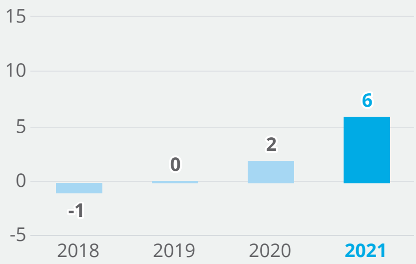
2021

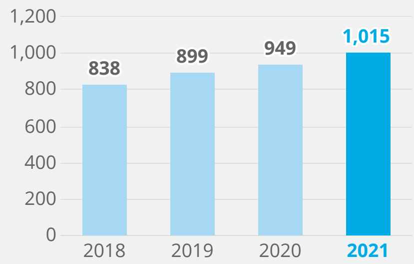
Full-year Financial Report

Key figures

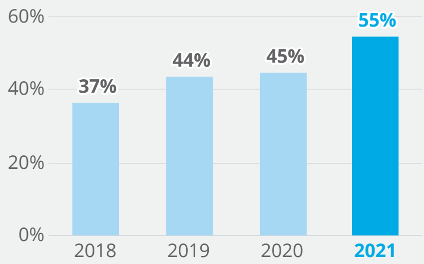
Net Promoter Score[1]



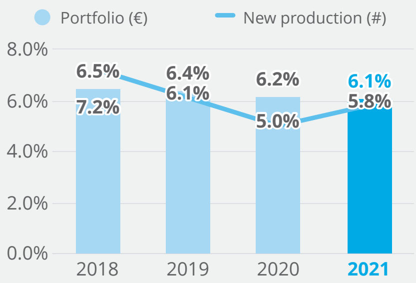
Active multi-customers[2]



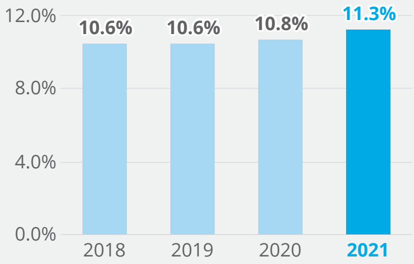
Climate-neutral balance sheet[3]



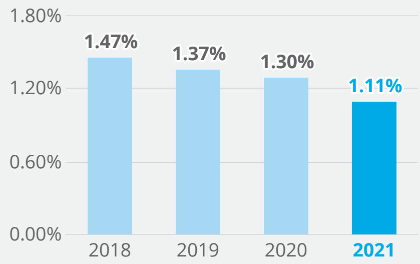
Market share res. mortgages[4]



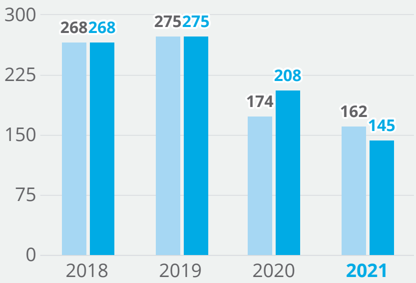
Market share retail savings



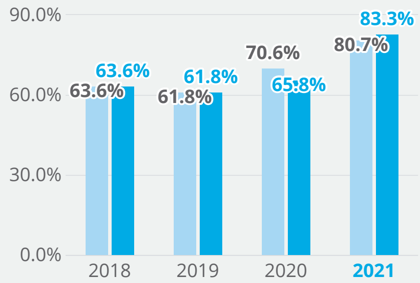
Net interest margin



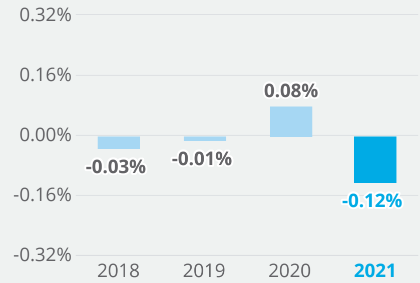
Net result & adjusted net result



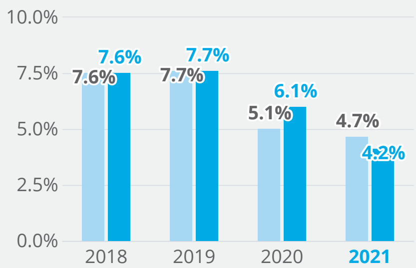
C/I ratio & adjusted C/I ratio



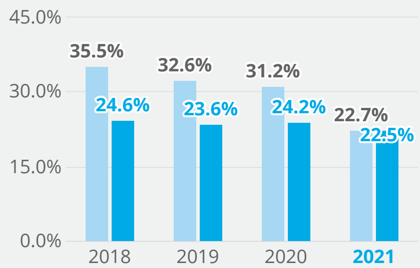
Cost of risk total loans



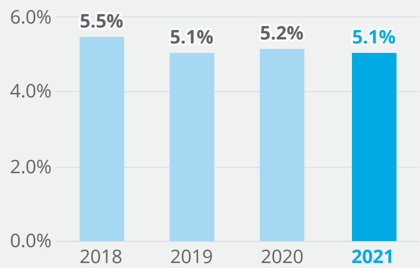
RoE & adjusted RoE



CET1 ratio Basel III / IV[5]



Leverage ratio



1 Customer-weighted average NPS of all brands. Source: market research company Miles Research.
2 Active multi-customer: a customer with a current account and at least one product from another product group, who has made at least ten customer-initiated transactions on his or her current account for three months in a row.
3 As of 2021, the climate-neutral balance sheet is calculated using the Partnership for Carbon Accounting Financials (PCAF) methodology. The comparative figure for 2020 has been adjusted.
4 Market share of the portfolio concerns the third quarter of 2021 because total market size figures were not available at the time of publication.
5 The CET1 ratio based on Basel IV is an estimate.

Foreword

Martijn Gribnau, Chairman of the Board of Directors of de Volksbank

“2021 was the second year in which the Covid-19 pandemic dominated everyday life, the way in which we were able to interact with each other, as well as the developments in the global economy. Following an economic contraction in 2020, 2021 saw a return to economic growth. However, time and again uncertainty returned as the number of infections rebounded and new Covid-19 variants emerged. Under these circumstances, we succeeded in providing our services to our customers at the level they are accustomed to, while taking the necessary precautions. Although our SNS shops and RegioBank branch offices returned to business as usual as much as possible, for many of our employees working from home remained - and remains - the norm.

For us, February 2021 was marked by an important event: in that month we presented our new strategy and long-term objectives for the period 2021- 2025, entitled ‘Better for each other – from promise to impact’.

For the bank as a whole, we have set ourselves two major goals: firstly, in 2025 we want to be the bank with the strongest customer relationship in the Netherlands, and secondly, we want to be recognised as a bank that achieves a substantial and measurable positive impact on society.

Taking these two goals as a point of departure, we formulated distinctive growth priorities for our four bank brands. ASN Bank aims to accelerate growth as a digital, sustainable bank. SNS will broaden its target audience to include younger customers and strengthen its business model with more fee income. RegioBank is set to strengthen its local presence with a broader range of propositions. BLG Wonen intends to expand by improving its distribution reach and service. These growth priorities are mainly aimed at increasing our recurring fee income and relieving the pressure on our total income that arises from the low interest rate environment.

In order to achieve our goals and priorities, we identified five necessary transformations: we need to improve our digital and omnichannel dialogue, broaden our product range and customer target group, improve the quality of our data warehouse, implement a more agile organisation structure enabling a stronger customer focus and realise efficiency gains.

To measure the progress on our strategic goals and priorities, we have reset the long-term objectives from our previous strategic plan ending 2020 to the year 2025 for each of our four stakeholder groups: customers, society, employees and the shareholder.

In 2021, we saw encouraging developments in a number of our long-term objectives. Our customer-weighted Net Promoter Score reached an all-time high of 6 at the end of December and the number of active multi-customers rose by 7% to over one million. Our climate-neutral balance sheet stood at 55%. As from 2021, this ratio is calculated using the Partnership for Carbon Accounting Financials (PCAF) methodology. Based on the previous methodology, the climate neutrality stood at 59% at year-end 2020; using the new PCAF methodology this would have been 45%. Regardless of the methodology used, the underlying balance between CO2 emissions lost and avoided improved significantly. And the most recent measurement of our KPI, ‘Genuine attention for employees’ remained high at 7.8, in spite of the challenges of working in a Covid-19 environment and the uncertainty for a number of our employees emanating from the preparations for an agile way of working.

Our brands showed the first signs of progress in achieving their growth priorities for the period 2021-2025:

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

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

In 2021, total income fell by 10% to € 827 million, mainly driven by lower interest income on mortgages. Substantially higher prepayment charges received and lower interest paid on savings accounts were not able to compensate for this. Savings balances grew considerably more than our loan portfolio and the resulting increase in excess liquidity also put pressure on our net interest margin and resulted in higher regulatory levies. In many cases, de Volksbank pays interest on liquidities deposited with financial institutions, such as the European Central Bank. To partly offset the increase in excess liquidity costs, we decided to charge 0.5% interest on an annual basis on the portion of current accounts and savings balances exceeding € 100,000 as from 1 July 2021, in line with other Dutch banks. Fee and commission income related to the investment funds of ASN Bank and money transfer and payment fees saw encouraging growth. Realised results on investments dropped to a normalised level following an exceptionally strong 2020.

Total operating expenses rose by 2% to € 667 million. In 2021, operating expenses included an incidental gain of € 22 million related to a previous contribution to the Deposit Guarantee Scheme (DGS) for the insolvency of DSB; in 2020 they included an incidental restructuring charge of € 45 million. Adjusted for these items, operating costs rose by 14%. Approximately one-third of the increase was due to higher regulatory levies, mainly related to the DGS. The other two-thirds were due to an increase in the number of FTEs, for the most part related to customer integrity, the Service Centers and wage inflation. The implementation of the strategic plan, including further digitalisation, the roll-out of our modular IT platform, support for the transition to an agile way of working and the new SME proposition, also required more FTEs. The adjusted cost/income ratio rose to 83.3%, compared with 65.8% in 2020.

In 2021, defaults remained low, the economic outlook improved and house prices continued to increase. This led to a reversal of impairment charges of € 58 million, in spite of an increase in the management overlay, reflecting the higher degree of uncertainty about economic developments in the Netherlands. In 2020, impairment charges still amounted to € 38 million, mirroring the risks of Covid-19 as perceived at that time. Thus, in 2021, there was a positive swing in impairment charges of € 96 million, which fully compensated the decline in total income.

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

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

From 15 April to 31 December 2021, John Reichardt acted as interim CFO. I would like to thank John for his expertise and contribution to our bank. Since John's departure, I have held the role of acting CFO. Our search for a permanent CFO is ongoing.

In 2021, the Supervisory Board saw a number of changes. At the General Meeting of Shareholders, held on 21 April 2021, two supervisory board members stepped down in conformity with the rotation schedule, Monika Milz after two terms in office, and Sonja Barendregt-Roojers after one term. I would like to express my appreciation and thanks to Monika and Sonja for their contribution to our bank.

On 13 August 2021, Gerard van Olphen was appointed as the new Chair of the Supervisory Board. Jan van Rutte stepped down on the same day. I would like to thank Jan for his longstanding commitment and contribution to de Volksbank.

On 20 September 2021, Jeanine Helthuis and Petra van Hoeken were appointed to the Supervisory Board, which is now at full strength again.

As mentioned, 2021 was a challenging year financially. Interest rates remained low, putting pressure on our total income and net profit. This underscores the urgency to come up with new initiatives so that our income becomes less sensitive to interest rates. We also focus on cost reductions, while making the investments necessary to improve our IT platform. In 2022, we will press on to implement our strategy and take the next step in the further development of our services. We will get even closer to our customers in order to gradually offer more services that seamlessly match their specific needs and life situations. We will do so both digitally and in local communities, always keeping a human touch in mind. Last year, we laid the groundwork for an agile way of working and the new organisation is set to start on 1 March. I am confident that the execution of our strategy will enable us to grow total income and improve operational efficiency in the coming years."

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

Finally, I would like to take this opportunity to thank our customers for the increasingly positive response to our services and all our employees for their continued efforts for the benefits of all our stakeholders.''

Progress on strategic objectives

We measure the progress in achieving our mission and realising our shared value ambition by means of specific objectives for each of our stakeholders. These objectives and the targets for 2025 are set out in the table below:

Strategic objectives	Target 2025	31-12-2021	30-6-2021	31-12-2020
BENEFITS FOR CUSTOMERS				
Customer-weighted average Net Promoter Score (NPS)[1]	+13	+6	+6	+2
Active multi-customers (in 1,000)[2]	1,300	1,015	978	949
RESPONSIBILITY FOR SOCIETY				
Climate-neutral balance sheet[3]	≥75%	55%	51%	45%
GENUINE ATTENTION FOR OUR EMPLOYEES				
Genuine attention[1]	≥ 7.5	7.8	7.8	7.9
RETURNS FOR THE SHAREHOLDER				
Return on Equity (RoE)[4]	8%	4.7%	5.5%	5.1%
OTHER OBJECTIVES				
Common Equity Tier 1 ratio (Basel IV)	≥19%	22.5%	23.3%	24.2%
Leverage ratio (Basel IV)	≥4.5%	5.1%	5.1%	5.2%
Adjusted cost/income ratio[4]	57-59%	83.3%	79.1%	65.8%

1 For the measurement methodology of these KPIs reference is made to the 2020 ESG Report.
2 Active multi customer: a customer with a current account and at least one product from another product group, who has made at least ten customer initiated transactions on his or her current account for three months in a row.
3 As of 2021, the climate-neutral balance sheet is calculated using the Partnership for Carbon Accounting Financials (PCAF) methodology. The comparative figure has been adjusted.
4 For the measurement methodology of these KPIs reference is made to the section Reconciliation of alternative performance measures on page 36 of this report.

