DNB Annual Report 2024

Robust policies in times of uncertainty

DeNederlandscheBank

EUROSYSTEEM

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The cut-off date for this report is 13 March 2025.

Explanatory notes
The original Annual Report, including the financial statements, was prepared in Dutch. In the event of discrepancies between the Dutch version and this English translation, the Dutch version prevails.

Gross domestic product (GDP), used to express quantities in some tables and charts, is GDP at market price unless stated otherwise.

Legend
0 (0.0) = the figure is less than half of the rounding used or nil
blank = a figure cannot logically occur or the data is not reported (to DNB)
- = data unavailable

Rounding
Figures may not add up due to automatic rounding per series. As figures are rounded for each table, the individual tables do not always fully reconcile.

PO Box 98, 1000 AB Amsterdam
Frederiksplein 61, 1017 XL Amsterdam
Tel. +31 20 524 91 11
www.dnb.nl
E-mail: info@dnb.nl

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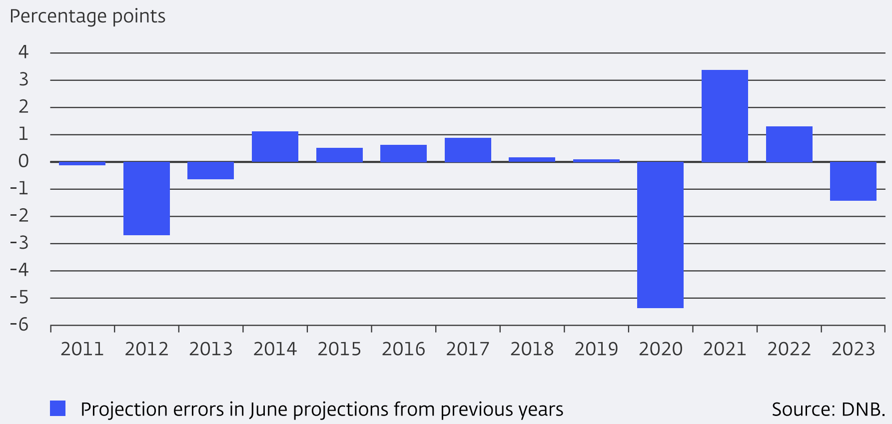
President's Report

Robust policies in an uncertain world

In the almost 14 years since I became president of De Nederlandsche Bank, we have experienced unprecedented shocks. I am thinking in particular of the European sovereign debt crisis, the COVID pandemic, the Russian invasion of Ukraine and the subsequent historically high levels of inflation. And of course the climate crisis that continues to rage in the background. Technological developments did not stand still in recent years either, with benefits but also risks for the economy. The impact of all these shocks was sometimes severe and unexpected. This is evident from the difference between projected and realised economic growth in the years when these shocks occurred (see Figure 1). By definition, shocks are unpredictable and the impact on the economy is often uncertain.

Figure 1 Economic shocks have had a major impact on Dutch GDP growth



Source: DNB.

Note: Difference between projected GDP growth (DNB June projections, previous years) and actual GDP growth.

Shock upon shock

The sovereign debt crisis (2010-2014), in conjunction with the financial crisis, put Europe to a severe test and required the utmost of European crisis management. The economies and public finances of some European countries had gone completely off the rails. It even got to the point where some began to question the euro's viability. However, the crisis also triggered important reforms in the European Union.

The COVID pandemic (February 2020 - March 2022) caused a great deal of personal suffering. Society went on lockdown, an unprecedented situation. But the economy as a whole suffered remarkably little damage, thanks in part to buffers in the public and financial sectors. This meant businesses and citizens could count on financial support when needed.

Then came the Russian invasion of Ukraine in February 2022 . This was a huge shock, with destruction and loss of life still continuing on a massive scale, and with major political consequences. And with serious economic repercussions. Dependence on natural gas from Russia caused problems for many European companies and citizens. And inflation, which was already on the rise as the global supply of goods failed to keep up with pent-up demand after the pandemic, soared to levels not seen since the 1970s. A further consequence of the war in Ukraine is that the security threat has increased, and the global economy has become increasingly fragmented.

It has also become increasingly clear that climate change has major implications for our economy. Implications that are not on a distant horizon, but that are already being felt, as we saw once again in the year under review. Especially as greenhouse gas reductions are falling short of the commitments made in the Paris Agreement.

Technology, including the rise of artificial intelligence (AI), is having a growing impact on the economy, and the financial sector in particular. The potential benefits in terms of better and cheaper services are obvious. But technological advances also involve greater risks of operational disruption and financial shocks. While technological progress and innovation can strengthen the economy, they have become a dangerous cocktail when combined with rising geopolitical fragmentation. Indeed, increased reliance on technology has made us more vulnerable to targeted cyberattacks aimed at disrupting society, the economy or the financial sector.

> 'We are more **vulnerable** to targeted cyberattacks aimed at disrupting society, the economy or the financial sector.'

Robust policies

Uncertainty lurks everywhere. Fundamental uncertainty that is here to stay for now. Unexpected events have always happened, but in the current global economic and political climate, they have become more likely. And when faced with a high likelihood of surprises, you must make sure you have what it takes to deal with them. First, that means having policies that do not need immediate revision in the face of headwinds, but that will serve their purpose even if global developments turn out differently than expected. Second, policy should be aimed at boosting the capacity to absorb shocks. Buffers are therefore important, as are other measures to enhance the resilience of the economy and the financial sector. And third, despite opposing forces, we must continue to work together in our world, especially in Europe. I would summarise this trio as: robust policies. What do these robust policies mean in concrete terms, translated into the monetary policy of the European Central Bank (ECB), for the Netherlands and for Europe?

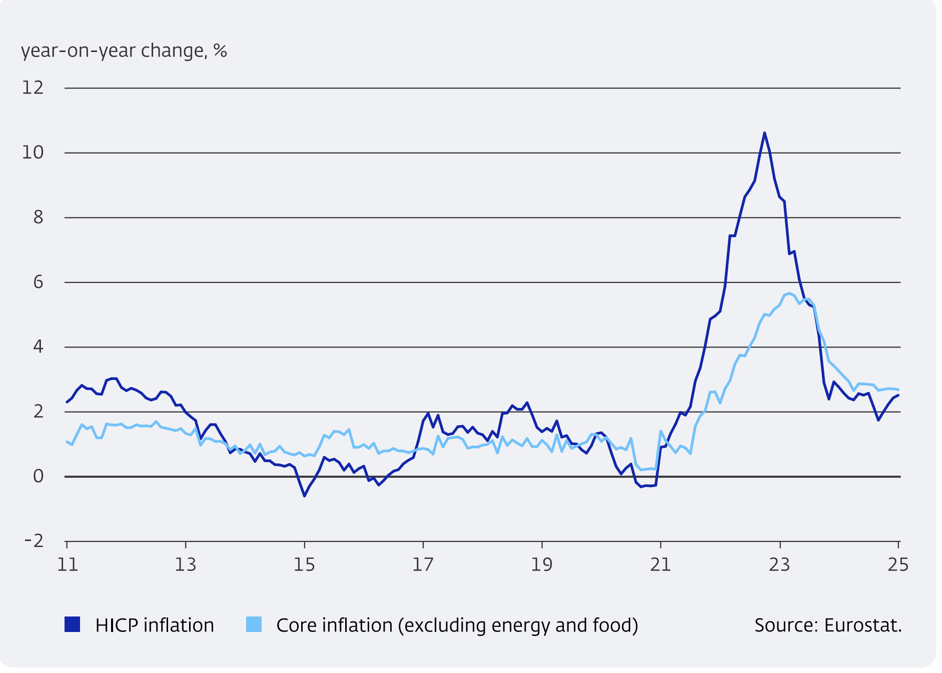
Monetary policy

Inflation in the euro area has followed a peculiar pattern over the past 14 years. For years, inflation was very low – too low, in fact. But three years ago, inflation skyrocketed to more than 10%. Far too high, in other words. After the ECB raised interest rates sharply starting in the summer of 2022, inflation in the euro area has almost returned to the ECB's 2% target (but not yet in the Netherlands, more on that later). Looking ahead, there are risks that could bring about higher inflation, such as geopolitical fragmentation and climate change. But low inflation is also a possibility, for instance due to weakening growth, higher rates of savings and technological progress. So it could go either way. Robust policies here means that the ECB will have to be able to respond to different types of shocks and, in particular, vigorously fight inflationary extremes. What is needed for this?

A look back

First we take a brief look back (see Figure 2). After years of inflation that remained stubbornly below the 2% target, it suddenly jumped in 2021. Demand for goods and services recovered very quickly after the initial lockdowns during the pandemic, while the manufacturing side of the economy continued to struggle with disruptions in the energy market and bottlenecks in international supply chains. The manufacturing side could not cope with the rising demand. Governments used fiscal policy to prop up demand, which had ebbed during the pandemic, putting additional upward pressure on prices. The Russian invasion of Ukraine in February 2022 added to the inflationary pressures caused by the mismatch between supply and demand. The result was extremely high energy prices, which hit the Netherlands particularly hard because of our dependence on Russian gas at the time, further pushing inflation to record levels.

Figure 2 Euro area inflation surges in 2021



When inflation started to rise, monetary policy was initially still very accommodative, partly because of the low inflation since the great financial crisis of 2008-2009. Accommodative monetary policy manifested itself in negative interest rates, quantitative easing by many central banks world-wide and the deployment of forward guidance. The latter implied that the ECB attempted to ease monetary policy further by signalling that the Eurosystem's asset purchases and the low interest rate policy would continue for an extended period of time.

Our retrospective modelling analyses suggest that inflation would have risen somewhat less if we had tightened monetary policy earlier. However, this difference would have been minor because the ECB has virtually no influence on energy prices or bottlenecks in international supply chains, for instance. The ECB also had to consider various scenarios in its response to rising inflation. When inflation started rising, the pandemic had not yet been overcome. There was still a risk that a new wave of COVID infections would have a negative impact on the economy, or that the euro area would revert to stubbornly low inflation. Against this background, the ECB considered it undesirable to react too drastically to rising inflation.

After embarking on a tightening course in 2022, the ECB demonstrated its resolve with a series of interest rate hikes of considerable magnitude within a short period of time, culminating in a rate of 4% in September 2023. After peaking in the autumn of 2022, inflation gradually started to fall again. In June 2024, when inflation had fallen to 2.5%, the ECB decided on an initial rate cut to gradually ease monetary policy.

Given the already high level of inflation, upside inflation risks weighed particularly heavily, which is why the firm tightening of monetary policy and its relatively cautious reversal were also a form of robust policy – certainly in this set of circumstances. A potential side effect of firm monetary policy tightening is that it could cool the economy too much. As inflation came under control, there was more room to factor in this risk too.

In retrospect, we can conclude that the ECB followed a balanced course between these different risks during this period. Monetary policy managed to reduce inflation while avoiding a hard landing for the economy. Annual GDP growth in the euro area has remained positive, and unemployment remains very low. In addition, given the enormity of the initial shock, inflation has returned to target relatively quickly, and considerably faster than following a similar energy shock in the 1970s.

Policy instruments

How do robust policies translate into the implementation of the various monetary policy instruments? The ECB's main instrument is the key policy rate, but its toolbox has expanded considerably in recent years. The ECB can purchase financial assets, also known as quantitative easing, it can make long-term loans to banks, and it can peg policy rates below zero per cent. It also has the Transmission Protection Instrument (TPI) at its disposal. The aim of the TPI is to prevent monetary transmission in the euro area from failing to act uniformly in the event of unwarranted divergence in government bond yields. And, as already mentioned, the ECB can provide forward guidance to financial markets on its future interest rate policy.

It cannot be ruled out that these tools will be used again at some point. However, we have now learned that there are limits to the ability of monetary policy to boost economic growth, and hence inflation. For example, asset purchases can help stabilise financial markets and – by pushing down long-term interest rates – contribute to growth and to bringing inflation up to its target level. Nevertheless, even in the years when we used this tool widely, inflation remained stubbornly below target.

In addition, we have learned to be cautious with an instrument like forward guidance, as it can make it difficult to respond rapidly to unexpected developments. It also remains important to include potential side effects of monetary policy in policy considerations, such as the impact on asset prices, risks to the central bank balance sheet and excessive build-up of debt.

Role for government

Monetary policy is thus no panacea. Whereas low inflation is associated with an economy performing below potential, governments also have a role to play by ensuring that fiscal and monetary policies do not work against each other. Governments must of course have sufficient fiscal buffers to cope with shocks, working together with the central bank if necessary. This is also true for the Netherlands. Here, although public finances are currently in good shape, we will be close to the 3% deficit limit in the coming years and public debt is likely to exceed the 60% limit in the medium term.

> '**Governments** have a role to play by ensuring that fiscal and monetary policies do not work against each other.'

Governments can also do much to promote sustainable economic development. The economic outlook for the euro area is moderately positive but the bloc is vulnerable to geopolitical risks. The fact that productivity growth has been declining for some time does not help either. This is very evident in the Netherlands. Between 1996 and 2010, labour productivity growth in the Netherlands stood at an annual average of one percent. By contrast, it was only half a percent per year over the last 15 years, and it is expected to hover around the same level in the years to come. Falling productivity growth inhibits the economy's ability to develop, build sustainable prosperity and meet the economic challenges of our time. Monetary policy cannot solve this problem. Governments in particular have a role to play here. The Draghi report on the future of European competitiveness offers a number of starting points, such as strengthening the single market and increasing both private and public investment. To this end, Member States will need to coordinate their policies more closely, for instance by completing the banking union and the capital markets union, and in the areas of innovation, energy, defence and infrastructure.

