financial position of de Volksbank is, or customers' interests, are negatively impacted by the use of models. Model risk arises from errors in the development, implementation, use, or interpretation of models, leading to inaccurate, incompliant, or misinterpreted model output.

Developments in 2024

Model maintenance is an ongoing process involving many discussions and iterations with the ECB. We have paid a great deal of attention to ensuring compliance with regulatory capital and provisions-related regulations, especially with respect to the residential mortgage portfolio.

The active model versions for regulatory capital and the IFRS 9 provisioning for our residential mortgages are part of our internal ongoing validation cycle in accordance with regulatory requirements. In December 2024, model risk is outside our risk appetite, because of the large amount of overdue model validation findings in a number of important models at that time. To sufficiently mitigate this model risk, we refined our regulatory capital model add-ons, the so-called self-imposed add-ons (SIA), in 2024. As far as provisions for credit risk are concerned, we continued the use of overlays to mitigate the risks identified in on-site inspection (OSI) on IFRS 9 and regular model validations.

In 2025, we will finalise the new iteration of our regulatory capital models and provisioning models for our residential mortgage portfolio.

12. Remuneration policy

12.1 Qualitative information regarding remuneration policy

SCOPE

De Volksbank is a financial services provider engaged in banking, with a particular focus on the Dutch market. The Pillar 3 Remuneration Report focuses entirely on the remuneration of de Volksbank’s Identified Staff. Identified Staff is the group of employees with a material impact on de Volksbank's risk profile. In this report, Identified Staff is divided into the following groups:

1. Management Board Supervisory function (Supervisory Board)
2. Management Board Management function (Executive Committee)
3. Other senior management (reporting to the Executive Committee)
4. Other Identified Staff

Identified Staff of de Volksbank is not a homogeneous group; these staff members are spread across the organisation and comprise members of the Supervisory Board, Executive Committee, a part of the directors and a part of the employees falling within the scope of the collective agreement. The latter category includes, for example, employees with voting rights in certain risk committees.

In this report, total fixed remuneration includes: 12 times the fixed monthly salary, holiday pay, fixed 13th month, allowances that are regarded as fixed income and secondary employment conditions such as lease, pension and personnel conditions. De Volksbank has no variable remuneration schemes.

STARTING POINTS

In determining our remuneration policy and the actual remuneration, we take account of our stakeholders, i.e. our customers, society, our employees and the shareholder. Employees are rewarded equally in equal situations: differences in, for example, gender or ethnicity have no impact on remuneration and/or appreciation. The remuneration of the Executive Committee is in reasonable proportion to the salaries of our employees and to the average remuneration in the Netherlands. We do not consider variable remuneration linked to performance agreements to be in keeping with the social character of our bank and, for that reason, do not award any variable pay.

RESPONSIBILITIES

The Executive Committee is responsible for the remuneration policy of directors and other employees of de Volksbank. The Executive Committee has the discretionary power to deviate from the established remuneration policy with reasons in exceptional situations, insofar as this is permitted by laws and regulations. In this case, approval will be requested from the Supervisory Board for employees outside the scope of the collective agreement.

The Supervisory Board adopts the Remuneration Report and is responsible for the implementation and evaluation of the remuneration policy for the members of the Executive Committee. The Supervisory Board approves the remuneration policy for directors as proposed by the Executive Committee and supervises its implementation. The Supervisory Board is also responsible for approving the outlines of the remuneration policy as proposed by the Executive Committee for the other employees of de Volksbank.

The Supervisory Board discusses material retention, sign-on and severance payments and sees to it that any such payments are in keeping with de Volksbank's established remuneration policy and are not excessive. The Supervisory Board directly supervises the remuneration of the Directors with ultimate responsibility for the departments Risk, Compliance and Audit. The Supervisory Board does so on the basis of the Annual Remuneration Policy Review Report drawn up by the Remuneration Working Group.

The People and Organisation Committee of the Supervisory Board has, where applicable, prepared the decision-making for the Supervisory Board on subjects relating to the both the employees of de Volksbank and the organisation. The People and Organisation Committee was held four times in 2024 and there was also a joint meeting of the People and Organisation Committee and the Risk & Compliance Committee. At year-end 2024, the People and Organisation Committee consisted of three members of the Supervisory Board, namely: Jeanine Helthuis (Chair), Gerard van Olphen and Aloys Kregting.

In 2024, Willis Towers Watson, a global consulting firm, conducted a benchmark of the remuneration of the Supervisory Board. The outcome of the benchmark gave no reason to adjust the remuneration policy.

GOVERNANCE

The implementation of the remuneration policy is the responsibility of line management in collaboration with P&O. The Remuneration Working Group comprises representatives from Risk, Compliance, Legal Affairs, Finance and P&O who supervise the greatest remuneration policy implementation risks and provide risk management and policy-related advice. The Remuneration Working Group carries out a remuneration risk analysis and a review of the remuneration policy and its implementation every year in preparation for Supervisory Board discussion.

De Volksbank uses key performance indicators (KPIs). The KPIs of the Executive Committee are derived from de Volksbank’s long-term goals and contribute to the long-term value creation for all stakeholders. These KPIs are drawn up annually and set by the Supervisory Board. The KPIs are input for directors and all other employees, so that everyone contributes to achieving de Volksbank's long-term goals. KPIs are not linked to variable remuneration as de Volksbank does not award any. An audit is performed on the cascading of the Executive Committee KPIs to the functions that report to the Executive Committee.

PERFORMANCE OBJECTIVES AND THE LINK WITH REMUNERATION

Every year, the Supervisory Board sets the performance objectives for the ExCo. These objectives are derived from de Volksbank's (long-term) strategic objectives. In setting them, the Supervisory Board takes into account de Volksbank's desired risk profile, sustainability regulations (ESG) and sustainability ambitions, which themes are secured every year. In doing so, the Supervisory Board also takes the interests of all stakeholders of de Volksbank into consideration. The performance objectives are translated into measurable and achievable KPIs at ExCo level, after which they are assigned downwards to relevant positions. The performance objectives and associated KPIs are evaluated annually and adjusted as necessary to meet the changing circumstances and corporate objectives.

As ExCo members are only entitled to a fixed remuneration, there are no unwanted incentives that could place short-term individual interests above any of the long-term collective objectives. At the end of each performance period, the Supervisory Board not only assesses the performance of the ExCo in relation to achieving its KPIs . The Supervisory Board also assesses the progress on the (long-term) objectives. As long as de Volksbank N.V. has government support, the positions covered by the bonus cap and salary freeze, which includes ExCo members, are not eligible for a salary increase other than collective salary increases.

Performance year 2024

Aspect	Category	Weight
Main KPIs	Customer	25%
	Society	25%
	Employees	25%
	Shareholder	25%
		100%
Objectives & priorities	Profitable growth and cost control	25%
	Increase distinctive capability	10%
	Improve execution power	10%
	Customer integrity	17.5%
	Supervisory priorities under control	22.5%
	Modern data and IT foundation	10%
	Acceleration digital customer environments	5%
		100%

The Supervisory Board assesses the extent to which performance objectives have been achieved. They have established that the performance objectives haven been achieved by 70%.

The following table shows the performance objectives that have been set for 2025:

Performance year 2025

Aspect	Associated Main KPIs, if applicable	Weight
Finance	Adjusted Cost/income ratio	15%
	Adjusted Return on equity	
	Common Equity Tier 1 ratio	
	Leverage ratio	
Transformation		20%
Retail	Net Promoter Score	20%
	Number of active multi-customer	
Operations & IT		15%
Risk & Compliance		20%
ESG	Climate neutral balance sheet	5%
Staff	Employee engagement	5%
		100%

For more information about the compensation of the Executive Committee and the Supervisory Board and also about the performance please refer to section 'Remuneration Report' in Annual Report 2024.

12.2 Quantitative information regarding remuneration policy

EU REM1 - Remuneration awarded for the financial year 2024

		in € thousands	a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
1		Number of identified staff	5	6	22	31
2	Fixed remuneration	**Total fixed remuneration**	**256**	**2,631**	**6,506**	**5,808**
3		Of which: cash-based	256	2,631	6,506	5,808
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
7		Of which: other forms	-	-	-	-
9	Variable remuneration	Number of identified staff				
10		**Total variable remuneration**	**-**	**71**	**-**	**116**
11		Of which: cash-based	-	71	-	116
12		Of which: deferred	-	-	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		Of which: deferred	-	-	-	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	**Total remuneration (2 + 10)**		**256**	**2,702**	**6,506**	**5,924**

The template above includes information on the remuneration awarded to staff whose professional activities have a material impact on the risk profile of de Volksbank (identified staff).

EU REM1 - Remuneration awarded for the financial year 2023

		in € thousands	a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
1		Number of identified staff	5	6	25	28
2	Fixed remuneration	**Total fixed remuneration**	**236**	**2,844**	**6,447**	**4,598**
3		Of which: cash-based	236	2,844	6,447	4,598
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
7		Of which: other forms	-	-	-	-
9	Variable remuneration	Number of identified staff				
10		**Total variable remuneration**	**-**	**129[1]**	**170[1]**	**-**
11		Of which: cash-based	-	129[1]	170[1]	-
12		Of which: deferred	-	-	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		Of which: deferred	-	-	-	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	**Total remuneration (2 + 10)**		**236**	**2,973**	**6,617**	**4,598**

1 De Volksbank has no variable remuneration schemes, the reported amounts are severance payments.

EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) 2024

	In € thousands	a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
2	Guaranteed variable remuneration awards -Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	1	1	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	129	170	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	1	-	1
7	Severance payments awarded during the financial year - Total amount	-	71	-	116
8	Of which paid during the financial year	-	-	-	116
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	71	-	116

EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) 2023

	In € thousands	a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-
2	Guaranteed variable remuneration awards -Total amount	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	-	1	1	-
7	Severance payments awarded during the financial year - Total amount	-	129	170	-
8	Of which paid during the financial year	-	-	-	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	129	170	-

EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) 2024

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
	In € thousands	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	**Total number of identified staff**										**64**
2	Of which: members of the MB	5	6	11							
3	Of which: other senior management				1	10	-	9	2	-	
4	Of which: other identified staff				7	4	4	2	14	-	
5	**Total remuneration of identified staff**	**256**	**2,702**	**2,958**	**1,731**	**3,890**	**697**	**2,717**	**3,395**	**-**	
6	Of which: variable remuneration	-	71	71	-	-	-	116	-	-	
7	Of which: fixed remuneration	256	2,631	2,887	1,731	3,890	697	2,601	3,395	-	

EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) 2023

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
	In € thousands	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	**Total number of identified staff**										**64**
2	Of which: members of the MB	5	6	11							
3	Of which: other senior management				2	10	-	10	3	-	
4	Of which: other identified staff				5	2	4	4	13	-	
5	**Total remuneration of identified staff**	**236**	**2,973**	**3,209**	**1,308**	**3,346**	**642**	**3,048**	**2,871**	**-**	
6	Of which: variable remuneration	-	129	129	-	170	-	-	-	-	
7	Of which: fixed remuneration	236	2,844	3,080	1,308	3,176	642	3,048	2,871	-	

13. ESG risks and other sustainability disclosures

13.1 ESG qualitative disclosures

Sustainability governance

The ExCo is responsible for managing the overall sustainability objectives and ESG risks. The Supervisory Board exercises oversight over the exposures and responses relating to ESG risks. The Supervisory Board sets the performance objectives for the ExCo, including performance objectives for our impact on society. These objectives are derived from de Volksbank's (long-term) strategic objectives, and in setting them the Supervisory Board takes into account de Volksbank's desired ESG related risk profile in the Supervisory Board ESG Committee. In accordance with the suitability requirements, the management body has an induction and lifelong learning programme. In 2024, internal experts organised knowledge sessions on sustainability topics for the Supervisory Board and ExCo, for example, on Net Zero. On 2 December 2024, the Supervisory Board established the Environmental, Social and Governance Committee (ESG Committee).

The ExCo is the highest governing body for sustainability. The Executive Board ultimately approves the strategic direction and targets, oversees our performance on material sustainability impacts, risks and opportunities (IROs) as well as policies, actions and targets, and approves the double materiality assessment (DMA) results annually. The ExCo is presented with a progress update annually across material IROs and strategic priorities and targets to further integrate the developments into its execution and oversight of the overall strategy.

The Chief Executive Officer is accountable for sustainability risk and is specifically responsible for identifying, monitoring and signalling developments in the exposures for sustainability risk. One or more ExCo members are responsible for supporting the accountable ExCo-member in the fulfilment of his/her tasks and vice versa. To increase efficiency and allow greater focus in specific risk areas and/or business themes, the ExCo has established risk committees.

The ESG Impact Committee (ESG IC) is a risk committee chaired by the Chief Risk Officer. The ESG IC steers and monitors the implementation of de Volksbank's ESG strategy (including approval of de Volksbank's sustainability policy (inside-out) and monitors compliance with the ESG aspects (sustainability risk) of the Risk Framework and regulations (outside-in). Furthermore, it steers and monitors the balance between the two. Besides monitoring and steering the implementation of and compliance with policies on sustainability risk and ESG in the business strategy, governance and risk management framework, the committee also oversees all ESG-related KRIs in the risk taxonomy.

De Volksbank has monthly and quarterly risk reports in place, which include ESG risks. These monitoring reports consist of two levels:

- Level 1: Enterprise level (de Volksbank)
- Level 2: Business line level (i.e. department level)

Level 1 risk indicators are reported to the ExCo and Supervisory Board by the second line. Level 2 indicators are reported to specific risk committees by the first line or the second line. KRIs with an actual risk profile outside the ESG-related risk appetite must receive heightened management oversight and attention from the risk committee. The first line must define and execute actions to have these KRIs comply with the risk appetite again. The first line also submits a progress report on the progress made towards fulfilling the KPI climate-neutral balance sheet in 2030.

The ESG IC also regularly receives implementation progress reports on the fulfilment of ESG laws and regulations, such as the expectations of the ECB Guide on climate-related and environmental risks.

The expected impact of decisions on our four stakeholder groups, i.e. customers, society, employees and the shareholder, is included in the decision-making in all ExCo and ESG IC meetings. For detailed information on de Volksbank's governance structure, the role of the highest governance bodies and their composition and diversity, please refer to Section Governance arrangements. For detailed information on de Volksbank's risk management framework and risk governance, please refer to Section Risk management structure.

Sustainability-related performance in incentive schemes

De Volksbank has no variable remuneration scheme. Nevertheless, every year the Supervisory Board sets performance objectives for the ExCo, including performance objectives for our impact on society. These objectives are derived from de Volksbank's (long term) strategic objectives, and in setting them the Supervisory Board takes into account de Volksbank's desired ESG risks-related risk profile.

Sustainability policies

The purpose of our sustainability policies is to minimise the negative impact and increase our positive impact we have through the investments and loans. We use the sustainability policies also for due diligence and to identify, monitor and mitigate ESG risks as much as possible. In addition we want to have a well-understood and accepted governance and definition of sustainability for de Volksbank and its stakeholders.

The sustainability policy documents are accessible to all employees of de Volksbank and ASN Impact Investors through the bank-wide policy system and to the public via the websites of ASN Bank, de Volksbank and ASN Impact Investors. Our approach to sustainability covers all investments, financing to corporates and governments and our own operations and is applied at three levels, which are described below. Besides our sustainability policies, we also have a Risk Management Policy Sustainability Risk and several business policies in place. Several components of our policies are related to how our counterparties deal with social and governance risks.

Sustainability Policies and Specific Sustainability Policies

We distinguish three pillars in our Sustainability Policies (SPs): climate, biodiversity and human rights. We assess countries, organisations and businesses on the basis of these sustainability policies. The approach to our SPs consists of two elements: 1) a set of sustainability criteria to exclude or avoid investments that have a negative impact and 2) a set of criteria to assess how to support investments that contribute to sustainability. Below, we elaborate on the two elements of our approach for each pillar.

The SPs and Specific Sustainability Policies (SSPs) contain information on the sustainability of content, for instance, our investments in corporate and sustainable bonds. We update our SPs so that it incorporates recent developments. For certain SPs, we engage with stakeholders including NGOs, other financial institutions, academics, politicians and the media. In SSPs, we provide additional guidance and criteria for specific themes, such as animal welfare or plastics, sectors, such as financial services, or asset classes, such as ESG bonds. These SSPs are related to one or more SPs.

Climate

Our sustainability criteria avoid involvement in entities that have a substantial negative impact on climate change and support investments that contribute to combating climate change. Activities we refuse to invest in are, for instance, the exploration, extraction and production of fossil resources and electricity generation by means of fossil resources.

Biodiversity

Before we invest, we analyse whether potential investments meet our sustainability criteria, since we aim to reduce the negative ecological impact from our investments. Our biodiversity criteria are in line with the main threats concerning loss of nature and biodiversity: land use change, overexploitation, climate change, invasive and exotic species, and pollution. At the same time, we invest in ways to protect nature and relieve the pressure society puts on nature, such as renewable energy and the circular economy leading to a reduction in the use of natural resources.

Human rights

We base our human rights policy on the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights (UNGPS) and the ILO Declaration on Fundamental Principles and Rights at Work.

We have a wide range of policies to avoid violations of human rights in our loan and investment portfolios. We do not want to invest in companies that engage in or profit from war or armed conflict. We cannot and will not reconcile ourselves with the idea that these types of companies benefit from the existence of an increase in armed conflicts. This implies that we also want to refrain from every form of financing of or investment in companies involved in the development, maintenance, testing, storage and distribution of arms. All listed companies are screened and then monitored periodically to ensure that they are not involved in the arms industry. For this purpose, we make use of external data providers specialised in this field.

Examples of criteria to support investments that uphold collective, human and labour rights are: equal treatment and anti-discrimination, no forced or child labour, safe and healthy working conditions, freedom of association and respect for the rights of local communities and indigenous people. This is in line with the Core Conventions of the International Labour Organization.

Our policy also addresses human rights in our own operations and has own workforce and consumers and end users in scope.

Human rights due diligence

Our human rights policy also prescribes how we conduct our human rights due diligence. In 2023, we completed a salience risk analysis to assess whether our activities could be linked to human rights risks in the international value chains to which we are connected. In conducting this analysis, we followed the United Nations Guiding Principles for Business and Human Rights. This analysis showed that the risks of forced labour and degradation of livelihoods in the mining and metals chain are the most salient human rights risks. For instance, our investments related to renewable energy could be related to potential human rights risks in the value chain, but this is not assessed as a material risk for de Volksbank.

We continue our efforts in exploring how we can influence these supply chains to address these forms of abuse in line with international guidelines. The first step we have taken is to join the IRBC covenant for the renewable energy sector. The purpose of this covenant is to jointly tackle and prevent risks in the area of human rights violations and environmental damage by collaborating with solar and wind energy companies, industry associations, the Dutch government, knowledge institutes, NGOs and trade unions.

In 2024, we focused on further broadening our network and expertise in the area of human rights in renewable energy and integrated this in our new policy on renewable energy.

We are strongly convinced that a living wage is a salient human right that requires urgent attention by global companies. ASN Bank is a founding member of the Platform Living Wage Financials (PLWF) and a member of the Garment and Footwear Working Group of the platform. On 20 August 2024, ASN Impact Investors sold all of its investments in the clothing industry. This decision was made in connection with the impact investor’s tightened policy. Moving forward, ASN Impact Investors will exclude all companies that produce fast fashion and do not take sufficient steps to achieve a circular business model. The PLWF will continue its efforts without ASN Bank. ASN Bank continues to work towards legislation aimed at good working conditions in international production chains.

Applied Sustainability Policies

The Applied Sustainability Policies specify how specific policies are implemented in various processes. Thus, compared with other policies that deal with the 'why' and 'how', these policies have a more practical approach, i.e. 'what to do'. The responsibility for implementing these operational policies lies with the relevant departments.

Foundation of our policies

Our sustainability policies are based on relevant and important global conventions, reports and initiatives that aim to ensure a bright and sustainable future for next the generations. De Volksbank regards the following international treaties and conventions as the fundamental starting points for its policies and their implementation. These international treaties and conventions are subject to change and do not constitute an exhaustive list. Several components of our policies are related to how our counterparties deal with social risks, such as their attitude towards human rights, the (local) community and society, employee relationships and labour standards, customer protection and product responsibility, healthcare, a living wage, privacy, housing, and social needs.

Implementation of the sustainability policies in relation to counterparties we invest in or finance

As we invest in several different asset classes, the way these policies are implemented varies.

Corporate and green bonds

We conduct an assessment for corporate (green) bonds by analysing whether the activities or projects that are financed with the bond or loan involve activities we exclude or avoid. For corporate bonds we assess whether the company has policies in place for sustainability risks and check whether the company is not listed as an UN Global Compact violator. For green bonds we always include the second opinion in our assessment. This second opinion is an independent third-party assessment on the selection criteria or the green, social or sustainable bond itself. If the second opinion contains a recommendation, we may enquire whether the issuer has followed up on it or we may set the recommendation as a condition.

Government bonds and loans

Government bonds and loans must meet our exclusion criteria as described in our specific policy for government bonds. We base these criteria on the endorsement of relevant international conventions, through ratification or accession. We select countries that meet the exclusion criteria based on sustainability criteria for climate, biodiversity and human rights. Some countries are therefore excluded from our investment portfolio.

Stock-listed companies

We expect stock-listed companies to be transparent about their performance with respect to governance, including counterparties' overall strategy and risk management, independence and diversity within the board, inclusion, ethical conduct, corruption, conflict of interest management, respect for the local legal system, tax evasion and tax avoidance, transparency and lobbying, political contributions and internal communication on critical concerns. We expect each stock-listed company

Policy Foundations

Climate

- Paris Agreement
- Intergovernmental Panel on Climate Change (IPCC) of the World Meteorological Organization (WMO)
- United Nations Environment Programme Finance Initiative (UNEP FI)
- Montreal Protocol

Biodiversity

- Convention on Biological Diversity (CBD)
- The Kunming-Montreal Global Biodiversity Framework (GBF)
- Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) report
- Five Freedoms of the Farm Animal Welfare Committee
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- Convention on Wetlands (also known as the Ramsar Convention)
- UNESCO World Heritage Convention (WHC)

Human rights

- United Nations' Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- Conventions of the International Labour Organization (ILO)
- Guidelines of the Organisation for Economic Co-operation and Development (OECD) for MNE
- UN Global Compact
- Conventions in relation to weapons

to have a policy that regulates the ethical conduct expected of its employees and that incorporates a level of due diligence that aligns with our own high standard, no matter where the company operates or is located. We assess our counterparties in the onboarding process; for example, we look at whether they have complex organisational structures, do business in and/or with sanctioned countries or carry other integrity-related risks. The assessment is discussed and taken into account by the investment committee of ASN Impact Investors. To monitor if companies are involved in ESG-related misconduct, we use a tool that identifies material ESG risks. If a company does not provide us with sufficient information to complete our ESG analysis, we contact this company and ask questions.

