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DNB imposes two administrative fines on de Volksbank

Press presentation
Roland Boekhout, CEO

01.

Context administrative fines DNB

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DNB imposes two administrative fines

- € 5 million for deficiencies under the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*)
  - period from 2020 up to and including 2023
- € 15 million for risk management-related deficiencies: de Volksbank failed to meet the requirements that follow from the Financial Supervision Act (*Wft*) to ensure sound business operations
  - period from 2018 up to and including 2023

Response de Volksbank

- De Volksbank acknowledges and regrets the identified deficiencies
- Remediation plan has been initiated to fight money laundering and the financing of terrorism
  - Submitted to DNB at the end of 2024, implementation has started
- Fully committed to sustainably and adequately address the identified deficiencies in risk management
  - Priority i.a. to improved monitoring, reporting and tightened escalation mechanisms

02.
Role of gatekeeper (*Wwft*)

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Deficiencies under the Anti-Money Laundering and Anti-Terrorist Financing Act (Wwft) period from 2020 up to and including 2023

Inadequate monitoring of risks → the failure to identify risks, or to identify them in time

- The deficient monitoring and major backlogs in the follow-up of detected alerts are the reasons for the fine

Remediation plan

- June 2024: Gwendolyn van Tunen took up the position of Chief Financial Crime Officer (CFCO) in the Executive Committee
- August 2024: Systematic Integrity Risk Assessment (SIRA) was submitted
  - DNB determined that this SIRA complies with the minimum regulatory requirements
- End of 2024: submitted a remediation plan to combat financial crime and started implementation of the plan
- End of 2024: identified backlogs were largely eliminated
- New Anti-Financial Crime (AFC) organisation will start with effect from 1 February 2025

03.
Sound business operations (*Wft*)

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Risk management-related deficiencies in the period from 2018 up to and including 2023

- Failed to manage relevant risks, including credit and counterparty risks, capital risks and operational risks
- The result of an ineffective framework of internal governance and internal controls
- As a result, de Volksbank had insufficient overview and understanding of the possible risks to which it was exposed and the way to manage and mitigate these risks

Remediation plan

- April 2024: Saska Hoskens was appointed as Chief Risk Officer (CRO)
- Autumn of 2024: started a large-scale Transformation programme to simplify organisational structure
  - Taking important steps to meet the supervisory authority’s requirements
- Additional investments are being made in, for example, data and data modeling experts

Transformation programme

- **Strict compliance with laws and regulations** and meeting the requirements set by supervisory authorities **are of the utmost importance for de Volksbank**
- It is our **duty** to comply with laws and regulations
- The **transformation** that has been initiated in 4Q24 will help us **simplify our organisational structure**
  - Movement towards one brand
  - Optimisation of our distribution model
  - and a correspondingly simplified organisational structure
- It will enable us to better serve our 3 million customers, to improve our data quality and IT systems and structurally comply with laws and regulations
- Continuous structural dialogue with supervisors and other relevant stakeholders

Q&A

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