Monetary policy in the face of fundamental uncertainty

Finally, the uncertain environment raises the question of how monetary policy will have to respond to a world in which shocks take place more frequently than in the past. Monetary policy focuses on the medium term. A healthy baseline, with inflation hovering around target, makes it possible to tolerate deviations from the target that are temporary and limited. This is also in keeping with the idea that the central bank does not fully control the vicissitudes of inflation. However, if these deviations become larger or more persistent, there is a risk that they will become anchored in the expectations of households and businesses, and this can result in a self-reinforcing effect. A degree of tolerance to small deviations must therefore be matched by a firm reaction to larger ones. This helps to maintain the confidence of citizens and businesses in stable price developments, which is crucial for a central bank.

The Netherlands

Inflation remains high

While inflation in the euro area is starting to move towards the 2% target, we see that Dutch inflation is still too high (see Figure 3). In December 2024, the inflation differential between the Netherlands and the euro area average was 1.5 percentage points. There are a number of reasons for this, some of which are long-standing and are related to the structure of the Dutch economy, which is markedly different from the rest of the euro area. For instance, Dutch inflation is more sensitive to external shocks than average due to the country's heavy dependence on international trade and the high share of gas in the energy mix. Shocks in global trade and in the gas market, as we have seen frequently in recent years, therefore have a greater impact on Dutch inflation than on the rest of the euro area.

Figure 3 Dutch inflation higher than euro area average

Source: Eurostat.

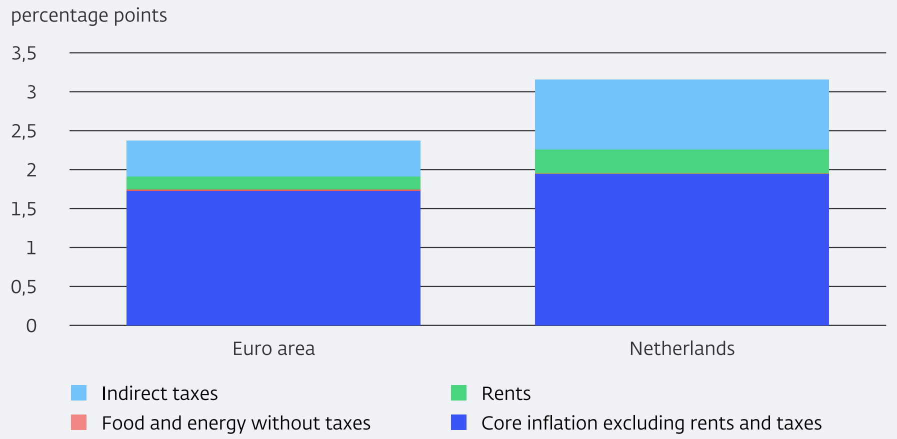
In addition, the Dutch economy is humming along at full potential due to the country's strong competitive position. The Dutch output gap, which indicates how far the nation's actual output exceeds its potential output, has been significantly wider than the euro area's since 2019. This suggests that the Dutch economy has been comparatively overheated for years, as is also reflected in our extremely tight labour market. Dutch unemployment has averaged 3.1 percentage points lower than in the euro area since 2019. The overheated economy and associated tight labour market mean higher price pressure here via excess demand and rising wage costs.

> 'Shocks in **global trade** and in the gas market have a greater impact on Dutch inflation than on the rest of the euro area.'

There were also incidental causes for deviations in Dutch inflation in the year under review. For instance, food inflation during 2024 was largely driven by excise duty hikes on tobacco and alcohol, and there was an exceptional rent increase in July. Without these incidental price increases, Dutch inflation would be closer to the euro area average (see Figure 4).

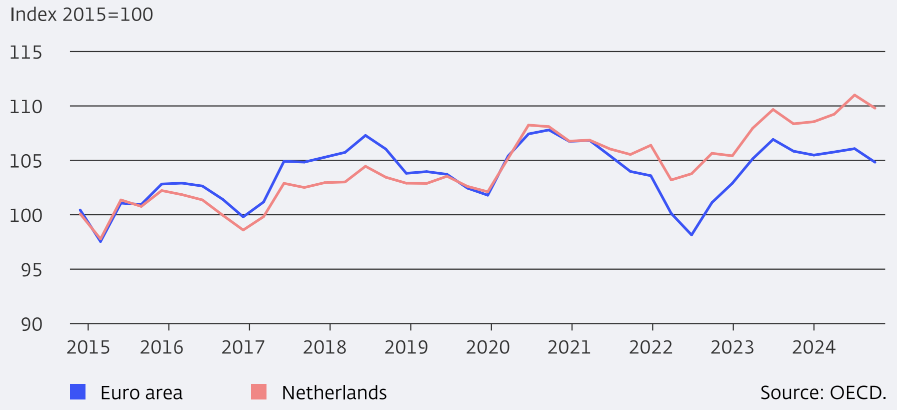
If the Netherlands were not a euro area country, all this would have translated into an increase in the value of its own currency. More expensive and thus lower exports would cause the economy to cool and inflation to fall, also due to lower import prices. In a currency union, where nominal exchange rates are mutually pegged in a common currency, this adjustment occurs via the real exchange rate between them, which translates into a deteriorating competitive position, as Figure 5 illustrates for the Netherlands.

Figure 4 Rents and taxes contribute strongly to inflation differential relative to euro area



Sources: Eurostat, Statistics Netherlands and DNB.

Figure 5 Rise in Dutch real exchange rate erodes competitiveness



Source: OECD.

Note: Real exchange rate is calculated based on the CPI.

This adjustment process can be costly, especially if higher inflation in the Netherlands becomes anchored in expectations. We must ensure that an inflation of 3% does not become the new normal. The medicine against this has three ingredients. First, through fiscal policy, the government should not add fuel to the fire in times of overspending, as has happened in recent years. Accordingly, the government should certainly abide by the trend-based fiscal policy as set out in the coalition agreement.

Second, collective agreements that spread purchasing power improvements over a somewhat longer timeframe would be helpful. This would create clarity among employees and employers and reduce the risk of wage increases being passed on in higher prices. Inflation-adjusted wages would ideally grow in line with productivity developments, which may of course vary across sectors.

Scarcity

Third, it is necessary to pursue policies that increase production capacity, the first of which should address the scarcity problem in the Dutch economy. In the 2023 Annual Report, I noted that the Dutch economy was reaching its limits due to a scarcity of production factors. That problem has not diminished over the past year. Some of these scarcities, such as labour and housing supply and scope to deal with nitrogen pollution, are already the focal point of public debate. Others, such as land availability and sufficient clean water, receive less emphasis, but have potentially equally large impacts. Scarcity of labour affects all sectors and puts a brake on long-term economic growth. Nitrogen pollution puts constraints on construction, agriculture and transport, among other things; in a few years, a lack of clean water threatens to constrict both industry and agriculture. Limited space for carbon emissions clashes with production in industry, agriculture and logistics, to name a few sectors. And a lack of land hampers housing development, among other things.

Our economy is not achieving its full growth potential because these scarce factors are not being optimally utilised now. Some forms of scarcity can be addressed through investment – expansion of the electricity grid, for example. Where this is impossible, or not possible in the short term, we need to make wiser choices so that scarce resources are used as efficiently as possible. The government should refrain from making these choices. Indeed, the market is usually far more effective. Then, however, prices must reflect actual costs, both public and private, and policy incentives must be in line with social objectives.

In other words: better pricing, and a tightening of legal standards and enforcement, or a combination of these. Better pricing will ensure that we use scarce resources more carefully and effectively, leading to more economically efficient distribution. And where pricing or standardisation leads to comparatively high adjustment burdens for businesses or citizens in the short term, the government could use targeted measures to ease the pain and spread it over time. This will also boost support for these measures.

Unfortunately, pricing is not a good solution for all scarce resources, for instance because it leads to high administrative burdens on companies or because the government cannot enforce it. There may also be international aspects that need to be taken into account, for instance because the Netherlands does not itself decide on the level of pricing due to international treaties, as in the case of pricing of aviation emissions. Or because pricing would not be effective because production could be moved across borders. We see this effect in emissions from certain industrial sectors, for example. In this respect, an open economy such as ours in the Netherlands therefore benefits most from European, and preferably even global, pricing and standardisation agreements.

‘Een **open economie** als de Nederlandse is vooral gebaat bij Europese en liefst wereldwijde afspraken.’

In any case, the Dutch economy would benefit from government policies that create conditions in which citizens and businesses can freely make choices that take better account of scarcity and that boost our collective prosperity. Such policies also remain robust under different circumstances, thus avoiding the need to make adjustments any time the situation changes.

Europe

The benefits of Europe

Robust policies also often means European policies. In today’s turbulent world, we must stand together in Europe. The Netherlands has a vested interest in this, as we owe much of our prosperity to a stable and thriving Europe. A 2022 study by the Netherlands Bureau for Economic Policy Analysis (CPB) shows that the European single market accounts for over 80% of Dutch income from trade, and that the trade benefits of EU membership structurally increase Dutch GDP by around 3%. The country as a whole thus earns over €30 billion more every year thanks to the European single market. The agency points out that this figure is likely to be an underestimate. This is partly because it does not take into account a potentially positive contribution of the single market to productivity through increased competition and innovation. We earn a very good living in the Netherlands thanks to the European internal market

‘**Working together** where we can, in the Netherlands, in Europe and globally. Over the past 14 years, we have seen that such policies work.’

While Europe is relatively vulnerable to the effects of geo-economic fragmentation, this development also offers the continent the opportunity to finally harness the full potential of its integration. The IMF has estimated that a 10% reduction in the remaining trade barriers between EU countries – for example by completing the capital markets union and the banking union, harmonising national regulations and subsidies and removing administrative burdens – would yield an increase of around 7% in GDP for the union as a whole.

This is why we should strive, as an economic antidote to global fragmentation, to further deepen the European single market. First, removing the remaining internal barriers will promote labour and capital mobility and facilitate the transition to new technologies. Second, harmonising capital markets regulations will help generate the savings required for the EU's huge climate, defence, and digital investment needs. And finally, by completing the banking union, we will boost competition in European banking and make the use of bank capital more efficient. All this is needed to strengthen European financial markets, but also to make the European economy more competitive and productive, as set out in the Draghi report.

Financial sector

The financial sector has stood firm during the shocks of recent years and has even been able to prop up the real economy. In this respect, the tightening of supervision after the financial crisis has clearly paid off, and the economy, as well as the banks themselves, have only benefited. But our work to make the banking sector more resilient is not yet complete. It is vital that the nations of Europe, as well as other countries, implement the Basel III standards quickly and in full. The cost of higher buffers is negligible compared to the cost of another banking crisis. The aggressive lobbying in some countries against tougher capital requirements for banks is nothing less than myopic, and I frankly find it hard to comprehend. Basel III is not an obstacle to growth; rather, it promotes sustainable, long-term growth. Banks with strong capital positions and sound liquidity management are better placed to maintain lending, invest in new technologies and finance large-scale projects. They are also better placed to extend credit during an economic downturn. And stronger banks can obtain more favourable funding terms, attract customers and build partnerships that enhance shareholder value. Banking regulation is not a constraint, it is a strength.

> 'Banking regulation is not a constraint, it is a **strength**.'

Public-sector financing

The major investments that Europe needs to make cannot be financed entirely by the private sector; they will also have to be partly financed by the public sector. At the same time, fiscal rules require many countries to reduce their deficits, making substantial increases in national expenditure difficult. In the short term, there is a strong case for giving countries a temporary exemption from the budgetary rules for additional defence spending, which needs to be done quickly and, until recently, was unforeseen. However, it is essential that this exemption is temporary, as public debt in the EU is still too high. A temporary relaxation of the rules will allow countries to decide how best to integrate additional defence spending into their budgets in the longer term. The objectives of the Stability and Growth Pact must not be compromised. Otherwise, Europe will jump from the frying pan into the fire.

The Draghi report calls for the issuance of EU debt securities for joint projects to partially address this financing shortfall. More recently, the same has been advocated to finance joint European defence capabilities. Eurobonds would be seen as a safe investment, meaning the interest rate on European debt issuance would be lower than the interest rate on sovereign bonds issued by individual Member States. Such a safe asset would additionally contribute to the integration and deepening of European capital markets and lead to lower average financing costs. However, common debt issuance would also lead to redistribution of financing costs.

For example, the Netherlands can currently secure financing at a lower interest rate than the rate on outstanding eurobonds. Joint EU debt would also lead to more risk sharing.

It is up to politicians to decide whether common debt issuance is desirable to finance European public projects. Other forms of joint financing are also possible. For instance, the EU could reprioritise existing spending, increase national contributions to the EU, or increase its own resources. In any case, if European governments were to decide to issue eurobonds on a structural basis, this would have to be accompanied by lower national debt-to-GDP ratios in order to prevent these bond issuances from leading to a greater overall debt burden, which would ultimately have to be borne by the same group of European citizens. The new European fiscal rules would have to compel Member States to reduce their debt-to-GDP ratios more quickly.