ASN Bank sustainable loan portfolio

For project financings in the ASN Bank sustainable loan portfolio we have developed a tool which is used to determine whether a potential project meets our sustainability criteria or whether extra research is required.

SME customers

We do not assess our SME customers on specific governance aspects such as the highest governance body or committees responsible for decision-making on economic, environmental and social topics or their highest governance body's role in non-financial reporting, since these criteria are considered disproportionate for this customer group. But we do exclude certain businesses. We base that on SBI-codes/ their core business. For example, we exclude businesses in fossil fuel.

Mortgage portfolio

For us, it is important that the collateral of our mortgage portfolio becomes more energy efficient. We have a Specific Sustainability Policy Housing in which we describe our ambitions and actions to directly or indirectly engage with customers to make their homes more energy efficient. In our mortgage products, we do not exclude (potential) homeowners because of low energy efficiency ratings. Furthermore, we proactively engage with our customers by offering products and services aimed at home energy efficiency improvement.

Monitoring sustainability matters of companies we invest in or finance

We have continuous monitoring and periodic assessments in place to ensure that our current and potential investments and loans are in line with our sustainability criteria. We also monitor and actively engage with companies in case of observed controversies or misconduct. In case of misconduct, we approach the relevant stakeholder and engage in a conversation to set up a request for action. If the stakeholder cannot uphold this request, we may decide to withdraw as an investor or financier. For the ASN Bank sustainable loan portfolio in particular, we engage directly and indirectly with businesses. We periodically update the countries that are eligible for our government bond portfolio, and analyse whether financial institutions comply with our sustainability policies.

Strategy, business model and value chain

Strategy, business model and value chain

With our Strategy 2021-2025, 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 are aware that we can only do so if we remain a sound and solid bank.

De Volksbank aims to have a positive impact on society and to reduce its negative impact. We achieve this by implementing our sustainability policies, through our investments, by developing and setting relevant KPIs and by offering socially responsible propositions. This approach, in turn, also contributes to the resilience of de Volksbank against sustainability-related transition and physical risks. For more information regarding these topics, see Sections Sustainability governance and Sustainability risk.

De Volksbank performs a strategy review on an annual basis. The aim of the strategy review process is to review, adjust and reconfirm agreed long-term targets and strategic decisions by taking into account internal and external events and/or factors and various plausible scenarios of marketplace developments (for example, changes in capital markets, customer demand, crisis implications, etc.) and their implication. De Volksbank carefully considers the interests of its stakeholders when formulating or adapting its strategy and business model. The strategy review process is continuously assessed and the strategy and upcoming plans are updated in the short term (1 year) if necessary. The strategy review process is based on key inputs, such as (but not limited to) the DMA, the annual Strategic Risk Assessment (SRA) (including climate and environmental risk), ESG assessments, and other analyses such as risk appetite statements and financial business reports, as well as other key inputs such as sustainability scenarios, consultations with our stakeholders and stress tests. The annual SRA is an important tool to recalibrate the strategy against internal and external trends, including important developments in ESG risks. These analyses are important inputs for the yearly strategy review process. Some of our strategic sustainability objectives are listed below.

Adjustments are always aimed at strengthening stakeholder relationships, considering transparency, responsiveness and a commitment to aligning interests. Furthermore, adjustments arise from a reassessment of key strengths and weaknesses along with the current and anticipated opportunities, impacts and risks, and from a reassessment of strategic goals along with the definition of implications for our strategic and business model execution.

De Volksbank aims to have a strategy and business model that is sustainable from a long-term perspective and is focused on achieving its strategic goals. The strategic time horizon is the medium term (5 years), being the period from 2021 to 2025. Currently, we adhere to our Strategy 2021-2025, but are busy addressing and formulating our business strategy, operating model and value chain for the short-, medium and long-term period, which is part of the Transformation programme.

We have announced the launch of a Transformation programme that focuses on improving our organisational structure by simplifying our commercial distribution network and streamlining operations to develop a healthier and more resilient future-proof company. In this context, we are also moving from our current four retail brands to one strong brand, namely: ASN Bank. We will start the implementation on short-term basis in 2025. For more information about our resilience, current and anticipated effects and adjustments to our strategy and our business model that may impact the relationship and how we deal with our interests and vision of our stakeholders.

We provide an summarised overview regarding our goals, actions and targets of current significant products and services, and markets and customer groups that are based in the Netherlands, in relation to sustainability- and ESG-related goals in our Climate Action Plan [1](CAP). The majority of our sustainability- and ESG-related goals are based on significant areas such as initiatives that have a measurable positive impact on society, for example, our loan portfolio (sustainable housing and mortgages, SME loans, Project Finance), our bank's capital (SBTIs), investment funds, but also objectives to create a strong customer relationship.

To monitor the achievement and gain insight into the key challenges and solutions of the strategy's ESG-related objectives, we have set short-, medium- and long-term objectives and measure progress through performance indicators for each stakeholder group. We have implemented a set of performance indicators for monitoring purposes. For more information, see our CAP[1] and the table below referring to the specific sustainability chapter.

Entity-specific ESG metrics and targets

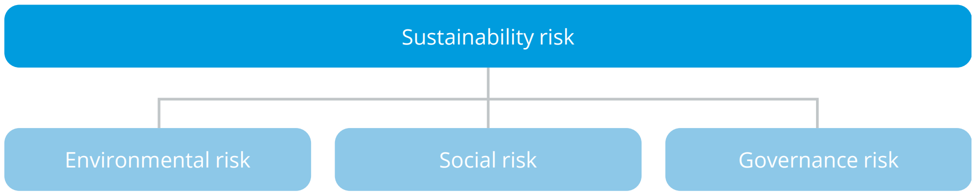
Definition	Target
Climate-neutral balance sheet	75% climate-neutral balance sheet by 2025
Net zero	Net zero emissions by 2050
Genuine attention	≥7.5 in 2025
Net promoter score	+7 in 2025
Number of active multi-customers	1.3 million in 2025

[1] Not in scope of limited assurance.

Sustainability risk

Sustainability risk is one of de Volksbank's strategic risks and is part of the bank's risk taxonomy as a stand-alone risk type with the aim of developing a holistic approach to the incorporation of ESG risk drivers into its overall business strategy, governance, risk management framework, organisational structure and reporting.

We define sustainability risk as the risk arising from Environmental, Social or Governance-related (ESG) factors over the short, medium or long-term that may have an (in)direct financial or reputational impact on de Volksbank - either directly or by acting as a driver for other risk types - as well as the risk arising from the value chain of de Volksbank that may have an (in)direct negative impact on the environment or society.



As shown in the diagram, we divide sustainability risk into the three ESG sub-risk types and define them as follows.

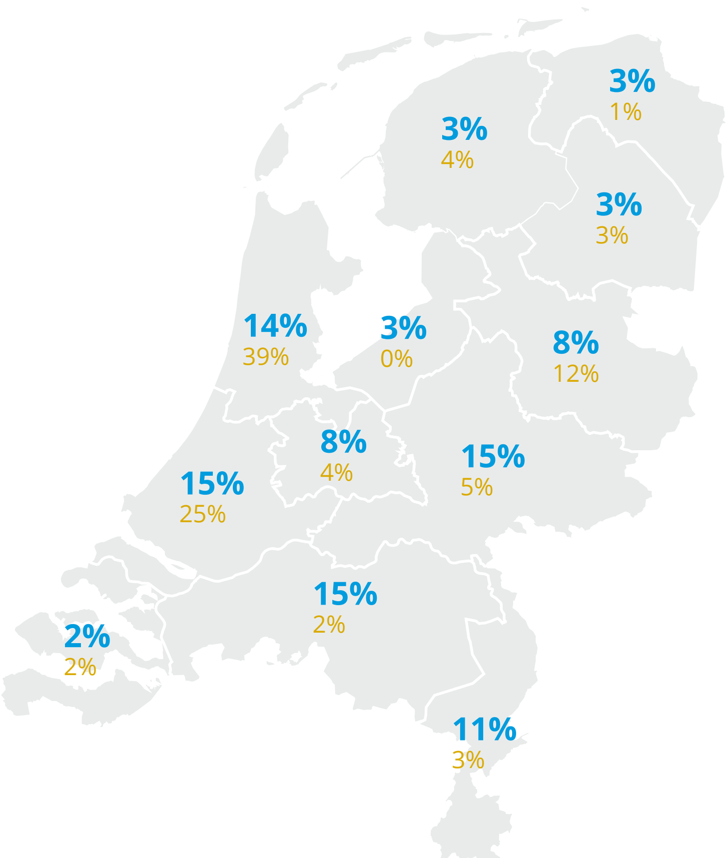
Environmental risk

Environmental risk is the risk of (in)direct financial or reputational damage to the bank due to acute or chronic physical environmental events (outside-in risk) or due to the bank's or third parties' role in the transition to an environmentally sustainable economy (inside-out risk), as well as the risk arising from the bank's value chain, which may have an (in)direct negative impact on the environment. Environmental risk encompasses several risks, such as biodiversity loss and water scarcity, which may pose both a physical risk and a transition risk:

- Physical risk is the risk of a negative financial impact on the institution, including its counterparties or invested assets, stemming from the current or prospective impacts of the physical effects of environmental factors such as extreme weather events, climate change and environmental degradation. A distinction can be made between acute physical risks, such as floods, and chronic physical risks, such as rising sea levels.
- Transition risk is the risk of a negative financial impact on the institution stemming from current or prospective impacts of the transition to an environmentally sustainable economy on its counterparties or its invested assets. For example, if our emissions become relatively high, we might face higher transition risks as a result of stricter climate-related policy changes.

The occurrence of physical and transition risks is often inversely related. In response to the potential impact of physical risks, the government may rapidly introduce stringent and far-reaching policies, which may, in turn, lead to increased transition risks. Alternatively, physical risks may increase over time if the government fails to draw up and implement effective policies.

Geographical distribution of mortgage portfolio and related climate risk



% = mortgage portfolio by province
% = of which mortgages that are sensitive to climate change events based on data from the Dutch Climate Impact Atlas

Social risk

Social risk is the risk of (in)direct financial or reputational damage to de Volksbank due to social events or to the bank's role in the transition to a sustainable economy, or of damage caused by parties with whom the bank may interact, as well as the risk arising from the bank's value chain that may have a negative impact on social topics such as human rights and privacy. Despite the development of social standards, preferences and policies, de Volksbank's ESG materiality assessment includes all relevant social risk drivers. These drivers may well be triggered by environmental risks; they may, for example, lead to pandemic outbreaks that could affect the social and mental wellbeing of our employees and customers.

Governance risk

Governance risk is the risk of (in)direct financial or reputational damage to the bank due to governance-related events or the bank's role in the transition to a sustainable economy, as well as, the risk arising from the bank's value chain that may have a negative impact on the environment or society due to inadequate corporate governance, ethical management or transparency. Governance risks may be driven by various risk drivers, such as inadequate management of environmental and social issues or a lack of action to combat money laundering. These examples may have a negative impact on de Volksbank's reputation, and thus on its financial performance or solvency. Governance also plays an important role in ensuring the environmental and social inclusion of our counterparties, i.e. customers and suppliers.

Sustainability risk management refers to the management of all of the above-mentioned risk drivers that may affect our risk profile, or the environment or society. In this respect, sustainability risk management concerns the control of outside-in risks, in particular the risks arising from negative inside-out impacts.

Risk profile

De Volksbank's Risk Appetite Statement (RAS) supports its strategy to be the bank with the strongest customer relationship in the Netherlands and to have a substantial and measurable positive impact on society. As such, we aim to minimise (the financing of) activities that lead to negative impacts on society or the environment and limit (the financing of) activities that may negatively affect our financial results as a consequence of ESG events or climate-related hazards. Therefore, de Volksbank has a low appetite for sustainability risk. Our business model and strategy are the main factors determining our sustainability risk profile. Being a retail bank with a high concentration of residential mortgage loans in the Netherlands, our exposure to transition risk largely depends on the transition to a more sustainable housing sector. We actively encourage and help our customers to reduce their energy costs by making their home more sustainable.

The figure 'Geographical distribution of mortgage portfolio and related climate risk' shows our mortgage portfolio by province and the share of mortgages that is sensitive to climate change events by province. To assess which exposures within our mortgage portfolio are sensitive to climate change events, we consulted the data from the Dutch

Climate Impact Atlas (*Klimaateffectatlas*), an initiative of the Dutch government. The categorisation of all maps is available at the level of the collateral's coordinates. We mapped the coordinates of the underlying collateral in our database to the categorisation of the maps in the atlas, irrespective of the (loan) portfolio.

As far as physical risk is concerned, environmental and climate change will also have an impact on the housing sector in the Netherlands. The intensity and frequency of floods is increasing and houses will consequently be impacted by the deterioration of foundations and soil. To keep track of our risk profile, we closely monitor the likelihood and impact of these developments.

Management and control

Clear roles and responsibilities are preconditions for an effective risk governance framework. In order to manage sustainability risk appropriately, de Volksbank has implemented the three lines model. The roles and responsibilities of the different lines in the risk governance have been strengthened and clarified.

The ECB has set institution-specific deadlines for full alignment with its expectations as set out in the 'Guide to climate-related and environmental risks' by the end of 2024. De Volksbank has been increasing its efforts, including assigning a dedicated project team, to work towards full implementation of the ECB guide on climate-related and environmental risks in its risk management framework in a timely manner.

Integration of ESG risks in the risk framework

The integration of short, medium and long-term sustainability risk within the risk management framework is based on the ECB Guide on climate-related and environmental risks and the draft EBA guidelines on the management of ESG risks.

As sustainability risk is classified as a stand-alone risk type, both a Risk Management Policy (RMP) and a Risk Appetite Statement (RAS) for this risk type are in place. Our Sustainability Risk RMP covers climate-related risks, including physical risks and transition risks. The RMP is the overarching policy regarding sustainability risk and elaborates on the risk management cycle for managing this risk type, which includes the processes and instruments for risk identification, measurement, response, monitoring, incident management and issue and action management. The risk management cycle is the basis for identifying, assessing, prioritising and monitoring risks and opportunities and their financial impact. There are various methods to assess risks in the material risk assessment. Risks are typically expressed in euros as much as possible, and there is always a rationale behind prioritising risks. The RMP applies to de Volksbank N.V., including all underlying legal entities, brands, Centers of Expertise, Hubs, staff departments and portfolios. The Chief Risk Officer is accountable for the implementation of the Sustainability Risk RMP.

Since sustainability risk is considered both a stand-alone risk type and a risk driver for other risk types within the risk framework of de Volksbank, specific sustainability key risk indicators (KRIs) are included in the RAS for sustainability risk and in those for credit risk and reputational risk. Other KRIs are not specific to sustainability risk, but do include the impact of sustainability as a risk driver. For example, the KRI regarding compliance with prudential laws and regulations includes ESG regulations.

To monitor sustainability risk, we have developed sustainability KRIs with the corresponding thresholds. Where possible, we have determined quantitative indicators to monitor ESG risks. The determination of the indicators and the associated thresholds is an annual process and is approved by the ExCo.

There are several KRIs as shown in the table 'Sustainability risk indicators'. A threshold has been set where possible.

- The sustainability risk KRIs related to environmental risks monitor the contribution to our long-term ambition to obtain a climate-neutral balance sheet and a net zero balance sheet, and our contribution to the Science Based Targets. Insufficient growth of the Sustainable Project Finance Portfolio and insufficient reduction in emissions from the mortgage portfolio could hamper de Volksbank's long-term environmental targets to achieve a climate-neutral balance sheet, to have a (net) positive impact on biodiversity by 2030 and to have a net zero balance sheet by 2050. Being a retail bank with a high concentration of residential mortgage loans in the Netherlands, it is important for de Volksbank to increase the average energy efficiency rating of its residential mortgage portfolio. Progress is currently being made on achieving the long-term ambitions, but additional measures need to be defined in order to achieve the ambitions on time.
- The credit risk KRIs related to environmental risk are based on the view that customers with a high LTI and LTV carry a potentially higher credit risk.
- The sustainability risk KRI related to social risk is intended to provide more insight into IT suppliers whose production takes place in countries where there is a greater risk of human rights violations. Although progress has been made, not all locations are known at this time.
- The KRIs related to governance risk affect the existing compliance KRIs with regard to employee conduct and privacy. Progress still has to be made on these KRIs.
- The reputational risk KRI related to ESG monitors how stakeholders assess de Volksbank's ESG performance. This KRI is within the risk appetite.

The main KRIs for sustainability risk are integrated in the risk reports, which provides the ExCo on a monthly basis and the Risk & Compliance Committee on a quarterly basis with risk exposure information. All risk committees receive a quarterly risk report, which includes the KRIs that apply to their domain.

Areas of focus and activities

ESG materiality assessment

De Volksbank performs an annual ESG materiality assessment that reveals institution-specific physical and transition risks, taking into account the specificities of the business model, operating environment and risk profile. The primary objective of this assessment is to identify material risks arising from ESG risk drivers. The scope of the ESG materiality assessment encompasses the following aspects of our own business operations as well as of the upstream and downstream value chain, i.e. all of de Volksbank's activities, including all underlying legal entities, brands, Hubs, Centers of Expertise, staff departments and portfolios.

In assessing the risks, important considerations are de Volksbank's business model, products and services, geographical coverage and customers. In the identification and assessment process of de Volksbank's physical and transition risks, we identified and assessed climate-related hazards and transition events over several time horizons (see below) to determine whether and how our assets and business activities are exposed to these hazards and events. We considered the following time horizons:

- Short-term (< 1 year)
- Medium-term (1 –5 years)
- Long-term (> 5 years, including a time horizon of at least 10 years)

The ESG materiality assessment process started with a long list of potential material ESG and climate-related hazards, taking into consideration the ESRS hazards and the physical risks of the European Climate Adaptation Platform, Climate Adapt, enriched with expert insights and other available information.

A panel of experts, comprising first and second line staff members across the business units and business lines, assessed whether the ESG topics and climate-related hazards posed a risk to the bank (outside-in), and whether the risk factor constituted a risk for the environment or society (inside-out). The assessment was supported by data when available.

The aforementioned time horizons are aligned with the expected lifetime of our assets, strategic planning and capital allocation plans. As such, the medium-term time horizon (1-5 years) is in line with the (annual) business planning cycle and capital stress testing horizons of three years. The long-term time horizon is beyond five years due to the long-term nature of our assets: residential mortgages have an average maturity of around eight years. Furthermore, the time horizons are in line with the EBA Consultation paper on draft Guidelines on the management of ESG risks. Our GHG emission reduction targets (SBTs) are aligned with the long-term time horizon.

To determine the exposure to climate-related hazards and transition events of our assets and business activities, as well as our supply chain, we considered the likelihood, financial impact (or magnitude) and duration of the hazards, supplemented with the geospatial coordinates of the locations of our own offices and the locations of our mortgage portfolio collateral. As far as our own locations are concerned, we considered two data centres, our head office and the current and future IT office, and assessed their exposure to floods, wildfires, (urban) heat islands, pole rot and subsidence on a scale of none, very small, small, medium, medium-high and high. We plotted the property locations of our mortgage portfolio by means of the Climate Impact Atlas.

Sustainability risk indicators

Risk Appetite Statement	Risk indicator	Quantitative threshold
Sustainability risk – environmental risk	Growth of ASN Bank's Sustainable Finance portfolio - monitors the expected total volume of CO_2e compensated by sustainable projects financed	Yes
Sustainability risk – environmental risk	Average energy efficiency rating of the residential mortgage portfolio - monitored in kWh/m^2	Yes
Credit risk – environmental risk	Share of customers classified as high sustainability risk regarding drought	Yes
Credit risk – environmental risk	Share of customers classified as high sustainability risk regarding flooding	Yes
Sustainability risk – social risk	Percentage of IT contracts for which the production location is known	Yes
Compliance risk – governance risk	Conduct: number of observed incidents with employees	Yes
Compliance risk – governance risk	Privacy: non-compliance with GDPR	Yes
Reputational risk – E, S, G risks	A significant deterioration of the RepTrak – ESG score[1] as opposed to the previous quarter and/or a lasting negative deviation from the long-term average	No

1 The RepTrak – ESG score is calculated through an assessment of what stakeholders think of the bank, specifically in relation to ESG, by means of nine indicators (three for Environmental, three for Social and three for Governance). As the quarterly RepTrak - ESG is provided (by an external party) with a delay, the data of the quarter before last is therefore be included in the Risk Report (e.g. the Q2 score is be included in the Q3 report).

Potential size of the financial impact	Likelihood of the impact
5 Extreme	5 Certain (< 1 year)
4 High	4 Almost certain (1 - 3 years)
3 Medium	3 Likely (3 years)
2 Low	2 Possible (3 - 5 years)
1 Very low	1 Unlikely (> 5 years)

In the process of identifying and assessing the transition risks and opportunities of de Volksbank, we identified and assessed transition events over the short, medium and long-terms to determine whether and how our assets and business activities are exposed to these events. In the ESG assessment, the transition events from the ESRS were considered to determine whether they were relevant to de Volksbank, enriched with expert insights and other available information. We did identify a transitional risk, but our assessment did not reveal any transition opportunities. When identifying and assessing transition events, we did not consider the climate-related scenario analysis consistent with the Paris Agreement. For the identification of climate- related hazards, we did consider high-emission climate scenarios, such as the high scenario of KNMI’14, which is in line with the IPCC SSP5 8.5 pathway (4 degree Celsius warming by 2100).

We identified which assets are compatible with the transition to a climate-neutral economy according to the requirements for EU Taxonomy alignment under Commission Delegated Regulation (EU) 2021/2139. The residential mortgage category is the largest on the balance sheet. For that part of the mortgage portfolio that is not Taxonomy aligned, we recognise that a significant effort is needed, but the options to reduce the emissions in our mortgage portfolio are limited, as we can only engage with and enthuse homeowners to make their home more sustainable.

In 2024, we continued to improve our ESG materiality assessment. We paid special attention to the quantification of the ESG risks with data, when available. We analysed our assets on the balance sheet, including our residential mortgage and SME portfolio, liquidity portfolio and sustainable finance projects, and assessed the ESG risks related to those portfolios.

