



Green Bond Allocation Report 2021

de volksbank



Introduction

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

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we were 55% climate neutral.
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methodology.*

With our core activities mortgages, savings and payments, we can have a considerable positive impact on sustainability in our chain and our customers' financial resilience. At the end of 2021, we were 55% climate neutral. A significant improvement compared with 45% year-end 2020 based on the Partnership for Carbon Accounting Financials (PCAF) methodology. We are therefore on course to achieve our target of at least 75% climate-neutral by 2025 and 100% climate neutral by 2030. Our long-standing commitment to sustainability is recognized by independent sustainability rating agencies that assess our sustainability performance annually. According to several sustainability rating agencies, de Volksbank has a leading position in environmental, social and governance themes.

Since the publication of the Green Bond Framework in April 2019, there were some

relevant publications at EU level which are likely to impact the green bond market – such as the final TEG report on the EU Taxonomy (March 2020), the EU Green Bond Standard (June 2019) and the final Delegated Act (April 2021). Therefore, de Volksbank has updated the Green Bond Framework April 2019 to reflect alignment with the EU Taxonomy (Delegated Act on the EU Taxonomy). This Green Bond Allocation Report 2021 reflects the allocation and reporting requirements as stated in the Green Bond Framework February 2021¹. We have had our Green Bond Framework 2021 externally assessed by ISS ESG. In the Second Party Opinion (SPO), alignment with the Green Bond Principles (GBP) has been confirmed and also the alignment of the Green Bond asset pool with the EU Taxonomy. De Volksbank is also a member of the Green Bond Principles.

In September 2019, de Volksbank issued its first 'green senior preferred bond' in the amount of €500 million.

In September 2019, de Volksbank issued its first 'Green Senior Preferred Bond' in the amount of €500 million. This issuance was rewarded with the Green Bond Award of the Year by Environmental Finance. In this Green Bond Allocation Report 2021, de Volksbank N.V. reports on the use of proceeds during the financial year 2021, in respect of:

- The EUR 500,000,000 Notes due October 2030 (Green Bond) that de Volksbank N.V. issued in July 2020 (ISIN XS2202902636);
- The EUR 300,000,000 Notes due October 2022 (Green Bond) that de Volksbank issued in October 2020 (ISIN XS2242176258);
- The EUR 200,000,000 Notes due June 2022 (Green Bond) that de Volksbank issued in December 2020 (ISIN XS2271346152);
- The EUR 500,000,000 Notes due March 2028 (Green Bond) that de Volksbank N.V. issued in March 2021 (ISIN XS2308298962);
- And the EUR 500,000,000 Notes due June 2026 (Green Bond) that de Volksbank N.V. issued in June 2021 (ISIN XS2356091269).

Besides this Allocation Report, an Impact Report will be published as well. The Impact Report compares the CO₂-emission of the Eligible Green Loan Portfolio to that of a comparable group of real estate with an average energy-efficiency. The objective of the Impact Report is to demonstrate that the selected buildings belonged to the top most sustainable buildings in the Netherlands and that it meets the requirements of the Green Bond Principles. EY performed a limited assurance engagement on the Green Bond Allocation Report over the year 2021. The report contains allocation reporting on a portfolio level.

- The EUR 500,000,000 Notes due September 2024 (Green Bond) that de Volksbank N.V. issued in September 2019 (ISIN XS2052503872);

¹ <https://www.devolsbank.nl/investor-relations/green-bonds>



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

As stated in the Green Bond Framework February 2021 this allocation report will provide, for each Eligible Green category:

- the total amount of proceeds allocated to Eligible Green Loans per category
- the number of Eligible Green Loans
- the balance of unallocated proceeds
- the amount or the percentage of new financing and refinancing²

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² New financing refers to the loans that have been offered in the year of issuance.

In 2021, the Eligible Green Loan Portfolio consisted of the category Green Buildings. The Green Bond Allocation Report, as well as the Impact Report, will be made available via the de Volksbank website:

devolksbank.nl/investor-relations/green-bonds

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Eligible Green Loan Portfolio			Green Funding					
Category	Number of buildings	Amount (EUR) ³	Instrument (ISIN)	Allocated	Issuance Date	Due Date	New financing/ refinancing	Amount (EUR)
Green Buildings ⁴	19,984	4,739,872,795	XS2052503872	Green Senior Unsecured	September 2019	September 2024	100% refinancing	500,000,000
			XS2202902636	Green Tier 2	July 2020	October 2030	100% refinancing	500,000,000
			XS2242176258	Green Senior Unsecured PP	October 2020	October 2022	100% refinancing	300,000,000
			XS2271346152	Green Senior Unsecured PP	December 2020	June 2022	100% refinancing	200,000,000
			XS2308298962	Green Senior Non-Preferred	March 2021	March 2028	100% refinancing	500,000,000
			XS2356091269	Green Senior Non-Preferred	June 2021	June 2026	100% refinancing	500,000,000
			N/A	Pearl 1 RMBS	September 2006	September 2047	100% refinancing	24,751,531
			N/A	Covered Bond Programme	N/A	N/A	100% refinancing	531,213,563
Total		4,739,872,795	Total allocated ⁵					3,055,965,094

Balance of unallocated proceeds	0
Percentage of net proceeds of Green Funding allocated to Eligible Green Loan Portfolio	100%
Eligible Green Loans allocated to other outstanding transactions	EUR 555,965,094
Value of loans added to the Eligible Green Loan Portfolio since 01-01-2021	EUR 620,975,100

³ These amounts represent the 31 December 2021 total outstandings to loans that de Volksbank has identified as Eligible Green Loans in accordance with the de Volksbank Green Bond Framework 2021. Additional Eligible Green Loans will be added to de Volksbank's Eligible Green Loan Portfolio to the extent required.