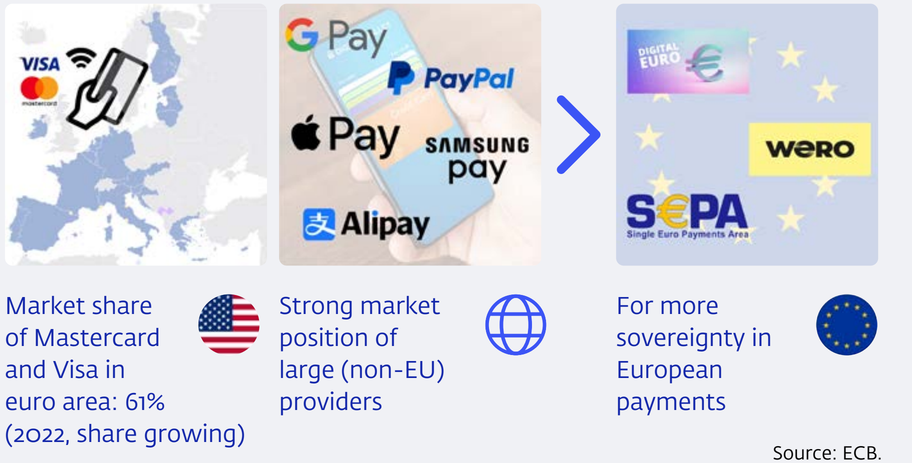
Between strategic autonomy and competition

The importance of European cooperation – and this has become increasingly clear in recent years – extends far beyond just making money. The world is becoming increasingly fragmented into political and economic blocs. Hostility and rivalry are on the rise. In this climate, we must stand together in Europe to protect what we value in areas such as our defence, healthcare and energy security. In doing so, it is vital to keep the door open for global cooperation. It makes sense for Europe to want to protect its strategic interests and reduce external dependencies. While doing so, however, policymakers should strive to protect free trade and not undermine the single market. We must therefore be selective in our policies to boost strategic autonomy. And the EU must stand firm in maintaining and supporting the multilateral, rules-based cooperation that has brought us decades of stability and growth.

Consumer payments is a specific area where this balancing act between strategic autonomy and international competition comes into play. Our payment systems, like natural gas, water and electricity, are part of the critical infrastructure that forms the backbone of the economy. At the same time, we see that the payments infrastructure relies heavily on products and services from global payment service providers. Twenty-three years after the introduction of euro banknotes and coins, there is still no European digital payment solution for use at brick-and-mortar shops and online outlets. Existing European solutions are mainly nationally oriented and have relatively limited applicability. This means that non-European payment service providers remain crucial components of our payment systems (see Figure 6). Although these companies are regulated under EU rules, the policies of foreign governments can still influence what, how and to whom European citizens and companies can pay.

International payment service providers are important for a competitive and efficient payments market in Europe; this should not be compromised. However, we do not want our payment systems to be dependent on the policies of foreign governments. European options should also always be available to ensure our independence. That is why we support private European initiatives and are also preparing an essential addition to our European payments infrastructure to ensure our autonomy in payments.

Figure 6 Retail payments in the EU still reliant on non-European companies



Source: ECB.

Digital euro

This essential addition is the digital euro. As a central bank, it is our job to ensure that payments are secure, reliable and accessible to all. We use various means of payment, from debit cards to mobile phones to cash. The use of cash at points of sale is clearly declining, meaning our reliance on commercial, electronic payment solutions is increasing. However, this does not contribute to our independence in Europe, and inclusivity and privacy are not necessarily guaranteed.

This is why the various central banks in Europe are jointly investigating the possibility of issuing a digital euro alongside cash to complement the existing commercial means of payment. The world around us is digitising, and so are we. The digital euro is an electronic form of cash. A digital currency that is guaranteed to function completely autonomously, and independent of non-European parties. A digital euro will ensure that everyone in the euro area retains access to a simple, universally accepted, secure and reliable means of payment under all circumstances in addition to existing payment options.

In conclusion

We need robust policies in these uncertain times. Policies that prove their worth even if things go differently than expected. Policies that ensure we can deal with surprises. That means building buffers and increasing our cyber resilience. Improving our economy's growth potential. And working together where we can, in the Netherlands, in Europe and globally. Over the past 14 years, we have seen that such policies work. Fortunately, there is strong support for Europe among Dutch citizens, according to the Eurobarometer. As many as 89% of Dutch people are in favour of the euro. And 84% of Dutch people believe the Netherlands will be better off in the future as a member of the EU than outside it. There is no contradiction in the fact that they also think that problems at home should be given priority, as the Netherlands Institute for Social Research recently reminded us. Indeed, many of these problems are equally prevalent in other countries. And many can only be addressed effectively with robust European policies. The figures reveal a firm mandate to deepen cooperation in Europe. As policymakers, let us embrace that mandate to make the economy and the financial sector in the Netherlands and in Europe stronger and more resilient.

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Getting started on the property ladder? Why it's so hard to find a house

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If a bank fails, we make sure account holders get their money back within 7 working days

→ Read the article

In the news

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Addressing future labour market tightness

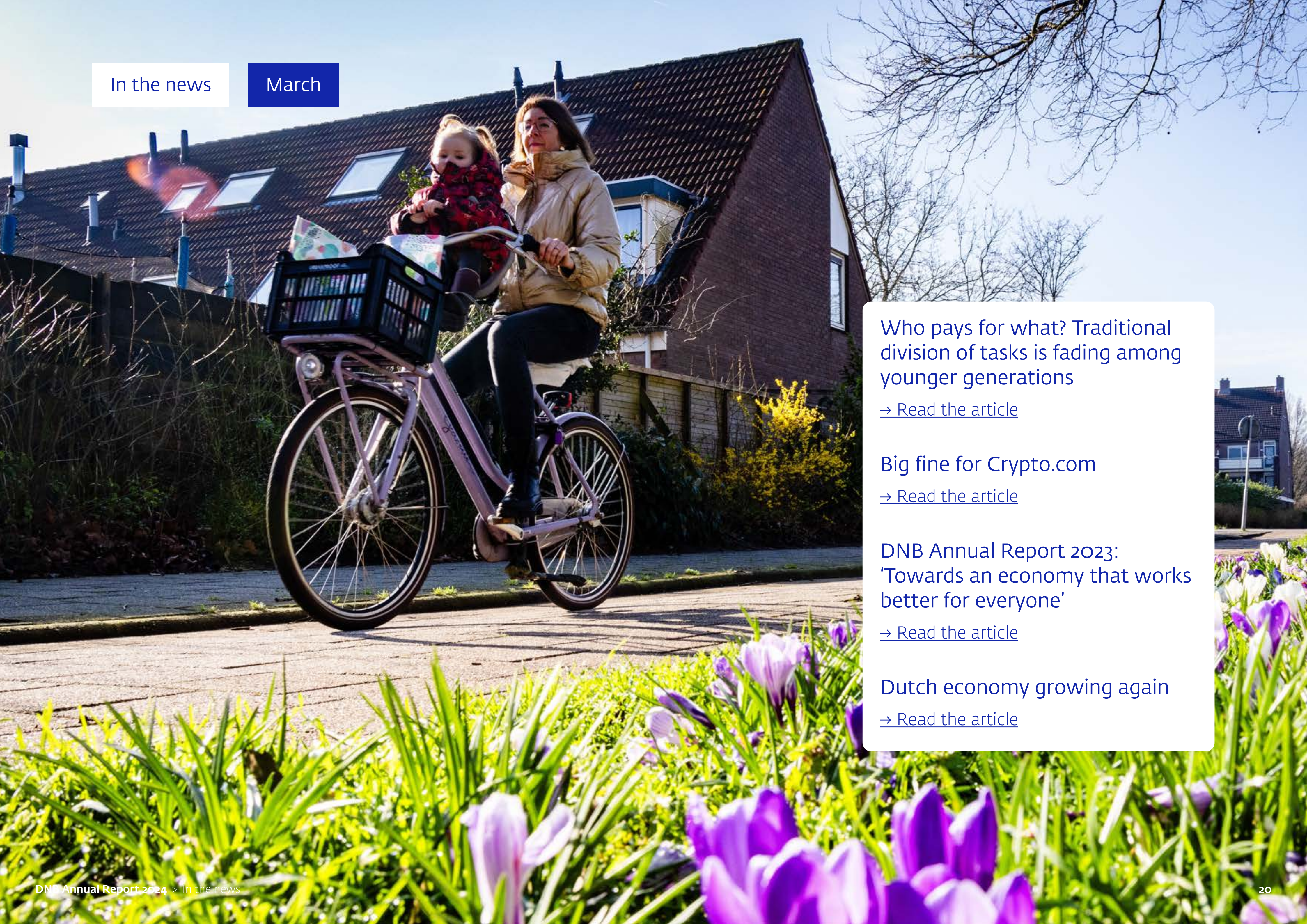
→ Read the article

Klaas Knot in Suriname: 'Over a year and a half ago, you lent me your ear, allowing me, as the current president, to apologise on behalf of De Nederlandsche Bank for its historical links to slavery.'

→ Read the speech (Dutch)

The steps towards a strong European capital markets union

→ Read the article



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Who pays for what? Traditional division of tasks is fading among younger generations

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DNB Annual Report 2023: 'Towards an economy that works better for everyone'

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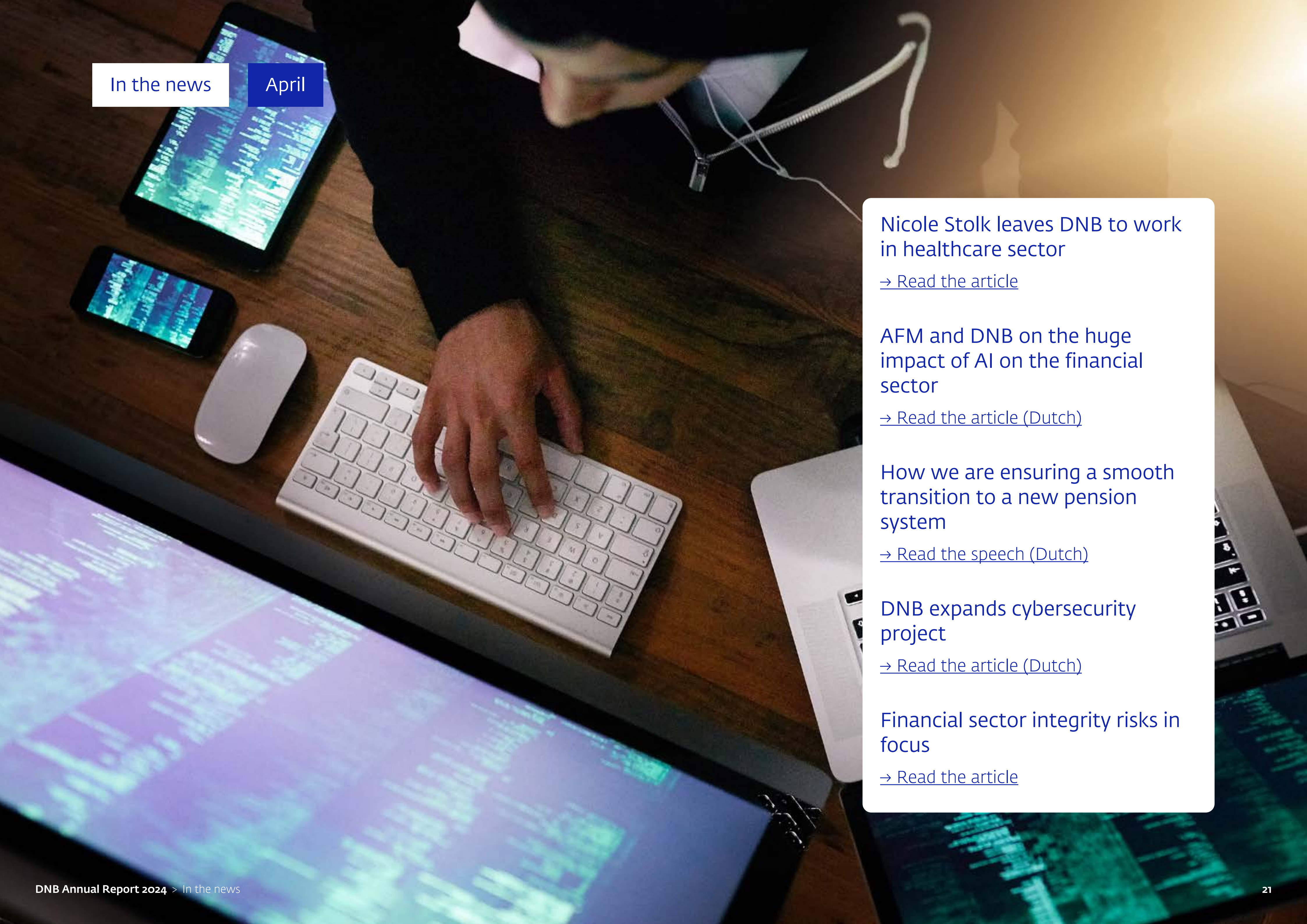

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April

Nicole Stolk leaves DNB to work in healthcare sector

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AFM and DNB on the huge impact of AI on the financial sector

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How we are ensuring a smooth transition to a new pension system

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DNB expands cybersecurity project

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Financial sector integrity risks in focus