Results

ESG materiality assessment

Type	Environmental risk	Risk type	Description	Portfolio: Residential mortgages	SME loans	ASN sustainable loans	Financial Markets loans[2]	Time horizon[1]: Short-term	Medium-term	Long-term
Physical risk	Pole rot following drought	Credit risk	Pole rot occurs when wooden poles under a foundation decay due to severe drought, harming the house's foundation.	•	•		•	•	•	•
	Subsidence following drought	Credit risk	Differential settlement refers to the uneven sinking of a building's foundation due to non-uniformly compacted soil.	•	•		•	•	•	•
	Flooding	Credit risk	The risk of damage as a results of floods. This includes the risk from coastal, fluvial, groundwater and pluvial floods (depending on the portfolio).	•	•	•	•	•	•	•
	Wind	Credit risk	The risk of damage or lower anticipated financial results for onshore and offshore wind farms.			•		•	•	•
Transition risk	Changing market sentiment	Reputational risk	Risk of reputational consequences if the bank fails to align with shifting market sentiments towards ESG	•					•	•
	Legal and regulatory changes - GHG emissions	Credit and business risk	The risk of legal and regulatory changes related to GHG emissions for the banking network.	•	•		•		•	•
	Not meeting GHG targets in time	Reputational, legal and compliance risk	The risk of reputational consequences in case of failure to meet GHG targets, due to increased regulatory scrutiny and stakeholder expectations	•					•	•
	New regulations related to managing physical climate risk	Reputational, legal and compliance risk[3]	Failure to identify new legislation and regulations in a timely manner and the subsequent failure to implement them in a timely and/or correct manner	•	•	•	•	•	•	
	New regulations related to managing transition risk			•	•	•	•	•	•	
	Negative energy prices	Credit risk	The risk of negative prices for energy leading to lower than anticipated financial results for renewable energy projects.			•		•	•	•

1 Time horizons as determined during the workshops in May 2024. The quantitative assessment was focused on the long term only.
2 Pole rot, subsidence following drought and risk of flooding are considered material for the long term only as underlying assets of the securitisation portfolio.
3 Risk drivers determined at Group level and assigned to all portfolios for the purpose of this overview.

The findings of the 2024 ESG materiality assessment are shown in the table above. It reveals that the majority of risks stemming from ESG drivers are addressed as one of the existing risk types. We assessed the impact of sustainability risk as a material risk driver for the following risk types: credit risk, business risk, reputational risk, legal risk and compliance risk. The assessment is based partly on qualitative judgements, internal and external studies and the impact of upcoming regulations, and partly on quantitative information (where possible). The following risk drivers are considered material for the various risk types at de Volksbank:

- The risk of pole rot, drought and flooding as a potential credit risk arising from the loss of the collateral value of loans and mortgages provided.

- The risk of flooding and extreme winds as a potential credit risk for the sustainable finance portfolio arising from the potential loss of investment value, in particular of renewable energy projects (onshore and offshore wind farms)
- The risk of negative energy prices as a potential credit risk for the sustainable finance portfolio arising from the loss of revenue and the decrease in cashflows from impacted assets.
- The risk of legal and regulatory GHG emission changes is quantified by measuring the energy efficiency ratings as part of the residential real estate (RRE) and SME portfolio.

We conclude that for the following other financial risk types, the climate-related and environmental (C&E) risk drivers are not material:

- Liquidity risk: C&E risks potentially have a long-term impact and arise from the securitised portfolio. In the short term, they are not considered material.
- Credit spread and interest rate risk in the banking book: we did not identify any material C&E risk drivers. We developed a quantification method to enrich the analysis for credit spread risk.
- Market risk: for the trading book portfolio, we applied the concept of proportionality. This means that, due to the relatively small risk exposures of our trading book portfolio, we did not consider any risk quantification methods.
- Operational risk: all operational risk sub-types were in scope of the ESG materiality assessment and, except for legal risk (see the table above), all operational risk sub-types were assessed as not material.

These assessment results were then used to formulate specific actions to further assess the impact of the identified ESG risk drivers. In 2024, de Volksbank further enhanced the incorporation of sustainability risk into its Internal Capital Adequacy Assessment Process (ICAAP) framework. Quantification methods and risk appetite thresholds are in place to ensure adequate capital allocation for sustainability risks.

Methodology, materiality criteria and thresholds for our mortgage portfolio

Materiality criteria and thresholds

Risk type	Component	Materiality criteria	Threshold
Physical risks	Concentration risk	% of exposure at risk from an event	>15%
	Expected loss (EL)	Increase in portfolio-level EL (non-default)	<2.50%
	Capital impact	CET1 ratio change	<-0.50%
Transition risks	Concentration risk	% of exposure to EPC labels E, F & G	>15%
	Alignment with GHG emission targets	Improvement of average energy rating (A=1; G=7)	<0.12

To assess the exposure of the bank's mortgage portfolio to flood risk, the geographic distribution of the mortgage portfolio is mapped to the location-specific probabilities of three different flood depths (>20 cm, >50 cm and >200 cm) occurring by 2050. In our model to calculate economic capital for sustainability risk, the probabilities of flooding are classified into different risk categories. We also make a prudent choice by defining a cut-off at the flooding probability levels of 1/3,000 to 1/30,000 per year, which means that the residential mortgages with the flooding probability levels of 1/3,000 to 1/30,000 per year or less are deemed to be 'not at risk'.

Risk of flooding in 2050

High probability	>1/30 per year
Medium probability	1/30 to 1/300 per year
Low probability	1/300 to 1/3,000 per year
Very low probability	1/3,000 to 1/30,000 per year
Extremely low probability	<1/30,000 per year

Based on the assessment, the flood risks for the Dutch residential mortgage portfolio could be considered material under two scenarios, i.e. one scenario in which the flood depth exceeds 20 cm and one in which it exceeds 50 cm, both by 2050. Specifically, the percentage of exposure at risk in case of a flood depth exceeding 20 cm is above the threshold of 15%. Additionally, the Expected Loss (EL) at portfolio level in the event of a flood depth scenario exceeding 50 cm surpassed the materiality threshold of 2.50%.

To assess which exposures in our mortgage portfolio are sensitive to climate change events, we consulted the data from the Climate Impact Atlas. We categorised all exposures in regions with a high or very high risk to pole rot and/or soil subsidence in the scenario '2050 Low'. As for pole rot, mortgages in areas of Moderate, High and Very high risk were identified as being at risk. Considering the potential impact of pole rot on our mortgage collateral, we established that the risk posed by this factor is insignificant. This analysis showed that none of the thresholds considered for the materiality assessment of physical risks are breached. As for soil subsidence, mortgages in areas of Moderate, High and Very high risk were identified as being at risk. This analysis was performed under two different climate change scenarios, namely 'low climate change by 2050' and 'high climate change by 2050'. Based on this analysis, we determined that this risk is material under the 'high climate change by 2050' scenario and immaterial for the current rate of climate change by 2050.

Efforts to improve data availability, quality and accuracy

Our exposure to sustainability risk primarily follows from our focus on residential mortgages in the Netherlands. In the medium or long-term, sustainability risks may have a material financial impact on the financial results of de Volksbank. As ESG risk management is still evolving, we continue to analyse what internal and external data is required and what data sources are already available and may be used in risk analyses.

It is worth noting that the Climate Impact Atlas data only consists of an address and a location, as a result of which properties on higher floors are considered just as vulnerable to flooding as ground-floor properties.

Stress testing and scenario analysis
De Volksbank conducts capital stress testing as part of its ICAAP. The test stresses the bank's material business areas. The stress scenarios comprise material risks that are expected to negatively affect capitalisation over the short, medium and long-terms. Many of these risks are macroeconomic in nature, but de Volksbank also takes into account the physical climate risks of floods and droughts on its residential mortgage portfolio. As for physical risk, de Volksbank uses scenarios, including the Network for Greening the Financial System's 'hot house world scenarios', that are in line with scientific climate change pathways. De Volksbank then considers how climate-related and environmental risks might evolve under various scenarios, considering that these risks are not fully reflected in historical data.

As part of its capital planning, de Volksbank assesses its capital adequacy under a credible baseline scenario and specific adverse scenarios. For the latter, de Volksbank assumes severe but plausible developments that are expected to negatively affect capital ratios. In accordance with the ECB Guide with respect to ICAAP, the normative perspective covers a four-year forward-looking horizon. De Volksbank takes developments beyond this horizon into account in its strategic planning if they are expected to have a material impact. To capture the interaction of various types of risk, the bank uses a holistic capital stress testing framework, incorporating climate-related risks.

The capital stress test outcomes are submitted to and discussed in the Asset and Liability Committee (ALCO) and the Credit Committee. The outcomes are also used to calibrate Risk Appetite Statement (RAS) thresholds for capital adequacy.

Climate risk is included as a material risk in the stress testing. The 2024 mid-year capital stress test included a scenario that assumed the physical climate risks of floods and droughts on its residential mortgage portfolio. Data for flood and drought risks is sourced from the Climate Impact Atlas. We source data on property damage amounts from this external source for floods and droughts. We concluded from the stress test that the capital position of de Volksbank is resilient and can withstand severe climate stress.

Resilience analysis
The outcomes of the ESG materiality assessment, stress testing and scenario analysis help us assess the resilience of our business model and strategy in relation to climate change. The annual Strategic Risk Assessment (SRA) is an important tool to recalibrate the strategy against internal and external trends, including important developments in ESG risks. The outcomes of the ESG materiality assessment, stress testing and SRA may result in adjustments to our strategy and business model for the short, medium or long-term in the following areas:

- securing ongoing access to finance at an affordable cost of capital
- the ability to redeploy, upgrade or decommission existing assets
- shifting the products and services portfolio
- reskilling the workforce

There are several areas of uncertainty in the analyses, as the development of ESG risk drivers depends on various uncertain factors that may materialise in different time frames. Our assets and business activities at risk are assessed within the definition of our strategy (through the SRA), within our investment decisions (through our sustainability policies) and within current and planned mitigating actions (through our ESG MA). Although we see some material physical and transitional risks, we expect that our strategy and business model are resilient in the short, medium and long-terms in relation to climate change. We reached this conclusion based on the performance of our KRIs and the results of the ESG materiality assessment, stress testing and scenario analysis and the SRA. We did not exclude any identified material physical and transition risks from the assessment.

The periodic update of the macroeconomic scenarios considers the impact of ESG events, including the transition to a lower carbon and resilient economy such as energy prices and net congestion, on macroeconomic levels. The Scenario Expert Group, guided by the expertise of its members, challenges the macroeconomic scenarios proposed by the macroeconomists.

Mitigating risk controls
When risks stemming from ESG events or climate-related hazards are assessed as material, we evaluate current risk control mechanisms and subsequently formulate additional risk responses. De Volksbank has strict sustainability criteria in place to make a positive contribution to society, reducing its exposure to inside-out ESG risk drivers. These criteria also act as an important mitigant of our exposure to outside-in ESG risk drivers. We continuously assess whether investments still meet our sustainability criteria. Breach of these criteria leads to the termination of specific loans or investments in our investment universe or portfolio. As insights on ESG-related issues and regulations are continuously evolving, our policies are reviewed and updated regularly. A significant transition risk in our mortgage portfolio is the risk that our customers are faced with high energy costs and a decreasing collateral value as energy efficiency standards for homes are raised. De Volksbank mitigates this risk by actively aiding its customers in their efforts to make their homes more sustainable. It does so by raising awareness of various financial products, such as the *Bespaarhypotheek*[1] and by promoting them. With regard to physical risks, we monitor our exposure to material physical risks at portfolio level.

[1] A mortgage product providing an interest rate discount when homeowners implement energy-saving measures to obtain a higher energy efficiency rating

Integration of ESG in the credit granting and credit monitoring process

The integration of ESG factors is a component of the credit granting process, which is aligned with our overarching strategy and risk appetite, thus ensuring that ESG criteria are incorporated in credit decisions. The process evaluates the ability of customers and counterparties to manage and absorb ESG-related costs, with tailored approaches for different business lines. The focus is on assessing physical and transition risks, as well as fostering sustainable lending practices through incentivised pricing and monitoring frameworks.

Due diligence

The due diligence process evaluates the exposure of customers and projects to physical and transition risks and, at the same time, assesses their financial ability to absorb these impacts. This first stage identifies and addresses potential climate and environmental vulnerabilities early in the credit granting process. The specific considerations within the due diligence process vary across portfolios.

Due diligence for the residential mortgages includes the mandatory assessment of physical climate risks of drought-related foundation issues, as well as transition risks associated with energy efficiency ratings. An indication of foundation risks is a mandatory part of the property valuation report. On occasion, this risk warrants additional due diligence. When there is a clear indication that the foundation-related damage cannot be borne by the customer in question, this might result in disapproval of the customer taking out a mortgage. With regard to transition risks, a definitive energy efficiency rating is mandatory for newly mortgaged homes. We provide mortgages that offer an interest rate discount for homes with a higher or improved energy efficiency rating.

For commercial real estate (CRE), due diligence incorporates ESG considerations that are similar to residential mortgages. Physical risks are reviewed in conjunction with valuation reports to assess if there is an indication of high risks. Transition risks, particularly compliance with regulatory requirements for energy efficiency ratings, is assessed along with the borrower's financial capacity to implement the required retrofitting or upgrade. Loan-to-Value (LTV) limits are applied to reflect the impact of deviating energy efficiency rating levels, with stricter thresholds for properties having an energy efficiency rating of D or lower.

As far as ASN Bank's sustainable finance portfolio is concerned, our main aim is to ensure that financed projects align with sustainability goals at the sector level. Exclusion criteria are applied to exclude sectors and counterparties that do not meet the bank's sustainability criteria. For Financial Markets & Treasury (FMT), ESG due diligence focuses on the evaluation of bond issuers with a credible credit rating that is partly based on an evaluation of their ESG-related risks.

Collateral valuation

As part of the credit granting process, collateral valuation complements the due diligence phase by assessing the financial value of the collateral while incorporating ESG factors. Collateral valuation encompasses both loan origination and the loan management process, with specific practices tailored to each portfolio.

For residential mortgages, collateral valuation during the mortgage process is conducted by independent property valuers. In the Netherlands, property valuers use the NRVT model property valuation report, which does incorporate assessments of energy efficiency and drought-related foundation risks but does not include flood risks at this time. Loan management involves ongoing monitoring of collateral values, as improved energy efficiency ratings have an impact on the value. Non-performing loans are also periodically re-evaluated to ensure their values remain accurate and consistent with actual market values.

The property valuation report for SME loans also contains a section on the energy performance of the building and the physical climate risks. For SME loans, a property valuation is not mandatory for making a credit proposal to the customer, as we have the right to cancel the offer after we have received the property valuation. This is different for a mortgage offer for a residential home. However, for the purpose of climate and environmental (C&E) risks, we require a property valuation report before completing the credit assessment in case of a high physical risk indication.

For the ASN Bank sustainable finance portfolio and the liquidity portfolio, collateral valuation is not a primary requirement due to the nature of project-based and loan-based financing structures. Instead, material C&E risks are integrated into the broader credit assessment.

Loan pricing and provision

A C&E risk management overlay for flood and drought risks on current facilities follows the Economic Capital methodology, where this is quantified via the overlay and recalibrated on a semi-annual basis. The scaling factors for flood and drought risks are weighted by their exposure in the residential mortgage portfolio and incorporated into the Expected Credit Loss (ECL) cost price component of the portfolio at an aggregated level. In this way, the additional cost of risk is shared uniformly across all retail mortgage segments. The C&E risks are therefore incorporated into the cost pricing framework of loans through the ECL component. The scaling factors have been embedded in the ECL pricing component in such a way that it will automatically feed into the pricing model when the impact on the SME portfolio reaches the materiality threshold.

The funding cost component does not differentiate between green and non-green assets on the bank's balance sheet and an equivalent liquidity spread curve applies to all assets. This is because the subordinated debt component fully consists of green instruments.

In addition to these core pricing components, the bank incorporates C&E risks into customer pricing incentives to promote sustainable practices. For the residential mortgage portfolio, products such as the *Bespaarhypotheek* offer reduced interest rates for properties with high energy efficiency ratings (A or B). Customers who improve the energy efficiency of their property after origination automatically benefit from adjusted, lower pricing. Similarly, the ASN Sustainable Housing loan provides discounts to finance energy efficient improvements, such as installing solar panels or upgrading insulation. In the ASN Bank sustainable finance portfolio, the bank supports its sustainability objectives by setting a lower return-on-equity (RoE) target of 4% for sustainable projects, compared to the bank-wide target of 8%. This pricing strategy helps drive climate-neutral initiatives in the project finance portfolio.

Credit risk classification

Credit risk classification builds on insights from earlier evaluations in the due diligence and collateral valuation stage. These insights are transformed into a framework to segment customers, counterparties, and assets based on C&E risks and financial resilience for the purposes of ongoing credit risk management.

The classification process has been implemented by using a segmentation matrix that combines pure C&E risk scores with financial resilience metrics. This enables us to assess exposures to physical transition risks, while at the same time evaluating the customer’s capacity to absorb these risks. High-risk customers or assets are assigned to categories that may trigger stricter credit terms, targeted monitoring, or reduced exposure limits. Additionally, this segmentation provides granular information at customer and portfolio levels, offering insights into risk concentrations and potential vulnerabilities.

Credit risk monitoring

Credit risk monitoring ensures continuous tracking and management of ESG risks throughout the lifecycle of loans and investments. By using dashboards, key risk indicators (KRIs) and regular reporting, the bank ensures that the identified risks are addressed effectively.

Monitoring focuses on tracking geographic and sectoral concentrations of collateral exposed to high physical risks, such as flood-prone areas or properties with a low energy efficiency rating, as well as on identifying transition risk exposures across portfolios. For residential mortgages and SME loans, these concentrations are analysed along with customers’ financial resilience, ensuring continuous alignment with credit classification criteria. For the sustainable loans of ASN Bank and the portfolio of Financial Markets, we use C&E dashboards to monitor projects or counterparties with elevated risk profiles.

Climate change impacts, actions, metrics and targets

In addition to the disclosures on risks and risk management in the previous sections, the following information is provided to meet expectation 13.4 of the ECB Guide on climate-related and environmental risks.

Introduction

In response to the 2015 Paris Agreement, the Dutch financial sector committed itself to the National Climate Agreement of the Netherlands (*het Klimaatakkoord*). In 2019 de Volksbank endorsed the Climate Commitment Financial Sector, after which de Volksbank's Climate Action Plan (CAP) was developed in 2022. In 2025, based on our CAP, we will alter our KPI from a climate-neutral balance sheet, to net zero by 2050. Our net zero KPI will include our financial emissions, and additionally, we consider the emissions from our own operations and upstream and downstream activities. De Volksbank has validated Science Based Targets (SBTs) since November 2022 to support it GHG reduction targets to achieve net zero by 2050.

Impacts, risks and opportunities

We emit greenhouse gases into the atmosphere through our own operations and our investments and financing activities, thereby contributing to climate change. This negative impact on the environment is considered a material impact in our double materiality assessment (DMA). In our DMA we also concluded that climate change brings risks for the bank.

Negative impact

To identify and assess the impact that we have on the environment, we measure, report and set targets for both our indirect (financed) and direct emissions. In 2024 our environmental impact was 1,602.3 ktCO_2e, excluding the emissions from our subsidiary. For more details about our emissions and GHG protocol, see Section Gross scope 1, 2, 3 and Total GHG emissions.

The direct negative impact that we have on people and the environment resulting from our own activities is limited, i.e. less than 1% of our total emissions. Most of the emissions from our own operations are caused by commuting and business travel, heating, and IT hardware and software.

The other 99% are caused by our indirect negative impact through our business relationships, specifically by our investments and financing activities. Our sovereign bonds portfolio and the mortgage portfolio of residential and commercial real estate, especially properties with a low energy efficiency rating, contribute the most to our negative impact.

Positive impact

De Volksbank makes a positive contribution to climate change mitigation through its investments in sustainable projects. These projects are related to wind and solar energy, innovative sources of sustainable energy and the storage of the different sources of sustainable energy. Through the Science Based Target initiative (SBTi), we have committed ourselves to only financing renewable energy production. This is an integral part of our strategy and our commitment to the Climate Commitment Financial Sector.

By supporting our mortgage customers with banking and non-banking products, we have an indirect positive impact as well, either via our own banking products or through products and services from our partners. We increase living comfort and help our customers by encouraging and enabling them to make their homes more sustainable.

We participate in various working groups to co-create uniform sustainability definitions, methodologies and reporting methods for the financial sector. This resulted, among other things, in the development of the Partnership for Carbon Accounting Financials (PCAF), of which we are co-initiators. The PCAF developed an internationally recognised method to measure the CO_2e performance of the financed emissions of companies and to track progress. Other initiatives in which we participate include the Partnership for Biodiversity Accounting Financials (PBAF), and the Energy Efficient Mortgage NL Hub.

Risks and opportunities

In our DMA we included the risks which we identified in our ESG materiality assessment (ESG MA). In the ESG MA we considered climate related hazards to identify and assess climate change related physical risks, and we considered transition events to identify and assess transition risk relevant to de Volksbank. In Section Sustainability risk, we specify the time horizons, likelihood, magnitude and duration of identified hazards, events and risks and we describe the identified material risks and how they interact with our business activities, strategy and investment capacity.

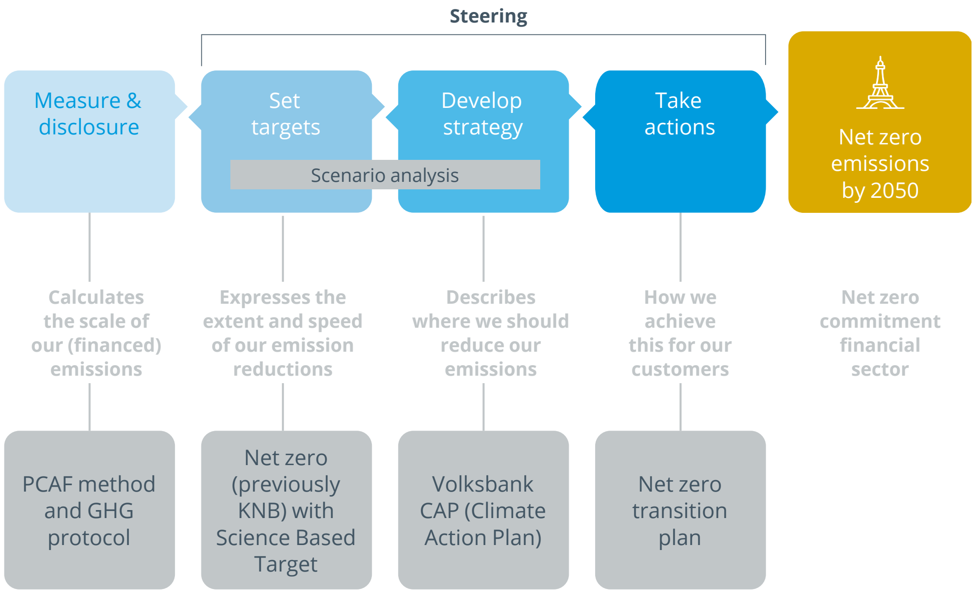
The identified risks might have a financial impact on the bank. To mitigate the potential impact, a new model overlay for ESG risks has been introduced in which the physical environmental risk associated with collateral, i.e. the risk of flood and drought in the Netherlands, is identified per portfolio; see Section Developments per portfolio in our Annual Report 2024. To calculate the overlay, we used the same scenarios of the Dutch Climate Impact Atlas (*Klimaateffectatlas)* as we did to determine the IROs.