⁴ Green buildings in this Green Bond Allocation Report are existing residential buildings built prior to 31 December 2020 with an Energy Performance Certificate (EPC) label "A" in the Netherlands, and belonging to the top 15% low-carbon residential buildings in the Netherlands, as defined in the Green Bond Framework 2021. The definition of the top 15% has been determined and documented by an external consultant. For more information please visit: www.devolsbank.nl/investor-relations/green-bonds

⁵ EY's Limited Assurance Report based on the allocation of the proceeds to Eligible Green Loans, is included on the following pages of this document.

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Assurance report of the independent auditor

To: the executive board of de Volksbank N.V. and the holders of Green Bonds issued by de Volksbank N.V.

Our conclusion

We have performed a limited assurance engagement on the accompanying Green Bond Allocation Report for the year 2021 of de Volksbank N.V. at Utrecht.

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Green Bond Allocation Report 2021 is not prepared, in all material respects, in accordance with the reporting criteria as included in the 'Reporting criteria' section of our report.

Basis for our conclusion

We have conducted our limited assurance engagement on the Green Bond Allocation Report 2021 in accordance with Dutch law, including Dutch Standard 3000A, "Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)" (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities under this standard are further described in the Our responsibilities for the assurance engagement on the Green Bond Allocation Report 2021 section of our report.

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

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

Reporting criteria

The Green Bond Allocation Report 2021 needs to be read and understood together with the reporting criteria. De Volksbank N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the Green Bond Allocation Report 2021 are the reporting criteria developed by de Volksbank N.V. and included in the Green Bond Framework version February 2021 which is accessible on the company's website (www.devolsbank.nl/investor-relations/green-bonds).

The absence of an established practice on which to draw, to evaluate and measure the information in the Green Bond Allocation Report 2021 allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our assurance engagement

The Green Bond Allocation Report 2021 includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Green Bond Allocation Report 2021.

References to external sources or websites are not part of our assurance engagement on the Green Bond Allocation Report 2021. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities of the board of directors and the supervisory board for the Green Bond Allocation Report 2021

The board of directors is responsible for the preparation of a reliable and adequate Green Bond Allocation Report 2021 in accordance with the reporting criteria as included in the section 'Reporting criteria' section of our report. In this context, the board of directors is responsible for the identification of the intended users and the criteria being applicable for their purposes. The choices made by the board of directors regarding the scope of the Green Bond Allocation Report 2021 and the reporting policy are summarized in the 'Green Bond Framework' version February 2021 of de Volksbank N.V. as published on the company's website.

Furthermore, the board of directors is responsible for such internal control as it determines is necessary to enable the preparation of the selected indicators that are free from material misstatement, whether due to fraud or errors.

The supervisory board is responsible for overseeing the reporting process of de Volksbank N.V.

Our responsibilities for the assurance engagement on the Green Bond Allocation Report 2021

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

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

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

The procedures of our limited assurance engagement included amongst others:

- ▶ Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant social themes and issues, relevant laws and regulations and the characteristics of the company as far as relevant to the Green Bond Allocation Report 2021
- ▶ Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the Green Bond Allocation Report 2021 and the Green Bond Framework version February 2021. This includes the evaluation of the reasonableness of estimates made by the board of directors
- ▶ Obtaining an understanding of the reporting processes for the information in the Green Bond Allocation Report 2021, including obtaining a general understanding of internal control relevant to our assurance engagement
- ▶ Identifying areas of the Green Bond Allocation Report 2021 with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the information in the Green Bond Allocation Report 2021 responsive to this risk analysis. These further assurance procedures consisted amongst others of:
 - ▶ Interviewing management and relevant staff at corporate and business level responsible for the Green Bond allocation strategy, policy and results
 - ▶ Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the Green Bond Allocation Report 2021
 - ▶ Obtaining assurance information that the information in the Green Bond Allocation Report 2021 reconciles with underlying records of the company
 - ▶ Reviewing, on a limited test basis, relevant internal and external documentation
 - ▶ Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level
- ▶ Reconciling the relevant financial information with the financial administration
- ▶ Evaluating the overall presentation, structure and content of the Green Bond Allocation Report 2021
- ▶ Considering whether the Green Bond Allocation Report 2021 as a whole, including the disclosures, reflects the purpose of the reporting criteria used

Den Haag, 9 November 2022

Ernst & Young Accountants LLP

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