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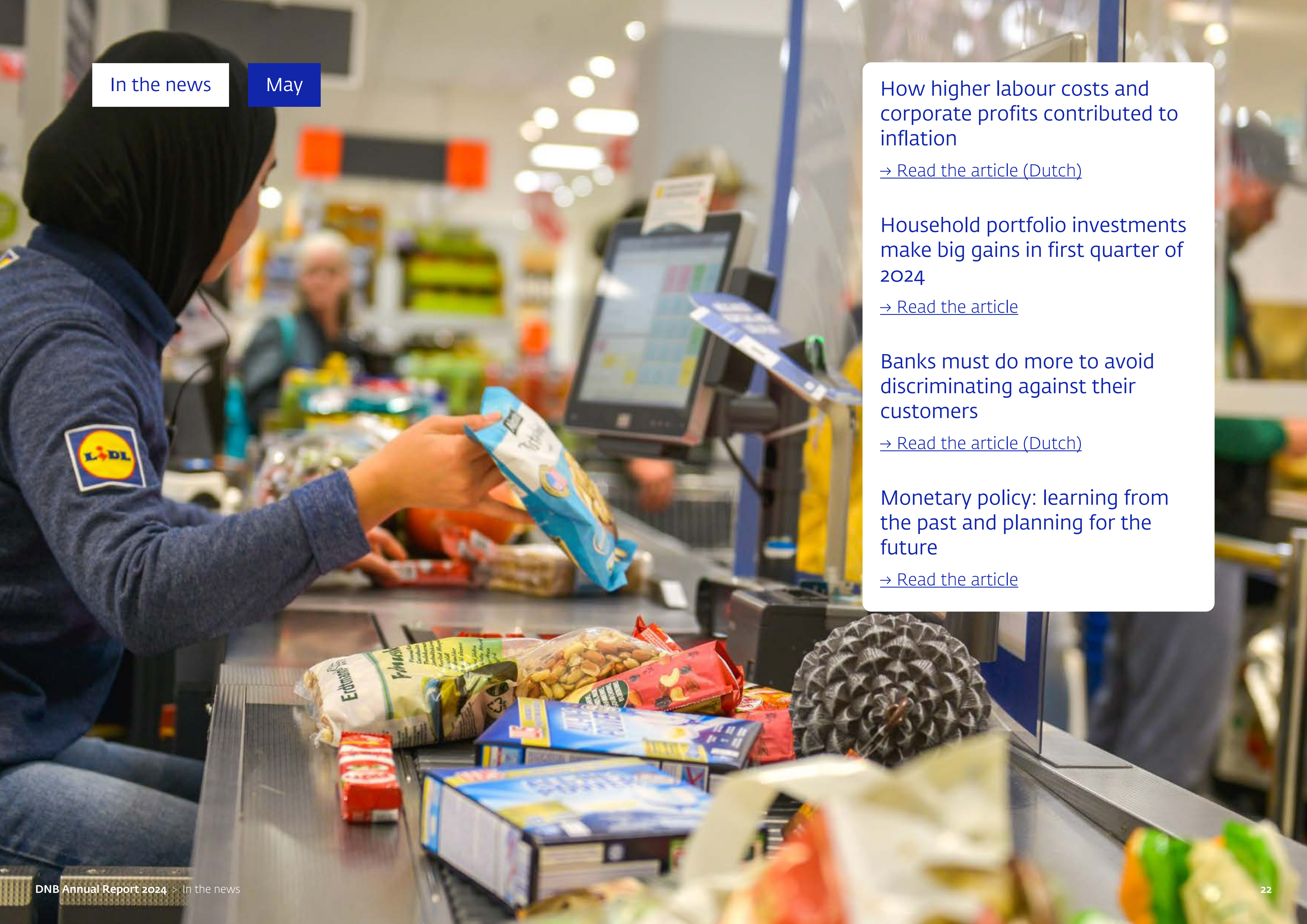

How higher labour costs and corporate profits contributed to inflation

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Household portfolio investments make big gains in first quarter of 2024

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Banks must do more to avoid discriminating against their customers

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Monetary policy: learning from the past and planning for the future

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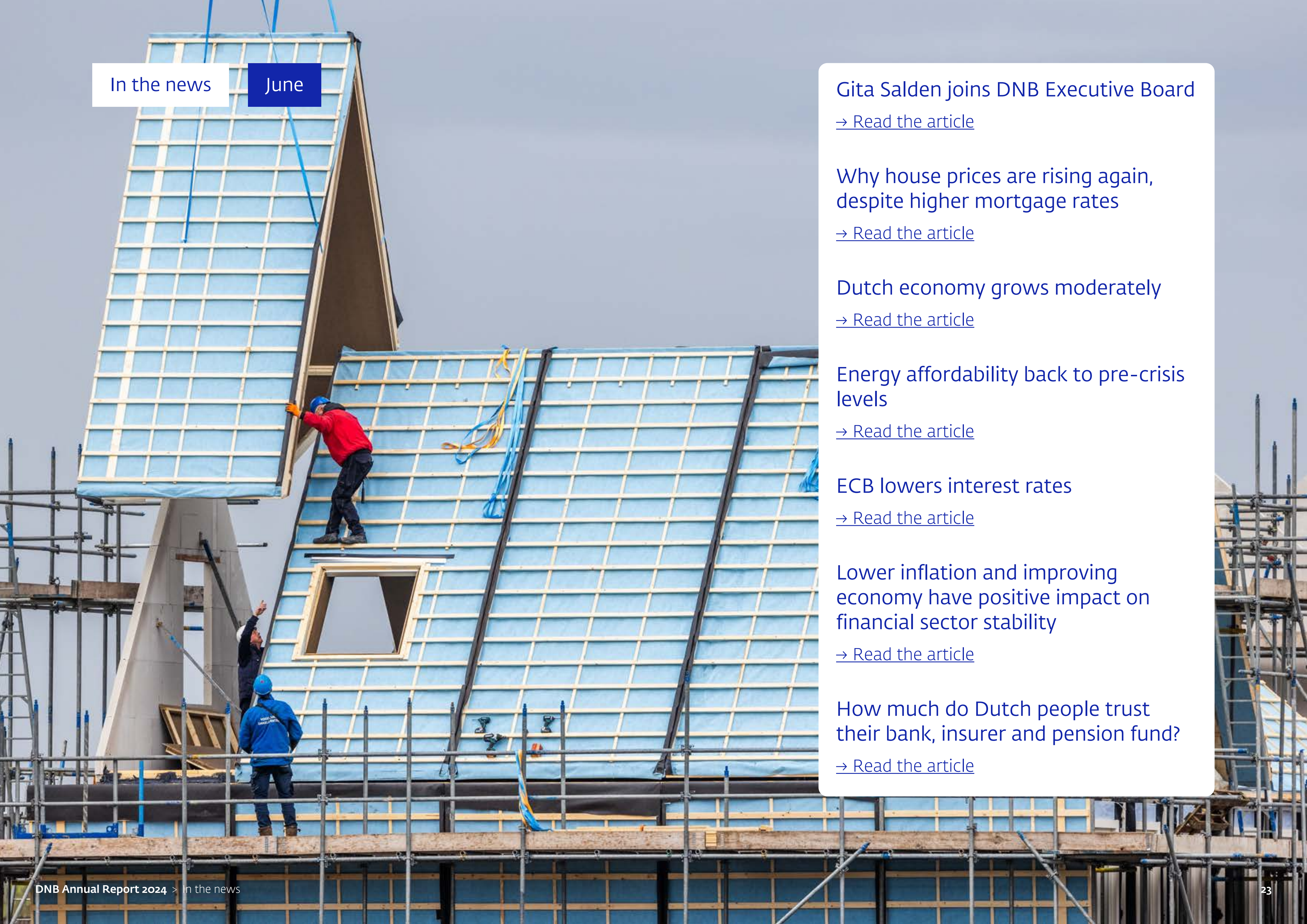

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Why house prices are rising again, despite higher mortgage rates

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Energy affordability back to pre-crisis levels

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ECB lowers interest rates

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Lower inflation and improving economy have positive impact on financial sector stability

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How much do Dutch people trust their bank, insurer and pension fund?

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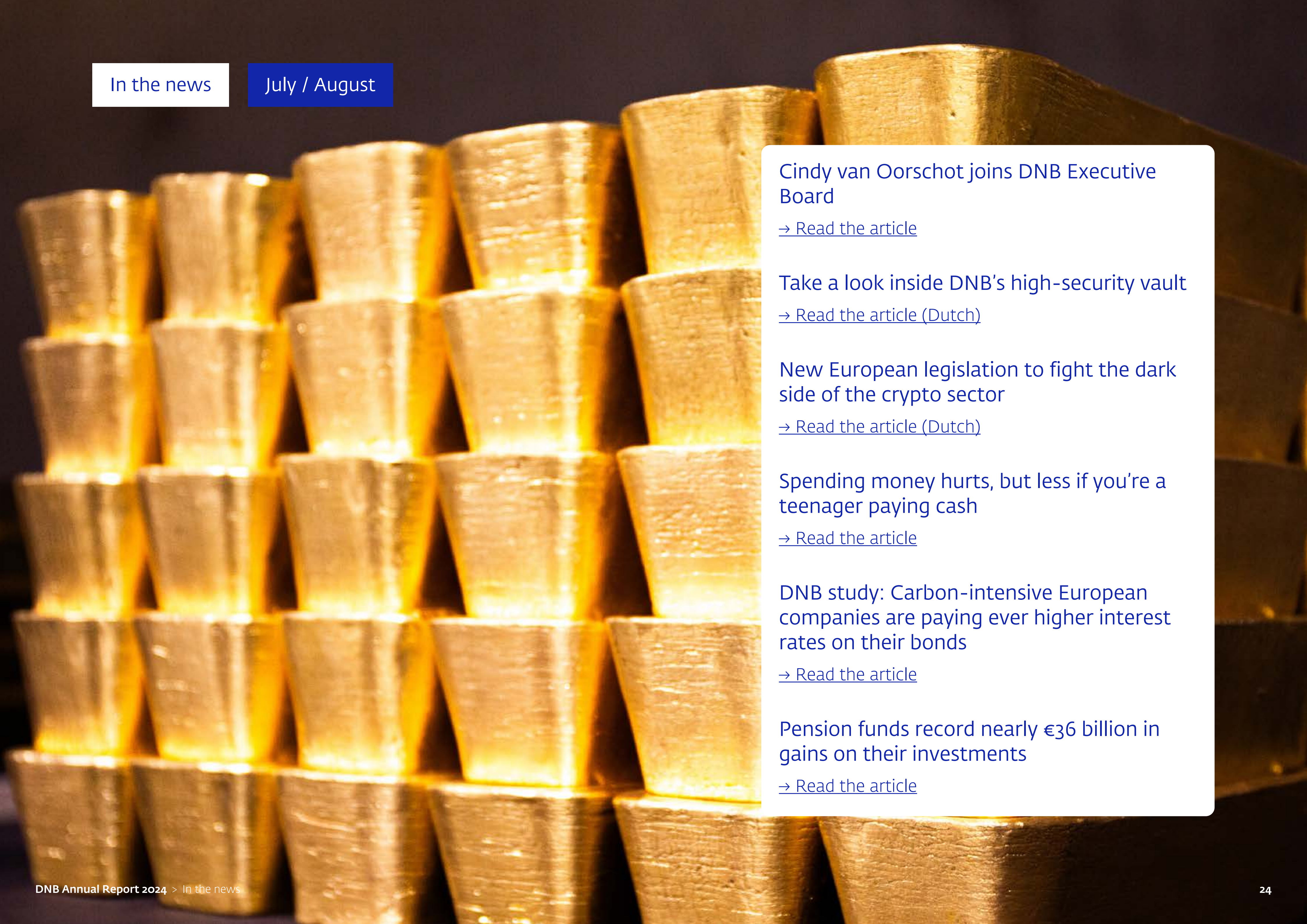

Cindy van Oorschot joins DNB Executive Board

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Spending money hurts, but less if you're a teenager paying cash

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DNB study: Carbon-intensive European companies are paying ever higher interest rates on their bonds

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Pension funds record nearly €36 billion in gains on their investments

