

PRE-ISSUANCE CLIMATE BOND CERTIFICATION

Verification Report for Pre-Issuance Certification
for the Green Bond Issued by de Volksbank N.V.

de volksbank

17.04.2019

SCOPE

De Volksbank commissioned ISS-oekom to compile a Verifier's Report for Pre-Issuance Certification of its Green Bond by the Climate Bonds Initiative (CBI). The Climate Bonds Certification process includes verifying whether the provisions of the Climate Bonds Standards issued by the CBI are met and obtaining evidence to support the verification.

CRITERIA

Relevant CBI Standards for this Climate Bonds Certification:

- Climate Bonds Standard (Version 2.1)
- Residential Property (Version 1.0)

ISSUER'S RESPONSIBILITY

De Volksbank's responsibility was to provide information and documentation on:

- Selection of nominated projects & assets
- Technical aspects of projects & assets
- Internal processes & controls
- Proposed reporting

ISS-oekom's VERIFICATION PROCESS

ISS-oekom is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS-oekom has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS-oekom has been conducted this independent Pre-Issuance Verification Process of the green bond issued by de Volksbank based on the Climate Bond Standards 2.1. and in line with the limited assurance procedure defined by the International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000).

ISS-oekom's approach to assess whether the issuer's Green Bond meets the criteria of the Climate Bond Standards 2.1. is as follows:

- The issuer provided an overview over the assets to be included in the Green Bond asset pool and the relevant processes and documentation regarding the proceeds (e.g. use of proceeds, management of proceeds) to ISS-oekom.
- The issuer filled in a questionnaire that covers all criteria of the Climate Bonds Standard 2.1.
- The issuer provided background documents that elaborate further on the information mentioned in the questionnaire.
- Using the questionnaire and background documents, ISS-oekom carried out an assessment of the CBI criteria. In case any answers were unclear, ISS-oekom contacted the issuer for more details and clarification.

The engagement with de Volksbank took place in April 2019.

ISS- oekom's BUSINESS PRACTICES

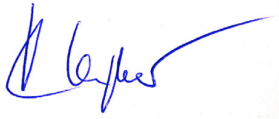
ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

RESTRICTION ON DISTRIBUTION AND USE OF REPORT

This Verification Report for Climate Bonds Certification including all documentation provided alongside is intended for the use of de Volksbank and the Climate Bonds Standard Board. The present document may be published by de Volksbank, CBI and ISS-oekom. CBI and ISS-oekom agree to publish the report with the consent of de Volksbank.

OPINION

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects de Volksbank's 2019 Green Bond is not in conformance with the Climate Bonds Standard's Pre-Issuance Requirements.



ROBERT HÄBLER
ISS-oekom
Munich, 17 April 2019

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About ISS-oekom and ISS ESG

Since March 2018, ISS-oekom has been a member of the ISS family, sitting within the ISS ESG business unit, which also includes ISS-ethix and ISS-Climate. ISS ESG provides high quality solutions for sustainable and responsible investment and corporate governance. The External Review team, covering Second Party Opinions (SPOs) and Climate Bond Certifications is made up of colleagues across ISS ESG, from ISS-oekom and ISS-Climate.

Originally founded in 1993 and formerly known as oekom research, ISS-oekom is one of the world’s leading ESG research and rating agencies for sustainable investments with an unsurpassed rating methodology and quality recognition. ISS-oekom analyzes businesses and countries with respect to their environmental social and governance performance. As an experienced partner of institutional investors and financial service providers, we analyse the level of responsibility exercised by equity and bond issuers towards society and the environment. Under the new ownership, ISS-oekom completes the ESG research and RI services offerings of ISS, making it a worldwide pure-player in the area of RI Research & Solutions. ISS-oekom is headed by Robert Haßler, former CEO and co-founder of oekom research. More information: www.oekom-research.com and www.issgovernance.com.

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ANNEX

Annex 1: Detailed Findings

Annex 2: Detailed Findings Residential Property

ANNEX 1: DETAILED FINDINGS

1. SELECTION OF NOMINATED PROJECTS & ASSETS

	REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
1.1.	Decision-making process to determine eligibility of nominated projects & assets.	De Volksbank has defined an environmental objective and has implemented processes to determine the eligibility of nominated assets.	✓
1.2.	Assessment of proposed nominated projects & assets.	De Volksbank assesses all proposed assets against its eligibility criteria. These meet the bond's objectives and conform with the eligibility criteria under Part B of the Climate Bonds Standard and the sector-specific eligibility criteria of the Climate Bond eligibility criteria on Low Carbon Buildings.	✓
1.3.	Documentation of eligibility of nominated projects & assets.	De Volksbank has established a selection process based on Compliance with the detailed Eligibility Criteria. A list of nominated assets is documented internally by the Expertise Center Sustainability and Treasury department and updated on a quarterly basis.	✓
1.4.	No double nomination of projects & assets.	Since this issuance is the inaugural green bond of de Volksbank, projects and assets cannot be already nominated in another Climate Bond.	✓
1.5.	Net proceeds in relation to issuer's debt obligation.	According to de Volksbank framework, the net proceeds of the bond will not be greater than the value of the Eligible Green Loan Portfolio.	✓

2. INTERNAL PROCESSES & CONTROLS

	REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
2.1.1.	Tracking of proceeds	The net proceeds of the bond are allocated to an Eligible Green Loan Portfolio and are managed internally by the organisation.	✓
2.1.2.	Managing unallocated proceeds	De Volksbank states that unallocated proceeds will be invested in its treasury liquidity portfolio, in cash or other short term and liquid instruments with a sustainable feature (eg. green and social bonds).	✓
2.1.3.	Earmarking funds to nominated projects & assets	De Volksbank has established an earmarking process to manage and account for funding to the nominated assets.	✓

3. REPORTING PRIOR TO ISSUANCE

	REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
3.1.1.	Disclosure on investment areas	De Volksbank has confirmed that the investment areas will be discussed in the Debt Issuance Programme Prospectus.	✓
3.1.2.	Disclosure on intended types of temporary investment instruments	De Volksbank has confirmed that the Use of Proceeds will be discussed in the Debt Issuance Programme Prospectus.	✓
3.1.3.	Disclosure regarding pre-issuance verification	De Volksbank has confirmed that it will report prior to issuance on its pre-issuance verification procedure.	✓
3.1.4.	Disclosure on periodic assurance engagements	De Volksbank will engage an external auditor on an annual basis to provide a limited assurance report of the allocation of the bond proceeds to eligible assets.	✓

ANNEX 2: DETAILED FINDINGS RESIDENTIAL PROPERTY



The Green Bond Asset Pool complies with the Low Carbon Buildings criteria for Residential Property of the Climate Bonds Initiative.

Having received an Energy Performance Certificate (EPC) label "A" in the Netherlands, assets are automatically eligible for the Climate Bonds Certification and are part of the top 15% energy efficient buildings of the Dutch market.