

**This is an unofficial translation.
The Dutch version prevails.**



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Our reference

2023-0000151478

Your letter (reference)

Date
Subject NLFI voortgangsrapportage Volksbank 2023

Dear President,

As usual, I routinely inform your House every year about the state of affairs at de Volksbank and the readiness of de Volksbank for a decision on its future. NLFI prepares a progress report on this every year. Each of NLFI's progress reports has been shared with your House. This letter contains information about the 2023 progress report. The progress report is enclosed with this letter.

For completeness' sake, I would like to point out that this letter and the accompanying progress report are not part of the process for reaching a directional decision on de Volksbank's future. I informed you about that process in my letter of 26 May 2023.¹

NLFI's progress reports for 2022

In 2021, de Volksbank adopted a new 2025 strategy that was aimed at embedding a sustainable and robust business model for the bank. According to NLFI, the successful implementation of the strategy will place the bank in a better position for the future (including any decision regarding its future).

In 2022, NLFI issued its first progress report since the start of the strategy implementation. In that report, NLFI concluded that de Volksbank had made a positive start and had taken steps in the areas of customer relations, social impact and attention for its own employees. However, according to NLFI further steps would still have to be taken, which was understandable since it was already known that the implementation process would be a multi-year progress and would require initial investments that would subsequently bear fruit.

NLFI's progress report for 2023

The 2023 progress report is the second report since the introduction of the new strategy. As in previous years, NLFI closely has monitored de Volksbank's implementation of the strategy. In this context, NLFI engages in a critical yet constructive dialogue with the bank, taking into account the powers that NLFI has as a shareholder as well as the competition law framework.

¹ Parliamentary Papers, House of Representatives, session year 2022-2023, 32013, no. 283.

In its report, NLFI concludes that de Volksbank made progress in implementing the strategy during the past year. Furthermore, de Volksbank achieved a higher financial return. In this context, the bank benefited to a large extent from market conditions, such as trends in interest rates.

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NLFI is of the opinion that de Volksbank still has significant challenges that it must deal with in the coming years. As part of this, NLFI is considering the need for further diversification of the revenue model and further improvement of IT and cost control. NLFI has stated that it will continue to present a critical challenge to de Volksbank with respect to the progress made on the strategy implementation and the achievement of the 2025 objectives. In this respect, NLFI will pay special attention to the aforementioned points.

Assessment

I think it is positive that de Volksbank has made further progress with the implementation of its strategy. It is also positive that a higher financial return has been achieved, thanks in part to market conditions. At the same time, I believe it is important that de Volksbank continues to work hard on making the necessary improvements that NLFI has identified. As in previous years, I am aware that de Volksbank must be given time to do this, since it is a multi-year process.

I agree with NLFI that de Volksbank's future success will be largely determined by the effectiveness of the chosen strategy and the extent to which it is achieved. Focusing on swift implementation of the objectives must therefore remain the top priority. It is therefore important to me that NLFI keeps a critical eye on progress and continues to update me.

Follow-up

I will, of course, continue to inform your House about the progress reports from NLFI on a yearly basis. I expect that NLFI, in its subsequent reports, will continue to pay attention to the progress made on implementing strategy, the outcome of this, and the possible impact of economic developments. I expect to send the next NLFI progress report to your House before the summer of 2024.

Yours sincerely,

The Minister of Finance

Sigrid A.M. Kaag