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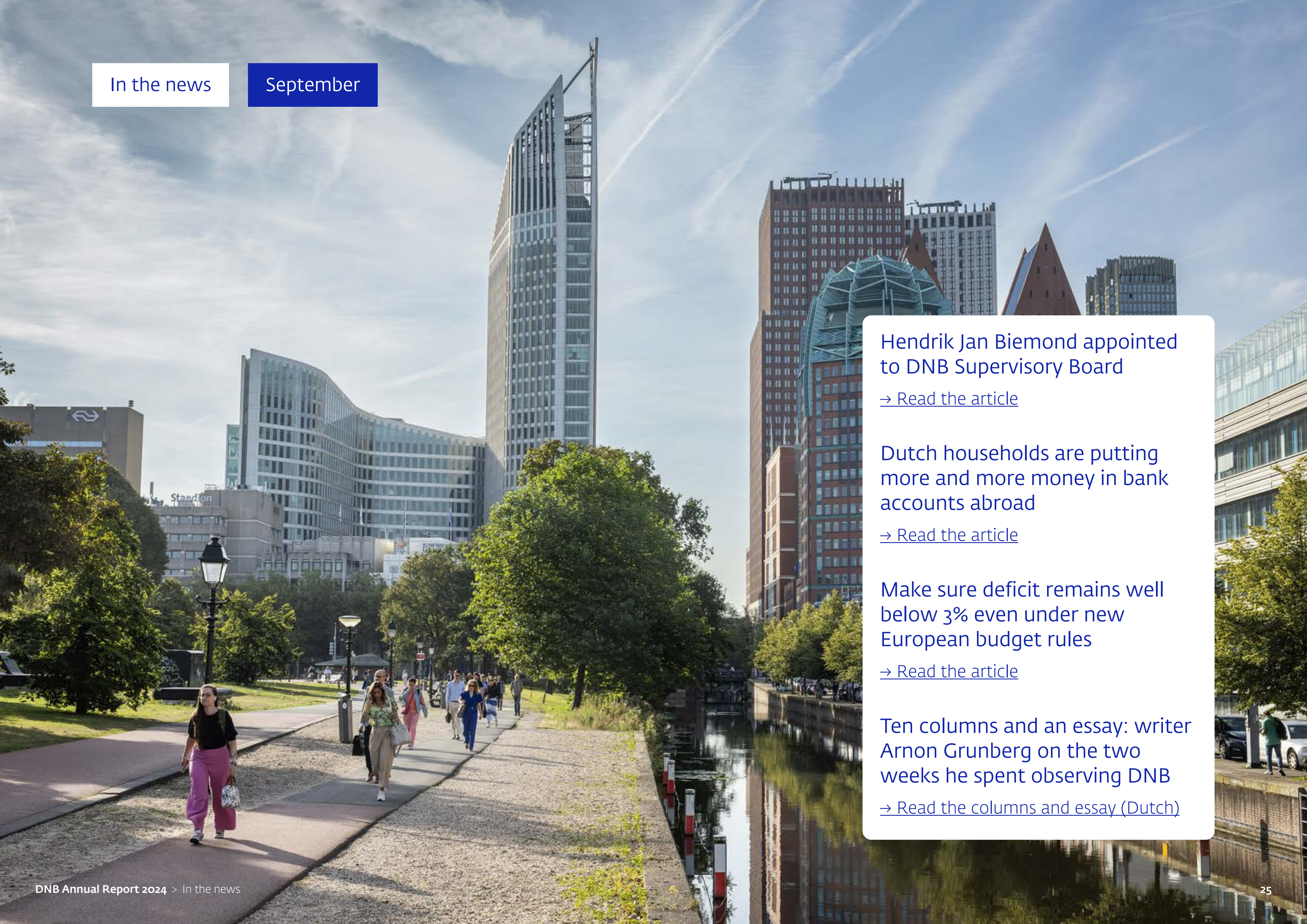


In the news

September

Hendrik Jan Biemond appointed to DNB Supervisory Board

→ Read the article

Dutch households are putting more and more money in bank accounts abroad

→ Read the article

Make sure deficit remains well below 3% even under new European budget rules

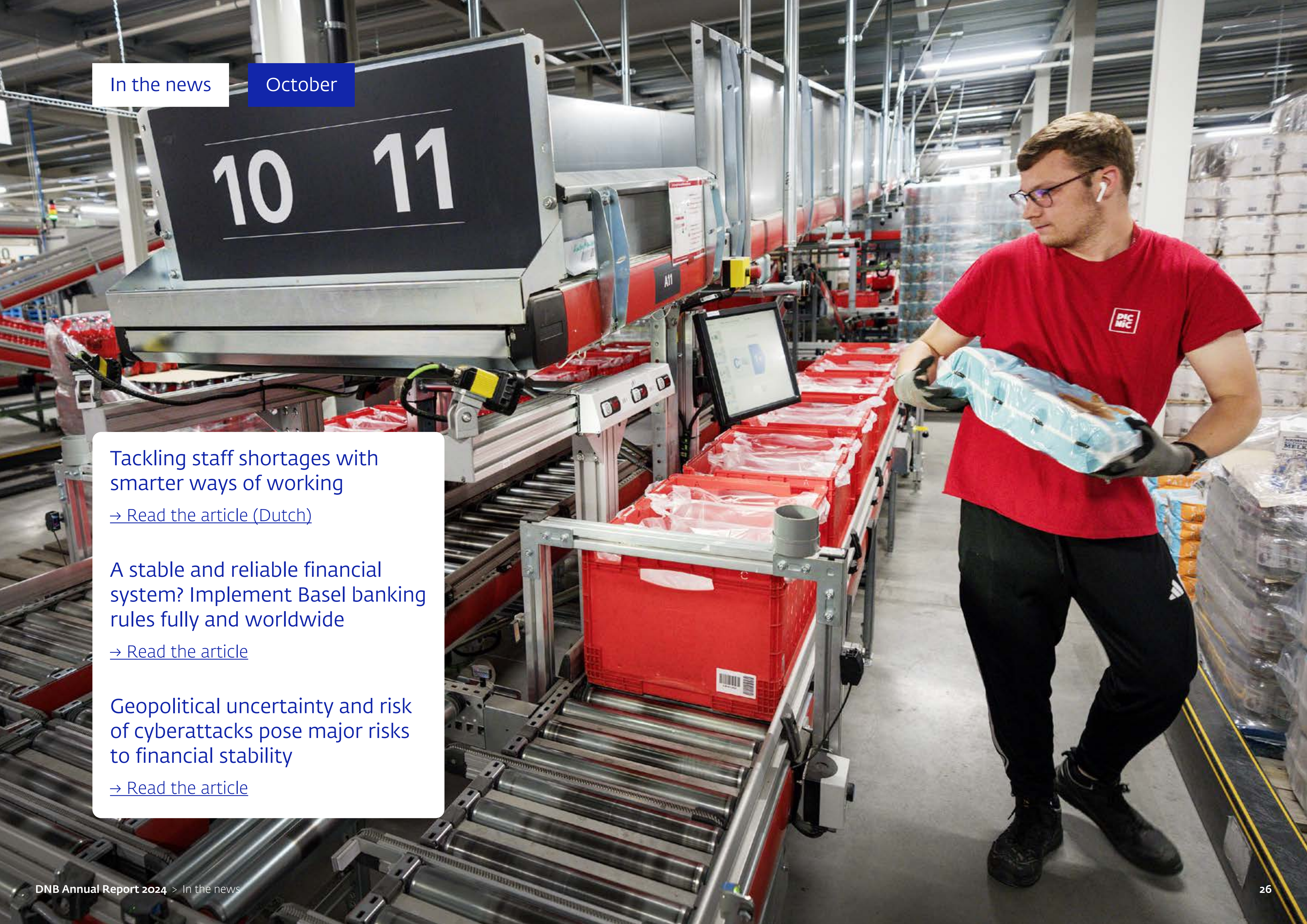
→ Read the article

Ten columns and an essay: writer Arnon Grunberg on the two weeks he spent observing DNB

→ Read the columns and essay (Dutch)

In the news

October



Tackling staff shortages with smarter ways of working

→ Read the article (Dutch)

A stable and reliable financial system? Implement Basel banking rules fully and worldwide

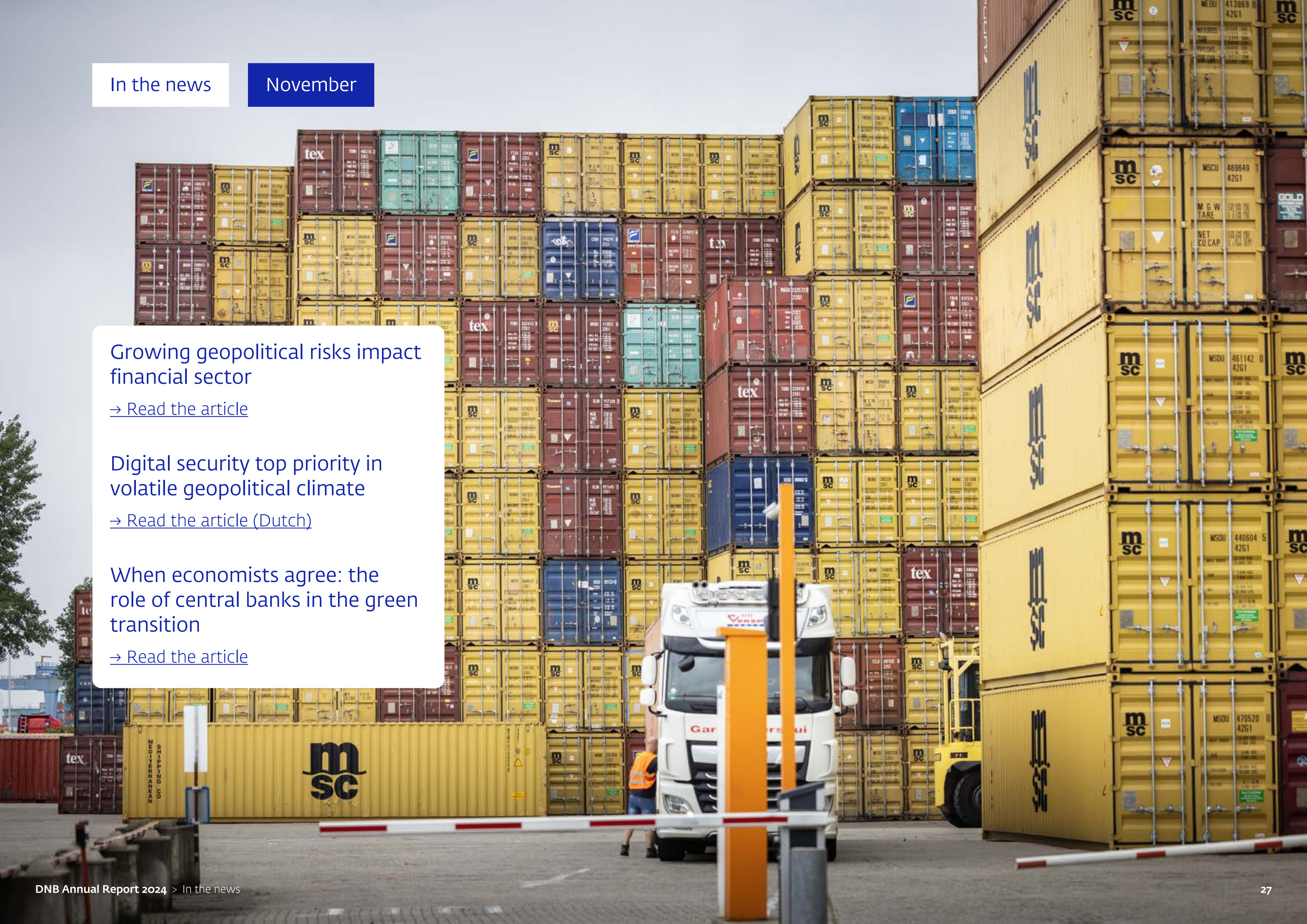
→ Read the article

Geopolitical uncertainty and risk of cyberattacks pose major risks to financial stability

→ Read the article

In the news

November



Growing geopolitical risks impact financial sector

→ Read the article

Digital security top priority in volatile geopolitical climate

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When economists agree: the role of central banks in the green transition

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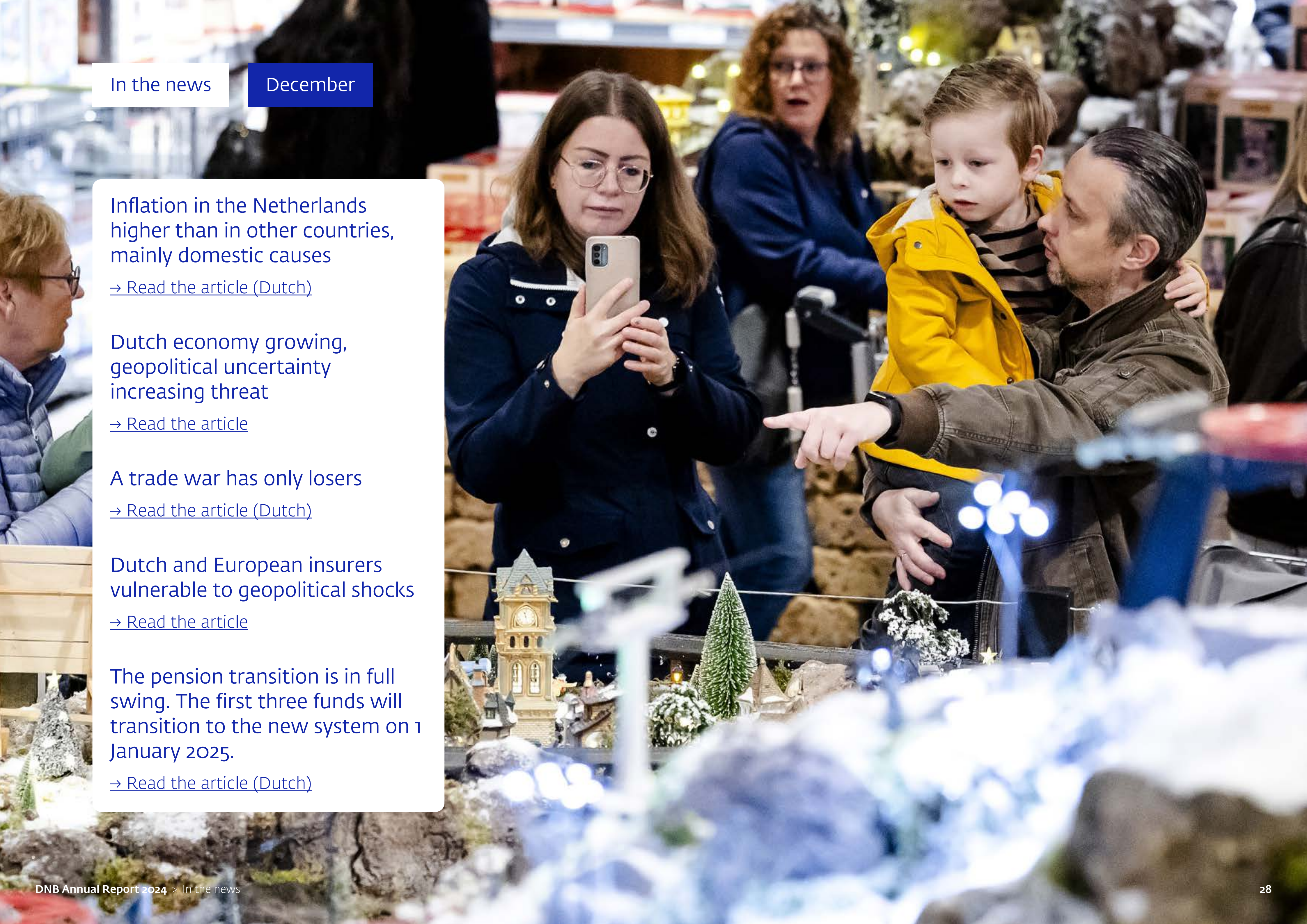


In the news

December

Inflation in the Netherlands higher than in other countries, mainly domestic causes

→ Read the article (Dutch)

Dutch economy growing, geopolitical uncertainty increasing threat

→ Read the article

A trade war has only losers

→ Read the article (Dutch)

Dutch and European insurers vulnerable to geopolitical shocks

→ Read the article

The pension transition is in full swing. The first three funds will transition to the new system on 1 January 2025.