We disclose our physical and transition risk in the ESG materiality table in Section Areas of focus and activities in the Sustainability risk chapter.

We did not identify any opportunities in the DMA or our ESG MA regarding climate change mitigation and adaptation and have therefore not included opportunities in policies, targets, metrics and other analyses.

Transition plan for climate change mitigation

In December 2022, we published our Climate Action Plan (CAP). In our CAP we describe our strategy to reduce emissions from our own operations and the emissions that originate from our investments and financing activities. In the CAP we clarify our intention to move beyond our climate-neutral balance sheet target to the new target of net zero by 2050: KPI net zero, see Section Targets. To achieve this target, we formulated actions in our Net zero transition plan. Below we visualise how our strategy, targets and transition plan relate to each other.



Net zero transition plan

During 2024, we developed our Net zero transition plan. In this plan, we describe that we will explore actions that could contribute to a transition towards a net zero business model by 2050, given changing prudential and changing customer behaviour. We have validated Science Based Targets (SBTs) for scope 1 and 2. For our scope 3 categories, we only have targets for category 15: Investments for our mortgage portfolio and corporate bonds. These reduction targets have been set for 2030 and cover 30% of our GHG inventory.

The human and financial resources allocated to our transition plan for 2025 are utilised for pilots to determine the effectiveness or our decarbonisation levers, to improve data quality and for customer outreach. With these insights we will further develop our scope 1, 2 and 3 targets and actions that will contribute to our net zero target and assess what resources are required for 2026 and onwards.

Net zero entails that we have to reduce our direct emissions from our own operations and our financed emissions, to as close to zero as possible, and that we have to remove the residual emissions from the atmosphere. The CAP and the Net zero transition plan cover all relevant activities of the bank: residential mortgages, SME loans and other corporate and government loans, including project finance loans for renewable energy projects. These choices were made in line with our climate objective. This is explained in the climate policy, where we justify our action to the stakeholder groups involved.

After the net zero target was internally validated, we included in our Net zero transition plan a net zero roadmap per business unit. These plans show how to intensify our organisation's efforts to raise awareness among retail and SME customers about the need to reduce emissions. In our business strategy we consider all our KPIs, this includes our net zero KPI. The data and calculation method for determining the progress on the KPI, are registered and monitored in automated IT processes. The KPI is reported to and managed by the management team and ESG Impact Committee (ESG IC) on at least a monthly basis.

The Net zero transition plan has been reviewed by the Customer and Brand leadership team and the ESG IC and approved by the Executive Committee (ExCo) in December 2024. Stakeholders were involved with the CAP, climate-neutral balance sheet and net zero target development.

Carbon mitigation hierarchy

To minimise our negative impact, we use the carbon mitigation hierarchy in our Net zero transition plan as a tool to manage our mitigating actions and to prioritise the effectiveness of climate change mitigation measures. The hierarchy is structed as follows:

First, the greatest impact is achieved by reducing greenhouse gas (GHG) emissions. Consequently, we do not invest in companies that are involved in fossil fuel production, that produce energy using fossil fuels or that use fossil fuels in their production process.

Second, it is important to reduce GHG emissions in our own operations and our value chain, including our financed emissions.

The third measure in the carbon mitigation hierarchy is to substitute energy sources that produce large quantities of GHG emissions for renewable energy sources with a low carbon footprint, or to replace energy sources that emit greenhouse gases with energy sources that avoid such emissions. Via the SBTi we have committed ourselves to only invest in renewable energy through 2030 to promote the energy transition.

Fourth, we remove and store GHG emissions from the atmosphere for a long time. We prefer financing natural solutions for removing GHG emissions over technical options, like Carbon Capture and Storage. Regenerative agriculture and biobased construction are examples of natural storage that we focus on. Man-made carbon removal options are not only more expensive in terms of construction and operation, but are also more energy intensive and limited available. Nature-based solutions are widely available and have a positive effect on biodiversity. We consider the four principles of carbon dioxide removal[1]:

- The CO_2e is physically removed from the atmosphere.
- The CO_2e is permanently stored (for more than 100 years).
- The total emissions resulting from the process are included in the emission balance.
- The total amount of CO_2e taken from the air is greater than the total quantity emitted.

Policies related to climate change mitigation and adaptation

We have policies in place to manage our impacts, risks and opportunities related to climate change mitigation and adaptation. Our sustainability policy and RMP sustainability risk are included in our House of Policies. See Section Sustainability policies for our policies.

To manage our potential negative impacts, our investments must comply with de Volksbank's sustainability policy. Like the CAP and Net zero transition plan, the policy applies to our entire value chain as described in Section How we create value in our Annual Report 2024. The sustainability policy describes the process of policy development, states which stakeholder groups can be involved, and indicates how we provide accountability to the stakeholder groups that were involved. We engage with representatives of society like NGOs, peers, academics, politicians and the media, and also with our direct customers, advisers, partners, installation companies and network organisations. We have involved external stakeholders in the development of the policy documents of our three sustainability pillars – Climate, Biodiversity and Human Rights – or with the development of new policy documents, like our agriculture policy. Other policy documents, such as our Climate policy are updated every two years and were last updated in 2024.

Climate change mitigation and adaptation policy

Our policies describe how we intend to contribute to climate change mitigation, include climate change adaptation measures for our home-owners, energy efficiency and the energy transition through investments in renewable energy and other initiatives that benefit climate and the environment.

Loan portfolio

Of our total emissions (excluding subsidiaries), 31% originate from our loan portfolio from the provision of private and business mortgages (including overdraft facilities). Since we include the emissions of our mortgage portfolio in our financed emissions inventory, we have developed activities to reduce these emissions. These activities are considered in our Net zero transition plan, in which we indicate the actions and financial resources for the coming year.

[1] Four principles of carbon dioxide removal, Tanzer & Ramírez, 2019.

Additionally, we realise that climate change is inevitable and therefore we invest in climate adaptation measures. We offer discounts to homeowners when they want to finance climate adaptive measures, like water retainment and more greenery in their garden.

Investments

Our investment policy sets out that we assess whether countries considered for our government bond portfolio have committed themselves to the Paris Agreement. We exclude countries if they do not actively reduce their impact on climate change. We also test countries for carbon emissions per inhabitant and the progress they are making towards increasing the percentage of sustainably generated electricity of the total amount of electricity generated.

Under its sustainability policy, de Volksbank excludes investments in companies that are active in the exploration and refining of fossil fuels. We also avoid financing and investing in activities that have significant GHG emissions. We do invest in activities that emit few greenhouse gases. We expect companies to have policies in place to reduce their impact on climate and biodiversity and to manage the associated risks. We also assess whether they have implemented mitigating measures, we determine the quality of the measures and whether there are any controversies.

Additionally, in line with the climate mitigation hierarchy, our sustainability criteria avoid involvement in entities that have a substantial negative impact. We exclude investments in the following three categories:

1. The production of electricity and heat involving high emissions.
   The production of electricity and heat based on lignite, coal, shale gas and oil (such as tar sands oil) accounts for the largest share of GHG emissions per unit of energy generated. Although these emissions can be reduced by improving efficiency, we do not consider this sufficient. We do not regard 'clean coal-fired power plants' as a sustainable energy source, not even if the CO_2e is stored in gas fields, for example Carbon Capture and Storage.
2. Activities that emit high levels of substances during production.
   Activities that emit large amounts of greenhouse gases include mining, the extraction and production of lignite, coal, oil (e.g. tar sands oil) and gas (e.g. shale gas), basic chemicals (including petrochemistry), base metals, and cement production.
3. Products emit high levels of substances during the use phase.
   This includes products from transport, agriculture and livestock farming.

Where we avoid heavily polluting sectors, we support investments that contribute to combating climate change.

De Volksbank cannot be excluded from the EU Paris-aligned benchmarks. De Volksbank has signed a treaty that requires the Nationally Determined Contributions and contributes to the Dutch climate agreement through the Climate Commitment Financial Sector. Every year we provide qualitative and quantitative data to calculate and report progress on the Climate Commitment for the financial sector.

Actions and resources in relation to climate change policies

To assess what actions and resources are necessary to implement our policies, we took various preparatory steps in 2023; we established the baseline emissions and developed a scenario analysis, allowing us to work out the reduction objective in more detail. Throughout 2024, we continued with the scenario analysis to determine the rate at which we need to reduce our emissions. The ExCo approved the scenario that is aligned with our SBTs for 2030 and 2050. For this analysis we developed an internal tool to assess different scenarios to determine the impact of our actions on the target and target year. A scenario in line with the Paris Agreement and a conservative scenario were considered. The difference between the two scenarios determined the decarbonisation levers and their effectiveness and appropriateness for our financed emissions.

In this respect, we considered an increase in emissions related to portfolio growth, autonomous development due to external factors such as policy, legislation and regulations, as well as the market. The remaining emissions must be reduced with the help of our products and services.

Decarbonisation levers

Decarbonisation levers are the tools and mechanisms that are used to reduce emissions to achieve climate mitigation goals. Supported by the carbon mitigation hierarchy, as described in Section Transition plan for climate change mitigation, we have identified various decarbonisation levers.

Decarbonisation levers that address the scope 1 and 2 emission reduction targets include moving to smaller offices with better energy performance in 2026. We estimate that moving offices could lead to a scope 1 and (location-based) scope 2 emission reduction of 570 to 700 tCO_2e per year, depending on the amount of floor space we need.

Furthermore, we are continuously replacing natural gas-based heating systems with electricity-based heating systems at our branch offices and shops. Currently, the data necessary to calculate the reduction of this decarbonisation lever is insufficiently accurate to determine the impact. In addition, as a result of the transformation of de Volksbank, we anticipate an absolute reduction in the emissions of the branch offices and shops as a number of them will be closed.

To reach our scope 3 financed emission reduction targets we develop decarbonisation levers for both banking and non-banking products. The budget to achieve the reduction targets, the FTEs and out-of-pocket costs are included in the Financial Plan & Budget for 2025. The following decarbonisation levers tools and mechanisms are used to reduce emissions to contribute to our GHG emission reduction targets.

1. Banking products and services to private entities
   We offer several banking products and services that serve as decarbonisation levers. These products and services either attract new customers with more energy efficient collateral, or help existing customers improve the energy efficiency of their current home. These products and services include: *Bespaarhypotheek,* an ASN mortgage including a loan component for sustainable housing, a personal loan for sustainability, and advice for sustainable renovation.
2. Non-banking products and services
   De Volksbank works together with several partners to offer its customers multiple non-banking products and services aimed at improving the energy efficiency of their home. These products and services could serve as decarbonisation levers in addition to our banking instruments and include energy advice – the *huisscan* and offering energy-saving measures such as insulation, solar panels, heat pump and a green roof.
3. Removing CO_2e from the atmosphere
   For the remaining emissions, such as emissions from mortgages, the last step of the carbon mitigation hierarchy, is to extract those emissions from the atmosphere and store them for a long period of time. We set requirements on CO_2e removal and storage in line with the four principles of carbon dioxide removal as stated in paragraph Carbon mitigation hierarchy.

The decarbonisation levers do not cover all our scope 3 categories. We are currently in the phase were we are determining the key decarbonisation levers for our scope 3 environmental impact. As we are in this explorative phase, we cannot quantify the contributions of these levers to achieve our GHG emission reduction targets.

To take action on our emissions that we cannot reduce, we invest in projects that remove CO_2e emissions from the atmosphere. We currently do this through our biodiversity fund.

Resources

For the implementation of the Net zero transition plan, budget is allocated to reduce the CO_2e emissions of our mortgages. We continue to invest in our sustainability strategy and a specialised team to reach our targets. Initially, the budget will be used to improve data quality, develop non-banking products such as energy-saving advice or an insulation voucher, and carry out pilots to gain experience with direct customer approach. The resources are only allocated to the Net zero transition plan in order to reduce CO_2e emissions; sustainable financing instruments are excluded from this budget. To determine a precise budget, we are improving our understanding of the effect of the aforementioned decarbonisation levers.

No significant monetary amounts of CapEx or OpEx are required to implement the actions in 2025. The Net zero transition plan is evaluated annually to include changes in data, scenario analysis or organisational changes, to determine what resources are necessary.

Locked-in GHG emissions

Locked-in emissions are the future emissions that are likely to be emitted over the lifetime of the key assets of de Volksbank. Our main assets are mortgages. As part of our social profile, our policy is to finance homes with the entire range of energy efficiency ratings (A-G), to keep the financing of these homes accessible. We develop products and initiate partnerships on sustainable housing to increase the energy efficiency of these homes, allowing homeowners with a low energy efficiency rating to implement measures to make their home more sustainable. However, we are dependent on homeowners, asset characteristics and external factors, in reducing our mortgage portfolio emissions.

The dependency on homeowners is linked to their willingness and ability to make their homes more sustainable. If they do not want or are not financially able to make their house more sustainable, the energy efficiency rating of their home and consequently our mortgage portfolio will not improve.

For some of our assets, for example monumental real estate, increasing the energy efficiency rating is challenging as options for improvement are limited.

Finally, external factors – such as effective government policy implementation, macro-economic development and the high energy prices – play a significant role.

Currently we have not determined the extent to which locked-in GHG emissions are present in the financial assets of de Volksbank. In 2024 we increased our insights to determine the potential locked-in emissions in order to identify potential transition or physical risks. You can read more about our risks in Section Sustainability risk.

Targets related to climate change mitigation and adaptation

Since climate change is the main driver of our identified physical and transition risks, our efforts to mitigate climate change contribute to the mitigation of our risks. By externally validating our targets via the Science Based Target initiative (SBTi), we recognise that we have to take action to mitigate the material risks.

Since 2015, we have been monitoring our impact on climate change of all our financing and investments with the climate-neutral balance sheet, with the aim of reducing our impact. As we move beyond our climate-neutral balance sheet KPI, de Volksbank's investment policy and the choices we made are aligned with the net zero KPI. To identify and assess our climate impacts, we measure, report and set targets for both our direct and indirect (financed) emissions. We do this in our CAP and Net zero transition plan.

Science Based Targets

Net zero entails that we need to reduce our emissions from our own operations and financing activities with 90-95% and remove the residual emissions from the atmosphere. De Volksbank's Science Based Targets (SBTs) express the extent to which, the speed and means by which our emissions need to be reduced to align with the 1.5°C Paris Agreement scenario; see table 'Validated Science Based Targets'.

The SBTs apply to our scope 1 and 2 and our scope 3 mortgage portfolio emissions and contribute to the climate-neutral balance sheet and net zero balance sheet target that we have set for 2030. This near-term target ensures sufficient progress to stay on track for our net zero target by 2050. For 2050 we do not have validated targets by the SBTi.

The scope 1 and 2 target is aimed at our own operations, where we have direct influence on our car fleet, our energy consumption and our renewable energy contracts, see Section Gross Scope 1, 2, 3 and total GHG emissions.

Validated Science Based Targets

	Base year 2020 value	2024 progress	2030 target
Scope 1 and 2 target			
De Volksbank commits to reduce absolute scope 1 and 2 GHG emissions with 45% by 2030 compared to the base year 2020	735.5 tCO_2e	13%[1]	45%
Scope 3 portfolio targets			
De Volksbank commits to continue financing only renewable electricity	100%	100%	100%
De Volksbank commits to reduce its mortgage portfolio GHG emissions with 59% per square meter by 2030 compared to the base year 2020.	34.4 $kgCO_2e/m^2$	40%	59%
De Volksbank commits to 29% of its corporate bond portfolio by total value held, have set SBTi validated targets by 2025, and 53% of its corporate bond portfolio by invested value have set SBTi validated targets by 2030.	5%	39%	53%

1 We measure our progress with 2023 data. 2023 was the first year in which our operational activities were not affected after the Covid pandemic. Furthermore, the base year 2020 was set with unvalidated data from 2019. The data from 2023 was validated and is therefore considered a representative year.

Our scope 3 targets relate to our financing activities. The first scope 3 target supports our ambition to contribute to a positive impact on climate change mitigation by increasing the share of renewable energy sources. The second scope 3 target pertains to the reduction of our mortgage portfolio's emissions. The third commitment reflects our ambition to have a corporate bond portfolio where our counterparties have set SBTi validated targets themselves. The objective is to increase our positive impact by means of motivating our business partners to commit to reduction targets in line with the 1.5°C scenario.

Climate-neutral balance sheet target

In 2015, we were the first to introduce a climate-related target that takes into account all relevant asset classes on our balance sheet and accounts for both negative and positive impacts, to obtain a climate-neutral balance sheet by 2025. Since then, we have reported our financed emission targets via the climate-neutral balance sheet. The climate-neutral balance sheet KPI indicates the ratio between the emissions of our financing activities and the avoided emissions through our financing activities. As it is a ratio, there is no baseline value for this target.

In 2024, we reached 100% on our climate-neutral balance sheet target. The table 'Financed emissions per asset class' gives an overview of our emissions and avoided emissions per asset class, showing that we avoid or remove more emissions than we cause through our financing activities.

Net zero target

Own operations

In 2024 we implemented our net zero target. This is an absolute reduction target covering our scope 1, 2 and 3 emissions. As we do not expect to be able to completely reduce all emissions to zero by 2050, we finance nature-based carbon removal projects that remove emissions from the atmosphere. By aligning our own operations and investments with the net zero target we contribute to mitigating our negative impact on the environment.

Our net zero target is a gross GHG reduction target that covers the GHG inventory of scope 1, 2 and 3 within our organisational boundaries (own operations of all brands and the upstream and downstream activities, but excluding subsidiaries), which does not include greenhouse gas removals. Of our total emissions in our GHG inventory, 30% are covered by reduction targets. Were we have a target for our scope 1 and 2 impact combined, and an intensity target on our mortgage portfolio, we do not have reduction targets for other scope 3 categories in our upstream and downstream activities. For our investments and financing activities in category 15 we have SBTi validated targets.

As validated by the SBTi, the targets follow sector decarbonisation approaches in line with a 1.5°C reduction pathway: the scope 1 and 2 target follows the World B2DS service buildings scenario, and the target for the mortgage portfolio follows the IEA NZ scenario of 1.5°C.

Financed emissions

We moved beyond the climate-neutral balance sheet to a net zero balance sheet. This entails that avoided emissions are no longer taken into account. In the clarification note 'Difference between climate-neutral balance sheet and net zero balance sheet' we explain the similarities and differences and present the impact these differences.

The target for the mortgage portfolio is determined with a sectoral decarbonisation approach using the net zero emissions 2050 scenario from the International Energy Agency (2021) as a benchmark. This target is expressed as an intensity metric ($kgCO_2e/m^2$) and is obtained by dividing the total emissions of the mortgage portfolio by the total floor area.

Progress on emission reduction targets

	Scope 1 and market-based scope 2 emissions	Scope 3 category 15: Mortgages
Type of target (unit)	Absolute (in tCO_2e)	Intensity (in $kgCO_2e/m^2$)
% of emissions in scope(s) and categories covered	100%	31%
% of emissions under target scope relative to total emissions	0.04%	30%
Decarbonisation methodology	Sector Decarbonisation Approach using World B2DS service buildings scenario	Sector Decarbonisation Approach using IEA NZ emissions scenario for residential buildings
Base year	2020	2020
Base year value	735.5	34.4
Target year	2030	2030
Target year value	404.5	14.1
Value of total GHG emissions reduction	-45%	-59%
Reporting year value (tCO_2e)	637.5	20.5
Reporting year value	13%[1]	40%

1 We measure our progress with 2023 data. 2023 was the first year in which our operational activities were not affected after the Covid pandemic. Furthermore, the base year 2020 was set with unvalidated data from 2019. The data from 2023 was validated and is therefore considered a representative year.

Financed emissions per asset class

		Net zero financed emissions (Scope 3, category 15)								Climate neutral balance sheet	
Asset class	in € millions	Scope 1 emissions (tCO_2e)	Scope 2 emissions (tCO_2e)	Scope 3 emissions (tCO_2e)	**Total emissions (tCO_2e)**	Of which biogenic emissions	Emission removals (tCO_2e)	GHG intensity (tCO_2e/ M€)	Data quality score (1 to 5)	Avoided emissions (tCO2e)	**Financed emissions (tCO2e)**
Business loans	341	9,231	3,599	7,125	**19,955**	-	-	58	4	-	**14,228**
Unlisted equity	16	1	2	95	**98**	-	-	6	3	-5	**3**
Listed equity	0	0	0	0	**0**	-	-	660	2	-	**0**
Corporate bonds	13,736	31,196	16,319	199,724	**247,240**	-	-	18	4	-492,399	**76,718**
Sovereign bonds	2,866	412,113	10,268	335,643	**758,025**	-	-	264	2	-33,710	**23,127**
Retail mortgages	52,571	322,974	118,324	-	**441,298**	-	-	8	2	-	**746,417**
Business mortgages	1,388	35,380	9,421	-	**44,801**	-	-	32	5	-	**44,801**
Project finance	1,262	86,065	-	-	**86,065**	3,555	-	68	3	-473,632	**86,065**
Total	**72,180**	**896,961**	**157,934**	**542,588**	**1,597,483**	**3,555**	**-**	**22**	**3**	**-999,746**	**991,360**

In the net zero balance sheet, we attribute the emissions of our mortgage portfolio with the Loan-to-Value at origination attribution, while for the climate-neutral balance sheet we attribute 100% of the emissions. This is why the financed emissions of our mortgage portfolio on the net zero balance sheet are lower.

The SBT for the IFRS Accounting Standards category Investments applies to non-governmental organisations and does not include covered bonds according to the SBTi methodology. The counterparties in this portfolio should commit to and approve their own SBTs, leading to a coverage of 53% in 2030.

As it is the first year de Volksbank reports on its net zero target with the net zero balance sheet, the amount of CO_2e emitted in reporting year 2024 is the baseline value for this target. If significant changes occur on the balance sheet, a new baseline value will be set.

