

[briefhoofd NLFI]

De Volksholding B.V.
Attn: Mr J. van Rutte
P.O. Box 8444
3503 RK Utrecht

Cc: Ms M. van der Grinten-van de Wetering
The Hague, the Netherlands, 30 January 2018

NLFI 2018/17
Subject: NLFI 2017 Focal point Letter

Dear Mr Van Rutte,

NLFI, acting in its capacity as shareholder, sends de Volksbank an annual focal point letter in order to call attention to a number of key issues. The issues NLFI wants to highlight to de Volksbank for 2018 are set out in this letter. NLFI will raise these issues in the continuous dialogue it engages in with de Volksbank as its shareholder and possibly at the Annual General Meeting. NLFI requests de Volksbank to take these issues on board in its reports.

Where reporting is concerned, NLFI would like to note, first of all, that it was delighted to learn that de Volksbank was presented with the Henri Sijthoff Award 2017 in the unlisted companies category. The care and attention de Volksbank devotes to its reporting is testimony to the bank's deep awareness of its role and position in society as well as to its ambition to be transparent and seek to connect with its clients and other players.

Eumedion has recently published its annual focal point letter. In this letter, Eumedion identifies two key themes: sustainable development goals and opportunities and threats associated with technological change. Both these themes tie in with NLFI's views on sustainable and responsible business practices. That is why NLFI has drawn inspiration from these themes.

As explained in our policy on exercising shareholders' rights that has been posted on our website, NLFI aims to use its influence as a shareholder to promote sustainable and responsible business practices. Accordingly, NLFI wishes to focus here, firstly, on the sustainable development goals. De Volksbank has already embraced sustainability as its guiding principle for the future and, with this in mind, has set its sights on a climate-neutral balance sheet.¹ The United Nations has defined 17 sustainable development goals (Do's). In doing so, the United Nations has launched a universal appeal to end poverty, protect the planet and achieve peace and prosperity for all by 2030.² NLFI calls upon de Volksbank to identify the most relevant Do's for its policy and to establish how these Do's can be incorporated into the sustainability goals de Volksbank has set itself. NLFI requests de Volksbank to report on its analyses of the sustainable development goals and on how it transposes the Do's into its own sustainability goals.

The second theme NLFI wishes to highlight concerns the opportunities and threats associated with technological change. New rules and regulations (such as the revised Payment Services Directive or PSD2) are also contributing to this change. In this regard, NLFI would note that De Volksbank has announced its intention to very carefully review the need for strict security requirements regarding the sharing of client information in accordance with PSD2. NLFI subscribes to the aim to ensure secure information sharing and calls upon de Volksbank to address this issue in greater detail in its reports and to include more detailed disclosures on its compliance with PSD2, the progress it is making in improving the quality of internal data and the mitigation of integrity and cybercrime risks.

¹ De Volksbank N.V., Annual Report 2016, e.g. the Manifesto (p. 19) and p. 28.

² <http://www.globalgoals.org/>

Furthermore, it is crucial to be alert to innovations in the sector. To this end, the bank must have the right people at all levels of the organisation. They need to have the expertise to identify opportunities and threats associated with technological innovations and to transpose these into the organisation's strategic and operational plans. NLF1 calls upon de Volksbank to include more detailed disclosures in its reports on how it addresses technological challenges, while ensuring that sufficient expertise is available to identify and act upon opportunities and threats in this area.

The intention of this letter, which will be posted on our website, is to contribute to the dialogue between NLF1 and de Volksbank. As ever, we would be happy to exchange thoughts with you about the issues described above.

Yours sincerely,

Lilian Gonçalves-Ho Kang You
Board Member

Rens Brocheler
Managing Director