→ Read the article (Dutch)

Accountability

Introduction

Financial and price stability are at the core of what we do. As a central bank, prudential supervisor and resolution authority, we are expected to contribute to sustainable prosperity. This means that we help to ensure healthy economic growth in every sense of the word – without harm to the environment, supported by a financial and economic system that is accessible to all, so that future generations do not have to pay for the mistakes of the past.

In this chapter, we explain how DNB fulfilled its duties in 2024, both nationally and in the European context. What has been achieved, where do we need to improve and which objectives have been re-prioritised? We are accountable for our progress against the six strategic objectives of DNB2025. This change strategy was introduced in 2020 and will be replaced by a new strategy for 2025-2028, which means that the Annual Report for 2024 will be the last in which the six objectives of DNB2025 are used.

The new strategy's shorter timeframe can be attributed to the fact that the world is changing so rapidly that strategic decisions need to be recalibrated more frequently. This is also why one of the strategy's four pillars is 'adaptive and proactive'. The other three pillars are 'independent and authoritative', 'open and involved' and 'effective and efficient'. While themes such as sustainability, digitalisation and diversity – reflected in the strategic objectives of DNB2025 – remain essential focal points in our work, they are now so embedded in our daily activities that they no longer need to be emphasised in the new strategy. A key new focus area in the 2025-2028 strategy, as part of the 'adaptive and proactive' pillar, is agility. Given the unpredictability of the current geopolitical landscape, it is important for us to be prepared for escalations.

Developments in 2024

Soft landing for the euro area

Although the geopolitical situation remained grim and threatening in 2024, with risks continuing to mount, the euro area economy has managed a soft landing. Without triggering a recession, the ECB initiated a series of key policy rate increases in the summer of 2022 to bring average inflation below its target of 2% by September 2024. The last time inflation was below 2% was in June 2021. In June 2024, the ECB began lowering its policy rate again, from 4% to 3%. This was done in four steps. However, due to relatively high indirect taxes, an economy operating above potential and strong wage growth, inflation in the Netherlands remains well above 2%. According to the most recent DNB projections , domestic inflation will remain above the ECB target until 2026, the last year of the projection horizon (see the 'Balanced relationships' section).

> What has been achieved, where do we need to improve and which **objectives** have been re-prioritised?

A resilient financial sector and stable public confidence

In 2024, our banking supervision focused mainly on interest rate risk, liquidity and loan portfolio risks. In the insurance sector, we concentrated on four sector-wide themes: mortgages and real estate, AI, cyber resilience and sustainability. Our supervision of the pension sector in 2024 was dominated by the transition to the new pension system. Overall, Dutch financial institutions are robust enough to withstand economic shocks and market volatility. Last year, the IMF's Financial Sector Assessment Program (FSAP) praised the resilience of the Dutch financial sector as well as the effectiveness of our supervision. According to our annual trust survey, Dutch households' trust in financial institutions remained stable in 2024.

Broken down by sector, trust in banks rose slightly compared to 2023, while trust in insurers and pension funds showed a minor decline. Trust in DNB showed a slight increase (see the 'Balanced relationships' and 'Trust' sections).

Resilience and confidence critical in an uncertain world

A resilient financial sector underpinned by strong public confidence is no luxury in the current geopolitical climate. Economically, geopolitical tensions manifest themselves as trade conflicts, disruptions to global supply chains and the use of sanctions, all of which can lead to price shocks and cyber risks. As an open economy with a large financial sector, the Netherlands is sensitive to these developments, especially as financial markets – according to the IMF – still do not sufficiently price in geopolitical risks.

Growing cyberthreats amid global tensions

Last year's geopolitical turmoil was accompanied by a growing number of sophisticated cyberattacks, some of which were carried out by state actors. A quarter of all cyberattacks worldwide affect the financial sector. These can be direct attacks on financial institutions or attacks on external parties whose services financial institutions frequently use. Geopolitical and cyber risks are therefore among our top supervisory priorities, and we will closely monitor the sector's compliance with the requirements of the European Digital Operational Resilience Act (DORA). DORA sets out requirements for the management of ICT and cyber risks in the outsourcing chain, and for the continuity measures prepared by the institutions (see the Trust section).

Creating social value

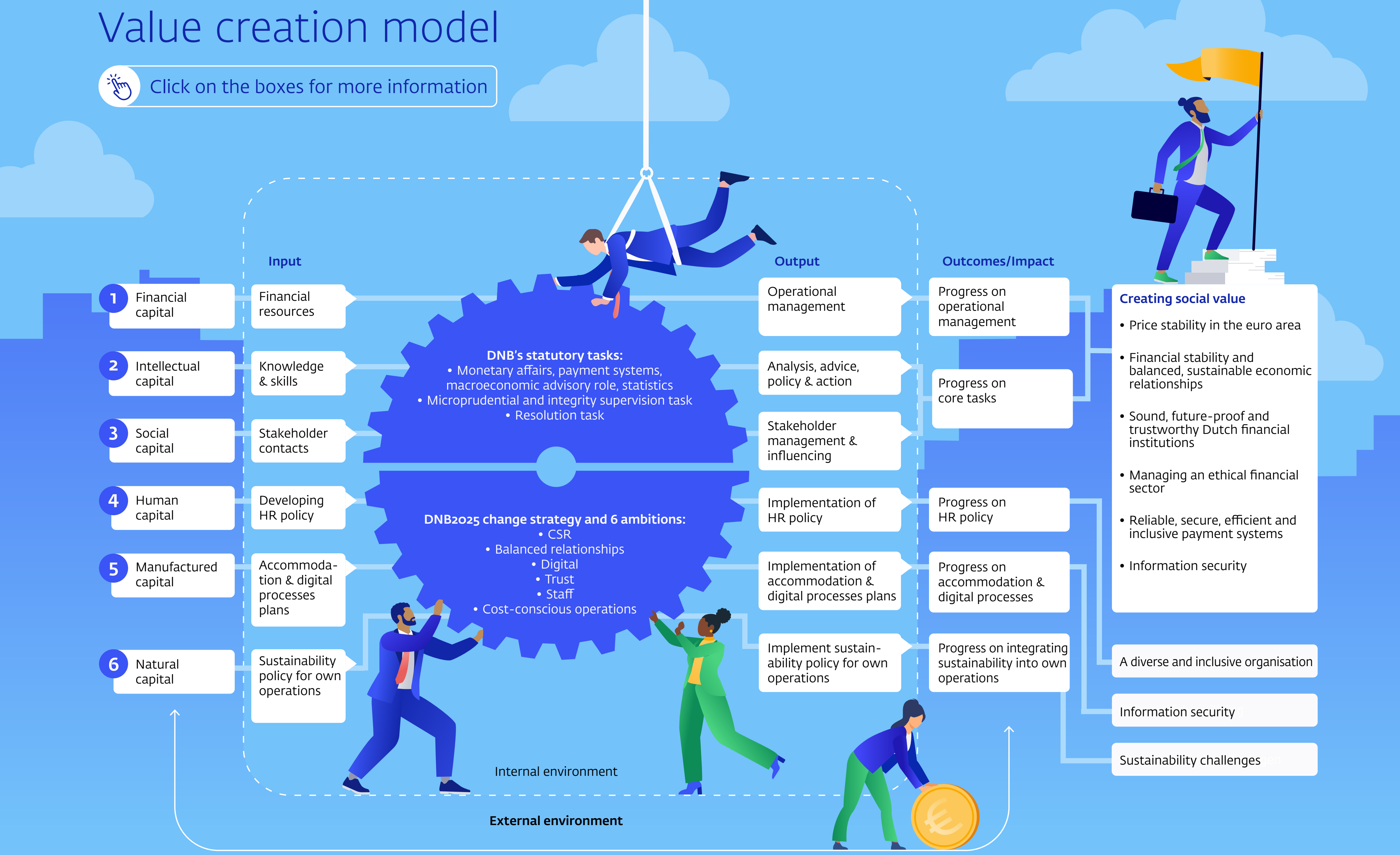
Our core tasks are centred around financial stability. Our monetary policy, our payment systems activities, and our supervisory and resolution activities are all critical – individually and collectively – to ensuring financial stability.

As a result of the broad scope of our main activities, we also have a direct and indirect impact on social issues such as climate change, inclusion and universal access to financial services. Corporate Social Responsibility (CSR) is one of the six ambitions in our DNB2025 strategy, and we have been reporting according to the GRI standards since 2015. Using these standards and input from our stakeholders, we have identified a number of material themes. These help us better understand how we, in fulfilling our tasks, can have a positive (or negative) impact on the economy, the environment and people, including when it comes to human rights[1] (for an overview of the material themes, see the rightmost column in Figure 1 and Table 4 in Annex 2, 'About this report').

The value creation model sheds light on the relationship between the resources at our disposal – ranging from financial capital (funds) to intellectual capital (our specific knowledge and expertise) and social capital (our contacts with stakeholders) – how we use these resources (output) and the impact (outcome) we intend to achieve. This intended impact is closely linked to the various material themes where we want to make a difference.

1 From 'GRI 3: Material Topics 2021': "Material topics are topics that represent the organisation's most significant impacts on the economy, environment, and people, including impacts on their human rights."

Figure 1 Value creation model, click here for underlying information



Balanced relationships

Balanced relationships ambition 2020-2025	Progress in 2024	Relevant material themes
By 2025, domestic and international economic relationships will be more balanced, thanks in part to our efforts. Balanced economic relationships are a prerequisite for financial and price stability, and they contribute to sustainable prosperity. After the financial crisis of 2008, the European sovereign debt crisis and the COVID-19 pandemic, there is a need to restore balance.	■ Macroeconomic recommendations not always heeded (e.g. on wage trends and fiscal policy) ■ Macro buffers for banks have been implemented ■ Compliance with standards on the accessibility and availability of cash is improving, and the long-term sustainability of the cash infrastructure has been secured ■ Transition to a new, future-proof pension system is in full swing: three conversion decisions have been given the green light	■ Financial stability and balanced, sustainable economic relationships ■ Price stability in the euro area ■ Reliable, secure, efficient and inclusive payment systems

Change in monetary policy

The ECB changed its monetary policy in 2024, ending the series of interest rate hikes it initiated in the summer of 2022 to counteract the sharp rise in inflation. The key policy rate was lowered from 4% to 3.75% in June 2024, followed by three more cuts of 25 basis points each in September, October and December. This transition to a more accommodative monetary policy was accompanied by a further decline in inflation: in September, euro area inflation fell below the ECB's inflation target of 2% for the first time in three years. Overall, the euro area inflation rate for 2024 was 2.4%.

Analysis of interest rate policy

Looking back at the ECB's interest rate policy in recent years, a DNB Analysis notes that the interest rate could have been raised sooner in response to the significant rise in inflation. This late response was then compensated for by raising the interest rate by 4.5 percentage points over a two-year period.

High inflation in the Netherlands

While average inflation in the euro area is clearly returning to the desired level, inflation in the Netherlands was still well above 2% in 2024. This can be attributed to high indirect taxes, an economy operating above potential and substantial wage growth. The average inflation rate for the year under review was 3.2%. According to the latest projections, inflation will remain above the ECB's 2% target until 2026. We have conducted research and provided advice in a number of areas, including the labour market and public finance:

- **Publication of labour market analysis**

We published a DNB Analysis on the tightness of the labour market and the associated challenges. The Dutch government's 2025 Budget Memorandum (link; page 72) makes extensive reference to this analysis. Our intention was to follow up this tightness analysis with a productivity study, but this did not materialise in 2024.

- **DNB's calls for controlled wage growth ignored**

Our recommendations regarding controlled wage growth have so far been largely ignored. The Federation of Netherlands Trade Unions (FNV), for instance, has set a wage growth target of 7% for 2025. If employers agree to this, Dutch inflation will increase by a full percentage point, putting the 2% target even further out of reach. We have shared these concerns publicly.