Benefits for customers

De Volksbank aims to be a bank that provides fair banking products, where customers feel at home and that looks from its customers' perspective. Growth in the number of active multi-customers and the positive trend in customer satisfaction, as expressed in the Net Promoter Score (NPS), indicate that customers appreciate our mission of banking with a human touch.

Net Promoter Score

The customer-weighted average of all brand-specific NPS[1] improved to +6, compared with +2 at year-end 2020. This was due to improvements at ASN Bank, BLG Wonen and SNS, most notably to a decrease in the number of detractors. At RegioBank the NPS remained stable. De Volksbank has set itself a goal of +13 by the end of 2025.

Number of active multi-customers

As from 2021, one of our customer KPIs is the number of active multi-customers. In 2021, this number rose by 66,000 to 1,015,000. The year-end 2025 target has been set at 1.3 million. The total number of current account customers grew by 124,000 to 1,781,000 and the total number of customers rose by 125,000 to 3,467,000.

Responsibility for society

We aim to make a positive contribution to society on four themes, i.e. sustainability, good housing for everyone, quality of life in the region and attention to personal growth for everyone. We are currently developing additional KPIs for these four themes.

- Sustainability: in addition to the existing climate-neutral balance sheet KPI, we have developed KPIs in relation to biodiversity and human rights.

1 A positive NPS requires the percentage of promoters to be higher than the percentage of detractors. Whether a customer is a 'promoter' (9-10), 'passively satisfied' (7-8) or a 'detractor' (0-6) is measured on a 1 to 10 scale.

- Good housing for everyone: we aim to promote accessibility to the housing market. To monitor the accessibility of the housing market in the Netherlands, we launched the Housing Accessibility Monitor.
- Quality of life in the region: we have developed KPIs for this theme which will be publicly communicated in due course.
- Attention to personal growth for everyone: as part of SNS's strategic direction, SNS changed the name of the theme formerly known as 'financial resilience' to 'attention to personal growth for everyone', for which it has developed KPIs.

Climate-neutral balance sheet
At year-end 2021, we were 55% climate neutral which puts us well on the way to achieving our interim target of at least 75% in 2025. As from 2021, the climate-neutral balance sheet is calculated using the Partnership for Carbon Accounting Financials (PCAF) methodology. The switch to the PCAF methodology had a significant negative impact. Based on the previous carbon profit and loss methodology, the climate neutrality stood at 59% at year-end 2020, while this would have been 45% using the PCAF methodology and the adjustments made for the data quality improvements. The negative impact fell within the range we anticipated and communicated earlier in 2021. The significant decrease in climate neutrality is partly due to methodological changes and partly to the improved data quality. Also, instead of using energy labels as a proxy, we were able to use actual energy consumption data of our mortgage portfolio, which was anonymously provided by grid operators. The use of this actual data meant that we had to attribute more emissions to our portfolio, which reduced our climate neutrality.

Regardless of the methodology used, the underlying balance between CO2 emissions lost and avoided improved due to an increase in financed renewable energy projects and an increase in purchased green bonds with a strong focus on renewable energy projects.

The CO2 emissions financed in 2021 amounted to 1,341 kilotons compared with 1,384 kilotons in 2020 recalculated using the PCAF methodology. Avoided CO2 emissions amounted to 742 kilotons in 2021 compared with 620 kilotons in 2020, also recalculated.

Genuine attention for employees
We want to empower our employees to make a meaningful contribution to our mission and strategy by paying attention to autonomy, personal growth and professionalism. Every six months, we monitor the KPIs for the shared value for employees, which are genuine attention, commitment and engagement. For the KPI 'genuine attention' we aim for a score of at least 7.5 (on a 1-10 scale) in 2025. For commitment and engagement the goal is a score of 8.0. In October 2021, 82% of all employees participated in the employee survey. The scores for genuine attention, commitment and engagement remained high at 7.8, 7.9 and 7.4 respectively (October 2020: 7.9, 8.4 and 7.6 respectively). These are satisfactory scores, especially considering the challenges of working in a Covid-19 environment. Furthermore, employees experienced uncertainty in relation to the new strategy and the transformation into an agile organisation, with possible consequences for their work and job-security.

Returns for the shareholder

Return on equity
In 2021, the RoE stood at 4.7%, a decline compared with 2020 (5.1%) as a result of lower net profit. As communicated earlier we expect the return on equity (RoE) in the next few years to be lower than our 2025 target of 8%. We are making substantial investments to implement the strategy in order to achieve a RoE of 8% by 2025.

Other objectives

Capital
The target level of the Common Equity Tier 1 (CET1) ratio and the leverage ratio are based on Basel IV and the end-state of the CRR Non-performing Exposures (NPE) rules. For an explanation of our capital objectives and achievements see the chapter on Capital management.

Cost/income ratio
In 2021, lower total income and higher operating expenses including regulatory levies resulted in a cost/income ratio (C/I ratio), adjusted for incidental items of 83.3%, an increase compared with 2020 (65.8%). As communicated earlier, we expect the C/I ratio to exceed the 2025 target range of 57-59% in the next few years as the strategic initiatives are intended to produce an effect over the course of the years, at the level of both income and operating expenses.

Outlook

Based on the current outlook for economic growth, housing prices and interest rates we expect total income to hold up well compared with the level in 2021. Lower interest income on mortgages in the sustained low interest rate environment is expected to be largely absorbed by lower retail funding expenses and higher net fee and commission income, reflecting the progress of our growth initiatives.

For 2022, operating expenses are projected to be higher compared with 2021, mainly driven by strategy-related expenses and the absence of the one-off gain of 2021.

Economic developments in the Netherlands and their consequences for the financial resilience of our customers are highly uncertain. This may affect our credit loss provisioning. Based on the current outlook and due to the sound quality of our loan portfolio, we expect the level of impairment charges on loans and advances to be low in 2022.

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

Economic developments

Dutch economy

Still in the grip of the pandemic, the Dutch economy had a difficult start to the year 2021. The lifting of measures to limit contact in the spring, however, led to a consumer-driven turnaround of which the services companies and large parts of the retail sector benefitted in particular. Yet, at the end of the year, the conditions worsened due to a renewed surge of the pandemic. The industrial sector continued to perform strongly despite persistent supply chain disruptions, material shortages and a sharp rise in input prices. On balance, the economy fully overcame the pandemic-induced downturn, and macroeconomic developments compared favourably to those in most other European countries.

The government continued to support businesses in the first three quarters through wage cost subsidies, reimbursement of fixed costs and tax deferrals. As a result, bankruptcies fell to a record low in August and the numbers remained low in the subsequent months. The year-average unemployment rate fell by 0.6 percentage points of the labour force to 4.2%, despite a strong inflow of previously inactive workers into the labour market. Inflation rose by 1.4 percentage points to an annual average of 2.7%. Especially in the second half of 2021, inflation rose mainly as a result of higher prices for car fuels, natural gas and electricity.

Housing and mortgage market

Conditions on the Dutch housing market became increasingly tight as the improving labour market combined with even lower mortgage rates underpinned potential demand. Furthermore, potential sellers became increasingly reluctant to sell because they were afraid they would not be able to acquire a new home themselves as the number of houses for sale reached extremely low levels. The average annual house prices increased by 15.2% on top of a 7.8% rise in 2020. Although the number of transactions continued to rise strongly in the first quarter as a result of changes in the property transfer tax for first-time buyers, over the full year the number of transactions fell by 4.0%.

Interest rates and government bond yields

The ECB aimed for favourable financing conditions by keeping its deposit rate at the low level of -0.5% and by continuing its bond purchases through its Pandemic Emergency Purchase Programme (PEPP). Nevertheless, bond yields rose in the first months of the year as pandemic-related worries subsided and optimism about the economic outlook grew. The ECB managed to stop this movement in yields by stepping up its bond buying programme. During the summer, bond yields fell as concerns about the Delta variant took centre stage, but not much later sentiment turned as surging energy prices and labour shortages raised fears that the recorded rise in inflation would not be as short-lived as assumed earlier. Later in the autumn, the identification of the Omicron variant led to renewed safe-haven flows and another drop in yields, but by the end of the year – as markets started to look beyond the impact of the pandemic wave – yields went up once more. The pre-announced ending of net bond purchases under the PEPP, as well as the firm conviction by which the US Federal Reserve set out on its new course also put their stamp on markets in the final part of the year. On balance, the Dutch ten-year yield rose from -0.48% to -0.03% over the reporting period with the lowest level at the start of the year and peaks of +0.05% in May and October.

Despite exceptionally low savings rates, the Dutch retail savings market grew to € 407 billion from € 390 billion at year-end 2020.

Financial results

Profit and loss account

in € millions	2021	2020	Change	2nd half 2021	1st half 2021
Net interest income	775	850	-9%	383	392
Net fee and commission income	39	46	-15%	19	20
Other income	13	27	-52%	8	5
Total income	**827**	**923**	**-10%**	**410**	**417**
Operating expenses excluding regulatory levies	588	602	-2%	306	282
Regulatory levies	79	50	58%	39	40
Total operating expenses	**667**	**652**	**2%**	**345**	**322**
Impairment charges of financial assets	-58	38	--	-27	-31
Total expenses	**609**	**690**	**-12%**	**318**	**291**
Result before taxation	**218**	**233**	**-6%**	**92**	**126**
Taxation	56	59	-5%	24	32
Net result	**162**	**174**	**-7%**	**68**	**94**
Addition to restructuring provision	--	-34		--	--
Revaluation loan in relation to the insolvency of DSB	17	--		11	6
Total incidental items	**17**	**-34**		**11**	**6**
Adjusted net result	**145**	**208**	**-30%**	**57**	**88**
Cost/income ratio[1]	80.7%	70.6%		84.1%	77.2%
Adjusted cost/income ratio[1]	83.3%	65.8%		87.6%	79.1%
Return on Equity (RoE)[1]	4.7%	5.1%		3.9%	5.5%
Adjusted Return on Equity (RoE)[1]	4.2%	6.1%		3.3%	5.1%
Net interest margin (bps)[1]	1.11%	1.30%		1.07%	1.14%
Cost/assets ratio as a % of average assets[1]	0.84%	0.92%		0.86%	0.82%
Adjusted cost/assets ratio as a % of average assets[1]	0.87%	0.85%		0.90%	0.84%

1 For the measurement methodology of these KPIs reference is made to the section Reconciliation of alternative performance measures on page 36 of this report.

Net profit

Compared with 2020, net profit decreased by € 12 million to € 162 million (-7%). Net profit included positive incidental items of € 17 million, consisting entirely of a positive revaluation of € 22 million before tax of a previous contribution made under the Deposit Guarantee Scheme (DGS) in relation to the insolvency of DSB.

In 2020, net profit contained € 34 million of negative incidental items, consisting entirely of a restructuring provision of € 45 million before tax in connection with the transformation to a new organisational structure and agile way of working.

Net profit, adjusted for incidental items, decreased by € 63 million to € 145 million (-30%). This drop was mainly attributable to € 96 million lower total income. Furthermore, total adjusted operating expenses increased by € 82 million. This was partly compensated by a € 96 million swing in impairment charges of financial assets.

Income

Breakdown of income

in € millions	2021	2020	Change	2nd half 2021	1st half 2021
Net interest income	775	850	-9%	383	392
Net fee and commission income	39	46	-15%	19	20
Investment income	3	17	-82%	5	-2
Other results on financial instruments	10	9	11%	3	7
Other operating income	--	1	-100%	--	--
Total income	**827**	**923**	**-10%**	**410**	**417**
Net interest margin (bps)[1]	1.11%	1.30%		1.07%	1.14%

1 For the measurement methodology of these KPIs reference is made to the section Reconciliation of alternative performance measures on page 36 of this report.

Net interest income

Net interest income decreased by € 75 million to € 775 million (-9%) and the net interest margin decreased to 1.11% (2020: 1.30%). This was mainly due to lower income on mortgages as a result of interest rate renewals at lower rates. Furthermore, new mortgage production was concluded at substantially lower rates than the rates of repaid mortgages. The residential mortgage portfolio, excluding IFRS value adjustments[2], increased to € 47.4 billion, compared with € 46.2 billion at year-end 2020.