No changes were made to targets and corresponding metrics or underlying measurement methodologies, as this is the first time we report the financed emissions under our net zero by 2050 target.

Monitoring impact

We continuously measure our impact on climate change and we monitor the progress of our portfolio targets on a monthly basis and discuss the progress on a quarterly basis in the ESG Impact Committee (ESG IC), which includes internal stakeholders, like the Customer and Brands leadership team.

To monitor the negative impact of our branch offices and shops and our vehicle fleet, we have set a medium-term target (2030) and a long-term target (2050). The negative impact from our mortgage portfolio is also monitored, for which we follow the timelines of our approved targets validated by the Science Based Targets initiative (SBTi); see Section Science Based Targets. If interim targets are not achieved, a proposal for adjustment is drawn up in consultation with internal stakeholders. The proposal is sent to the ESG IC for decision-making.

We periodically reassess our investments to determine whether they are still appropriate and comply with our sustainability policies. Our sustainable finance portfolio is assessed on a best-effort basis against the EU Taxonomy criteria. One of the criteria relates to assessing the projects and suppliers that meet the Minimum Safeguards. To prevent abuses, projects and suppliers are checked for controversies. At Financial Markets and Treasury (FMT), the Risk department monitors and checks a number of financing activities and investments to see whether they still meet our sustainability criteria.

When we determine that our investments are no longer in line with our sustainability policies, we distance ourselves from the business partner. However, we always engage with our business partners to give them the opportunity to explain and resolve the situation.

Clarification note: difference climate-neutral balance sheet and net zero balance sheet

The climate-neutral balance sheet target and the net zero balance sheet target include the same set of balance sheet items, however the methodology and approach to calculate the CO_2e impact is different. The differences result in two different financed emissions. The table below shows a step by step comparison between the two balance sheet totals.

	Emissions (tCO_2e)		
Asset class	**Climate-neutral**	**Net zero**	**Difference**
Business loans	14,228	19,955	5,728[1]
Unlisted equity	3	98	95[1]
Listed equity	0	0	-
Corporate bonds	76,718	247,240	170,522[1]
Sovereign bonds	23,127	758,025	734,897[2]
Retail mortgages	746,417	441,298	-305,119[3]
Business mortgages	44,801	44,801	-
Project finance	86,065	86,065	-
Financed emissions total	**991,360**	**1,597,483**	**606,123**
Avoided emissions	-999,746	-[4]	

1 The difference is mainly caused by the inclusion of scope 3 of our counterparties. Please refer to Appendix Methodology of financed emissions for more details.
2 For the climate-neutral balance sheet target we applied the methodology proposed in a PCAF Netherlands report from 2019, as this was the only methodology available at the time. For the net zero balance sheet we are applying the methodology proposed in the PCAF global GHG accounting standard from 2022. Please refer to Appendix Methodology of financed emissions for more details.
3 The difference is caused by the Loan-to-value attribution for the net zero balance sheet target, contrary to the 100% attribution in the climate-neutral balance sheet target. Please refer to Appendix Methodology of financed emissions for more details.
4 Avoided emissions are not considered in the net zero methodology.

Energy use

We are committed to minimising the adverse impact of our own operations. We do this by aiming for an annual reduction in CO_2e emissions, procuring green energy where possible, and adjusting our office buildings in an energy efficient way and we have applied the principle of the New World of Work (NWW) since 2011.

Our scope 1 and 2 target is validated by the SBTi. This target includes the emissions from our own operations and purchased energy over which we have operational control. Data of energy-related information is available to de Volksbank through energy providers. The data from the energy providers was given in GJ (district heating), m3 (natural gas), or litres (diesel or petrol). Conversion factors are applied to convert the different energy units to MWh.

All energy-related information is reported as final energy consumption based on the invoices from our energy suppliers and facility managers, who collect energy contracts, including electricity, gas, and district heating, for each location of the Volksbank. For district heating only budgeted quantities are available. This is in line with the calculations of previous years.

As shown in table 'Energy consumption and mix', we reduced our total energy consumption with 15%. We relocated one of our offices to a building with lower energy consumption. Since the 16% reduction in electricity use - which is primarily from renewable sources - exceeded the 13% reduction of fossil based energy use, the share of energy from renewable sources decreased to 53%, from 54% in 2023.

We use fossil energy sources to heat our offices, primarily with natural gas. As a conservative assumption we considered district heating a high emission energy source and included it in the total of fossil energy consumption. One office has no renewable energy contract and therefore uses the energy mix of the Netherlands, including fossil energy sources. In addition, some company-controlled vehicles have diesel or petrol engines. The overall fuel consumption decreased in 2024. See Section Actions and resources in relation to climate change policies for the decarbonisation levers that will support our energy reduction.

Energy consumption and mix

	2023	2024	Δ
Total fossil energy consumption (MWh)	4,881	4,267	-13%
Share of fossil sources in total energy consumption (%)	46%	47%	2%
Consumption from nuclear sources (MWh)	-	-	-
Fuel consumption for renewable sources, including biomass[1]	-	-	-
Consumption of purchased or acquired energy (MWh)[2]	5,820	4,862	-16%
The consumption of self-generated non-fuel renewable energy (MWh)	-	-	
Total renewable energy consumption (MWh)	5,820	4,862	-16%
Share of renewable sources in total energy consumption (%)	54%	53%	-2%
Total energy consumption (MWh)	10,701	9,128	-15%

1 Biomass also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen
2 Energy from electricity, heat, steam, and cooling from renewable sources

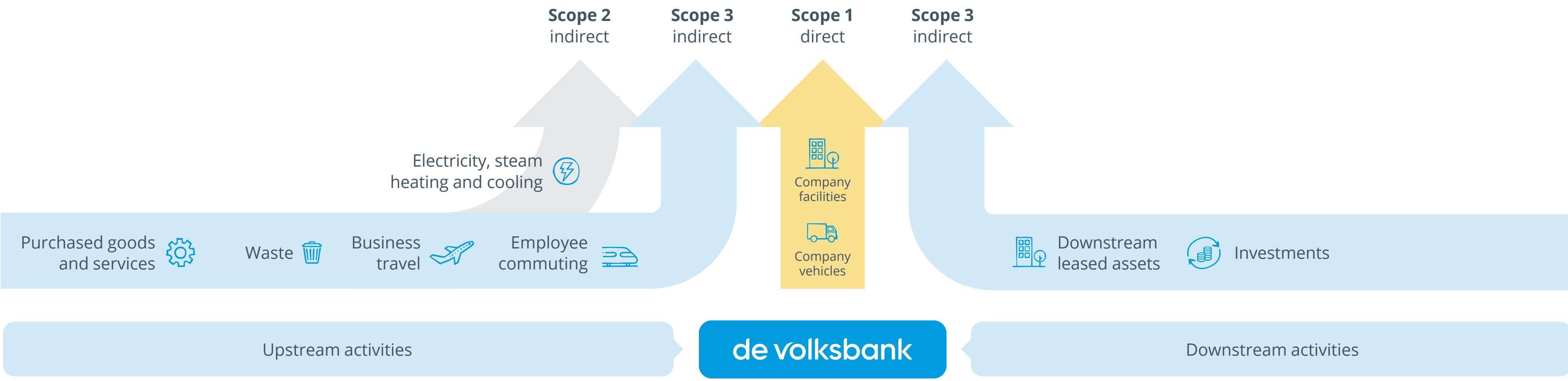
Gross scope 1, 2, 3 and total GHG emissions
The emissions from scope 1, scope 2 and the relevant scope 3 categories are calculated in accordance with the Greenhouse Gas Protocol 'Corporate Value Chain Standard', following the operational control approach to determine which categories and activities are relevant to de Volksbank. In our GHG accounting and reporting, we follow the principles of relevance, completeness, consistency, transparency and accuracy.

We included emissions within our organisational boundaries covering our own operations, upstream and downstream activities except for franchises and the investment funds of ASN Impact Investors. We chose to apply the operational control, because we deem ourselves accountable for emissions that de Volksbank can influence directly via its internal operations approach. Emissions caused upstream or downstream in our value chain are reported in scope 3 if the emission data is considered sufficiently reliable, influenceable, significant and quantifiable. There were no significant changes to the undertaking's organisational boundaries compared to previous years.

To align with the methodology as stated in the ESRS, we adjusted the emission factors for our market-based and location-based emissions in scope 2. To ensure comparability over time, we have recalculated the corresponding emissions for 2023. In addition, because of data quality improvements for our energy data in scope 1 and 2 we adjusted the emissions accordingly for 2023.

The categories that are relevant are included in the table 'Scope 1, 2, 3 and total GHG emissions'. The data quality underlying the scope 3 calculations is expected to improve in the coming years, possibly leading to the disclosure of other relevant scope 3 emission categories. Due to the transformation of de Volksbank, we anticipate that category 14: Franchises will be included in next year's scope.

In the table 'Scope 1, 2, 3 and total GHG emissions' we have included the emissions of our own operations and our financed emissions. In category 15: Investments we included the emissions from our net zero balance sheet. As this reporting year is the first year in which we report on our net zero financed emissions, we cannot show performance progress yet.



Scope 1, 2, 3 and total GHG emissions

	Unit	2023	2024	Δ	2030 target	2050 target
Gross scope 1 GHG emissions						
Scope 1 GHG emissions	tonnes	371[1]	247	-33%	SBTs[2]	N.A.
Gross scope 2 GHG emissions						
Location-based scope 2 GHG emissions	tonnes	2,281[1]	1,915	-16%	N.A.	N.A.
Market-based scope 2 GHG emissions	tonnes	364[1]	391	7%	SBTs[3]	N.A.
Gross scope 3 GHG emissions						
Total scope 3 GHG emissions	tonnes	N.A.	1,601,666	N.A.	N.A.	N.A.
1. Purchased goods and services	tonnes	3,477[1]	2,829	-19%	N.A.	N.A.
5. Waste generated in own operations	tonnes	49[1]	42	-14%	N.A.	N.A.
6. Business travel	tonnes	530	477	-10%	N.A.	N.A.
7. Employee commuting	tonnes	649	761	17%	N.A.	N.A.
13. Downstream leased assets	tonnes	38	74	95%	N.A.	N.A.
15. Investments[4]	tonnes	N.A.	1,597,483	N.A.	SBTs[5]	N.A.
Biogenic CO_2e emissions from biomass projects	tonnes	4,412	3,555	-19%	N.A.	N.A.
Total gross GHG emissions						
Total GHG emissions location-based[6]	tonnes	N.A.	1,603,828	N.A.	N.A.	N.A.
Total GHG emissions market-based[6]	tonnes	N.A.	1,602,304	N.A.	N.A.	N.A.

1 Comparative figures updated to align methodology, scope and emission factors with current reporting year.
2 The target is validated by SBTi as a combined target with scope 2 GHG emissions.
3 The target is validated by SBTi as a combined target with scope 1 GHG emissions.
4 Based on the transitional provision to omit value chain information, this excludes the scope 3 emissions of our asset manager.
5 For category 15 we have a SBTi validated reduction target for our mortgage portfolio.
6 This does not include the scope 3 emissions of our asset manager.

Accounting principle

Scope 1 Direct GHG emissions
In scope 1 we included the direct emissions from the natural gas use in our offices and the fuel used by company-controlled vehicles and multiplied it by the corresponding emission factor of the activity.

Scope 2 Indirect GHG emissions
In scope 2 we report the emissions from purchased energy, either electricity or district heating. We multiplied the purchased or budgeted energy by both the location-based and the market-based emission factor. For district heating we applied grid-specific emission factors in the market-based approach. Location-based emissions are average country-based emissions, while market-based emissions include renewable electricity, and regular electricity is regarded as residual energy. We have adopted a conservative approach to market-based emissions.

Scope 3 Indirect GHG emissions
In scope 3 we calculated the relevant categories in our value chain, both upstream and downstream, including the financed emissions in category 15: Investments.

Category 1: Purchased goods and services is calculated using a hybrid method, combining supplier-specific data with average data and supplemented with spend-based data.

Category 5: Waste generated in own operations is calculated using supplier-specific and waste-type specific data provided by the external waste management partner.

Category 6: Business travel is calculated using the distance-based method for which we considered the distance travelled and the mode of transport. Where distance-based data was unavailable, we included spend-based data.

Category 7: Employee commuting is calculated using the distance-based method for which we considered the distance travelled and the mode of transport.

Category 13: Downstream leased assets is calculated by considering the leased floor space and the scope 1 and market-based scope 2 emissions from our own offices.

Category 15: Investments calculates the financed emissions for the climate-neutral balance sheet and the net zero balance sheet in accordance with the PCAF global GHG Accounting and Reporting Standard. This does not include the scope 3 emissions from our asset manager.

Emission factors
We used CO2emissiefactoren.nl for the emission factors of energy and transport in Scope 1, 2 and Scope 3 categories 6, 7 and 13. In Scope 3, category 1 we used annual reports or our suppliers to determine the emission factor based on revenue and their scope 1, 2 and 3 emissions. In Scope 3, category 5 we used the emission factors provided by our waste service provider.

In Section Energy use we explain which factors contributed to our energy reduction. As our energy use decreased our emissions in scope 1 and 2 also decreased accordingly.

We reduced the emissions of most of our scope 3 categories, with the exception of employee commuting and downstream leased assets. Our employees travelled more and our emissions rose accordingly. In downstream leased assets the increase in emissions was the result of lower data quality. The aim is to improve this in the coming reporting year.

In the Integrated Annual Report of 2023, we reported in category 1: Purchased goods and services the CO_2e impact of our paper use. In 2024, we broadened the scope of the category and included purchased IT hardware, software services, paper and other relevant services, like consultancy services. To increase comparability we calculated the emissions for 2023 with the adjusted scope.

Our collaboration with our waste service provider has led to better insights in our waste stream and waste emissions. We have therefore adjusted our emissions for 2023. For 2024, we had lower volumes of waste from our own operations. Combined, this resulted in a more representative and smaller footprint in category 5.

The impact of category 6: Business Travel decreased by 10%. We travelled less and when we travelled we flew less.

99% of our GHG emissions are from category 15: Investments. In table 'Financed emissions per asset class', a breakdown of the emissions is provided for the climate-neutral balance sheet and the net zero balance sheet. In 2024 we reached our climate-neutral balance sheet target KPI (at year-end 2023 this was 75%). We experienced higher temperatures in the Netherlands in the past years which led to lower consumption of natural gas. Furthermore, we observe more consumer awareness in heating behaviour and other energy-saving measures to reduce natural gas use in response to higher energy prices.

These effects are reflected in the anonymised energy consumption data for our mortgage portfolio and is used in calculating our climate-neutral balance sheet KPI. In addition to this external factor, in 2024 we financed additional renewable energy projects and purchased more green bonds with a strong focus on renewable energy projects. This resulted in a significant increase of our avoided CO_2e emissions. At year-end 2024, our climate-neutral balance sheet included 991.4 kilotonnes (kt) of CO_2e emissions (year-end 2023: 1,249 kt) and 999.7 kt of avoided emissions (year-end 2023: 943 kt).

Clarification note: attribution of avoided emissions

De Volksbank currently has two means to steer on avoided emissions:

- (1) directly, through project finance for renewable energy projects;
- (2) indirectly, by financing green bonds with a strong focus on renewable energy projects, also resulting in avoided emissions. Most of the avoided emissions attributed to de Volksbank by financing green bonds, comes from our climate bond portfolio.

We apply the project finance methodology included in the PCAF Standard. The PCAF Standard does not (yet) provide explicit guidance on methods to calculate financed emissions for every financial product, amongst of which green bonds. As the green bonds also contain projects, we also apply the project finance methodology to attribute these avoided emissions.

We did not consider all scope 3 categories in our calculations, as either the environmental impact of the category, our operational control or the data quality was limited.

- Category 2: Capital goods is excluded as our capital goods are considered in category 1: Purchased goods and services.
- Category 3: Fuel and energy-related activities is excluded as we disclose these emissions in scope 1 and 2.
- Category 4: Upstream transport and distribution is excluded as our financial services do not require transportation or distribution.
- Category 8: Upstream leased assets is excluded as the emissions of our leased vehicles are included in scope 1.
- Category 9: Downstream transportation is excluded as we outsource transportation to a post-service company, we included these emissions in category 1: Purchased goods and services.
- Category 10: Processing of sold products is not applicable since we do not sell physical products.
- Category 11: Use of sold products is not applicable since we do not sell physical products.
- Category 12: End-of-life treatment of sold products is not applicable since we do not sell physical products.
- Category 14: Franchises is considered a relevant impact category, however we could not make an estimate of the emissions as data and data quality is insufficiently available.

Metrics

Assumptions, limitations and approximations

The electricity used to charge company vehicles at home is also covered by renewable energy contracts through our company policy, which mandates that employees with a company lease car, charge their car with renewable energy at home. Following the principles of the GHG protocol, our location-based scope 2 emissions are not influenced by contractual instruments.

For our market-based scope 2 emissions we use renewable energy certificates as contractual instruments to ensure that we do not emit greenhouse gases of our electricity use. 98% of these instruments imply that the electricity is generated using renewable energy sources. Of which 5% is bundled with a renewable energy contract of Dutch wind or solar energy and 95% are purchased with an unbundled renewable energy certificate for European wind or solar energy.

In our scope 3 emission calculations, we used where possible, emission data from the 2023 annual reports of companies in our value chain. Where annual reports from our counterparties could not provide the necessary information, we opted for emission data based on macroeconomic key figures and sectoral emission data. In 2023 the effects of the energy crisis, caused by the war in Ukraine, might have had a diminishing effect on energy use and, consequently the emissions of the companies in our value chain. The same applies to the 2023 emission calculations, where 2022 emission data was used, while there were still Covid-19-related measures in place leading to lower scope 1 and 2 emissions.

Where possible we considered primary activity data in our calculations. Where this was not available, we used spend-based data. Spend-based data is less accurate as it considers monetary value, which is subject to inflation and price differences – either over time or between suppliers – and the emission factors are a sector average.

Data is considered primary data if it is input from specific activities within the entity's upstream and downstream value chain activity data or from the reported emissions from our business partners. Of our scope 3 calculations, 39% of the emissions are calculated with primary data.

In the case that data was unavailable (<5%) for a category, an extrapolation of the existing data was made as we assume that the emission intensity is comparable to the available data.

In Appendix Methodology of financed emissions, we disclose the specific reporting requirements, scope, methodology and data quality scores. Our measurement of the metric is in line with PCAF. This is not validated by an external body. As it is the base year for our net zero by 2050 target, we will report our progress starting next reporting year.

GHG removals and GHG mitigation projects financed through carbon credits
In accordance with our Net zero transition plan, we will reduce our emissions to as close to zero as possible, see table 'Progress on emission reduction targets'. In line with the carbon mitigation hierarchy, we will remove 100% of the residual emission by 2050. We aim to neutralise the remaining financed emissions by financing nature-based CO_2e removal projects. To reach our 2050 net zero target we are dependent on the availability and affordability of removal projects. Currently, we do not consider any risks as sufficient removal projects are available. We underline this risk of reversal of carbon removal, however this is not yet relevant as we do not have any removal projects that contribute to our net zero targets. In the coming years we aim to include risks associated with falls claim to our removal projects.

De Volksbank has not developed GHG removal or storage projects within its own operations or value chain. We do however, offset the market-based CO_2e emissions resulting from our own operations by purchasing carbon credits. For 2023, we offset 2,235 tonnes of CO_2e emissions, in 2024 we offset 1,991 tonnes of CO_2e emissions. The carbon credits are verified by Plan Vivo. Furthermore, the offsets for reporting year 2024 will be cancelled after one year, when we buy carbon offsets for reporting year 2025.

When selecting CO_2e removal methods, we also need to consider the supply chain as a whole, such as direct and indirect land use, the use of raw materials, social consequences and the impact on the environment and biodiversity. We only consider nature-based CO_2e removal projects. These have proven to be effective and benefit both climate and biodiversity.

We are now exploring the possibilities for nature-based CO_2e storage. Based on current insights, we will explore the financial and non-financial impact of biobased construction, regenerative agriculture and forestry.

Part of the CO_2e-emissions of de Volksbank were offset using carbon credits. In 2024:
- De Volksbank purchased 0% carbon credits related to reduction projects
- 100% of the carbon credits were related to removal projects, derived from projects related to biogenic sinks
- 100% of the carbon credits have a Plan Vivo certification
- 0% of the carbon credits have been issued by projects within the European Union
- 0% of the carbon credits qualifies as a corresponding adjustment under Article. 6 of the Paris Agreement.

Current and future investment activities

Description of our compliance
De Volksbank invests in EU taxonomy aligned activities in the following portfolios:
- Household portfolio of which loans collateralised by residential immovable property.
- Financial corporation subject to NFRD disclosure obligations and, for bonds with known use of proceeds, NFRD and non-NFRD financial corporations.
- Non-financial corporations subject to NFRD and, for bonds with known use of proceeds, NFRD and non-NFRD counterparties.

Regarding future investments, we expect the EU Taxonomy Regulation KPI scores to improve on the back of achieving our climate-neutrality goal, Science Based Targets, Climate Action Plan goals and by pursuing our sustainability policies. We will continue to engage with retail mortgage customers and project financing counterparties to encourage them to make their homes and projects more sustainable.

De Volksbank has expanded the Product Approval Process framework and Product Review Process framework to include ESG questions, such as: does the product or service actively contribute to the realisation of one of the bank's non-financial objectives (e.g. our Net Zero target) and is it in line with the principles of our sustainability policy.

Methodology financed emissions

Methodology climate-neutral balance sheet

Reporting requirements

The GHG Protocol 'Corporate Value Chain Standard' offers guidance to identify and report on emissions from relevant loans. These include emissions from loans and investments reported under scope 3, category 15: Investments, which is the banks' most material category to take into account. We report on our GHG emissions in our annual reports in conjunction with our full-year financial results, as well as in our interim financial results.

Scope

Emissions from all relevant balance sheet items of de Volksbank are included. Cash and balances at central banks do not lead to changes in the real economy because they are temporary balances and are therefore left out of scope. Derivatives are also out of scope to avoid double counting. Tax assets, and 'other assets' do not cause GHG emissions and are therefore set at zero emissions. Tangible and intangible assets are already taken into account in the emission calculations of the business operations. Consumer loans are not yet incorporated in the calculation as the amount of loans is negligible. The rest of the accounting balance sheet is taken into account. The CO_2e emission calculations are performed in accordance with the GHG Protocol's operational control approach. In our GHG accounting and reporting, we follow the principles of relevance, completeness, consistency, transparency and accuracy. Furthermore, financed emissions are always accounted for with the prudence principle in mind.