- **Budget deficit advice ignored**

Our advice to the government to reduce the budget deficit to 2% of GDP – echoing an earlier recommendation by the Working Group on Fiscal Space – has also been disregarded. The new government's outline coalition agreement aimed for a deficit of 2.8%. As a result, Brussels could impose intervention measures, and there is no room for trend-based fiscal policy. We have shared our views through various channels, including meetings with the Prime Minister and the Minister of Economic Affairs, the Minister of Finance, the Minister of Social Affairs, and the Minister of the Interior and Kingdom Relations, a round-table discussion in the House of Representatives and a presentation to the Senate.

Projection process revised

We have added a long-term estimate of debt growth to our projections to provide insight into persistent challenges such as the mounting costs of population ageing and interest payments. Our public finance projections have been fraught with uncertainty in recent years, partly due to the pandemic and the energy crisis. As a result, the actual budget deficit in recent years has been lower than projected by DNB (and other institutions), which has had a negative effect on confidence in our projections. Last year, we took a critical look at our own projection process, which led to a different estimate for underspending, the part of the budget that is ultimately not spent. We are also a member of an expert group set up by the Minister of Finance to further analyse the gaps between public finance projections and actual outcomes, which are often better than expected.

Housing market

We have provided active input on housing market issues in various political forums. At the request of the Interdepartmental Policy Study (IBO) 'Building blocks for a better tax system', we calculated the fiscal cost of abolishing the 30-year limit on mortgage interest tax relief. We also

contributed to the 'Land you can build on' IBO, focusing in particular on the importance of the land market and the economic effectiveness of policy measures. We also highlighted the potential impact of policy measures on housing supply. Increasing the housing stock remains a relevant policy issue, which is why we will be investing in the development of our expertise on the supply side of the housing market in 2025.

Pension accrual study

In 2024, we conducted a study – as part of the Pension accrual IBO – to assess the effectiveness of pension accrual in the Netherlands. Our calculations showed that while the current pension system is effective in preventing poverty for most households, there are large differences in the degree to which households can maintain their living standards in retirement. It should be noted here that we only looked at gross pension income, as we do not have a model for calculating net effects.

Transition to new pension system in full swing

The transition to the new pension system, which aims to be better adapted to the current labour market and to reduce intergenerational disparities, is well underway. We received conversion notifications from 18 pension funds in 2024. In these notifications, the funds outline how they intend to tackle the transition, which must be completed by 1 January 2028. We processed three conversion notifications in 2024, allowing the funds in question to switch to the new system on 1 January 2025. The scale and complexity of this transition requires intensive dialogue and a shared learning process between all stakeholders. Thanks to the concerted efforts made so far, the quality of the information provided in conversion notifications has improved. As a supervisory authority, we also recognise the importance of providing early transparency on the key elements of our assessment.

Macro buffers for banks implemented

- New capital buffer requirements have come into force for Dutch banks. On 31 May 2024, the countercyclical capital buffer (CCyB) requirement was raised from 1% to 2%. This level is consistent with a standard risk environment in which cyclical risks range from 'normal' to 'elevated'. By increasing their buffers, banks will be able to absorb shocks without immediately having to restrict their lending activities in the event of an economic downturn.
- On 31 May 2024, we also adjusted the buffer requirements for other systemically important banks (the O-SII buffers). The new buffer requirements are slightly lower, as the systemic risk for banks has decreased. This is due to the fact that the size of the banking sector as a percentage of Dutch GDP has fallen sharply in recent years. Although the impact of the recalibrated buffer requirements is different for each bank, the combined effect of these measures is a slight increase in the capital requirements for the banking sector as a whole. Meanwhile, the ECB has strengthened its minimum floor framework for the O-SII buffer by incorporating the systemic relevance of banks to the European banking union. With this adjusted floor methodology, the ECB recognises the progress made in improving the banking union while also promoting the resilience of European banks and ensuring a level playing field.
- The requirement for banks to use a minimum floor for the risk weighting of Dutch mortgage loans will remain in place for another two years. This lower limit must be observed by banks that calculate their capital requirements for mortgages using internal models. The requirement, which was introduced in early 2022, had already been extended by two years once before, at the end of 2022. We believe that the systemic risk of declining house prices is not sufficiently reflected in the low risk weights used by these banks.

Strengthening of the European supervisory regime

A new European supervisory regime for banks, including minimum capital buffer requirements, was adopted in 2024. This banking package, the result of a years-long process, will ensure the gradual implementation of the final Basel III agreement in the European Union from 1 January 2025.

Across various policy discussions, we insisted on the need for full and timely implementation of the Basel III agreement. That desired result, however, has not been fully achieved. For example, the introduction of the new market risk framework in Europe has been postponed and the final proposals for the implementation of the new rules in the US and UK have not yet been published. Dutch banks will not need to increase their capital buffers under the new regime, as their capital levels are already above the new requirements.

DNB and AFM on capital markets union

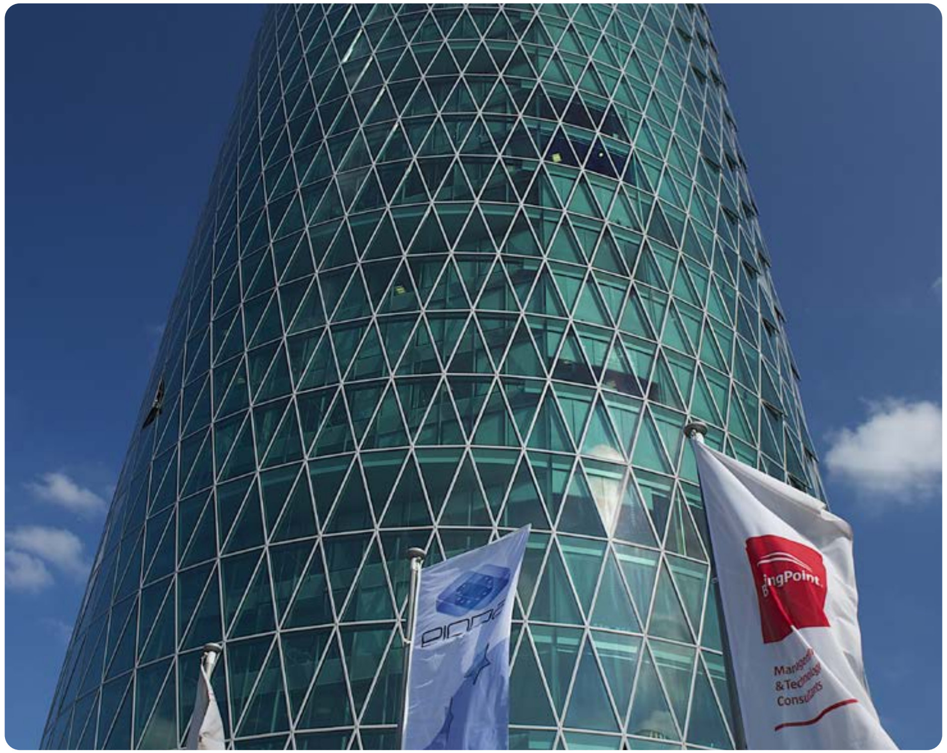
Together with the AFM, DNB has written a report with recommendations to speed up the formation of a European capital markets union, which is currently too fragmented. Larger and better integrated capital markets are crucial to keep Europe competitive, making it easier for innovative companies to raise venture capital through equity investments. A bigger role for market funding could also contribute to a more stable financial system. The report calls on European policymakers to strive for greater uniformity in supervision, including through a stronger role for the European Securities and Markets Authority (ESMA); to grow capital markets by increasing retirement savings; to further harmonise tax and insolvency laws; and to improve the availability and comparability of market and company data.

Resilience tests

As in previous years, we conducted several stress tests and scenario analyses in 2024 to assess the sector's ability to withstand shocks. We also developed new instruments, for instance to better assess liquidity risks. Our analyses showed that Dutch banks are well positioned to face macroeconomic headwinds, such as an accelerated rise in interest rates. In the assessment scenario, insurers and pension funds were most strongly affected by a rapid fall in interest rates, but their buffers and funding ratios also continue to meet the relevant standards. In addition, we further enhanced our monitoring of systemic risks. This will allow us to closely monitor developments in repo markets while also giving us a better insight into the assets and liabilities of non-bank financial institutions.

Geopolitical stress test for insurers

A stress test by the European supervisory authority for insurers and pension funds (EIOPA) has shown that geopolitical shocks have a substantial impact on the solvency of Dutch and European insurers. Even so, the negative impact on liquidity remains limited, as Dutch insurers have sufficient assets that can be monetised quickly. The stress test assumed severe disruptions to global supply chains as a result of escalating geopolitical tensions. In addition to lower economic growth, higher inflation and rising interest rates, this scenario predicts a sharp increase in credit spreads as well as a major decline in equity and real estate prices. The increase in credit spreads, which has a strong negative effect on the value of bond investments, is a key contributor to the reduction in solvency. Given that Dutch insurers invest heavily in mortgages, the shock to mortgage spreads is another important factor. Although the impact on the sector's financial soundness is



significant, the results of the stress test show that the assets-to-liabilities ratio of Dutch insurers remains above 100, meaning their assets are sufficient to cover their liabilities to policyholders. The negative solvency trend is in line with the European average.

IMF positive about Dutch financial sector

The IMF has a given a positive assessment of the resilience of the Dutch financial sector and the supervision that underpins it. This is according to the Financial Sector Assessment Program (FSAP), an analysis carried out every five years. Based on various macroeconomic stress scenarios, the IMF concluded that Dutch financial institutions are resilient and that supervision, risk analysis and macroprudential policies in the Netherlands are sound. It also made a number of recommendations to further strengthen the sector, such as reducing the maximum mortgage amount to 90% of the house value.

Financial Stability Board

The policy agenda of the Financial Stability Board (FSB), chaired by DNB President Klaas Knot, covered a wide range of topics in 2024, from geopolitical tensions and climate risks to crypto regulation and non-bank financial intermediation (NBFI). At the G20 and G7 summits, the FSB repeatedly stressed the need for timely and full implementation of the Basel III agreement. Unfortunately, some countries have ignored this advice. The same goes for the reforms agreed by the FSB in 2024, which aim to reduce the risks associated with NBFI, such as liquidity risk in open-ended funds. There appears to be some implementation fatigue. To ensure that measures are actually put into place, the FSB will step up its monitoring efforts in 2025. As the memory of the financial crisis of 2007-2008 continues to fade, politicians may lose sight of the urgency of implementing reform plans, President Knot said in several public appearances. With regard to the digital transformation, the FSB has published analyses on the application of tokenisation and artificial intelligence in the financial sector. As part of its focus on the effects of climate change, it has also published a report on the financial risks of biodiversity loss, which frequently cites DNB analyses.

Accessibility of payment systems

We strive for an inclusive financial system. There is still a lot of work to be done in this area. For example, an external monitoring survey carried out last year found that additional incentives are needed to improve accessibility for vulnerable groups. The National Forum on the Payment System (MOB) has agreed to improve accessibility for these groups by 2026. Banks have previously pledged to improve payment accessibility in the face of increasing digitalisation, which has led to the closure of a large number of bank branches. This commitment was prompted by the results of 'Digitalisation of the payment system: a solution for some, a challenge for others', a DNB study published in 2023. No later than April 2025, the sector will present a plan with additional measures to further improve accessibility.

> Additional **incentives** are needed to improve accessibility for vulnerable groups

Availability of cash

The parties that signed the Cash Covenant and committed themselves to promoting the availability and accessibility of cash are increasingly meeting the standards set for this purpose, which we monitor on a monthly basis. The biggest remaining issue is that the Geldmaat ATMs, which can be used to withdraw and deposit banknotes, are still too often out of order. Cash is useful for people who struggle with electronic payments. Moreover, it helps people to budget their income and expenses, and it serves as a fallback for when electronic payment systems are down. The latter can also occur as a result of cyberattacks, which have the potential to paralyse financial services for some time. In view of this threat, we advised the Dutch public during a press conference to keep some emergency cash at home. The covenant, which has been signed by 23 organisations, will expire in January

2026, when the Cash Act comes into force. Under this law, banks will be required to provide cash infrastructure and offer cash services at regulated rates. To streamline our own role in the cash chain, we decided in 2024 that banknotes from ATMs no longer need to be pre-sorted by the market; they can now be deposited directly at DNB. This new facility will become operational in spring 2025.

Digital euro

Together with the other central banks of the Eurosystem, we continued to work on the digital euro in 2024. The project is still in the preparation phase, which involves defining the technical infrastructure and standards needed to launch the digital euro across Europe. These standards are being set at European level in cooperation with representatives of banks and payment institutions, retailers and consumers. We advocate a digital euro with the same characteristics as cash: a high level of privacy, accessible to all, accepted everywhere in Europe and usable as a fallback when other means of payment are unavailable. Moreover, the digital euro could contribute to the resilience of payment systems and reduce dependence on non-European market participants. We also actively engaged stakeholders in 2024, focusing on professional parties preparing for the possible introduction of the digital euro. These efforts were supported by the MOB's Digital Euro Taskforce. The timeline for the digital euro's introduction will depend on political decision-making processes, and negotiations at European level are still ongoing.

> We advocate a **digital euro** with the same characteristics as cash

Technology in payment and securities systems

In consultation with the financial industry, we have taken stock of the opportunities and risks associated with new technologies, such as tokenisation and distributed ledger technology (DLT), looking specifically at ways to make payments and securities transactions faster, more accessible and efficient, and to strengthen the European capital market. We spoke with many market participants and technology companies to gain a better understanding of both the opportunities and risks of new technologies, and to learn more about the needs of the financial sector. Together with five Dutch financial institutions, we also participated in a number of Eurosystem trials and experiments exploring the settlement of financial transactions through new digital platforms using DLT. This has given us insights into the role that central bank money could potentially play in fostering such innovations. In 2025, the ECB will decide whether and how it will follow up on these experiments.