In addition, the interest paid on liquidities deposited with financial institutions, such as the European Central Bank, rose. This rise was driven by higher liquidities as a result of substantial growth in deposits. Furthermore, net interest income included a charge of € 13 million related to a provision for a compensation scheme for customers with a revolving consumer credit. De Volksbank will compensate retail customers of SNS and RegioBank who paid too much interest on their revolving consumer credit facility during the lifetime of this facility. A charge of € 2 million related to the execution costs of the scheme has been included in the operating expenses.

Lower income on mortgages and higher interest paid on liquidities were only partly compensated by lower interest expenses on savings. De Volksbank took several measures in response to the persistently low and negative interest rates on financial markets and people saving more at the same time. As from 1 August 2020, SNS, RegioBank and ASN Bank charged 0.5% interest on business customers' savings in excess of € 1 million. The threshold for charging interest has gradually been lowered in line with market rates. As from 1 March 2021, private and business customers with deposits in excess of € 250,000 were also charged 0.5% interest. As from 1 July 2021, de Volksbank brands charge 0.5% interest per year on that part of the balance that exceeds € 100,000. This affected around € 4 billion in deposits, equating to approximately 7% of total deposits and approximately 3% of our savings customers. The negative interest rate in question is calculated per separate current, savings and investment account. With effect from 1 April 2022, the brands of de Volksbank will use the overall account balances per customer as the threshold. Despite historically low interest rates, we saw substantial growth of the entire savings market and in our savings deposits. In 2021, savings deposits at de Volksbank grew by € 3.5 billion to € 45.6 billion. Our market share increased to 11.3%, from 10.8% at year-end 2020.

Net interest income was positively impacted by a different classification of distribution fees paid by RegioBank. In the fourth quarter of 2020, RegioBank changed its commission fee model from a combined savings balance and customer model to a full-customer model. As a consequence, distribution fees paid are classified as fee and commission expenses instead of interest expenses. The impact of this modified classification amounted to approximately € 18 million compared with 2020.

Compensation received for loss of interest on account of early repayments of mortgages (prepayment charges) was exceptionally high as a result of a growing mortgage refinancing market. This compensation amounted to € 103 million, up sharply compared with the level of 2020 (€ 56 million).

2 Consisting of fair value adjustments from hedge accounting and amortisations.

Net fee and commission income

Total fee and commission income increased by € 16 million to € 137 million (+13%), while total fee and commission expenses increased by € 23 million to € 98 million. On balance, net fee and commission income decreased by € 7 million to € 39 million, more than wholly due to the aforementioned € 18 million classification change in RegioBank's commission fee model. Excluding this change, net fee and commission rose by € 11 million. This increase was mainly driven by an increase in management fees as a result of higher assets under management, which amounted to € 4.8 billion compared with € 3.9 billion at year-end 2020 (+21%). Approximately one-third of the growth in assets under management was caused by net cash inflow and the remainder was due to positive stock market developments. Money transfer and payment fees and mortgage advisory fees were also higher in 2021. Finally, the acquisition of property valuation platform Fitrex B.V., as announced on 1 September 2021, contributed to the increase in net fee income, although the impact was still very limited.

Investment income

Investment income amounted to € 3 million compared with € 17 million in 2020. This decrease was attributable to lower realised results on fixed-income investments sold as part of asset and liability management and the optimisation of the investment portfolio. Compared with the exceptionally high level in 2020, the level normalised in 2021.

Other results on financial instruments

Other results on financial instruments amounted to € 10 million compared with € 9 million in 2020. Lower treasury results were compensated by a higher result on hedge accounting ineffectiveness.

Expenses

Operating expenses and FTEs

in € millions	**2021**	**2020**	**Change**	**2nd half 2021**	**1st half 2021**
Staff costs	414	427	-3%	216	198
Depreciation of (in)tangible assets	20	29	-31%	9	11
Other operating expenses	233	196	19%	120	113
Of which regulatory levies	*79*	*50*	*58%*	*39*	*40*
Total operating expenses	**667**	**652**	**2%**	**345**	**322**
Incidental revaluation loan in relation to the insolvency of DSB (other operating expenses)	-22	--		-14	-8
Incidental addition to restructuring provision (staff costs)	--	45	--	--	--
Adjusted operating expenses	**689**	**607**	**14%**	**359**	**330**
FTE					
Total number of internal FTEs	3,178	3,171	0%	3,178	3,228
Total number of external FTEs	783	648	21%	783	766
Total number of FTEs	**3,961**	**3,819**	**4%**	**3,961**	**3,994**

Total operating expenses rose by € 15 million to € 667 million (+2%), despite a € 67 million swing in incidental items. In 2021, operating expenses were positively impacted by a € 22 million revaluation of a previous contribution made under the DGS in relation to the insolvency of DSB, while in 2020 expenses included a one-off restructuring charge of € 45 million.

Excluding incidental items, total operating expenses were up € 82 million (+14%), of which € 29 million as a result of higher regulatory levies. Regulatory levies amounted to € 79 million (2020: € 50 million), of which € 11 million was linked to the resolution fund contribution (2020: € 8 million), and € 68 million to the ex-ante DGS contribution (2020: € 42 million). Covered deposit growth was the main cause of the DGS contribution increase.

Excluding incidental items and regulatory levies, adjusted operating expenses amounted to € 610 million, compared with € 557 million in 2020 (+10%). This € 53 million increase was mainly driven by € 52 million higher staff costs[3]. Other operating expenses were up € 10 million, mainly

[3] As from 2021, costs related to outsourced services are reclassified from external staff expenses to information technology costs (included in other operating expenses). The reclassification impact compared with 2020 amounted to approximately € 20 million.

due to higher marketing and IT expenses. Depreciation of tangible and intangible assets was € 9 million lower, due to positive revaluations, the sale of property and the fact that intangible assets had already been written off at year-end 2020.

The rise in staff costs was mainly driven by an increase in FTEs and wage inflation. In comparison with year-end 2020, the total number of FTEs grew by 142 to 3,961. The increase was mainly related to customer integrity activities and to the need for extra capacity at the Service Centers due to higher volumes. Furthermore, total FTEs increased due to the implementation of the strategic plan in the areas of IT, support in the transition to a new way of working and the SME finance proposition. The number of internal employees rose by 7 FTEs to 3,178 and the number of external employees rose by 135 FTEs to 783.

The transition to a uniform and agile way of working with independent customer and service teams will lead to more efficient cooperation and a flatter organisation, which is now expected to result in a loss of 400-450 FTE jobs by 2023. In parallel with this process, new employees having the knowledge and skills needed to implement the strategy have been and will be hired. The first signs of this were visible in 2021. Exactly how many jobs will be involved over the next few years will partly depend on the growth rate of our business.

Adjusted operating expenses divided by average total assets increased slightly to 87 basis points (bps) from 85 bps in 2020.

Impairment charges financial assets

in € millions	2021	2020	Change	2nd half 2021	1st half 2021
Residential mortgages	-46	29	--	-25	-21
Consumer loans	3	-1	--	4	-1
SME loans	-12	8	--	-5	-7
Other corporate and government loans	-4	--	--	-1	-3
Investments	1	--	--	--	1
Other	--	2	--	--	--
Total impairment charges of financial assets	**-58**	**38**	**--**	**-27**	**-31**
Cost of risk total loans[1]	-0.12%	0.08%		-0.12%	-0.13%
Cost of risk residential mortgages[1]	-0.10%	0.06%		-0.11%	-0.09%
Cost of risk SME loans[1]	-1.56%	1.16%		-1.19%	-1.98%

1 For the measurement methodology of these KPIs reference is made to the section Reconciliation of alternative performance measures on page 36 of this report.

Impairment charges of financial assets consisted of a € 58 million reversal, compared with a charge of € 38 million in 2020 in connection with the Covid-19 pandemic. A more detailed description of the credit loss provisioning is set out in the chapter Credit risk.

Residential mortgages
Impairment charges on residential mortgages consisted of a reversal of € 46 million, compared with a charge of € 29 million in 2020. The reversal followed from the improved economic outlook, most notably higher house prices. The management overlay applied increased compared with year-end 2020 on the back of greater uncertainty regarding the substantially decreased modelled provisions. In the second half of 2020 de Volksbank introduced this management overlay to reflect the high degree of uncertainty about economic developments in the Netherlands and the financial resilience of customers whose incomes are negatively affected by the Covid-19 pandemic.

Consumer loans
Impairment charges on consumer loans consisted of a charge of € 3 million for off-balance sheet items, compared with a reversal of € 1 million in 2020. This increase was mainly driven by the implementation of a new regulatory definition of default.

SME loans
Impairment charges on SME loans consisted of a reversal of € 12 million as a result of an improved economic outlook, in particular a reduction in the expected number of insolvencies. There was also a decrease in stage 3 loans.

In 2020, impairment charges amounted to € 8 million due to an increase in stage 2 loans owing to the deteriorated economic outlook used in scenarios to determine the credit loss provision.

Other corporate and government loans
Impairment charges on other corporate and government loans consisted of a € 4 million reversal, mainly caused by the lower credit risk on one specific loan. In 2020, there was no reversal.

Results of the second half of 2021 compared with the first half of 2021
Compared with the first half of 2021, net profit fell from € 94 million to € 68 million (-28%). Both half-year periods included positive incidental items, consisting of a positive revaluation for a previous contribution made under the DGS in relation to the insolvency of DSB. The first half included a gain of € 8 million before tax (€ 6 million after tax) and the second half a gain of € 14 million before tax (€ 11 million after tax).

Net profit, adjusted for incidental items, showed a decline by € 31 million to € 57 million (-35%). This drop was mainly attributable to € 29 million higher adjusted operating expenses. In addition, total income decreased by € 7 million. In both periods the net result was supported by a reversal of impairment charges of financial assets, reflecting an improved economic outlook.

Net interest income decreased by € 9 million to € 383 million, mainly due to lower income on mortgages as a result of (early) interest rate renewals at lower rates. In addition, new mortgage production was concluded at substantially lower rates than the rates of repaid mortgages. Furthermore, the second half included a charge of € 13 million related to a provision for a compensation scheme for customers with a revolving consumer credit facility. These factors were partly compensated by a € 27 million increase in compensation received for loss of interest on account of early repayments of mortgages.

Net fee and commission income of € 19 million was virtually equal to the first half of 2021.

Investment income showed an increase of € 5 million, from € 2 million negative in the first half to € 3 million positive and consisted of realised results on fixed-income investments in both periods. Other results on financial instruments dropped by € 4 million to € 3 million, a decrease that mainly ensued from lower results on ineffectiveness of hedge accounting.

Total operating expenses rose by € 23 million to € 345 million. Adjusted for incidental items, they rose by € 29 million, € 18 million of which consisted of staff costs, driven by an increase in the (average) number of total employees and wage inflation. Other operating expenses were also € 13 million higher, predominantly as a result of higher marketing and consultancy costs. Regulatory levies were almost equal as a € 10 million higher contribution to the DGS caused by the growth in covered deposits, was largely offset by the recognition of the annual resolution fund contribution of € 11 million in the first half of 2021.

Impairment charges of financial assets consisted of a reversal of € 27 million, after a reversal of € 31 million in the first half. The reversal of impairment charges on residential mortgages amounted to € 25 million compared with € 21 million in the first half. House prices continued to develop positively during the entire year and the economic outlook used to determine the credit loss provisions continued to improve. Impairment charges on SME loans consisted of a reversal of € 5 million. The first half also saw a reversal of € 7 million. The reversals in both periods were the result of an improved economic outlook, in particular a reduction in the expected number of insolvencies.

Risk management

Credit risk

in € millions	31-12-2021 Gross carrying amount	31-12-2021 Provision for credit losses	31-12-2020 Gross carrying amount	31-12-2020 Provision for credit losses
Residential mortgages	48,164[1]	-73	47,808[1]	-111
Consumer loans	52	-10	63	-12
SME loans	841	-23	724	-38
Other corporate and government loans	1,777	-1	2,113	-5
Total loans and advances to customers	**50,834**	**-107**	**50,708**	**-166**
Off-balance sheet items	3,415	-13	2,815	-5
Total on and off-balance sheet items for loans and advances to customers	**54,249**	**-120**	**53,523**	**-171**
CREDIT RISK INDICATORS				
Total loans and advances to customers				
Loans and advances in stage 3	607		678	
Stage 3 ratio[2]	1.2%		1.4%	
Stage 3 coverage ratio[3]	6.6%		11.4%	
Residential mortgages				
Residential mortgages in stage 3	531		543	
Stage 3 ratio[2]	1.1%		1.2%	
Stage 3 coverage ratio[3]	3.2%		6.4%	
In arrears[4]	0.7%		1.2%	
NHG-guaranteed residential mortgages	27%		29%	
Weighted average indexed LtV	53%		61%	

1 Including IFRS value adjustments.
2 Stage 3 loans as a percentage of total loans.
3 Provision for stage 3 loans as a percentage of total stage 3 loans.
4 Loans in arrears as a percentage of total loans.