Reporting

All seven gases under the Kyoto protocol are taken into account and expressed in CO_2 equivalents using the 100-year time horizon global warming potentials determined by the Intergovernmental Panel on Climate Change (IPCC). We disclose the financed scope 1 and 2 emissions of all our relevant loans and investments, and scope 3 when relevant. Avoided emissions and carbon removals are calculated and reported separately from caused emissions. For the mortgage portfolio, we also report on the energy efficiency rating distribution based on the latest available registered energy efficiency ratings (*Rijksdienst Voor Ondernemend Nederland, RVO*).

Methodology

At the end of 2022 PCAF published its latest version of the global GHG Accounting and Reporting Standard. We apply this version of the methodology but deviate on sovereign bonds and residential mortgages. On residential mortgages we apply a more strict approach and attribute full emissions to our assets instead of an attribution based on Loan-to-Value at origination. On sovereign bonds we still apply a calculation methodology developed within PCAF Netherlands instead of the methodology.

Process

For new loans and green bonds the most recent emissions data is used. Emission factors and data sources used for the calculations are updated annually in the fourth quarter to ensure we use recent data in our calculations. Our Sustainability Expertise Centre department collects emission data and financial data from investees and prepares financed emissions calculations on a monthly basis. The results are discussed and approved by the ESG Impact Committee on a quarterly basis. The results are also processed in relevant management and risk reports.

Data quality

For each of the asset classes, we apply the corresponding data quality scores of the PCAF methodology. The weighted average data quality score for all assets was calculated at 2.8 (1 = highest data quality; 5 = lowest data quality). We continually strive to increase the data quality of the data in our calculations. In 2024, we updated the anonymised energy consumption data of the customers in our mortgage portfolio. In order to do so, we clustered the mortgage portfolio of our four brands, definitive or preliminary energy efficiency rating, and the EPC score (A++++ to G). The grid operators linked gas- and electricity consumption to the portfolio and returned the results aggregated on cluster level. As such, characteristics like the presence of a preliminary energy efficiency rating are only used to cluster and not directly for carbon accounting purposes.

For the asset class-specific considerations, description of data sources used in our calculations and the data quality score (DQS), see the table below.

PCAF methodology climate-neutral balance sheet

Asset class	Chapter in PCAF global GHG standard	Considerations on attribution	Data sources used in calculations	PCAF DQS
Unlisted Equity	5.2. Business loans and unlisted equity	Attribution based on book value	Annual and sustainability reports of counterparties. When unavailable, we apply emission factors based on sector averages.	2.6
Sovereign bonds	5.7 Sovereign debt	Attribution based on outstanding nominal amount	Emissions are calculated based on the PCAF web-based emission factors database for sovereign bonds. We use consumption based emissions including LULUCF[1].	4.9
Corporate bonds	5.1. Listed equity and Corporate bonds	Attribution based on outstanding nominal amount	Reported emissions derived from annual or sustainability reports. When unavailable, we use sector averages emission factors. In the case of earmarked bonds, for example in the case of green bonds, reported emissions or carbon removals are used.	4.4
Private mortgages	5.5. Mortgages	Attribution based on market value. 100% of emissions are attributed instead of a Loan to Value at origination approach	Emissions are calculated based on standardised annual gas- and electricity consumption data as per reference date 1-1-2024. This anonymised data is retrieved from Partners in Energie and is applicable to our entire residential mortgage portfolio. The gas- and electricity use is converted to CO_2-equivalents using the Tank-to-Wheel value for natural gas from co2emissiefactoren.nl (updated in January 2024), and the emission factor for electricity in 2022, as calculated by the Dutch statistics agency (CBS) using the integral method.	2.2
Business mortgages	5.5. Mortgages	Attribution based on market value	Emissions are calculated based on the PCAF web-based emission factors database with Dutch emission factors per sector based on asset value (db.carbonaccountingfinancials.com).	5.0
Business loans	5.2. Business loans and unlisted equity	Attribution based on book value	Klimaatmonitor Waterschappen (2023), Regionale klimaatmonitor Rijksoverheid (2023), AEDES benchmark (2022), annual and sustainability reports of counterparties. When data was unavailable, we apply the PCAF web-based emission factor database with the Dutch emission factors per sector based on asset value (db.carbonaccountingfinancials.com).	4.3
Project finance	5.3. Project finance	Attribution based on book value	Ex-ante estimates of emissions and avoided emissions based on P90 energy generation values from due diligence reports. In some cases, we use actual annual energy production data.	2.8

1 Land Use, Land-use Change and Forestry

Methodology net zero balance sheet

Reporting requirements

The GHG Protocol 'Corporate Value Chain Standard' offers guidance to identify and report on emissions from relevant loans. These include emissions from loans and investments reported under scope 3, category 15: Investments, which is the banks' most material category to take into account. We report on our GHG emissions in our annual reports in conjunction with our full-year financial results, as well as in our interim financial results.

Scope

Emissions from all relevant balance sheet items of de Volksbank are included. Cash and balances at central banks do not lead to changes in the real economy because they are temporary balances and are left out of scope. Derivatives are also out of scope to avoid double counting. Tax assets, and 'other assets' do not cause GHG emissions and are therefore set at zero emissions. Tangible and intangible assets are already taken into account in the emission calculations of the business operations. Consumer loans are not yet incorporated in the calculation as the amount of loans is negligible. The rest of the accounting balance sheet is taken into account. The CO_2e emission calculations are performed in accordance with the GHG Protocol's operational control approach. In our GHG accounting and reporting, we follow the principles of relevance, completeness, consistency, transparency and accuracy. Furthermore, financed emissions are always accounted for with the prudence principle in mind.

Reporting

All seven gases under the Kyoto protocol are taken into account and expressed in CO_2 equivalents using the 100-year time horizon global warming potentials determined by the Intergovernmental Panel on Climate Change (IPCC). We disclose the financed scope 1, 2 and 3 emissions of all our relevant loans and investments. Financed carbon removals are calculated and reported separately from financed emissions. For the mortgage portfolio, we also report on the energy efficiency rating distribution based on the latest available registered energy efficiency ratings (*Rijksdienst Voor Ondernemend Nederland, RVO*).

Process

For new loans and green bonds the most recent emissions data is used. Emission factors and data sources used for the calculations are updated annually in the fourth quarter to ensure we use recent data in our calculations. Our Sustainability Expertise Centre department collects emission data and financial data from investees and prepares financed emissions calculations on a monthly basis. The results are discussed and approved by the ESG Impact Committee on a quarterly basis. The results are also processed in relevant management and risk reports.

Methodology

At the end of 2022 PCAF published its latest version of the global GHG Accounting and Reporting Standard. We apply this version of the methodology for the financed emissions in relation to our Net zero balance target and our scope 3, category 15 emissions.

Data quality

For each of the asset classes, we apply the corresponding data quality scores of the PCAF methodology. The weighted average data quality score for all assets was calculated at 2.7 (1 = highest data quality; 5 = lowest data quality). We continually strive to increase the data quality of the data in our calculations. In 2024, we updated the anonymised energy consumption data of the customers in our mortgage portfolio. In order to do so, we clustered the mortgage portfolio of our four brands, definitive or preliminary energy efficiency rating, and the EPC score (A++++ to G). The grid operators linked gas- and electricity consumption to the portfolio and returned the results aggregated on cluster level. As such, characteristics like the presence of a preliminary energy efficiency rating are only used to cluster and not directly for carbon accounting purposes.

For the asset class-specific considerations, description of data sources used in our calculations and the data quality score (DQS), see the table below.

PCAF methodology net zero balance sheet

Asset class	Chapter in PCAF global GHG standard	Considerations on attribution	Data sources used in calculations	PCAF DQS
Unlisted Equity	5.2. Business loans and unlisted equity	Attribution based on book value	Annual and sustainability reports of counterparties. When unavailable, we apply emission factors based on sector averages.	2.6
Sovereign bonds	5.7 Sovereign debt	Attribution based on outstanding nominal amount	Emissions are calculated based on the PCAF web-based emission factors database for sovereign bonds. We use consumption based emissions including LULUCF[1].	1.9
Corporate bonds	5.1. Listed equity and Corporate bonds	Attribution based on outstanding nominal amount	Reported emissions derived from annual or sustainability reports. When unavailable, we use sector averages emission factors. In the case of earmarked bonds, for example in the case of green bonds, reported emissions or carbon removals are used.	4.4
Retail mortgages	5.5. Mortgages	Attribution based on Loan to Value at origination.	Emissions are calculated based on standardised annual gas- and electricity consumption data as per reference date 1-1-2024. This anonymized data is retrieved from Partners in Energie and is applicable to our entire residential mortgage portfolio. The gas- and electricity use is converted to CO_2-equivalents using the Tank-to-Wheel value for natural gas from co2emissiefactoren.nl (updated in january 2024), and the emission factor for electricity in 2022, as calculated by the Dutch statistics agency (CBS) using the integral method.	2.2
Business mortgages	5.5. Mortgages	Attribution based on market value	Emissions are calculated based on the PCAF web-based emission factors database with Dutch emission factors per sector based on asset value (db.carbonaccountingfinancials.com).	5.0
Business loans	5.2. Business loans and unlisted equity	Attribution based on book value	Klimaatmonitor Waterschappen (2023), Regionale klimaatmonitor Rijksoverheid (2023), AEDES benchmark (2022), annual and sustainability reports of counterparties. When data was unavailable, we apply the PCAF web-based emission factor database with the Dutch emission factors per sector based on asset value (db.carbonaccountingfinancials.com).	4.3
Project finance	5.3. Project finance	Attribution based on book value	Ex-ante estimates of emissions based on P90 energy generation values from due diligence reports. In some cases, we use actual annual energy production data.	2.8

1 Land Use, Land-use Change and Forestry

13.2 ESG risks quantitative disclosures

For year-end 2024 banks are obligated to disclose all quantitative templates and the qualitative disclosures reported in Section 13.1 ESG risks qualitative disclosures. For templates 1 to 8 and template 10, which we reported already for year-end 2023, we include the comparative information from the 2023 report. We report templates 9.1, 9.2 and 9.3 for the first time for year-end 2024.

Each template has a different purpose for providing information and can be categorised. The categories are climate change transition risk (templates 1 to 4), climate change physical risk (template 5), and mitigating action (templates 6 to 10). The mitigating action templates include the Green Asset Ratio (templates 6 to 8), Banking Book Taxonomy Alignment Ratio (template 9) and other mitigating actions (template 10). The climate risk templates' purpose is to show how climate change may exacerbate other risks within banks' balance sheets, whether it be the risk of stranded carbon intensive assets or loans to property within a flood plain. The mitigating action templates' purpose is to show what mitigating actions banks have in place to address those risks, including financing activities that reduce carbon emissions. Specifically, the Green Asset Ratio and Banking Book Taxonomy Alignment Ratio templates' purpose is to show how institutions are financing activities that will meet the publicly agreed Paris agreement objectives of climate change mitigation and adaptation based on the EU taxonomy of green activities.

The purpose of the qualitative disclosures in Section 13.1 ESG risks qualitative disclosures is to describe de Volksbank's ESG strategies, governance and risk management arrangements with regard to ESG risks.

Template 1: Banking Book- Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity 31-12-2024

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	In € millions	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions[1]							
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks[3]	Of which environmentally sustainable (CCM)	Of which stage 2	Of which non-performing		Of which Stage 2	Of which non-performing		Of which Scope 3 financed emissions	% of the portfolio derived from company-specific reporting	<= 5 yrs	> 5 yr <= 10 yrs	> 10 yr <= 20 yrs	> 20 yrs	Average weighted maturity[2]
1	**Exposures towards sectors that highly contribute to climate change[4]**	**1,616**	**36**	**860**	**21**	**44**	**-38**	**-2**	**-34**	**102,126**	**73,160**	**38.35%**	**343**	**529**	**726**	**19**	**9**
2	A - Agriculture, forestry and fishing	1	-	-	-	0	-0	-	-0	98	21	0.00%	-	-	1	0	11
9	C - Manufacturing	174	36	33	1	1	-0	-0	-0	54,746	51,268	73.88%	54	87	26	7	7
10	*C.10 - Manufacture of food products*	36	36	-	0		-0	-0		23,958	23,591	98.17%	11	23	0	3	5
11	*C.11 - Manufacture of beverages*	0								-	-		-	-	-	-	21
13	*C.13 - Manufacture of textiles*	1			0	1	-0	-0	-0	70	30		-	0	1	0	16
15	*C.15 - Manufacture of leather and related products*	0								-	-		-	-	-	-	21
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	1			0	0	-0	-0	-0	114	71		-	-	1	0	18
17	*C.17 - Manufacture of pulp, paper and paperboard*												-	-	-	-	-
18	*C.18 - Printing and service activities related to printing*	0		0			-0			3	-		-	-	0	-	14
20	*C.20 - Production of chemicals*	17					-0			5,413	4,959	100.00%	-	17	-	-	9
22	*C.22 - Manufacture of rubber products*	1					-0			259	-		1	-	0	-	9
23	*C.23 - Manufacture of other non-metallic mineral products*	2					-0			1,546	-		-	1	1	-	13
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	3			1	0	-0	-0	-0	332	192		1	2	0	0	10
26	*C.26 - Manufacture of computer, electronic and optical products*	0								-	-		-	-	-	-	21
27	*C.27 - Manufacture of electrical equipment*	88		13			-0			22,579	22,363	85.79%	42	42	-	3	5

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	In € millions	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions[1]							
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks[3]	Of which environmentally sustainable (CCM)	Of which stage 2	Of which non-performing		Of which Stage 2	Of which non-performing		Of which Scope 3 financed emissions	% of the portfolio derived from company-specific reporting	<= 5 yrs	> 5 yr <= 10 yrs	> 10 yr <= 20 yrs	> 20 yrs	Average weighted maturity[2]
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	21		19	0		-0	-0		371	26		-	-	21	0	13
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	0								-	-		-	-	-	-	21
30	*C.30 - Manufacture of other transport equipment*	0			0		-0	-0		-	-		-	-	-	-	21
31	*C.31 - Manufacture of furniture*	2		1	0	-	-0	-0	-	50	6		0	0	1	0	17
32	*C.32 - Other manufacturing*	1					-0			-	-		-	1	-	-	9
33	*C.33 - Repair and installation of machinery and equipment*	1			0	-	-0	-0	-	51	30		-	-	1	0	18
34	D - Electricity, gas, steam and air conditioning supply	849	-	658	4	39	-35	-0	-34	20,879	4,662	11.23%	141	162	546	1	10
35	*D35.1 - Electric power generation, transmission and distribution*	848		656	4	39	-35	-0	-34	20,879	4,662	11.25%	141	162	544	1	10
36	*D35.11 - Production of electricity*	642		542	3	39	-35	-0	-34	11,667	-	3.09%	96	94	452	-	11
38	*D35.3 - Steam and air conditioning supply*	2		2			-0			-	-		-	-	2	-	12
39	E - Water supply; sewerage, waste management and remediation activities	0	-	-	0	-	-0	-0	-	7	5	0.00%	-	-	-	0	21
40	F - Construction	59	-	22	1	1	-0	-0	-0	2,671	1,848	56.71%	34	1	22	2	8
41	*F.41 - Construction of buildings*	9		1	0	1	-0	-0	-0	337	134		-	0	8	1	17
42	*F.42 - Civil engineering*	1		0	0	0	-0	-	-0	80	51		0	-	1	0	16
43	*F.43 - Specialised construction activities*	49		21	0	0	-0	-0	-0	2,254	1,663	68.62%	33	1	13	1	6
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	125	1	3	4	1	-1	-0	-0	8,025	3,857	71.35%	37	57	26	4	8
45	H - Transportation and storage	94	0	66	0	0	-0	-0	-0	6,535	4,623	96.00%	15	76	3	0	7
46	*H.49 - Land transport and transport via pipelines*	87		65	0	0	-0	-0	-0	5,971	4,234	97.75%	15	70	1	-	7
47	*H.50 - Water transport*	0	0		0	0	-0	-0	-0	28	14		0	-	-	0	19
49	*H.52 - Warehousing and support activities for transportation*	7		1	0	0	-0	-0	-0	535	375	78.84%	-	6	1	0	9
50	*H.53 - Postal and courier activities*	0			0	-	-0	-0	-	1	-		-	0	-	0	17
51	I - Accommodation and food service activities	2	-	-	0	0	-0	-0	-0	27	10	0.00%	0	1	1	0	13
52	L - Real estate activities	311	-	78	11	2	-2	-1	-0	9,138	6,866	14.74%	62	145	100	4	10
53	**Exposures towards sectors other than those that highly contribute to climate change[4]**	**9,616**	**211**	**224**	**78**	**15**	**-15**	**-3**	**-4**				**7,350**	**1,032**	**532**	**701**	**5**
54	K - Financial and insurance activities	9,190	210	197	24	4	-10	-2	-1				7,218	932	346	694	4
55	Exposures to other sectors (NACE codes J, M - U)	426	1	27	54	10	-6	-1	-4				132	100	186	8	10
56	**TOTAL**	**11,232**	**247**	**1,083**	**99**	**59**	**-54**	**-4**	**-39**	**102,126**	**73,160**	**38.35%**	**7,693**	**1,561**	**1,258**	**720**	**5**

1 Scope 1, scope 2 and scope 3 emissions of the counterparty (in tons of CO2 equivalent)

2 In years.

3 in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818

4 In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

Template 1: Banking Book - Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity 31-12-2023

	Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	In € millions	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions[1]							
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks[3]	Of which environmentally sustainable (CCM)	Of which stage 2	Of which non-performing		Of which Stage 2	Of which non-performing		Of which Scope 3 financed emissions	% of the portfolio derived from company-specific reporting	<= 5 yrs	> 5 yr <= 10 yrs	> 10 yr <= 20 yrs	> 20 yrs	Average weighted maturity[2]
1	**Exposures towards sectors that highly contribute to climate change[4]**	**1,485**	**33**	**54**	**46**	**49**	**-39**	**-3**	**-34**	**74,147**	**54,297**	**29.87%**	**277**	**503**	**690**	**16**	**10**
2	A - Agriculture, forestry and fishing	1	-	-	-	-	-0	-	-	133	0	0.00%	-	-	1	0	12
9	C - Manufacturing	130	33	1	3	5	-2	-0	-2	51,598	48,699	79.69%	51	66	9	4	7
10	*C.10 - Manufacture of food products*	33	33	-			-0			25,618	25,282	98.03%	6	27	0	0	6
11	*C.11 - Manufacture of beverages*	0					-			0	0		-	-	-	0	21
13	*C.13 - Manufacture of textiles*	1				1	-0		-0	69	27		-	-	1	0	17
15	*C.15 - Manufacture of leather and related products*												-	-	-	-	-
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	1			1		-0	-0		42	4		-	-	1	0	18
17	*C.17 - Manufacture of pulp, paper and paperboard*												-	-	-	-	-
18	*C.18 - Printing and service activities related to printing*	0					-0			3	-		-	-	0	-	15
20	*C.20 - Production of chemicals*	1		-			-0			91	90	100.00%	1	-	-	-	0
22	*C.22 - Manufacture of rubber products*	0			0		-0	-0		15	0		-	-	0	0	18
23	*C.23 - Manufacture of other non-metallic mineral products*	2					-0			1,611	0		-	1	1	0	14
24	*C.24 - Manufacture of basic metals*	0					-			-	-		-	-	-	0	21
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	4			2	0	-0	-0		320	149		1	0	2	0	11
26	*C.26 - Manufacture of computer, electronic and optical products*	0					-			0	0		-	-	-	0	21
27	*C.27 - Manufacture of electrical equipment*	80		1			-0			23,709	23,096	86.76%	43	37	-	-	5
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	1					-0			26	17		-	-	1	0	15
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	0					-			-	-		-	-	-	0	21
30	*C.30 - Manufacture of other transport equipment*	0					-0			22	17		-	-	-	0	21
31	*C.31 - Manufacture of furniture*	2			0	0	-0	-0	-0	58	17		-	1	1	0	15
32	*C.32 - Other manufacturing*	1					-0			0	0		-	-	1	0	10
33	*C.33 - Repair and installation of machinery and equipment*	4			0	4	-2	-0	-2	12	1		-	0	1	3	20
34	D - Electricity, gas, steam and air conditioning supply	837	-	29	14	38	-32	-0	-31	8,840	1,412	5.00%	63	234	540	0	11
35	*D35.1 - Electric power generation, transmission and distribution*	835		29	14	38	-32	-0	-31	8,840	1,412	5.01%	63	234	538	0	11
36	*D35.11 - Production of electricity*	698		-	11	38	-32	-0	-31	4,375	0		48	202	449	0	11
38	*D35.3 - Steam and air conditioning supply*	2					-0			-	-		-	-	2	-	14
39	E - Water supply; sewerage, waste management and remediation activities	0	-	-	-	-	-	-	-	-	-	0.00%	-	-	-	0	21

Sector/subsector In € millions	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions[1]		% of the portfolio derived from company-specific reporting	<= 5 yrs	> 5 yr <= 10 yrs	> 10 yr <= 20 yrs	> 20 yrs	Average weighted maturity[2]
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks[3]	Of which environmentally sustainable (CCM)	Of which stage 2	Of which non-performing		Of which Stage 2	Of which non-performing		Of which Scope 3 financed emissions						
40 F - Construction	74	-	19	2	1	-1	-0	-0	1,209	411	37.38%	38	2	27	6	10
41 *F.41 - Construction of buildings*	19			1	1	-0	-0	-0	435	128		6	0	13	0	13
42 *F.42 - Civil engineering*	1			0	0	-0	-0	-0	69	40		0	-	1	0	17
43 *F.43 - Specialised construction activities*	54		19	1	0	-0	-0	-0	705	243	51.53%	33	2	13	6	8
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	97	0	-	5	1	-1	-0	-0	6,211	1,991	62.33%	33	35	28	2	9
45 H - Transportation and storage	65	0	-	0	0	-0	-0	-0	1,190	683	94.67%	15	47	2	0	7
46 *H.49 - Land transport and transport via pipelines*	58		-	0		-0	-0		1,029	645	96.65%	15	41	1	0	7
47 *H.50 - Water transport*	0	0		0		-0	-0		33	16		0	-	-	0	17
49 *H.52 - Warehousing and support activities for transportation*	7		-		0	-0		-0	127	22	82.87%	-	6	1	0	9
50 *H.53 - Postal and courier activities*	0					-0			1	0		-	0	0	0	18
51 I - Accommodation and food service activities	4	-	-	1	1	-0	-0	-0	47	21	0.00%	1	1	1	0	11
52 L - Real estate activities	278	-	4	22	4	-3	-2	-0	4,919	1,080	5.40%	76	118	81	3	9
53 **Exposures towards sectors other than those that highly contribute to climate change[4]**	**7,137**	**35**	**54**	**86**	**9**	**-16**	**-3**	**-2**				**5,159**	**829**	**417**	**733**	**5**
54 K - Financial and insurance activities	6,775	35	54	45	4	-13	-2	-1				5,045	734	273	723	5
55 Exposures to other sectors (NACE codes J, M - U)	363	-	0	42	4	-3	-1	-1				114	95	143	10	10
56 TOTAL	**8,622**	**68**	**108**	**133**	**58**	**-55**	**-6**	**-36**	**74,147**	**54,297**	**29.87%**	**5,436**	**1,332**	**1,107**	**748**	**6**

1 Scope 1, scope 2 and scope 3 emissions of the counterparty (in tons of CO2 equivalent)
2 In years.
3 in accordance with Article 12(1) points (d) to (g) and Article 12(2) of Regulation (EU) 2020/1818
4 In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

Template 1
We have included our exposures along with GHG financed emissions and residual maturity for non-financial corporations, disaggregated in the related sectors. Our greatest exposure for non-financial corporations is due to renewable energy projects, which are included in sector D - Electricity, gas, steam and air conditioning supply. As this exposure mainly concerns renewable energy projects such as solar, wind parks and biomass, and does not include any clients in the (fossil) gas sector, this leads to a relatively small number of financed emissions, and we assess our exposure to transition risk in sectors that highly contribute to climate change to be low.