Loans and advances to customers

During 2021, gross loans and advances to customers increased slightly by € 0.1 billion to € 50.8 billion gross. This was attributable to the gross growth in residential mortgage loans by € 1.1 billion, which was partly compensated by negative fair value adjustments from hedge accounting of € 0.8 billion due to the increase in interest rates at the end of 2021. Taken together, the residential mortgage loans grew by € 0.3 billion.
In addition, the total outstanding amount of the SME loans rose by € 0.1 million. Other corporate and government loans contracted by € 0.3 billion, while consumer loans remained stable.

The total provision for credit losses dropped from € 171 million as at 31 December 2020, to € 120 million as at 31 December 2021, predominantly driven by the improving economic sentiment. The stage 3 ratio dropped from 1.4% to 1.2%. The stage 3 coverage ratio fell from 11.4% to 6.6%, mostly driven by the strong increase in house prices and an improved probability of cure.

Update on the Covid-19 crisis

General approach to customer services

In 2020, in response to the Covid-19 crisis, we adjusted our approach to supporting customers who suffer from the economic impact of the pandemic. In 2021, we continued to offer financial support to customers who had trouble paying their mortgage or consumer loan due to Covid-19 under certain conditions. All customers with a Covid-19-related payment arrangement are considered forborne and are placed at least in stage 2. Throughout the year we experienced a limited inflow of customers with financial problems as a result of the pandemic, and the vast majority of customers granted a payment holiday in 2020 or 2021 recovered over the course of 2021.

Covid-19 support measures

Since early 2020 , the Covid-19 pandemic has had a significant negative effect on the global economy. Nevertheless, by the end of 2021 we had registered little credit deterioration in our loans and advances, largely as a result of government and other support measures.

At the end of 2021 almost 1,900 customers made use of the customer support offered in response to the Covid-19 pandemic, which is only a slight increase compared with year-end 2020. The total exposure of € 0.5 billion remained virtually stable compared with year-end 2020, because this amount only decreases if full or partial repayments are made by these customers. Of the total outstanding amount, one-third was allocated to stage 3. The amount of provisions allocated to customers who received a Covid-19 support measure amounted to € 11 million, of which € 5 million was allocated to residential mortgage customers and € 6 million to SME customers.

Definition of default

On 31 December 2021, we implemented a uniform definition of default (DoD) for all of de Volksbank's credit exposures, which is in line with Article 178 of the Capital Requirements Regulation (CRR). A default is considered to occur if at least one of the following conditions is met:

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

The major change compared with the previous DoD applied is the way in which the day counter is defined. To that end we check a total amount in arrears against absolute and relative thresholds. Regulatory requirements for UtP triggers also became more detailed and prescriptive. De Volksbank differentiates between mandatory and judgmental UtP triggers. Mandatory UtP triggers, such as fraud, bankruptcy or exposure assignment to stage 3, automatically lead to a default status. Judgmental triggers give signals that there is a high probability that the obligor’s payment capacity will suffer from changing conditions and/or specific events.

In the fourth quarter of 2021, the ECB granted de Volksbank permission to use its new version of the Advanced Internal Ratings Based (AIRB) model, which incorporates the new DoD, including some model improvements as identified during the Targeted Review of Internal Models (TRIM). For more information on the AIRB model, see the Chapter Capital management. The IFRS 9 Expected Credit Loss (ECL) models were not fully recalibrated at year-end 2021, but did apply the new DoD to align the AIRB and IFRS 9 estimates.

Management overlay

In response to the extraordinary level of economic uncertainty related to the impact of the Covid-19 pandemic and the subsequent lockdowns, in mid-2020 de Volksbank introduced a management overlay for its residential mortgages and SME loans.

In the course of 2021 the management overlay at first decreased as macroeconomic conditions improved and lockdown measures related to the Covid-19 pandemic were lifted. In the last quarter of the year, however, the severity of the pandemic and the resulting uncertainty, increased again. Throughout 2021, the total management overlay increased to € 67 million, from € 55 million at year-end 2020, consisting of a general and a Covid-related overlay.

General management overlay

A change in the house price index is a key risk driver in determining the level of loan loss provisions. Actual house prices showed double digit growth in 2021: a rise of up to 20% year-on-year. De Volksbank kept an management overlay in place to cover the risk of a big drop following this record growth. To absorb the impact of a shock in house prices to the level of one year ago, we took an additional provision of € 52 million for both the effect on the total residential mortgage portfolio and the effect specifically for interest-only mortgages in case of such a shock. Together with the € 2 million model overlay, this makes up the general management overlay.

Covid-related management overlay

To absorb the uncertainty of the Covid-19 pandemic, its economic ramifications, and the extent of the accompanying government support, de Volksbank applies a Covid-related overlay.

We set aside € 2 million to mitigate the uncertainty around the financial resilience of self-employed retail customers in sectors directly impacted by the lockdown measures. This group of customers is expected to be exposed to a higher probability of default as soon as most of the government support is discontinued.
Lastly, we also made a provision of € 6 million as a proxy for potential second-order effects i.e. the consequences for the financial resilience of retail customers employed in sectors directly impacted by the lockdown measures.

As far as the SME loan portfolio is concerned, we applied a Covid-related management overlay in the amount of € 5 million to stage 1 customers active in sectors most severely impacted by the lockdown measures such as restaurants, the event industry and art galleries.

De Volksbank reviews the elements of the management overlay at least every quarter.

Forward-looking information

Macroeconomic scenarios used in credit risk models

In 2021, housing market developments remained insensitive to problems elsewhere in the economy. The demand for owner-occupied homes remained high, partly because of the persistently low mortgage rates. The house price growth continued over the year. In addition, the number of insolvencies and the unemployment rate remained at very low levels. The aforementioned developments had a positive impact on the macroeconomic outlook. In the second quarter, the weight of the downward scenario was reduced from 35% to 30%, in favour of the upward scenario weight, which was raised from 15% to 20%. The key reasons for this shift were the acceleration of the vaccination programmes and more concrete prospects of a full reopening of the Dutch economy. When new lockdown measures were announced in the last quarter, the change in weights was reassessed and adjusted accordingly to 35% for the down scenario and 15% for the up scenario. The base scenario was still awarded the greatest probability, with an unchanged weight of 50%A

Analysis of sensitivity to scenario weights

The sensitivity analyses in the tables below show de Volksbank's macroeconomic projections for the next four years. They also show the sensitivity of provisioning levels to the upward, base and downward scenario weights, keeping the management overlay parameters constant. If we look at the different scenarios as at 31 December 2021 with a 100% weighting, we see that the provision for residential mortgages would increase by € 27 million in a downward scenario, decrease by € 26 million in an upward scenario and decrease by € 14 million in a base scenario.

The sensitivity to macroeconomic expectations on the loan loss provisions for SME loans is less significant. The provision for SME loans would increase by € 3 million in a downward scenario and decrease by € 1 million in the upward and base scenarios, again assuming a 100% weighting of the respective scenarios.

For consumer loans and other corporate and government loans, the sensitivity to the scenario weights is limited since the provisions in stage 1 and 2 for consumer loans are relatively low and other corporate and government loans generally have a low credit risk profile.

Sensitivity to the scenario weights as at 31 December 2021

	Macroeconomic parameter	2021	2022	2023	2024	2025	Weight	Unweighted ECL	Reported (weighted) ECL
RESIDENTIAL MORTGAGES									
Up	Relative change in house price index	21.7%	8.6%	4.3%	3.8%	3.8%	15%	€ 54 million	€ 80 million
	Unemployment rate	2.8%	2.4%	2.3%	2.3%	2.3%			
Base	Relative change in house price index	19.2%	5.3%	4.4%	3.8%	3.8%	50%	€ 66 million	
	Unemployment rate	3.1%	2.9%	2.6%	2.6%	2.7%			
Down	Relative change in house price index	14.2%	-1.4%	6.3%	3.8%	3.8%	35%	€ 107 million	
	Unemployment rate	3.5%	5.0%	4.7%	4.5%	4.5%			
SME loans									
Up	Unemployment rate	2.8%	2.4%	2.3%	2.3%	2.3%	15%	€ 23 million	€ 24 million
	Number of bankruptcies (monthly)	175	193	178	176	175			
Base	Unemployment rate	3.1%	2.9%	2.6%	2.6%	2.7%	50%	€ 23 million	
	Number of bankruptcies (monthly)	176	239	241	238	236			
Down	Unemployment rate	3.5%	5.0%	4.7%	4.5%	4.5%	35%	€ 27 million	
	Number of bankruptcies (monthly)	178	304	350	343	340			

Sensitivity to the scenario weights as at 31 December 2020

	Macroeconomic parameter	2020	2021	2022	2023	2024	Weight	Unweighted ECL	Reported (weighted) ECL
RESIDENTIAL MORTGAGES									
Up	Relative change in house price index	8.2%	7.3%	5.2%	3.7%	3.7%	15%	€ 69 million	€ 111 million
	Unemployment rate	5.3%	5.4%	4.2%	4.0%	4.0%			
Base	Relative change in house price index	7.0%	-1.8%	3.2%	3.7%	3.7%	50%	€ 104 million	
	Unemployment rate	5.4%	5.8%	5.0%	5.0%	5.0%			
Down	Relative change in house price index	7.0%	-5.3%	1.2%	3.7%	3.7%	35%	€ 141 million	
	Unemployment rate	5.4%	8.1%	7.1%	6.8%	6.8%			
SME loans									
Up	Unemployment rate	5.3%	5.4%	4.2%	4.0%	4.0%	15%	€ 36 million	€ 38 million
	Number of bankruptcies (monthly)	319	363	407	397	394			
Base	Unemployment rate	5.4%	5.8%	5.0%	5.0%	5.0%	50%	€ 37 million	
	Number of bankruptcies (monthly)	320	386	472	468	464			
Down	Unemployment rate	5.4%	8.1%	7.1%	6.8%	6.8%	35%	€ 41 million	
	Number of bankruptcies (monthly)	320	471	743	767	761			

Main developments

Residential mortgages

Developments in the residential mortgage portfolio

De Volksbank's residential mortgage portfolio, excluding IFRS value adjustments, grew to € 47.4 billion (year-end 2020: € 46.2 billion) as new production exceeded redemptions. As the mortgage rates remained at all-time low levels, homeowners were eager to lock in rates for a longer period of time, increasing their financial security. In a growing market for new mortgages, de Volksbank's new mortgage production amounted to € 8.1 billion (2020: € 6.1 billion).
The market share of new mortgages stood at 5.8%, an increase compared with 2020 (5.0%). Repayments amounted to € 7.0 billion, compared with € 6.5 billion in 2020, mainly due to the rising mortgage refinancing volumes.

Interest rate renewals amounted to € 2.4 billion, a decrease compared with 2020 (€ 3.2 billion), mainly due to lower regular renewals.

The percentage of customers who take out NHG-guaranteed loans has been almost stable for a number of years now. The weighted average indexed Loan-to-Value (LtV) of the residential mortgages improved to 53%, from 61% at year-end 2020. To determine the LtV, we index collateral values every month on the basis of house price developments. Rising house prices have led to a shift of mortgages to lower LtV buckets.

The impact of the Covid-19 pandemic on the credit quality of the residential mortgage portfolio remained immaterial. Of our customers with a payment holiday granted in response to the Covid-19-related financial difficulties, 80% have resumed payments by now without any further intervention on our part.

Provision for credit losses for residential mortgages

In 2021, the credit loss provision for residential mortgages fell from € 111 million to € 73 million. The release in model provisions thanks to the improved macroeconomic scenarios was partially offset by an increase in the management overlay to cover the degree of uncertainty about the economic outlook.

The stage 1 provision rose from € 24 million to € 32 million, following the inflow of new customers and the reassessment of the management overlay for stage 1.

The stage 2 provision dropped significantly from € 52 million to € 24 million, caused by the improved macroeconomic scenarios and recovery of customers to stage 1, i.e. fewer customers in SICR and fewer customers with an interest-only mortgage in a potentially high-risk category. The latter can be explained by the surge in house prices. Rising house prices reduce customers' expected LtV leading to reduced exposure to potentially high-risk interest-only mortgages with a more stringent provisioning methodology. Furthermore, the stage 2 provision decreased due to a redistribution of the management overlay to stage 1.

The stage 3 provision dropped from € 35 million to € 17 million, mainly due to very low realised losses resulting in a provision release at foreclosure.

Consumer loans

The total loan loss provision for consumer loans decreased from € 12 million to € 10 million as a result of write-offs, recoveries, and lower ECLs following the upward adjustment of unemployment rate forecasts. Coverage ratios over the stages remained stable. The provision for off-balance sheet items increased by € 3 million, mainly driven by the implementation of the new DoD.
The Covid-19 pandemic had little impact on the consumer loan portfolio.

SME loans

In 2021, the credit loss provision for SME loans dropped from € 38 million to € 23 million. The less pessimistic forecast of bankruptcies, the drop in defaulted loans and the low realised losses at foreclosure drove down provisions for SME customers. In 2021, a group of customers with high LtVs recovered from stage 3 after a favourable unlikely-to-pay assessment. In addition, the implementation of a revised risk model lowered stage 3 provisioning based on improved foreclosure results.

Other corporate and government loans

The credit loss provision for other corporate and government loans decreased from € 5 million to € 1 million, attributable to one customer formerly in default transferring from stage 3 to stage 2, generating a € 3 million provision release.

Loans and advances to customers by stage as at 31 December 2021

in € millions	Gross carrying amount	Provision for credit losses	Book value	Stage ratio	Coverage ratio
STAGE 1					
Residential mortgages	45,248	-32	45,216	95.6%	0.1%
Consumer loans	28	--	28	53.8%	0.0%
SME loans	663	-6	657	78.8%	0.9%
Other corporate and government loans	1,653	-1	1,652	93.0%	0.1%
Total loans and advances to customers stage 1	**47,592**	**-39**	**47,553**	**95.1%**	**0.1%**
STAGE 2					
Residential mortgages	1,575	-24	1,551	3.3%	1.5%
Consumer loans	14	--	14	26.9%	0.0%
SME loans	112	-4	108	13.3%	3.6%
Other corporate and government loans	124	--	124	7.0%	0.0%
Total loans and advances to customers stage 2	**1,825**	**-28**	**1,797**	**3.6%**	**1.5%**
STAGE 3					
Residential mortgages	531	-17	514	1.1%	3.2%
Consumer loans	10	-10	--	19.2%	100.0%
SME loans	66	-13	53	7.8%	19.7%
Other corporate and government loans	--	--	--	0.0%	--
Total loans and advances to customers stage 3	**607**	**-40**	**567**	**1.2%**	**6.6%**
TOTAL STAGE 1, 2 AND 3					
Residential mortgages	47,354	-73	47,281		0.2%
Consumer loans	52	-10	42		19.2%
SME loans[1]	841	-23	818		2.7%
Other corporate and government loans	1,777	-1	1,776		0.1%
Total loans and advances to customers excluding IFRS value adjustments	**50,024**	**-107**	**49,917**		**0.2%**
IFRS value adjustments[2]	810	--	810		
Total loans and advances to customers	**50,834**	**-107**	**50,727**		**0.2%**
Off-balance sheet items stage 1	3,372	-7	3,365		0.2%
Off-balance sheet items stage 2	31	-1	30		3.2%
Off-balance sheet items stage 3	12	-5	7		41.7%
Total off-balance sheet items[3]	**3,415**	**-13**	**3,402**		**0.4%**
Total on and off-balance sheet items for loans and advances to customers	**54,249**	**-120**	**54,129**		**0.2%**

1 Gross SME loans include mortgage-backed loans for a gross amount of € 803 million.

2 Consist of fair value adjustments from hedge accounting and amortisations.

3 Consists of off-balance sheet facilities (of which € 407 million conditionally revocable), guarantees and repurchase commitments.

Loans and advances to customers by stage as at 31 December 2020

in € millions	Gross carrying amount	Provision for credit losses	Book value	Stage ratio	Coverage ratio
STAGE 1					
Residential mortgages	43,154	-24	43,130	93.3%	0.1%
Consumer loans	38	--	38	60.3%	0.0%
SME loans	558	-6	552	77.1%	1.1%
Other corporate and government loans	1,916	--	1,916	90.7%	0.0%
Total loans and advances to customers stage 1	**45,666**	**-30**	**45,636**	**92.9%**	**0.1%**
STAGE 2					
Residential mortgages	2,539	-52	2,487	5.5%	2.0%
Consumer loans	13	-1	12	20.6%	7.7%
SME loans	86	-5	81	11.9%	5.8%
Other corporate and government loans	154	-1	153	7.3%	0.6%
Total loans and advances to customers stage 2	**2,792**	**-59**	**2,733**	**5.7%**	**2.1%**
STAGE 3					
Residential mortgages	543	-35	508	1.2%	6.4%
Consumer loans	12	-11	1	19.0%	91.7%
SME loans	80	-27	53	11.0%	33.8%
Other corporate and government loans	43	-4	39	2.0%	9.3%
Total loans and advances to customers stage 3	**678**	**-77**	**601**	**1.4%**	**11.4%**
TOTAL STAGE 1, 2 AND 3					
Residential mortgages	46,236	-111	46,125		0.2%
Consumer loans	63	-12	51		19.0%
SME loans[1]	724	-38	686		5.2%
Other corporate and government loans	2,113	-5	2,108		0.2%
Total loans and advances to customers excluding IFRS value adjustments	**49,136**	**-166**	**48,970**		**0.3%**
IFRS value adjustments[2]	1,572	--	1,572		
Total loans and advances to customers	**50,708**	**-166**	**50,542**		**0.3%**
Off-balance sheet items stage 1	2,754	-2	2,752		0.1%
Off-balance sheet items stage 2	46	-1	45		2.2%
Off-balance sheet items stage 3	15	-2	13		13.3%
Total off-balance sheet items[3]	**2,815**	**-5**	**2,810**		**0.2%**
Total on and off-balance sheet items for loans and advances to customers	**53,523**	**-171**	**53,352**		**0.3%**

1 Gross SME loans include mortgage-backed loans for a gross amount of € 674 million.
2 Consist of fair value adjustments from hedge accounting and amortisations.
3 Consist of off-balance sheet facilities (of which € 428 million conditionally revocable), guarantees and repurchase commitments.

Residential mortgages by LtV bucket

in € millions[1]	31-12-2021 Stage 1	Stage 2	Stage 3	Total		31-12-2020 Stage 1	Stage 2	Stage 3	Total	
NHG[2]										
LtV ≤ 75%	10,537	258	78	10,873	24%	8,381	267	52	8,700	20%
LtV >75 ≤ 100%	1,457	54	8	1,519	3%	3,627	215	34	3,876	9%
LtV >100 ≤ 110%	5	2	--	7	0%	22	11	1	34	0%
LtV >110 ≤ 125%	1	1	--	2	0%	5	5	2	12	0%
LtV > 125%	1	--	--	1	0%	4	5	1	10	0%
Total NHG mortgage loans	**12,001**	**315**	**86**	**12,402**	**27%**	**12,039**	**503**	**90**	**12,632**	**29%**
NON-NHG										
LtV ≤ 75%	28,453	948	342	29,743	66%	22,798	940	221	23,959	54%
LtV >75 ≤ 100%	2,936	234	72	3,242	7%	6,295	869	163	7,327	17%
LtV >100 ≤ 110%	55	23	9	87	0%	106	66	20	192	0%
LtV >110 ≤ 125%	22	11	4	37	0%	37	43	12	92	0%
LtV > 125%	7	6	4	17	0%	19	57	26	102	0%
Total Non-NHG mortgage loans	**31,473**	**1,222**	**431**	**33,126**	**73%**	**29,255**	**1,975**	**442**	**31,672**	**71%**
Total	**43,474**	**1,537**	**517**	**45,528**	**100%**	**41,294**	**2,478**	**532**	**44,304**	**100%**
Provision for credit losses				-73					-111	
IFRS value adjustments[3]				810					1,572	
Savings deposits				1,826					1,932	
Total residential mortgages				**48,091**					**47,697**	
Weighted average indexed LtV				**53%**					**61%**	

1 The LtV is based on the indexed market value of collateral.

2 The size of guarantees related to NHG-guaranteed mortgages expires on an annuity basis.

3 Consist of fair value adjustments from hedge accounting and amortisations.

Non-financial risks

Process risk, people risk and IT risk

In 2021, we made progress in further strengthening the operational risk control processes and updated the operational control framework.
Work on the implementation of the Governance, Risk and Compliance (GRC) tool continued too. This GRC tool is a risk management application that simplifies the records management of our business operations data, enabling us to perform more in-depth analyses of the effectiveness of our risk management framework. We started to implement the Policy Management and Policy Compliance procedures in the GRC tool. In 2021, we also enhanced procedures to monitor operational control effectiveness.

Since the outbreak of the Covid-19 pandemic, de Volksbank – like many other companies in the Netherlands – encouraged its employees to work from home. There are no indications that the effectiveness of de Volksbank's operational processes was negatively affected by this, as is shown by monitoring performed by the second line risk management function. As a token of appreciation for the efforts during the Covid-19 pandemic, de Volksbank offered its staff two extra days of leave.

De Volksbank strengthened its ability to perform process scenario analyses to further improve the quality of its risk framework. No major incidents occurred in 2021.

Working from home did not result in any significant increases in staff absence. De Volksbank announced the transformation to an agile way of working and subsequent restructuring of the organisation. We are constantly monitoring the consequences of the agile transformation in relation to our control framework.

Last year, cybercrime threats kept increasing, especially ransomware and DDOS attacks. De Volksbank launched an IT programme to take the next step in modernising the IT landscape and organisation, of which migration to the cloud is an essential part. We performed a successful fallback test in which production with respect to payment processes and infrastructure was run for a week at the fallback location.

Closely associated with cyber threat is the vulnerability in Apache Log4j, a tool used by many web applications and services, that can be exploited by remote attackers. De Volksbank has implemented measures to ensure that all versions are up to the required level.

Organisational risk

De Volksbank continuously monitors its environment, assesses developments that may be relevant to us and determines how to respond to them. To improve our adaptability to the environment, we made a start towards an agile way of working which is part of our 2021-2025 strategy. Our risk management framework monitored whether the risk assessments on the organisational transformations were carried out in accordance with the prescribed methodology. Change portfolio management is important to mitigate organisational risk. We also continued to refine improvements made in previous years, such as reporting on the identified risks and risk-response effectiveness.

Reputation risk

The two main pillars of our strategy, 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 good reputation of de Volksbank and its brands. The progress made on these strategic goals has reinforced and boosted our reputation, as is reflected in our brands NPS scores in 2021. At the same time, the speed and impact of digital and social media continue to make consistent monitoring and adequate responses to reputation risks necessary. A complaint or adverse publication may eventually grow into a crisis, and a crisis may damage our reputation. De Volksbank actively monitors current and upcoming internal and external events that may result in reputational damage for the bank and its brands.

In 2021, key events in relation to reputation risk management were the aftermath of the departure of key officers on the Board of Directors and Supervisory Board, and the implementation of the new strategy.

We also gave full attention to the ongoing Covid-19 pandemic and how by the Dutch government, supervisory authorities and our own organisation handled it. The way we coped with Covid measures taken by the government did not affect our reputation.

Although we consider the reputational impact of the aforementioned issues to be limited, we closely monitor news flows and employee sentiment in this respect to mitigate any reputational damage and the risk of an increase in (key) staff turnover in the period 2021-2025.

To further improve our reputation management, we will implement more advanced tooling to measure our reputation in 2022.

Compliance risk

It is the Compliance Function's mission to enhance safe and ethical banking with a human touch. We define compliance risk as the risk that de Volksbank fails to comply with laws, or the spirit of any such laws, and additional regulations, self-regulation and relevant codes of conduct. To achieve the bank's mission, the Compliance Function continuously monitors the level of compliance with regulatory and internal policies. De Volksbank strives to achieve the desired corporate culture, attitude and conduct. With the use of certain tools, such as regulatory technology and new privacy tooling, we ensure the improved identification and management of compliance risks.
As a result of the completed Compliance Improvement Programme in early 2021, the Compliance Function was further enhanced and strengthened. In the coming year, it is also important to further strengthen our Risk & Compliance framework following the results of our Culture and Behaviour Survey and the implementation of controls to further strengthen our culture and behaviour.

Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT)
As a gatekeeper, de Volksbank helps to detect and prevent financial crime, taking a holistic approach to customer integrity in relation to anti-money laundering, to countering the financing of terrorism and to compliance with sanctions and tax regulations. The Compliance Function is continuously working to enhance our AML/CFT framework.
DNB, the Dutch Central Bank, concluded an investigation into de Volksbank's cash activities in relation to anti-money laundering and countering the financing of terrorism (AML/CFT). The investigation also entailed an instructive conversation with the Board of Directors. The results of this investigation were included in an overarching remediation programme on customer integrity to improve processes and compliance with policies. The first line is currently carrying out an improvement programme under the supervision of the Compliance Function.
Furthermore, we closely followed, and will continue to follow, developments in the new AML/CFT legislative package as these could lead to changes in the Compliance Function's structure and reporting obligations.
De Volksbank closely monitors leaks and papers, such as the Pandora Papers, for customer portfolio-related risks.

General Data Protection Regulation (GDPR)
De Volksbank continues to enhance its compliance with the GDPR to protect its customers' and employees' privacy. After repositioning the Privacy Office to the second line of defence in 2020, the Data Protection Officer strengthened his independent position, complying with the guidelines issued by the Dutch Data Protection Authority in mid-2020. Furthermore, following the Schrems II judgment of the EU Court of Justice (CJEU), de Volksbank is elaborating guidelines issued by the European Data Protection Board (EDPB), which means that we need to scrutinise our vendor agreements.