Exposures aligned with the EU Taxonomy CCM environmental objective increased in 2024 compared to 2023. This is mainly due to including the exposures that are reported under the BTAR as EU Taxonomy-aligend in 2024 for the first time. We also see an increase in our financed emissions, which is caused by several new positions in sectors C, D, G, H and L. A similar increase can be seen in scope 3 financed emissions.

Exposures towards companies excluded from EU Paris-Aligned Benchmarks
To report exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1, we assessed the NACE code, activity and trade name of our exposures. When there was a clear indication or if there was no or limited information, the company was regarded subject to Article 12.1 (d-g). Companies in sector H - Transportation and storage were considered subject to Article 12.1 (d-g) if there was an indication of them developing an activity that could fall under these criteria. Due to the exclusion criteria in our sustainability policies, we

have minimal SME exposures subject to Article 12.1, which are primarily related to automotive operations.

To identify exposures subject to Article 12.2, we used an external data provider to assess our counterparties' involvement over the past two years in significant risk incidents associated with one or more of the environmental UNGC Principles. This includes exposures to a consumer good company and to multiple credit institutions. The consumer good company did not hold a UNGC violator status at time of purchase. For the credit institutions, the exposures concern covered bonds collateralised by a dedicated pool of mortgages, mortgage-backed securities, and derivatives.

GHG financed emissions

We apply the Global GHG Accounting and Reporting Standard by PCAF to attribute financed emissions of relevant exposures. We use this methodology to calculate financed scope 1, 2 and 3 emissions expressed in CO_2 equivalents. According to the PCAF methodology, the source with the best data quality is company reported emissions, which are collected from the borrower or investee company for scope 1, 2 and 3 directly. If such company reported data is not available, we use specific estimates based on physical or economic activity or sector-average emission factors on a best effort basis. The physical activity-based emissions mostly apply to our project finance portfolio. For most of the renewable energy projects we have annual energy production data available, on which we can estimate emissions related to energy production. We use economic activity-based emissions for some exposures. These emissions are specific estimates by the reporting financial institution based on economic activity and/or emission data collected from the borrower, investee company, or an umbrella/governing organisation (e.g. housing corporations). As a final resort, we use sector average emission factors based on the emission factor database of PCAF.

We assessed the impact of sustainability risk as a material risk driver for the following risk types: credit risk, business risk, reputational risk, legal risk and compliance risk. The assessment is based partly on qualitative judgements, internal and external studies and the impact of upcoming regulation, and partly on quantitative information (when possible). The changes in exposures compared to the previous disclosure period did not lead to any additional implications for our credit, market, operational, reputational, or liquidity risks.

Template 2: Banking Book - Indicators of potential climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral 31-12-2024

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
	In € millions		0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which EP score estimated
1	**Total EU area**	**53,370**	**2,631**	**17,916**	**18,819**	**8,350**	**5,478**	**175**	**8,450**	**4,142**	**7,148**	**3,209**	**2,198**	**1,693**	**1,783**	**24,747**	**100%**
2	Of which Loans collateralised by commercial immovable property	1,322	410	523	218	80	59	32	297	59	73	22	22	17	30	802	100%
3	Of which Loans collateralised by residential immovable property	52,048	2,221	17,393	18,602	8,270	5,419	143	8,153	4,082	7,075	3,186	2,176	1,677	1,753	23,945	100%
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	43,838	983	14,657	15,702	7,247	5,199	51								24,747	100%
6	**Total non-EU area**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 2: Banking Book - Indicators of potential climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral 31-12-2023

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral[1]	
	In € millions		0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		Of which EP score estimated
1	**Total EU area**	**50,396**	**1,612**	**16,855**	**17,817**	**8,315**	**5,680**	**117**	**7,105**	**3,496**	**6,186**	**2,855**	**1,983**	**1,585**	**1,670**	**25,516**	**100%**
2	Of which Loans collateralised by commercial immovable property	1,105	363	429	173	68	60	12	296	46	79	26	23	18	31	586	100%
3	Of which Loans collateralised by residential immovable property	49,290	1,249	16,426	17,644	8,247	5,620	104	6,809	3,450	6,107	2,829	1,959	1,567	1,639	24,930	100%
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	44,634	689	15,035	15,848	7,563	5,471	29								25,516	100%
6	**Total non-EU area**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1 As of 2024 we changed the calculation of the estimated EP scores without EPC label of the collateral. The comparative figures have been adjusted accordingly.

Template 2
We use the database from the Netherlands Enterprise Agency (RVO) to source definitive EPC labels and, if available, EP score of loans collateralised by immovable property. We estimate the EP score if there is no information available on the EP score from the RVO database. Definitive, preliminary or expired EPC label without EP scores are classified in the following manner:
- A+ and higher are mapped to column b "0; <= 100" kWh/m2.
- A and B is mapped to column c "> 100; <= 200" kWh/m2.
- C and D is mapped to column d "> 200; <= 300" kWh/m2.
- E is mapped to column e "> 300; <= 400" kWh/m2.
- F is mapped to column e "> 300; <= 400" kWh/m2.
- G is mapped to column f "> 400; <= 500" kWh/m2.

In case there is no EPC label known to map the EP score, we use an alternative approach as described below.

The total gross carrying amount increased in 2024 compared to 2023. Loans collateralised by immovable property with relatively better levels of energy efficiency increased.

Loans collateralised by residential immovable property without definitive, preliminary or expired EPC label
The estimation of energy performance of residential immovable property without definitive, preliminary or expired EPC labels is based on energy consumption data received from Partners in Energie, a collaboration of Dutch grid operators. We receive averages of energy consumption per specified cluster, to avoid sharing privacy-sensitive data. These clusters are composed of collateral based on characteristics, specific to the portfolio of de Volksbank, such as brand, type of EPC label (definitive, preliminary, expired) and EPC score (G till A+++++). There is an additional cluster for property without an EPC labels. We use the average energy consumption from this cluster, divided by the surface area of the property to derive an estimation energy performance.

Loans collateralised by commercial immovable property without definitive, preliminary or expired EPC label
For loans collateralised by commercial immovable property we estimate the levels of energy efficiency based on average scope 1 and 2 emission factors per NACE sector, available via PCAF. These emission factors (tCO2/ million euros) are calculated to (kWh/ euro) using CBS emission factor data. The sector specific energy factors are multiplied by the gross carrying amount and divided by the surface (square meters) of the collateral.

Alignment metrics

Template 3: Banking Book - Indicators of potential climate change transition risk: Alignment metrics 31-12-2024

	a	b	c	d	e	f	g
	Sector	NACE Sectors	Portfolio gross carrying amount (in € millions)	Alignment metric	Year of reference	Distance to IEA NZE2050 in %[1]	Target[2]
1	Power	35.11	850	0,010 tCO2/MWh	2024	-92%	0,228 tCO2/MWh
1	Power	35.11	850	0% Average share of high carbon technologies (oil, gas, coal)	2024	-100%	36,50% Average share of high carbon technologies (oil, gas, coal)
9	Residential and commercial mortgages	N.A.	53,370	20,499 kgCO2e/m2	2024	52%	19,373 kgCO2e/m2

1 PiT distance to 2030 NZE2050 scenario in % (for each metric)
2 Year of reference + 3 years

Template 3: Banking Book - Indicators of potential climate change transition risk: Alignment metrics 31-12-2023

	a	b	c	d	e	f	g
	Sector	NACE Sectors	Portfolio gross carrying amount (in € millions)	Alignment metric	Year of reference	Distance to IEA NZE2050 in %[1]	Target[2]
1	Power	35.11	837	0,006 tCO2/MWh	2023	-96%	0,258 tCO2/MWh
1	Power	35.11	837	0% Average share of high carbon technologies (oil, gas, coal)	2023	-100%	40% Average share of high carbon technologies (oil, gas, coal)
9	Residential and commercial mortgages	N.A.	50,396	29,197 kgCO2e/m2	2023	116%	21,35 kgCO2e/m2

1 PiT distance to 2030 NZE2050 scenario in % (for each metric)
2 Year of reference + 3 years

Template 3
De Volksbank is the first bank in the Netherlands with validated Science Based Targets (SBTs) by the Science Based Targets initiative (SBTi). Targets were set for or a range of core activities in line with the Paris Agreement, based on the International Energy Agency Net Zero Emissions by 2050 Scenario (IEA NZE 2050). This includes an SBT on our residential and commercial mortgage portfolio and an SBT on Electricity Generation Project Finance (Power). We have included these targets in this template.

We will not set SBTs for other sectors, as the other sectors are not our core activities or are excluded via our sustainability policies. As such, we have insignificant exposures in the sectors of fossil fuel combustion, automotive (with the exception that we can finance electric vehicles), aviation, cement clinker and lime production, and chemicals and have not identified specific targets in this template. Furthermore, we have limited SME exposures in the sectors maritime transport, iron and steel, coke, and metal ore production. Please find below more information per sector for which we have set an SBT.

Power (SBT)
De Volksbank commits to continue only financing renewable electricity through 2030. The SBTi methodology applies a maintenance target for companies who are already at 100% renewable electricity financing. Since de Volksbank already complies with this SBT it was not required to set alignment metrics. In order to show our progress in this template, we have calculated two types of alignment metrics with the corresponding targets for 2030 based on the IEA NZE 2050 scenario.

1. Alignment metric in tCO_2/MWh

For the calculation of our alignment metric, we looked at all our exposures to the power sector. Due to our sustainability policies, almost all of our exposures concern renewable energy projects. Our alignment metric in tCO2/MWh is based on total emissions caused by our financed renewable energy projects per generated MWh. We compare this alignment metric with the targets as stated in Table A.5 of the IEA (2021) in the Net Zero Emissions by 2050: A Roadmap for the Global Energy Sector. Here we used the target of the NZE 2050 scenario of the electricity sector for the world expressed in CO_2-intensity of electricity generation to establish our distance to this respective target. We used trend analysis to determine the target in three years.

2. Alignment metric in Average share (%) of high carbon technologies (oil, gas, coal)

Our alignment metric with reference year 2024 is calculated on: 0% Average share of high carbon technologies (oil, gas, coal). We included all our exposures in the power sector to calculate the alignment metric. Due to our sustainability policies, we do not have exposures in high carbon technologies (oil, gas, coal) in the power sector. We compare this alignment metric with the targets as stated in Table A.3 of the IEA (2021) Net Zero Emissions by 2050: A Roadmap for the Global Energy Sector. Here we used the target of the NZE 2050 scenario of the electricity sector for the world expressed in average share of high carbon technologies (oil, gas, coal), to establish our distance to this respective target. We used trend analysis to determine the target in three years.

As our project finance portfolio solely consists of renewable energy companies within that sector and does not include any clients in the (fossil) gas sector, we assess our exposure to transition risk in sectors that highly contribute to climate change to be low.

Residential and commercial immovable property
De Volksbank commits to reduce mortgage portfolio GHG emissions with 59% per

square meter by 2030 from a 2020 base year. The SBT has been set on all mortgage exposures including commercial and residential.

Alignment metric in: $kgCO_2e/m2$

The alignment metric is applicable to the entire mortgage portfolio, which is comprised of residential and commercial mortgages.

The emission intensity ($kgCO_2e/m^2$) for residential mortgages has been calculated using gas- and electricity consumption data specific to de Volksbank residential mortgage portfolio (2023 EOY portfolio composition). The energy consumption data have reference data 1-1-2024 and are retrieved from Partners in Energie, a collaboration of the Dutch grid operators. The gas- and electricity consumption is converted to CO_2-equivalents using emission factors applicable to the Dutch energy grid based on the energy mix of the Netherlands. The CO_2-equivalents are divided by the total surface area of the mortgage portfolio (sourced from BAGLV) to obtain the carbon intensity metric $kgCO_2e/m^2$.

The emissions for the commercial mortgages are calculated using PCAF emission factors based on asset value per sector. The emissions for commercial mortgages are also converted to a carbon intensity metric by dividing the emissions by total surface area. Both residential and commercial mortgage portfolios are represented in one metric, as the Science Based Target is set for the whole mortgage portfolio.

The alignment metric has been updated with new energy consumption data for residential mortgages. In this update, the reduced energy demand in our customer base can be seen as a result of the energy crisis during 2022 and 2023. Furthermore, these years were relatively warm, leading to a further reduced gas consumption. As a result, the distance to the 2030 target of the NZE 2050 scenario has improved significantly: 52% compared to 116% over 2023.

Template 4: Banking Book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

De Volksbank has chosen the Carbon Majors Database launch report as a source for the top 20 carbon-intensive firms, based on emissions after the Paris Agreement. When assessing the exposures to the top 20 carbon-intensive firms, we apply a look through approach for special purpose vehicles on best effort basis. If there is a majority shareholder from a top 20 carbon-intensive firm, the exposure is included. As a result of our sustainability policies, we exclude almost all activities in the fossil fuel, mining, and iron, steel and coke production sector and therefore we have no exposure to the top 20 carbon-intensive firms. Therefore Template 4 - Banking Book - Climate change transition risk: Exposures to top 20 carbon-intensive firms is not included in this report.

Template 5: Banking Book - Indicators of potential climate change physical risk: Exposures subject to physical risk 31-12-2024

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket										Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	In € millions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity[1]	of which chronic climate change events	of which acute climate change events	of which chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures		of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	1	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	174	0	0	1	-	13	0	-	0	-	-	-0	-	-
4	D - Electricity, gas, steam and air conditioning supply	849	-	-	-	-	-	-	-	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	0	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	59	-	-	0	-	13	0	-	-	-	-	-0	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	125	-	-	1	-	19	1	-	-	-	-	-0	-	-
8	H - Transportation and storage	94	-	-	0	-	35	0	-	-	-	-	-0	-	-
9	L - Real estate activities	311	-	0	4	-	18	3	-	1	1	-	-0	-0	-

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket										Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	In € millions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity[1]	of which chronic climate change events	of which acute climate change events	of which chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures		of which Stage 2 exposures	Of which non-performing exposures
10	Loans collateralised by residential immovable property	52,048	63	153	501	1,598	22	2,171	-	145	284	19	-4	-1	-1
11	Loans collateralised by commercial immovable property	1,322	1	5	49	0	18	51	-	4	4	2	-1	-0	-0

1 In years.

Template 5: Banking Book - Indicators of potential climate change physical risk: Exposures subject to physical risk 31-12-2023

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket										Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	In € millions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity[1]	of which chronic climate change events	of which acute climate change events	of which chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures		of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	1	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	130	-	0	0	-	-	0	-	0	0	-	-0	-0	-
4	D - Electricity, gas, steam and air conditioning supply	837	-	5	-	-	-	5	-	-	5	-	-0	-0	-
5	E - Water supply; sewerage, waste management and remediation activities	0	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	74	-	-	1	-	-	1	-	0	-	-	-0	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	97	0	0	0	-	-	1	-	-	-	-	-0	-	-
8	H - Transportation and storage	65	0	-	0	-	-	0	-	0	-	-	-0	-	-
9	L - Real estate activities	278	-	-	3	-	-	3	-	-	-	-	-0	-	-
10	Loans collateralised by residential immovable property	49,290	38	124	519	1,469	0	1,982	-	168	116	24	-5	-2	-2
11	Loans collateralised by commercial immovable property	1,105	1	6	37	0	0	39	-	5	4	2	-1	-0	-1

1 In years.

Template 5

Given the concentration of activities of de Volksbank in the Netherlands, the only material geographic area for the assessment of potential climate change physical risk is the Netherlands. The vast majority of activities in the Netherlands is related to loans collateralised by residential and commercial immovable property.

De Volksbank has developed a methodology and assessed the physical climate risks on its liquidity portfolio. Overall, the exposure to the high-risk category is limited. There are no exposures classified as high risk on a net level, indicating strong portfolio resilience against significant financial threats due to climate events. The used methodology is based on sector information and not on location, as this data was not available. The results of the assessments have therefore not been included in the table.

The location of the collateral is used for residential and commercial immovable property. For other loans, the residence of the counterparty is used for the assessment. De Volksbank consulted the data from the Climate Impact Atlas (link only available in Dutch). The categorisation for all maps is available on the level of the coordinates of the collateral. We mapped the coordinates of the underlying collateral in our data to the categorisation of the maps in the Climate Impact Atlas regardless of the (loan) portfolio via a Phyton tool.

For chronic climate change events, de Volksbank categorised all exposures in regions with a high or very high risk to pole rot and/ or soil subsidence according to the maps in the Climate Impact Atlas, with the scenario 2050 Low. For acute and chronic climate change events, de Volksbank categorised all exposures in regions with a flood of 50 cm or higher and a probability of 1/300 and higher to the maps of the Climate Impact Atlas. The Climate Impact Atlas does not differentiate between sea level rise (chronic physical climate risk) and flood (acute physical climate risk). Therefore, we included exposures sensitive to flood in the column with both chronic and acute climate change events.

The 2050 Low scenario has been chosen for chronic climate change events in order to ensure that all consulted maps have the same reference point. The flood risk map used for acute and chronic climate change events has a 2050 reference point.

Template 6: Summary of key performance indicators (KPIs) on the Taxonomy-aligned exposures 31-12-2024

	KPI			
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	% coverage (over total assets)[1]
GAR stock	14.55%	0.00%	14.55%	88.01%
GAR flow	11.67%	0.00%	11.68%	75.26%

1 % of assets covered by the KPI over banks´ total assets

Template 6: Summary of key performance indicators (KPIs) on the Taxonomy-aligned exposures 31-12-2023

	KPI			
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	% coverage (over total assets)[1]
GAR stock	13.38%	0.00%	13.38%	83.83%
GAR flow	9.18%	0.00%	9.18%	78.73%

1 % of assets covered by the KPI over banks´ total assets

Template 6

The overview of KPIs related to the Green Asset Ratio (GAR) in Template 6 results from the information as is included in templates 7 and 8. The information in these templates shows how our financing activities meet the objectives of climate change mitigation and adaptation based on the EU Taxonomy of green activities.

Our GAR KPIs based on Turnover improved in 2024 compared to 2023. This is mainly because the total exposures of our household portfolio of which loans collateralised by residential immovable property increased. This increase included relatively more EU taxonomy-aligned residential immovable property.