Customer journey and customer knowledge
Trust is the cornerstone of the relationship with our customers. We gain trust by making our products simple, fair and understandable. That is why our Product Approval and Review Process (PARP) is continuously improved. Following a review by the Netherlands Authority for the Financial Markets (AFM) in 2020, we made some major improvements to the PARP in 2021. These improvements allow us to examine the duty of care in relation to our customers in greater depth, including the definition of target markets and the distribution and expansion of the range of financial products. This improvement process was concluded in the first half of 2021. De Volksbank, however, received a warning for the scenario analysis component. We are further improving the depth of the scenario analysis of life and market events as part of the approval and review process of our products for our customers.

Genuine attention for our employees
Our code of conduct entitled Common Sense, Clear Conscience is principles based and provides our employees with guidance, for instance on how to handle a conflict of interest or inappropriate behaviour. The Covid-19 pandemic forces a large number of our employees to work from home. We have updated our annual Common Sense, Clear Conscience e-learning with specific scenarios applicable, to help them adjust to this situation.

External fraud
After the number of fraud incidents had risen for several years in a row, the number of new payment fraud incidents stabilised in 2021. Phishing is still the most common type of fraud. De Volksbank does everything it can to raise its customers' awareness, for example by means of a customer training course entitled 'Recognise the scammer'. However, it is and remains a challenge to prevent customers from falling victim to the increasingly convincing lies of fraudsters.

Interest rate risk in the banking book (IRRBB)
De Volksbank is partially non-compliant with the EBA guidelines on IRRBB, full compliance is considered a high priority and progress is regularly monitored internally and discussed in the relevant committees.

Model risk
We paid a great deal of attention to ensuring compliance with regulations related to regulatory capital and provisions, especially with respect to the residential mortgage portfolio. Throughout the year, the active model versions for regulatory capital and IFRS 9 provisioning for our residential mortgages (PHIRM models) were validated in accordance with regulatory requirements. An important achievement was the implementation of the new Definition of Default (DoD) and the commissioning of an improved active regulatory model in the new bank-wide data warehouse as from 31 December 2021. Moreover, to overcome material weaknesses, we developed and thoroughly internally validated a new regulatory model, which is currently awaiting for regulatory approval.

We took a close look at the impact of the current challenging economic conditions within the context of the IFRS 9 provisioning model, and established that the accuracy of the ECL prediction is still within the tolerance. Nonetheless, the model risk level is currently higher than the model risk appetite of de Volksbank. and therefore has the attention of both the Model Validation department and the Model Governance Committee.

The continued low interest rate environment and the implication this had for the models involved, e.g. the replicating portfolio model, in predicting the metrics sensitive to interest rates such as economic value and duration, were also points of greater focus.

We have established that the performance of a new version of the model that predicts customer behaviour in relation to mortgage prepayment has improved, and that - once the model is implemented in 2022 - the risk level of the model will be acceptable given de Volksbank’s model risk appetite. In the meantime, the underperformance of the current version is sufficiently mitigated through the use of overrides.

Finally, we are preparing to transition from the current focus on model validation to a more comprehensive model risk management approach. Expansion of the scope will go hand in hand with a more efficient use of resources in assessing and mitigating model risk, in accordance with the bank-wide agile transition.

Reporting and data management risk
Deltawerken is the name of de Volksbank's strategic programme to set up a robust data processing infrastructure in the reporting processes. Implementation of the new infrastructure is an important step towards being demonstrably in control of data quality and data lineage through a single point of truth in the central financial data warehouse. A major deliverable of *Deltawerken* is a new reporting lane through the new data warehouse, which was implemented in the reporting process as from 31 December 2021. This new data warehouse, however, still needs supervisory review and therefore reporting based on this new data warehouse needs to be adjusted in order to reflect the previous approved data warehouse. De Volksbank has received guidance from the supervisory authorities for drawing up the required reports. For more information, see the Section on Capitalisation.

An integral recalibration of the key control framework started in 2021. The results of this programme will allow for a more in-depth evaluation of the controls relating to financial reporting risk. In a project based on the agile way of working, all key processes will be reviewed and controls will be improved where necessary. The programme is expected to be finalised in the third quarter of 2022.

Capital management

Capitalisation

Capitalisation

in € millions	31-12-2021	30-6-2021	31-12-2020
Shareholders' equity	3,486	3,424	3,450
Non-eligible interim profits	-124	-94	-131
Shareholders' equity for CRD IV purposes	**3,362**	**3,330**	**3,319**
Cashflow hedge reserve	-19	-20	-22
Other prudential adjustments	-3	-3	-4
Total prudential filters	**-22**	**-23**	**-26**
Intangible assets	-6	--	--
IRB shortfall[1]	-74	--	--
Additional deductions of CET1 capital due to Article 3 CRR	-78	-113	-70
Total capital deductions	**-158**	**-113**	**-70**
Total regulatory adjustments to shareholders' equity	**-180**	**-136**	**-96**
CRD IV CET1 capital	**3,182**	**3,194**	**3,223**
Additional Tier 1 capital	--	--	--
Tier 1 capital	**3,182**	**3,194**	**3,223**
Eligible Tier 2	500	500	500
IRB Excess[1]	--	19	11
Tier 2 capital	**500**	**519**	**511**
Total capital	**3,682**	**3,713**	**3,734**
Risk-weighted assets	**13,993**	**11,279**	**10,331**
Risk exposure as defined by the CRR	62,206	62,647	62,494
CET1 ratio	**22.7%**	**28.3%**	**31.2%**
Tier 1 ratio	22.7%	28.3%	31.2%
Total capital ratio	26.3%	32.9%	36.1%
Leverage ratio	5.1%	5.1%	5.2%

1 The IRB shortfall/excess is the difference between the expected loss under the CRR/CRD IV directives and the IFRS retail mortgage provision.

De Volksbank's CET1 capital ratio decreased to 22.7%, from 31.2% at year-end 2020, primarily due to an increase in Risk Weighted Assets (RWA); see table presenting the RWA on the next page. The CET1 capital ratio remained well above our target of at least 19%.

In 2021, shareholders' equity increased by € 36 million to € 3,486 million. Available distributable items[4] amounted to € 3,075 million (2020: € 3,016 million). On the one hand, shareholders' equity decreased as a result of the 2020 dividend payment in the amount of € 104 million and the decrease of the revaluation reserve of € 23 million. On the other it increased mainly as a result of the € 162 million net profit for 2021.

The profit not yet eligible as CRD IV equity for 2021, i.e. € 124 million, concerns the dividend declaration on the net profit for the first half (€ 56 million) and the full net profit for the second half of 2021 (€ 68 million).

Furthermore, to determine the CRD IV CET1 capital, we made a number of regulatory adjustments amounting to € 180 million negative at the end of December 2021 (2020: € 96 million negative). These adjustments consisted mainly of a deduction of € 74 million related to the IRB shortfall, a deduction of € 78 million due to a temporary and voluntary Article 3 CRR deductions.

The IRB shortfall of € 74 million is mainly due to the update of our Advanced Internal Ratings Based (Advanced IRB or AIRB) model. De Volksbank avails itself of an AIRB model entitled *Particuliere Hypotheken Interne Rating Model* (PHIRM) to determine the credit risk in its residential mortgage portfolio. The model is continuously being redeveloped to comply with new rules and regulations. A recent update of PHIRM included the new EBA guidelines on Definition of Default that came into effect in 2021 as well as model improvements as identified during the Targeted Review of Internal Models (TRIM). The update also served to comply with the updated

4 Equalling the sum of share premium, retained earnings and other reserves.

requirements of the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) IV for IRB portfolios.

The development of PHIRM is an ongoing process. To become fully compliant with existing and new regulations and to address almost all remaining TRIM obligations, we are currently incorporating the remaining improvements into PHIRM.

The € 78 million deduction due to Article 3 of the CRR at year-end 2021 is mainly related to a pending supervisory examination on the implementation of a new data warehouse. Awaiting further formal approval, de Volksbank added extra conservatism to the CET1 capital amount and deducted an amount of € 62 million. An additional € 16 million was deducted as a prudential backstop following the ECB's guidelines on non-performing exposures (NPEs).

Overall, CRD IV CET1 capital was down by € 41 million to € 3,182 million.

Risk-weighted assets (RWA)

in € millions	31-12-2021	30-6-2021	31-12-2020
	CRD IV	CRD IV	CRD IV
Credit risk - Internal ratings based (IRB)	6,240	5,682	5,897
Credit risk - standardised approach (SA)	3,261	2,817	2,296
Securitisations	20	19	17
Operational risk	1,392	1,451	1,451
Market risk	--	--	--
Credit Valuation Adjustment (CVA)	75	96	70
Additional risk exposure amounts due to Article 3 CRR	3,005	1,214	600
Total	**13,993**	**11,279**	**10,331**

In 2021, RWA increased by € 3.7 billion to € 14.0 billion. RWA for the credit risk of the residential mortgage portfolio, calculated according to the AIRB Approach, increased by € 343 million due to the growth of the mortgage portfolio and the update of the AIRB model. The average risk weighting of residential mortgages declined slightly to 12.6% from 12.7% at year-end 2020. The impact of the AIRB model update was compensated by a further improvement of the credit quality of our customers.

In addition, RWA for credit risk calculated according to the Standardised Approach increased by € 965 million, largely related to the increased short-term exposures to other financial institutions and exposures to corporates.

The RWA for operational risk, market risk, the Credit Valuation Adjustment and the revised securitisation framework decreased by € 52 million to € 1.5 billion in total.

The additional RWA amount of € 3.0 billion due to a temporary and voluntary Article 3 CRR add-on as at year-end 2021 is related to the new data warehouse, which needs supervisory review before actual use in external RWA calculations. Awaiting further formal approval, de Volksbank added extra conservatism to the amount of RWA. The previous Article 3 add-on in anticipation of the recent update of PHIRM is no longer applicable.

Leverage ratio

The leverage ratio decreased to 5.1% from 5.2% at year-end 2020, mainly driven by an decrease in the leverage ratio numerator (i.e. Tier 1 capital) by € 41 million. The leverage ratio denominator is the risk exposure amount as defined by the CRR.

On 18 June 2021, the ECB announced that banks under its direct supervision may continue to exclude certain central bank exposures from the leverage ratio calculation until 31 March 2022. The decrease in the leverage ratio exposure of € 0.3 billion mainly results from the growth in the balance sheet total (€ 4.6 billion), the decreased deduction of receivables for cash variation margin for derivatives (- € 1.0 billion) and an increased deduction of central bank exposures in the amount of € 6.2 billion. The increase in the balance sheet total was mainly due to the growth in deposits.

The 5.1% leverage ratio is well above the regulatory requirement of 3.0% and our target of at least 4.5%.

Developments in capital requirements

SREP

With effect from 1 March 2022, de Volksbank is required to meet a minimum total Overall Capital Requirement (OCR) of 14.5% (previously 14.0%), of which at least 9.69% (previously 9,41%) needs 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 2021.

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. The next step is the translation of Basel IV into European laws and regulations.

As at year-end 2021, we estimate that as a result of fully phased-in Basel IV our risk-weighted assets (RWA) would increase by approximately 1.5%[5] which would consequently reduce our CET1 capital ratio by approximately 0.2 percentage points. The largest effect is caused by the output floor on the basis of the revised Standardised Approach (SA) for credit risk versus the current internal rating approach based on PHIRM. The EC proposal stipulates that the output floor will be phased in from 50% in 2025 to 72.5% in 2030. We expect the anticipated changes in internal modelling approaches and the SA for operational risk under Basel to have a limited effect on the RWA of de Volksbank.

The Basel IV fully loaded CET1 capital ratio declined from 24.2% to 22.5%, mainly driven by an increase in risk-weighted assets for exposures to financial institutions and corporates. This estimate of our CET1 capital ratio under full phase-in of Basel IV will still exceed our target of at least 19%[6]. This will allow us to both continue our growth path and pay out dividend.

Minimum floor on risk weighting of mortgage loan portfolios

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. In June 2021, DNB announced not to further postpone the introduction of the measure and in October 2021, it was communicated that the regulation will effectively come into force as of 1 January 2022. The measure will expire on 1 December 2022, but it is up to DNB to decide whether or not to extend the measure, every time for a two-year period. Given the RWA increase due to the update of de Volksbank's AIRB model and the Article 3 CRR add-on, which is fully related to RWA for residential mortgages, we expect no impact of this measure for de Volksbank.

MREL

On 10 May 2021 the national resolution authority set the MREL requirement for de Volksbank as from 1 January 2022 at 7.87% of the leverage ratio exposure (LRE). As a binding intermediate subordination target at least 6.55% of the LRE has to be met with subordinated instruments, i.e. Tier 1 capital, Tier 2 capital and senior non-preferred (SNP) notes.

As of 1 January 2024, the 7.87% MREL has to be fully met with subordinated instruments. The MREL requirement based on RWA amounts to 26.78%, including the Combined Buffer Requirement of 3.5%. The non-risk-weighted MREL requirements are more restrictive for de Volksbank than the risk weighted MREL requirements.

De Volksbank's capital planning is based on meeting the binding MREL subordination target as from January 2024, while taking into account the binding intermediate MREL subordination target as from 1 January 2022.

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[5] Taking into account the ECL's legislative proposal and starting from the assumption that 93% of the residential mortgages meet the document requirements.

[6] Based on our balance sheet position as at 31 December 2021 and assuming the implementation of Basel IV rules in European legislation remains unchanged.

MREL

in € millions	31-12-2021	30-6-2021	31-12-2020
CET1 capital	3,182	3,194	3,223
Tier 2 capital	500	519	511
Total capital	**3,682**	**3,713**	**3,734**
Other eligible senior non-preferred (SNP) liabilities with remaining maturity >1 year	1,000	1,000	--
Other eligible unsecured liabilities with remaining maturity > 1 year	1,312	1,632	1,859
Total capital including other eligible liabilities	**5,994**	**6,345**	**5,593**
Total Liabilities and Own Funds (TLOF) as defined by the BRRD	70,890	69,253	65,406
MREL (Total capital including other eligible liabilities) (TLOF)	8.5%	9.2%	8.6%
MREL BRRD2 EXPOSURE MEASURES[1]			
Leverage ratio exposure measure (LRE)	62,206	62,647	62,494
Risk-weighted assets	13,993	11,279	10,331
MREL LRE			
MREL (Total capital and eligible SNP liabilities) (LRE)	7.5%	7.5%	6.0%
MREL (Total capital including other eligible liabilities) (LRE)	9.6%	10.1%	9.0%
MREL RWA			
MREL (Total capital and eligible SNP liabilities) (RWA)	33.5%	41.8%	36.1%
MREL (Total capital including other eligible liabilities) (RWA)	42.8%	56.3%	54.1%

1 EBA reporting framework 3.0 comprises amendments linked to the CRR2/CRD5, BRRD2 and IFR and applies as from 30/06/2021. Therefore, MREL ratios are also shown in accordance with the amended BRRD2 .

The table above presents the risk-weighted and non-risk-weighted MREL ratios of de Volksbank.

Total capital and eligible liabilities rose by € 0.4 billion to € 6.0 billion, mainly as a result of the issuance of € 500 million in SNP instruments in February 2021 and in June 2021. This increase was partly offset by an amount of senior unsecured debt of € 547 million becoming non-eligible.

At year-end 2021, the non-risk-weighted MREL ratio based on the leverage ratio exposure was equal to 9.6% (2020: 8.9%), including Total capital and all other unsecured liabilities eligible for MREL under the current BRRD. Including only Total capital and eligible SNP liabilities, the non-risk-weighted MREL ratio based on the leverage ratio exposure equalled 7.5%.

The risk-weighted MREL ratio, based on total capital and eligible SNP liabilities, € 4,682 million in total, stood at 33.5% (year-end 2020: 36.1%). Based on the balance sheet position at year-end 2021, we estimate that the risk-weighted MREL ratio met with CET1 capital and subordinated instruments would be approximately 0.5 percentage points lower under Basel IV fully phased in. This is still compliant with the MREL requirements as set by the Single Resolution Board (SRB).

Dividend

De Volksbank has set a target range of 40% - 60% of net adjusted profit for the regular dividend distribution. In line with this policy, de Volksbank decided in its General Meeting of Shareholders (GMS) in April 2021 to declare a dividend of € 104 million for 2020, corresponding to a pay-out ratio of 60%.

At the GMS in April 2021, NLFI agreed to a partial dividend payment for 2019 of € 20 million, in line with ECB's dividend recommendation to exercise extreme prudence. On 23 July 2021, the ECB decided not to extend its dividend recommendation to exercise extreme prudence beyond September 2021. Given this announcement, de Volksbank paid out the remaining dividend for 2019 and dividend for 2020 for a total amount of € 249 million in October 2021. Since the intended dividend amount had already been classified as a debt, this payment did not affect de Volksbank's capital position.

For 2021, we propose to pay out a dividend of € 97 million of the net profit , which corresponds to a pay-out ratio of 60%.

Liquidity and funding

Liquidity

In 2021, continued deposit growth resulted in a liquidity position that is substantially higher than de Volksbank's internal targets and regulatory requirements.

De Volksbank aims to reduce the undesirable impact of excess liquidity on the bank's profitability and capitalisation by taking measures, such as the application of a negative interest rate to business and retail customer accounts upward of € 250,000 as from 1 March 2021 and upward of € 100,000 as from 1 July 2021. As from 1 April 2022, we will apply a negative interest rate on balances in excess of € 100,000 at customer level.

Key liquidity indicators

	31-12-2021	30-6-2021	31-12-2020
LCR	324%	261%	233%
NSFR	176%	171%	>100%
Loan-to-Deposit ratio[1]	86%	87%	92%
Liquidity position (in € millions)	22,570	21,765	17,924

1 For the measurement methodology of these KPIs reference is made to the section Reconciliation of alternative performance measures on page 36 of this report.

As of 28 June 2021, the amended Capital Requirements Regulation (CRR) requires all financial institutions to maintain a minimum Net Stable Funding Ratio (NSFR) of 100%. Both the Liquidity Coverage Ratio (LCR) and the NSFR remained well above the regulatory minimum of 100%. As at 31 December 2021, the LCR stood at 324% (year-end 2020: 233%), and the NSFR at 176%

The ratio between loans outstanding and deposits attracted, known as the Loan-to-Deposit ratio (see also Reconciliation of APMs), dropped to 86%, from 92% at year-end 2020. This drop was caused by continued deposit growth, of which € 3.5 billion due to an increase in retail customers' savings. In 2021, loans rose from € 48.5 billion to € 49.5 billion.

The liquidity position increased to € 22.6 billion as at 31 December 2021 (year-end 2020: € 17.9 billion).

Liquidity position

in € millions	31-12-2021	30-6-2021	31-12-2020
Cash position	10,707	8,391	5,003
Sovereigns	1,780	1,986	2,803
Regional/local governments and supranationals	1,567	1,512	1,252
Other liquid assets	618	544	337
Eligible retained RMBS	7,898	8,243	8,529
Liquidity position	**22,570**	**20,676**	**17,924**

At year-end 2021, central bank reserves stood at € 10.7 billion (year-end 2020: € 5.0 billion). Cash outflows in 2021 mainly resulted from € 1.0 billion net loan growth, a € 0.4 billion repayment in capital market funding and the dividend payments of € 269 million. The cash outflows were more than covered by € 4.5 billion deposit growth. Furthermore, de Volksbank issued € 1.0 billion in green senior non-preferred debt instruments and € 0.7 billion in covered bonds and saw a € 0.9 billion decrease in cash collateral placed in connection with derivative transactions. In addition, in the first half of 2021 de Volksbank participated in additional TLTRO-III funding from the ECB for an amount of € 70 million. The substantially higher cash inflows than cash outflows, resulted in an increase in the central bank reserves. A lower amount of available liquidity was invested in the money market. As at 31 December 2021, € 4.0 billion in assets had been invested for cash management purposes (year-end 2020: € 4.5 billion), of which € 2.1 billion was held at Swiss banks (year-end 2020: € 3.1 billion) and was therefore not included in the central bank reserves.

The liquidity value of bonds in the DNB collateral pool at year-end 2021 amounted to € 11.9 billion (year-end 2020: € 12.9 billion), of which:

- The liquidity value of eligible retained RMBS decreased to € 7.9 billion (year-end 2020: € 8.5 billion), mainly due to prepayments in the underlying mortgage pool;
- The value of other liquid assets in the liquidity position decreased by € 0.4 billion. This is predominantly because not all sovereign bonds were registered in the DNB collateral pool at year-end 2021. These sovereign bonds were ring-fenced for other purposes, such as possible repo transactions.

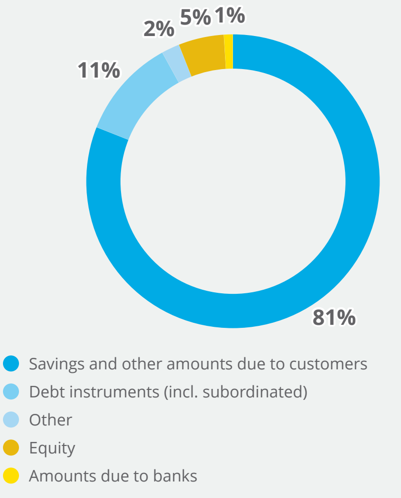
Funding

Retail savings are de Volksbank's main source of funding. Through our brands, we attract term deposits, demand deposits and current account balances from retail customers. We also attract savings deposits and current account balances from SME customers. In 2021, customer deposits increased to € 57.6 billion, from € 53.0 billion at year-end 2020.

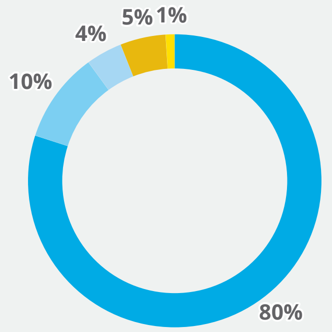
The bank also attracts funding from the capital market through various funding instruments spread over terms, markets, regions and types of investor.

The diagrams below provide an overview of the book value-based composition of the total liabilities as at year-end 2021 and year-end 2020. The percentage of our funding that is made up of savings and other amounts due to customers rose to 81%, from 80% at year-end 2020.

Equity and liability mix as at 31 December 2021: € 72.1 billion



Equity and liability mix as at 31 December 2020: € 67.5 billion



In 2021, de Volksbank successfully executed a number of capital market funding transactions to strengthen its MREL position, i.e.:

- € 0.5 billion in green senior non-preferred debt with a 7-year maturity;
- € 0.5 billion in green senior non-preferred debt with a 5-year maturity.

In addition, de Volksbank successfully issued € 0.7 billion in covered bonds with a 20-year maturity.

De Volksbank did not conduct any additional capital market funding transactions in 2021 as available funding was more than sufficient thanks to the growth in customer deposits.

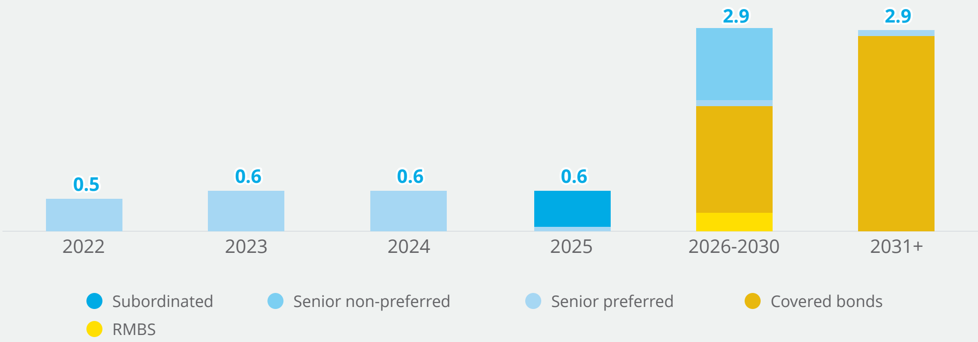
As capital market funding redemptions in 2021 were limited at € 0.4 billion, capital market funding increased from € 6.9 billion to € 8.2 billion.

Capital Market funding mix (nominal)

in € millions	2021	% of total	2020	% of total
Subordinated	500	6%	500	7%
- of which green bonds	*500*		*500*	
Senior non-preferred	1,000	12%	--	0%
- of which green bonds	*1,000*		--	
Senior preferred	1,980	24%	2,248	33%
- of which green bonds	*1,000*		*1,000*	
Covered bonds	4,368	53%	3,679	54%
RMBS	344	4%	433	6%
Total capital market funding	**8,192**		**6,860**	
- of which green bonds	*2,500*		*1,500*	

The figure below presents an overview of the maturity calendar of the capital market funding outstanding with an original maturity of more than one year. In the graph we apply the assumption that this funding will be redeemed at the first possible dates. For 2022, we plan to issue covered bonds to manage balance sheet risks. We also plan to issue Additional Tier 1 (AT1) capital and senior non-preferred debt to strengthen our capital and MREL position.