Template 7 - Mitigating actions: Assets for the calculation of GAR 31-12-2024

	a	b	c	e	f	g	h	j	k	l	m	o	p
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
	Total gross carrying amount		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
In € millions				Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional/ adaptation	Of which enabling
GAR - Covered assets in both numerator and denominator													
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	55,259	53,649	9,469	2	31	2	0		0	53,651	9,470	2	31
2 Financial corporations	2,621	1,253	135	1	1	2	0		0	1,256	136	1	1
3 Credit institutions	2,292	1,057	134	1	1	2	0		0	1,058	135	1	1
4 *Loans and advances*	1,010	368	28	0	0	0	0		0	368	28	0	0
5 *Debt securities, including UoP*	1,282	689	106	1	0	2	0		-	690	106	1	0
6 *Equity instruments*	0	-	-	-	-	-	-		-	-	-	-	-
7 Other financial corporations	329	197	1	-	0	0	0		-	197	1	-	0
8 *of which investment firms*	-	-	-	-	-	-	-		-	-	-	-	-
9 *- Loans and advances*	-	-	-	-	-	-	-		-	-	-	-	-
10 *- Debt securities, including UoP*	-	-	-	-	-	-	-		-	-	-	-	-
20 Non-financial corporations (subject to NFRD disclosure obligations)	564	321	152	0	30	-	-		-	321	152	0	30
21 *Loans and advances*	-	-	-	-	-	-	-		-	-	-	-	-
22 *Debt securities, including UoP*	564	321	152	0	30	-	-		-	321	152	0	30
23 *Equity instruments*	-	-	-	-	-	-	-		-	-	-	-	-
24 Households	52,075	52,075	9,182	-	-					52,075	9,182	-	-
25 *of which loans collateralised by residential immovable property*	52,047	52,047	9,182	-	-					52,047	9,182	-	-
26 *of which building renovation loans*	12	12	-	-	-					12	-	-	-
27 *of which motor vehicle loans*	16	16	-	-	-					16	-	-	-
28 Local governments financing	-	-	-	-	-	-	-		-	-	-	-	-
29 Housing financing	-	-	-	-	-	-	-		-	-	-	-	-
30 Other local governments financing	-	-	-	-	-	-	-		-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-		-	-	-	-	-
32 **TOTAL GAR ASSETS**	**55,259**	**53,649**	**9,469**	**2**	**31**	**2**	**0**		**0**	**53,651**	**9,470**	**2**	**31**
Assets excluded from the numerator for GAR calculation (covered in the denominator)													
33 EU Non-financial corporations (not subject to NFRD disclosure obligations)	1,892												
34 *Loans and advances*	1,856												
35 *Debt securities*	36												
37 Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)	21												
38 *Loans and advances*	-												

In € millions	a	b	c	e	f	g	h	j	k	l	m	o	p
		Climate Change Mitigation (CCM)				**Climate Change Adaptation (CCA)**				**TOTAL (CCM + CCA)**			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**				**Of which towards taxonomy relevant sectors (Taxonomy-eligible)**			
	Total gross carrying amount		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional/ adaptation	Of which enabling
39 *Debt securities*	21												
41 Derivatives	573												
42 On demand interbank loans	37												
43 Cash and cash-related assets	33												
44 Other assets (e.g. Goodwill, commodities etc.)	7,251												
45 TOTAL ASSETS IN THE DENOMINATOR (GAR)	**65,066**												
Other assets excluded from both the numerator and denominator for GAR calculation													
46 Sovereigns	5,109												
47 Central banks exposure	3,282												
48 Trading Book	476												
49 TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR	**8,866**												
50 TOTAL ASSETS	**73,932**												

Template 7 - Mitigating actions: Assets for the calculation of GAR 31-12-2023

		a	b	c	e	f	g	h	j	k	l	m	o	p
			Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)[1]			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Total gross carrying amount		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
	In € millions				Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional/ adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	52,176	50,195	7,994	18	13	55	-	-	-	50,709	7,994	18	13
2	Financial corporations	2,464	654	53	-	-	50	-	-	-	1,162	53	-	-
3	Credit institutions	2,215	520	53	-	-	45	-	-	-	1,023	53	-	-
4	*Loans and advances*	1,090	2	-	-	-	-	-	-	-	425	-	-	-
5	*Debt securities, including UoP*	1,125	518	53	-	-	45	-	-	-	598	53	-	-
6	*Equity instruments*	0	-	-	-	-	-	-	-	-	-	-	-	-
7	Other financial corporations	249	134	-	-	-	5	-	-	-	139	-	-	-
8	*of which investment firms*	19	19	-	-	-	-	-	-	-	19	-	-	-
9	*- Loans and advances*	-	-	-	-	-	-	-	-	-	-	-	-	-
10	*- Debt securities, including UoP*	19	19	-	-	-	-	-	-	-	19	-	-	-
20	Non-financial corporations (subject to NFRD disclosure obligations)	403	232	55	18	13	5	-	-	-	237	55	18	13
21	*Loans and advances*	-	-	-	-	-	-	-	-	-	-	-	-	-
22	*Debt securities, including UoP*	403	232	55	18	13	5	-	-	-	237	55	18	13
23	*Equity instruments*	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Households	49,309	49,309	7,886	-	-					49,309	7,886	-	-
25	*of which loans collateralised by residential immovable property*	49,290	49,290	7,886	-	-					49,290	7,886	-	-
26	*of which building renovation loans*	10	10	-	-	-					10	-	-	-
27	*of which motor vehicle loans*	9	9	-	-	-					9	-	-	-
28	Local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**TOTAL GAR ASSETS**	**52,176**	**50,195**	**7,994**	**18**	**13**	**55**	**-**	**-**	**-**	**50,709**	**7,994**	**18**	**13**
	Assets excluded from the numerator for GAR calculation (covered in the denominator)													
33	EU Non-financial corporations (not subject to NFRD disclosure obligations)	1,761												
34	*Loans and advances*	1,729												
35	*Debt securities*	33												
37	Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)	53												
38	*Loans and advances*	27												

	a	b	c	e	f	g	h	j	k	l	m	o	p
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)[1]			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
In € millions	**Total gross carrying amount**			Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional/ adaptation	Of which enabling
39 *Debt securities*	26												
41 Derivatives	741												
42 On demand interbank loans	39												
43 Cash and cash-related assets	28												
44 Other assets (e.g. Goodwill, commodities etc.)	4,932												
45 TOTAL ASSETS IN THE DENOMINATOR (GAR)	**59,731**												
Other assets excluded from both the numerator and denominator for GAR calculation													
46 Sovereigns	4,669												
47 Central banks exposure	6,336												
48 Trading Book	517												
49 TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR	**11,522**												
50 TOTAL ASSETS	**71,253**												

1 Includes exposures towards counterparties that did not specify whether activities are CCM or CCA taxonomy-eligible or taxonomy-aligned.

Template 7
Included in this template are our financing activities that are eligible and aligned with EU Taxonomy, which serves as underlying information for the calculation of the GAR.

De Volksbank invests in EU taxonomy aligned activities in the following portfolios:
- Household portfolio of which loans collateralised by residential immovable property.
- Financial corporation subject to NFRD disclosure obligations and, for bonds with known use of proceeds, non-NFRD financial corporations.
- Non-financial corporations subject to NFRD and, for bonds with known use of proceeds, non-NFRD counterparties.
- Non-financial corporations not subject to NFRD such as our SME portfolio (including loans collateralised by commercial immovable property) and project financing (via SPVs not subject to NFRD) such as wind and solar parks.

Template 8 - GAR (%) 31-12-2024

	% (compared to total covered assets in the denominator)	a	b	d	e	f	g	i	j	k	l	n	o	p	q	r	t	u	v	w	y	z	aa	ab	ad	ae	af
		KPIs on stock													KPIs on flows												
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)[1]				
		Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of total assets covered	Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of total new assets covered
			Of which environmentally sustainable				Of which environmentally sustainable				Of which environmentally sustainable					Of which environmentally sustainable				Of which environmentally sustainable				Of which environmentally sustainable			
				Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional/ adaptation	Of which enabling				Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional/ adaptation	Of which enabling	
1	**GAR**	**82.45**	**14.55**	**0.00**	**0.05**	**0.00**	**0.00**	**0.00**	**0.00**	**82.46**	**14.55**		**0.05**	**88.01**	**52.14**	**11.67**	**0.01**	**0.21**	**0.01**	**0.00**	**0.00**	**0.00**	**52.16**	**11.68**	**0.01**	**0.21**	**75.26**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	97.09	17.14	0.00	0.06	0.00	0.00	0.00	0.00	97.09	17.14		0.06	74.74	84.30	18.87	0.02	0.34	0.02	0.00	0.00	0.00	84.32	18.88	0.02	0.34	46.55
3	Financial corporations	47.83	5.17	0.04	0.03	0.08	0.02	0.00	0.00	47.91	5.18	0.04	0.03	3.55	48.91	5.77	0.05	0.03	0.09	0.02	0.00	0.00	49.00	5.79	0.05	0.03	11.86
4	Credit institutions	46.11	5.87	0.05	0.03	0.08	0.00	0.00	0.00	46.19	5.87	0.05	0.03	3.10	47.10	6.68	0.05	0.03	0.08	0.00	0.00	0.00	47.18	6.68	0.05	0.03	10.16
5	Other financial corporations	59.77	0.30	0.00	0.00	0.12	0.12	0.00	0.00	59.88	0.41			0.45	59.77	0.30	0.00	0.00	0.12	0.12	0.00	0.00	59.88	0.41			1.70
6	*of which investment firms*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
7	*of which management companies*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
8	*of which insurance undertakings*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
9	Non-financial corporations subject to NFRD disclosure obligations	57.00	26.96	0.09	5.33	0.00	0.00	0.00	0.00	57.00	26.96	0.09	5.33	0.76	57.00	26.96	0.09	5.33	0.00	0.00	0.00	0.00	57.00	26.96	0.09	5.33	2.90
10	Households	100.00	17.63	0.00	0.00					100.00	17.63			70.44	100.00	23.02	0.00	0.00					100.00	23.02			31.79
11	*of which loans collateralised by residential immovable property*	100.00	17.64	0.00	0.00					100.00	17.64			70.40	100.00	23.08	0.00	0.00					100.00	23.08			31.71
12	*of which building renovation loans*	100.00	0.00	0.00	0.00					100.00				0.02	100.00	0.00	0.00	0.00					100.00				0.03
13	*of which motor vehicle loans*	100.00	0.00	0.00	0.00					100.00				0.02	100.00	0.00	0.00	0.00					100.00				0.05
14	Local government financing	0.00	0.00	0.00	0.00										0.00	0.00	0.00	0.00									
15	*Housing financing*	0.00	0.00	0.00	0.00										0.00	0.00	0.00	0.00									
16	*Other local governments financing*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
17	Collateral obtained by taking possession: residential and commercial immovable properties	0.00	0.00	0.00	0.00										0.00	0.00	0.00	0.00									

1 Includes exposures towards counterparties that did not specify whether activities are CCM or CCA taxonomy-eligible or taxonomy-aligned.

Template 8 - GAR (%) 31-12-2023

		a	b	d	e	f	g	i	j	k	l	n	o	p	q	r	t	u	v	w	y	z	aa	ab	ad	ae	af
		KPIs on stock													KPIs on flows												
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)[2]				
	% (compared to total covered assets in the denominator)[1]	Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of total assets covered[3]	Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of total new assets covered[4]
			Of which environmentally sustainable				Of which environmentally sustainable				Of which environmentally sustainable					Of which environmentally sustainable				Of which environmentally sustainable				Of which environmentally sustainable		
				Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional/ adaptation	Of which enabling				Of which transitional	Of which enabling			Of which adaptation	Of which enabling			Of which transitional/ adaptation	Of which enabling	
1	**GAR**	**84.04**	**13.38**	**0.03**	**0.02**	**0.09**				**84.90**	**13.38**	**0.03**	**0.02**	**83.83**	**48.92**	**9.18**		**0.05**	**0.20**				**52.73**	**9.18**		**0.05**	**78.73**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	96.20	15.32	0.04	0.02	0.11				97.19	15.32	0.04	0.02	73.23	78.59	14.74		0.09	0.32				84.72	14.74		0.09	49.01
3	Financial corporations	26.54	2.14			2.04				47.18	2.14			3.46	10.11	1.27			1.38				36.56	1.27			11.36
4	Credit institutions	23.48	2.38			2.03				46.20	2.38			3.11	5.54	1.37			1.02				33.60	1.37			10.54
5	Other financial corporations	53.73				2.13				55.86				0.35	68.60				5.98				74.58				0.82
6	*of which investment firms*	100.00								100.00				0.03													
7	*of which management companies*																										
8	*of which insurance undertakings*																										
9	Non-financial corporations subject to NFRD disclosure obligations	57.64	13.64	4.56	3.21	1.17				58.83	13.64	4.56	3.21	0.57	58.21	6.39		6.39					58.21	6.39		6.39	0.67
10	Households	100.00	15.99							100.00	15.99			69.20	100.00	19.03							100.00	19.03			36.98
11	*of which loans collateralised by residential immovable property*	100.00	16.00							100.00	16.00			69.18	100.00	19.09							100.00	19.09			36.86
12	*of which building renovation loans*	100.00								100.00				0.01	100.00								100.00				0.05
13	*of which motor vehicle loans*	100.00								100.00				0.01	100.00								100.00				0.06
14	Local government financing																										
15	*Housing financing*																										
16	*Other local governments financing*																										
17	Collateral obtained by taking possession: residential and commercial immovable properties																										

1 As of 2024, the denominators for the calculation of the percentages in this table were adjusted in line with regulations. Comparative figures have been adjusted.
2 Includes exposures towards counterparties that did not specify whether activities are CCM or CCA taxonomy-eligible or taxonomy-aligned.
3 As of 2024, we calculate the Proportion of total assets covered by dividing the gross carrying amount per row by the total assets. The comparative figures have been adjusted accordingly.
4 As of 2024, we calculate the Proportion of total new assets covered by dividing the gross carrying amount per row by the total new assets. The comparative figures have been adjusted accordingly.

Template 8
The GAR percentages included in this template are based on our financing activities that are eligible and aligned with EU Taxonomy, as reported in template 7.

Template 9.1: Mitigating actions: Assets for the calculation of BTAR 31-12-2024

		a	b	c	d	e	f	g	h	k	l	m	n	o	p
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
		Total gross carrying amount		Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			
	In € millions				Of which specialised lending	Of which transitional	Of which enabling			Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling
1	**Total GAR Assets**	**55,259**	**53,649**	**9,469**	**-**	**2**	**31**	**2**	**0**	**0**	**53,651**	**9,470**	**-**	**2**	**31**
	Assets excluded from the numerator for GAR calculation (covered in the denominator) but included in the numerator and denominator of the BTAR														
2	EU Non-financial corporations (not subject to NFRD disclosure obligations)	1,892	1,593	796	631	-	-	-	-	-	1,593	796	631	-	-
3	Loans and advances	1,856	1,593	796	631	-	-	-	-	-	1,593	796	631	-	-
4	of which loans collateralised by commercial immovable property	673	673	108	1	-	-				673	108	1	-	-
5	of which building renovation loans	-	-	-	-	-	-				-	-	-	-	-
6	Debt securities	36	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)	21	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities	21	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	**TOTAL BTAR ASSETS**	**57,172**	**55,242**	**10,265**	**631**	**2**	**31**	**2**	**0**	**0**	**55,244**	**10,266**	**631**	**2**	**31**
	Assets excluded from the numerator of BTAR (covered in the denominator)														
13	Derivatives	573													
14	On demand interbank loans	37													
15	Cash and cash-related assets	33													
16	Other assets (e.g. Goodwill, commodities etc.)	7,251													
17	**TOTAL ASSETS IN THE DENOMINATOR**	**65,066**													
	Other assets excluded from both the numerator and denominator for BTAR calculation														
18	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	**8,866**													
19	**TOTAL ASSETS**	**73,932**													

Template 9.2: BTAR % 31-12-2024

	a	b	c	e	f	g	i	j	k	l	m	o	p	q	r	s	t	u	v	w	y	z	aa	ab	ac	ad	ae	af
	KPIs on stock													Disclosure reference date T: KPIs on flows														
	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
	Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of total assets covered	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total assets covered
		Of which environmentally sustainable				Of which environmentally sustainable				Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				Of which environmentally sustainable			
% (compared to total covered assets in the denominator)			Of which specialised lending	Of which enabling			Of which adaptation	Of which enabling			Of which specialised lending	Of which enabling				Of which specialised lending	Of which transitional/ adaptation	Of which enabling			Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/ adaptation	Of which enabling	
1 **BTAR**[1]	84.90	15.78	0.97	0.05					84.90	15.78	0.97	0.05	88.01	53.17	11.84	0.01	0.01	0.21	0.01				53.18	11.85	0.01	0.01	0.21	75.26
2 **GAR**[1]	82.45	14.55		0.05					82.46	14.55		0.05	88.01	52.14	11.67		0.01	0.21	0.01				52.16	11.68		0.01	0.21	75.26
3 EU Non-financial corporations not subject to NFRD disclosure obligations	84.18	42.07	33.34						84.18	42.07	33.34		2.56	64.59	10.8	0.32							64.59	10.8	0.32			1.19
4 of which loans collateralised by commercial immovable property	100	16.1	0.15						100	16.1	0.15		0.91	100	16.75								100	16.75				0.74
5 of which building renovation loans																												
6 Non-EU country counterparties not subject to NFRD disclosure obligations													0.03															0.11

1 Figures are revised on 4 April 2025.

Template 9.3: Summary table - BTAR % 31-12-2024

	KPI			% coverage (over total assets)*
	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Total (CCM + CCA)	
BTAR stock	15.78%	0.00%	15.78%	88.01%
BTAR flow	11.84%	0.00%	11.85%	75.26%

Template 9
Included in this template are our financing activities that are assets for the calculation of the BTAR. The Taxonomy-aligned activities in the BTAR mainly consists of exposures to commercial real estate with energy efficiency rating A, ASN project finance portfolio and housing associations. This is the first year for which this template is disclosed.

The Taxonomy alignment under the BTAR is assessed using a simplified approach, not looking at minimum safeguards. The exposures are assessed in accordance with the technical screening criteria in the EU Taxonomy as described below. Minimum safeguards are only assessed for the ASN project finance portfolio as this information was already available.

For commercial real estate, we assessed collateral with surface area of less than 830 m² as the cut-off point for large non-residential buildings, as we do not have insight into the energy performance monitoring and assessment. Collateral under this threshold with an EPC label A was assessed as meeting the substantial screening criteria if the collateral is built before 2021. For buildings built after 2021, the Primary Energy Demand needs to be at least 10% lower than the threshold set for nearly zero-energy building (NZEB) requirements. We also performed a Do No Significant Harm (DNSH) assessment using the location of the collateral for an internal risk assessment. De Volksbank considers pole rot, soil subsidence and flooding as relevant physical climate hazards for the real estate in the Netherlands that we finance. We plotted the collateral to the following relevant maps and thresholds in the Climate Impact Atlas:

- pole rot with the low 2050 scenario and a high or very high risk threshold.
- soil subsidence with the low 2050 scenario and a high or very high risk threshold.
- ≥50 cm flood with the low 2050 scenario and a probability of 1/300 and higher.

In the event of a material physical climate risk, we take a conservative approach and do not consider the respective exposure to be taxonomy aligned. In principle, if our customers plan and implement adaptation solutions within five years, it would mitigate the relevant risk, in which case the respective exposure may be considered as taxonomy aligned. However, at this stage we are not able to track the plans and implementation of adaptation solutions.

The ASN project finance portfolio is assessed using the applicable technical screening criteria for substantial contribution and DNSH for the relevant economic activity based on project specific information. Minimum safeguards are assessed on a best effort basis at the level of the majority shareholder, the relevant entity or SPV, or the main supplier.

Housing associations are assessed using the reported ratio of EPC label A of their portfolio as proxy. If the reported data was missing, we used the average ratio of EPC label A from the branch association Aedes. For DNSH we applied a haircut based on the average percentage of residential buildings subject to physical climate change events in The Netherlands. This average is derived from the four largest banks with large residential real estate portfolios in The Netherlands.

Template 10 - Other climate change mitigating actions that are not covered in the EU Taxonomy 31-12-2024

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (in € millions)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds[1]	Financial corporations	-	-	-	
2		Non-financial corporations	-	-	-	
4		Other counterparties	732	Yes	Yes	These exposures concern green bonds under standards such as ICMA Green Bond Principles, excluding those exposures that are included in the GAR. The counterparties concern sovereigns, including public sector entities. The green bonds mainly cover projects in relation to renewable energy and energy saving activities. Such projects prevent/mitigate transition risk and contribute to climate change mitigation. Although the main focus is on carbon reduction, it can occur that there are adaptation measures in these respective bonds.
5	Loans[1]	Financial corporations	141	Yes	Yes	These exposures to eco, green and climate funds prevent/mitigate climate change transition and physical risk and contribute to the climate change mitigation and adaptation objective. The nature of these mitigating actions lies in promoting sustainable economic growth by investing in measures that reduce energy consumption, promote responsible (natural) resource use, conserve biodiversity and reduce CO2 emissions.
6		Non-financial corporations	-	-	-	
7		*Of which Loans collateralised by commercial immovable property*	-	-	-	
8		Households	119	Yes	No	These exposures concern loans to retail customers collateralised by commercial immovable property. These loans are in accordance with the technical screening criteria for these buildings in accordance with Section 7.7 of Annex I to Delegated Regulation (EU) 2021/2139. Loans collateralised by commercial immovable property are excluded from the GAR and loans to retail customers are excluded from the BTAR, hence these loans are included in this template.
11		Other counterparties	71	No	Yes	In this category we have included our exposures to amongst others (local) governmental exposures such as Water Authorities that prevent physical climate risk and contribute to the climate adaptation objective.

1 E.g. green, sustainable, sustainability-linked under standards other than the EU standards.

Template 10: Other climate change mitigating actions that are not covered in the EU Taxonomy 31-12-2023

	a Type of financial instrument	b Type of counterparty	c Gross carrying amount (in € millions)	d Type of risk mitigated (Climate change transition risk)	e Type of risk mitigated (Climate change physical risk)	f Qualitative information on the nature of the mitigating actions
1	Bonds[1]	Financial corporations	-	-	-	
2		Non-financial corporations	-	-	-	
4		Other counterparties	742	Yes	Yes	These exposures concern Green and Sustainability bonds mainly in relation to renewable energy which have been accepted under our sustainability policies. Such projects prevent/mitigate transition risk and contribute to climate change mitigation. Although the main focus is on carbon reduction, it can occur that there are adaptation measures in these respective bonds.
5	Loans[1]	Financial corporations	154	Yes	No	These exposures to special eco and green funds prevent/mitigate climate change transition and physical risk and contribute to the climate change mitigation and adaptation objective.
6		Non-financial corporations	-	-	-	
7		*Of which Loans collateralised by commercial immovable property*	-	-	-	
8		Households	-	-	-	
11		Other counterparties	80	No	Yes	In this category we have included our exposures to amongst others (local) governmental exposures such as Water Authorities that prevent physical climate risk and contribute to the climate adaptation objective.

1 E.g. green, sustainable, sustainability-linked under standards other than the EU standards.

Template 10
In template 10, we have included exposures that are not considered in scope for the GAR or BTAR. In our view, these exposures are contributing to climate change mitigation and adaptation and reduce climate change transition and physical risk. By investing in green bonds, impact investment funds and (regional) Water Authorities, we take ongoing actions to mitigate future climate risks. The timing of the action to mitigate future climate risks varies dependent on the instrument and counterparty. We explain each category in more detail below.

Row 4: Bonds – Other counterparties
In this category we included green bonds which have been accepted under our sustainability policies and are indicated by Bloomberg as green bonds. These exposures concern green bonds under standards such as ICMA Green Bond Principles. The counterparties concern sovereigns, including public sector entities, which are excluded from the GAR and BTAR. The green bonds cover mainly projects in relation to renewable energy and energy saving which have been accepted under our sustainability policies. Such projects prevent/mitigate transition risk and contribute to climate change mitigation. Although the main focus is on carbon reduction, it can occur that there are adaptation measures in these respective bonds. Furthermore, all our green bonds are validated by a Second Party Opinion (SPO) provider. Bonds issued by (non-)financial corporations with EU Taxonomy alignment, including those that will be issued under the EU Green Bond Standard, are included in templates 6, 7 and 8.

Row 5: Loans – Financial corporations
This category covers exposures to eco, green and climate funds. These funds are not subject to the NFRD and are not considered in the BTAR as they are not non-financial corporations. These funds prevent or mitigate climate change transition and physical risk and contribute to the climate change mitigation and adaptation objective, and therefore are considered in this template. The nature of these mitigating actions lies in promoting sustainable economic growth by investing in measures that reduce energy consumption, promote responsible (natural) resource use, conserve biodiversity and reduce CO_2 emissions.

Row 8: Households
This category contains loans to retail customers collateralised by commercial immovable property. These loans are in accordance with the technical screening criteria for these buildings in accordance with Section 7.7 of Annex I to Delegated Regulation (EU) 2021/2139. Loans collateralised by commercial immovable property are excluded from the GAR and loans to retail customers are excluded from the BTAR, hence these loans are included in this template.

Row 11: Loans – Other counterparties
In this category we have included loans to (regional) Water Authorities. These general purpose loans are expected to mitigate climate change physical risk and contribute to the climate change adaptation objective. The counterparties are local authorities and are not subject to the NFRD reporting obligation and do not have a Taxonomy reporting obligation.