Capital market funding maturities
(in € billions)



Consolidated financial statements

Consolidated statement of financial position

Before result appropriation and in € millions	31-12-2021	31-12-2020
ASSETS		
Cash and cash equivalents	10,296	4,672
Derivatives	591	864
Investments	5,638	5,113
Loans and advances to banks	4,527	5,990
Loans and advances to customers	50,727	50,542
Tangible and intangible assets	93	110
Tax assets	39	42
Other assets	170	151
Total assets	**72,081**	**67,484**
EQUITY AND LIABILITIES		
Savings	45,646	42,111
Other amounts due to customers	12,482	11,541
Amounts due to customers	**58,128**	**53,652**
Amounts due to banks	1,059	945
Debt certificates	7,402	6,119
Derivatives	1,013	2,163
Tax liabilities	9	17
Other liabilities	382	558
Provisions	102	80
Subordinated debts	500	500
Total other liabilities	**10,467**	**10,382**
Share capital	381	381
Other reserves	2,943	2,895
Net profit for the period	162	174
Shareholders' equity	**3,486**	**3,450**
Total equity and liabilities	**72,081**	**67,484**

Consolidated income statement

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

Consolidated statement of comprehensive income

Other comprehensive income

in € millions	2021	2020
ITEMS THAT WILL NOT SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS		
Change in other reserves	-1	-
Total items never reclassified to profit or loss	**-1**	**-**
ITEMS THAT ARE RECLASSIFIED TO PROFIT OR LOSS		
Change in cashflow hedge reserve	-3	-4
Change in fair value reserve	-18	10
Total items that are reclassified to profit or loss	**-21**	**6**
Other comprehensive income (after tax)	**-22**	**6**

Total comprehensive income attributable to the shareholder

Total comprehensive income

in € millions	2021	2020
Net result	162	174
Other comprehensive income (after tax)	-22	6
Total comprehensive income for the period	**140**	**180**
ATTRIBUTABLE TO:		
The shareholder of the parent company	140	180

Consolidated statement of changes in total equity

Consolidated statement of changes in total equity 2021

in € millions	Issued share capital	Share premium reserve	Cashflow hedge reserve	Fair value reserve	Other reserves	Net result for the period	Total equity
Balance as at 1 January 2021	381	3,537	22	29	-693	174	3,450
Transfer of net result	--	--	--	--	70	-70	--
Unrealised revaluations	--	--	--	-16	--	--	-16
Realised revaluations through P&L	--	--	-3	-2	--	--	-5
Realised revaluations through equity	--	--	--	--	--	--	--
Other movements	--	--	--	--	-1	--	-1
Other comprehensive income	--	--	-3	-18	-1	--	-22
Net result	--	--	--	--	--	162	162
Total result 2021	--	--	-3	-18	-1	162	140
Dividend pay-out	--	--	--	--	--	-104	-104
Transactions with shareholder	--	--	--	--	--	-104	-104
Total changes in equity	--	--	-3	-18	69	-12	36
Closing balance	381	3,537	19	11	-624	162	3,486

Consolidated statement of changes in total equity 2020

in € millions	Issued share capital	Share premium reserve	Cashflow hedge reserve	Fair value reserve	Other reserves	Net result for the period	Total equity
Balance as at 1 January 2020	381	3,537	26	19	-803	275	3,435
Transfer of net result	--	--	--	--	110	-110	--
Unrealised revaluations	--	--	--	22	--	--	22
Realised revaluations through P&L	--	--	-4	-12	--	--	-16
Realised revaluations through equity	--	--	--	--	--	--	--
Other comprehensive income	--	--	-4	10	--	--	6
Net result	--	--	--	--	--	174	174
Total result 2020	--	--	-4	10	--	174	180
Dividend pay-out	--	--	--	--	--	-165	-165
Transactions with shareholder	--	--	--	--	--	-165	-165
Total changes in equity	--	--	-4	10	110	-101	15
Closing balance	381	3,537	22	29	-693	174	3,450

General information

Other information

De Volksbank N.V. (hereafter 'de Volksbank') is a public limited liability company, incorporated under Dutch law and domiciled in the Netherlands. De Volksbank's registered office is located at Croeselaan 1, 3521 BJ Utrecht. All shares of de Volksbank are held by NL financial investments (NLFI).

The financial information included in this report has been prepared in accordance with International Financial Reporting Standards as accepted within the European Union (IFRS-EU). In preparing the financial information in this year-end report, unless stated otherwise, the same accounting policies have been applied as in the 2020 consolidated financial statements of de Volksbank, taking the changes in IFRS-EU into account as from 1 January 2021.

In 2021, de Volksbank changed its accounting policy for land and buildings in own use from the revaluation model to the cost model for better alignment with market practices in the banking sector. The change to the cost model has an immaterial impact on the book value of the line item tangible and intangible assets, the result and shareholders' equity in 2021.

The preparation of the financial statements for 2021 is in progress. The figures in this press release have not been audited.

Reconciliation of alternative performance measures

Our financial results are prepared and reported in accordance with IFRS-EU, as detailed above.
We also present alternative performance measures, i.e. non-IFRS financial measures. These include adjusted performance that we use to align internal and external reporting, identify and quantify items that management believes to be significant, and provide insight into how management assesses the bank's period-on-period performance.

To derive adjusted performance, we adjust for certain incidental items, i.e. items that have an impact on the net result in excess of € 15 million and have an incidental nature, thus limiting insight into the underlying developments.

- In 2021, net profit included positive incidental items of € 17 million, entirely consisting of a positive revaluation of € 22 million before tax for a previous contribution made under the Deposit Guarantee Scheme in relation to the insolvency of DSB.
- In 2020, net profit included negative incidental items of € 34 million, entirely consisting of a restructuring provision of € 45 million before tax in connection with the transformation to a new organisational structure and agile way of working.

Definitions of additional ratios presented in this Full year financial report are presented in the tables Non-IFRS financial measures on the next pages.

Reconciliation of reported to adjusted net result

in € millions	2021 Reported	2021 Adjust-ments	2021 Adjusted	2020 Reported	2020 Adjust-ments	2020 Adjusted
Net interest income	775		775	850		850
Net fee and commission income	39		39	46		46
Investment income	3		3	17		17
Other result on financial instruments	10		10	9		9
Other income	--		--	1		1
Total income	**827**		**827**	**923**		**923**
Staff costs	414		414	427	-45	382
Depreciation and amortisation of tangible and intangible assets	20		20	29		29
Other operating expenses	233	22	255	196		196
Of which: regulatory levies	*79*		*79*	*50*		*50*
Total operating expenses	**667**	**22**	**689**	**652**	**-45**	**607**
Of which: operating expenses excluding regulatory levies	***588***	22	***610***	***602***	-45	***557***
Impairment charges of financial assets	-58		-58	38		38
Of which: residential mortgages	*-46*		*-46*	*29*		*29*
Of which: consumer loans	*3*		*3*	*-1*		*-1*
Of which: SME loans	*-12*		*-12*	*8*		*8*
Of which: other corporate and government loans	*-4*		*-4*	*--*		*--*
Of which: investments	*1*		*1*	*--*		*--*
Of which: other	*--*		*--*	*2*		*2*
Total expenses	**609**	**22**	**631**	**690**	**-45**	**645**
Result before taxation	**218**	**-22**	**196**	**233**	**45**	**278**
Taxation	56	-5	51	59	11	70
Net result for the period	**162**	**-17**	**145**	**174**	**34**	**208**

NON-IFRS FINANCIAL MEASURES

KPIs and adjusted KPIs

in € millions	2021 Reported	2021 Adjustments	2021 Adjusted	2020 Reported	2020 Adjustments	2020 Adjusted
Cost/income ratio	Total operating expenses (including regulatory levies) as percentage of total income.					
Total operating expenses[1]	667	22	689	652	-45	607
Total income	827		827	923		923
Cost/income ratio	**80.7%**		**83.3%**	**70.6%**		**65.8%**
Return on Equity (RoE)	Net result for the period from continuing operations as percentage of average month-end total equity for the reporting period.					
Net result	162	-17	145	174	34	208
Average month-end total equity	3,458		3,458	3,410		3,410
Return on Equity (RoE)	**4.7%**		**4.2%**	**5.1%**		**6.1%**
Net interest margin (bps)	Net interest income as percentage of average month-end total assets for the reporting period.					
Net interest income	775		775	850		850
Average month-end total assets	69,958		69,958	65,385		65,385
Net interest margin (bps)	**1.11%**		**1.11%**	**1.30%**		**1.30%**
Cost/assets ratio as a % of average assets	Total operating expenses excluding regulatory levies as percentage of average month-end total assets for the reporting period.					
Operating expenses excluding regulatory levies	588	22	610	602	-45	557
Average month-end total assets	69,958		69,958	65,385		65,385
Cost/assets ratio as a % of average assets	**0.84%**		**0.87%**	**0.92%**		**0.85%**

1 As from 2021, the total operating expenses are used to calculate the Cost/income ratio. Previously, the operating expenses excluding regulatory levies were used. This change is in line with market practice and provides a better insight in the development of our profitability. The comparative figures have been adjusted accordingly.

Cost of risk

in € millions		2021	2020
Cost of risk	Impairment charges of financial assets as percentage of average month-end loan portfolio exposure for the reporting period.		
TOTAL LOANS			
Impairment charges of financial assets - total loans		-59	38
Average month-end portfolio exposure - total loans		49,417	47,500
Cost of risk total loans		**-0.12%**	**0.08%**
RESIDENTIAL MORTGAGES			
Impairment charges of financial assets - residential mortgages		-46	29
Average month-end portfolio exposure - residential mortgages		46,465	48,333
Cost of risk residential mortgages		**-0.10%**	**0.06%**
SME LOANS			
Impairment charges of financial assets - SME loans		-12	8
Average month-end portfolio exposure - SME loans		769	690
Cost of risk SME loans		**-1.56%**	**1.16%**

Loan-to-Deposit ratio (LtD)

in € millions		2021	2020
Loan-to-Deposit ratio (LtD)	Loans and advances to retail customers as a percentage of amounts due to retail customers		
Total loans and advances to customers		50,727	50,542
IFRS value adjustments		810	1,572
Loans and advances to other corporates and governments (cash loans VFM)		431	442
Loans and advances to retail customers		**49,486**	**48,528**
Total amounts due to customers		58,128	53,652
Amounts due to non-retail customers (private loans VFM)		571	628
Amounts due to retail customers		**57,557**	**53,024**
Loan-to-Deposit ratio (LtD)		**86%**	**92%**

About de Volksbank

General
De Volksbank is a financial services provider engaged in banking, with a particular focus on the Dutch retail market, including small and medium-sized enterprises. De Volksbank carries multiple brands and has a single back office and IT organisation. The product range consists of five core product groups: payments, mortgages, sustainable funds, SME loans and savings. De Volksbank has a balance sheet total of € 72 billion and 3,178 internal employees (FTEs), which makes it a major player in the Dutch market. The head office of de Volksbank is located in Utrecht.

Mission and ambition
The mission of de Volksbank is 'Banking with a human touch'. To live up to our mission we formulated an ambition based on the principle of shared value. Shared value is directed towards social and economic as well as financial and non-financial aspects. Our ambition is to optimise this shared value by delivering benefits for customers, taking responsibility for society, giving genuine attention to employees and achieving returns for the shareholder. Our strategy has two main objectives with which we aim to strengthen our distinctive capability: a strong customer relationship and a substantial and measurable positive social impact.

Our brands
There is no such thing as an 'average customer'. Everyone has different wishes, needs and preferences. We want to serve our customers in the way that best fits their needs. That is why, instead of one brand for all customers, we have opted for different brands that each serve their customers in the way that suits them best. Each brand has its own way of working, image, mentality and products, from savings and investments through to insurance.

ASN Bank
Sustainability
ASN Bank has been one of the leading banks in sustainable banking in the Netherlands for 50 years. ASN Bank invests the money customers entrust to the bank in such a way that it contributes to sustainable progress and a liveable world, now and in the future. ASN Bank bases its choices on the three pillars of its sustainability policy: human rights, climate and biodiversity.
ASN Bank demonstrates that its clear and understandable products offer a good feeling *and* good money.
www.asnbank.nl

BLG Wonen
Homeownership for everyone
BLG Wonen is committed to a housing market that is fairer and more accessible. Founded in 1954 to give Limburg miners the chance to buy a house, it now supports new groups in society that have problems buying a house. BLG Wonen does not see files or numbers, but people with dreams and wishes. Only then will it look at the numbers. Together with its large network of independent advisers, it helps people to find a suitable mortgage. After all, owning your own home is important: it gives people a feeling of security and happiness. www.blg.nl

RegioBank
Quality of life in the neighbourhood
Just dropping by for a question or good advice. This is precisely what you can do at approximately 500 branch offices of independent advisers in villages and small towns all over the country.
In addition to taking care of money matters close to home, RegioBank is also committed to improving the quality of life in the neighbourhood. It promotes local cohesion because it believes that having a social network close by makes people happy. The bank is a partner of *Oranje Fonds* and supports social activities. After all, RegioBank is not just a bank, but part of the local community: a liaison that wants to strengthen social vitality and local entrepreneurship in the region. www.regiobank.nl

SNS
People first, then money
SNS helps customers achieve their goals and dreams. Together with them, we look at what they need, and what stands in their way. We will actively work towards solutions. We will do everything we can to ensure that our customers get a fair chance to grow to their full potential. For we believe that if everyone is able to grow in their own way, the Netherlands will become a stronger country. That’s why we say: people first, then money. We have been serving our customers for 200 years, currently with over 200 shops across the country. For more information, please see our website: www.snsbank.nl

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