Future-proof payment and securities systems

During the year under review, DNB, together with the Eurosystem and its market participants, prepared for the transition to the Eurosystem Collateral Management System (ECMS). ECMS is a unified collateral management system for all national central banks, managing assets used as collateral for Eurosystem credit operations. Twenty national central banks will soon be using this system, which will require less maintenance and create a level playing field for countries and market participants. Meanwhile, process harmonisation will contribute to more efficient and reliable collateral management. The new ECMS TARGET service, together with the existing TARGET services, will ensure that cash, securities and collateral can flow freely across Europe. We are overseeing the trials with Dutch market participants to ensure the quality of collateral management processes. Due to the complexity of the transition process, the commissioning date of the new system has been postponed to 16 June 2025. This will provide additional time for further development, and for national central banks and their market participants to thoroughly test the system in a stable environment.

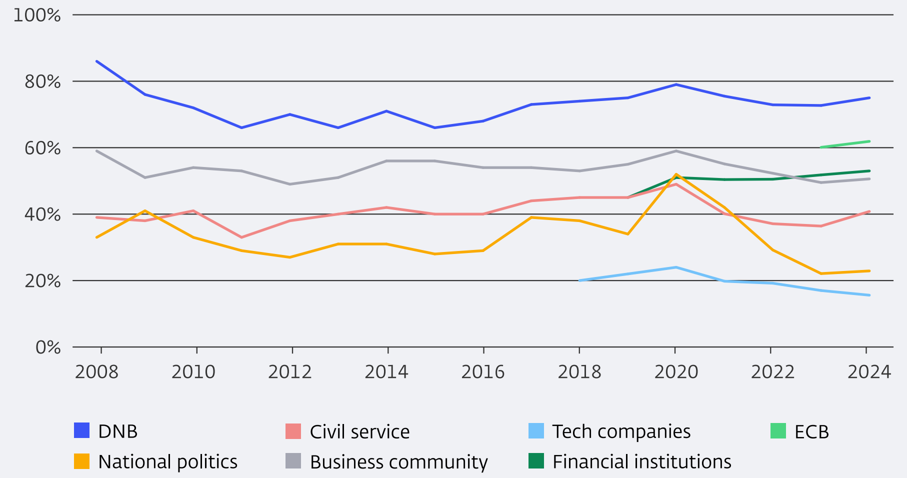
Trust

Trust ambition 2020-2025	Progress in 2024	Relevant material themes
Our efforts have made a recognised contribution to public trust in financial institutions in the Netherlands. Public trust in financial institutions is an essential precondition for the functioning of the financial system, which in turn is essential for the sustainable development of the real economy.	■ Sufficiently resilient financial sector ■ 82% of supervised institutions agree with the statement “It is clear to me which risks DNB focuses on in its supervisory activities”. This is slightly below our target of 90% ■ Both the general public and ‘financial citizens’ feel that DNB has a ‘good’ reputation. Our professional stakeholders say our reputation is ‘excellent’	■ Sound, future-proof and trustworthy Dutch financial institutions ■ An ethical financial sector ■ Reliable, secure, efficient and inclusive payment systems

Trust in the financial sector remains stable

The financial sector enjoyed almost the same level of confidence among Dutch households in 2024 as in 2023. Our annual trust survey shows that the proportion of respondents who had either fairly high or very high trust in financial institutions was 53% last year, compared to 52% in 2023 (see Figure 2). Broken down by sector, it is notable that confidence in the financial soundness of banks has risen slightly (to 71%) while trust in insurers and pension funds shows a small dip. For insurers, 63% of respondents were confident that they would be able to meet their payment obligations to policyholders. For pension funds, 57% of those surveyed were mostly or completely confident that they would be able to meet their commitments. In spring 2023, these confidence indicators stood at 68% and 62% respectively (see Figure 3). The survey does not provide an explanation for these results. Figure 2 shows that trust in DNB is stable: 75% of respondents described their trust in DNB as fairly or very strong, compared to 73% in 2023.

Figure 2 Trust in financial institutions remains stable, DNB performs better compared to spring 2023

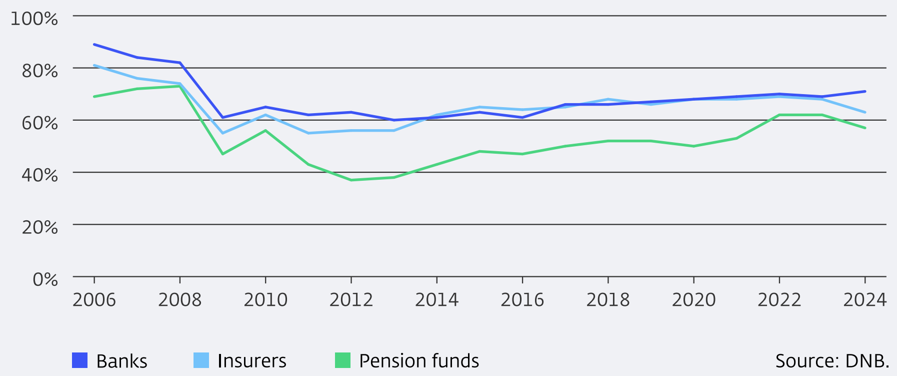


Note: The figure shows the proportion of respondents with fairly high or very high trust. The ‘Financial institutions’ line shows the average level of trust in banks, insurance companies and pension funds.

Source: DNB.

Figure 3 Small differences in public trust in the financial soundness of banks, insurers and pension funds

Share of respondents who are mostly or completely confident



Source: DNB.

Confidence in payment systems remains high

The Dutch public's confidence in payment systems remains high. A survey by DNB and the Dutch Payments Association shows that in September 2024, 72% of respondents had a high or very high level of confidence in Dutch payment systems. Only 2% had low or very low confidence. People were even more positive about their own banks: 90% of respondents were mostly or completely confident in their own bank's ability to carry out transactions in an orderly manner, while 1% had no or very little confidence. All these percentages are similar to those of the previous year.

DNB has a good to excellent reputation among the general public and professional stakeholders

According to a survey by an external research agency, the Dutch public gave DNB a reputation score of 58 in 2024, the same as in 2023. So-called financial citizens – respondents with an above-average interest in economics – were slightly more positive, giving DNB a score of 63. A score between 50 and 65 is indicative of a 'good' reputation, while a score between 65 and 75 is considered 'very good'. Scores above 75 are labelled 'excellent'. The two-yearly survey of our professional stakeholders, which uses the same system, yielded a reputation score of 76. In the 2022 survey, this was 66. The biggest gains were made among stakeholders in DNB's central banking tasks: the score we received from this group increased from 71 to 95. For supervision, the score has gone up from 63 to 71. (See Annex 2, 'About this report', for the stakeholder survey).

Transparency about our supervision

Through three strategic publications, we provide structured transparency about our supervisory work and the results we aim to achieve. The Supervision Strategy 2025-2028 sets out our three focus areas for the next four years: geopolitical developments, technological innovation and cyber resilience. Supervision in Focus 2024-2025 and Integrity Supervision in Focus 2024-2025 provide insight into the progress made in the year under review and also look ahead to the next year. These documents show that cyber resilience was already a key supervisory theme in 2024, and that we also focused on the introduction of new European legislation to further regulate crypto assets (MiCAR). Key areas of focus in 2025 will be the pension transition and the implementation of European legislation aimed at strengthening digital resilience, the Digital Operational Resilience Act (DORA).

Ambition to raise awareness of DNB's risk approach not fully achieved

We always want our supervisory stakeholders to know which risks we focus on in our supervision. In 2024, we were not fully effective in communicating these risks. In our two-yearly stakeholder survey, 82% of supervised institutions said they either agreed or completely agreed with the statement "It is clear to me which risks DNB focuses on in its supervisory activities", compared to 83% in the previous survey. This means that we fell short of our target of 90%. Of the remaining respondents, 13% were neutral (up from 10%) and 4% (down from 6%) said they either disagreed or completely disagreed with the statement.

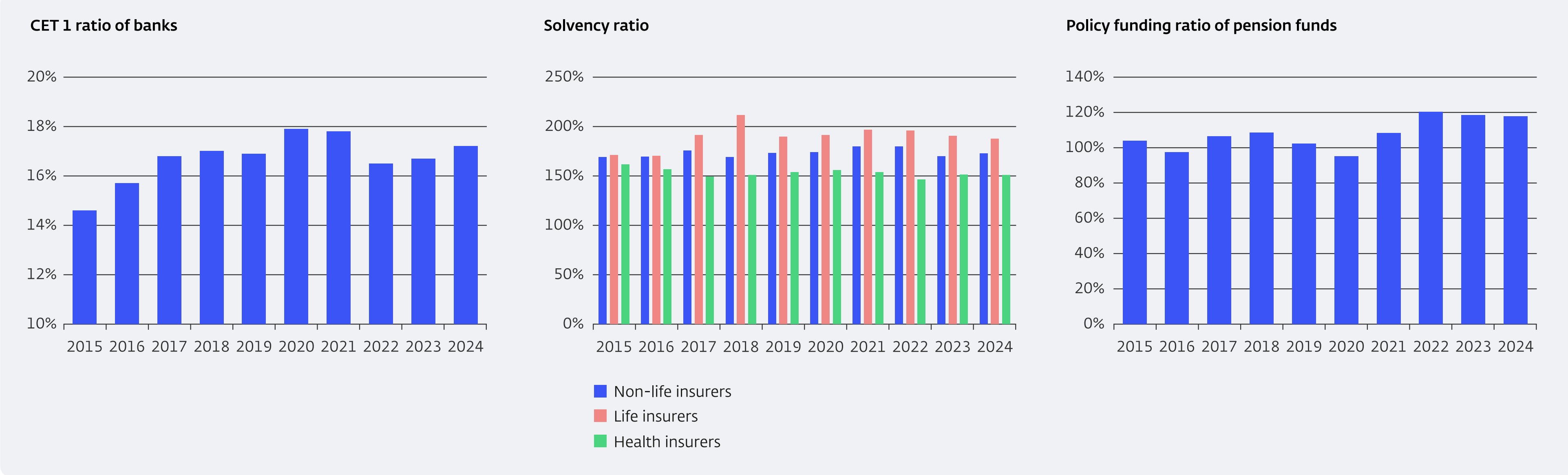
Sufficiently resilient financial sector

Dutch financial institutions enjoy strong financial positions (see Figures 4, 5 and 6), with buffers above the required standards. Banks, for example, have a healthy average core capital ratio (Common Equity Tier 1 capital ratio) of 16.3% (see Figure 4). The leverage ratio is 6%, well above the European requirement of 3%. In addition, bank earnings – despite an anticipated decline – are expected to remain at healthy levels. The liquidity ratios of Dutch banks are also well above the minimum requirements. Dutch insurance firms and pension funds are likewise in a strong position.
In the second quarter of 2024, the average Solvency II ratios of Dutch life and non-life insurers were 188% and 173% respectively, compared to a requirement of only 100% (see Figure 5). Dutch pension funds have an average funding ratio of 119% (see Figure 6). To enable indexation, pension fund must have a minimum funding ratio of 105%.

Managing prudential and integrity risks

The risk scores we use in our supervision show that the financial sector has more control over prudential risks than integrity risks, which was also the case in 2023. Almost 80% of the prudential risk scores assigned to financial institutions were within our risk tolerance. The sector's integrity risk profile, however, paints a less positive picture. More than 50% of the risk scores at high-impact institutions – institutions that would most likely have a strong negative impact on confidence in the financial sector if they were to become unstable – were outside our tolerance limit. It should be noted that this includes a number of institutions that have previously been subject to enforcement action, and which have not yet completed the remediation process. Nevertheless, many new mitigation processes were initiated in 2024 to address poor integrity risk management. Our integrity supervisors took 33 enforcement measures – ranging from compliance briefings and

Figures 4, 5 and 6 Banks, insurers and pension funds are robust



written warnings to instructions and fines – compared to 11 enforcement measures taken by our prudential supervisors. In 2023, these numbers were 28 and 8 respectively.

Continued dialogue with gatekeepers

Our dialogue with the financial sector on how to combat financial crime as efficiently and effectively as possible continued in 2024, resulting in the publication of the Wwft Q&As and Good Practices. The *Wwft* is the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wet ter voorkoming van witwassen en financiering terrorisme*). This document emphasises the importance of the risk-based approach and provides useful explanations for gatekeepers. The challenge is to tackle crime as effectively as possible without unduly restricting access to financial services. As national borders are no obstacle to money laundering and terrorist financing, we welcome the creation of the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA), a new European supervisory authority. AMLA was established in 2024 and will gradually expand its operations in the coming years. DNB will be a member of AMLA's general council.

> As national borders are no obstacle to money laundering and terrorist financing, we welcome the creation of the **European supervisory authority** AMLA

Cybersecurity tests

The cybersecurity of payment systems remained high on the agenda in 2024. We regularly test the cyber resilience of financial institutions in the Netherlands. For the larger institutions, we do this using the Threat Intelligence-Based Ethical Red Teaming (TIBER) framework. For the smaller institutions, we introduced the Advanced Red Teaming (ART) framework in April 2024. Participation in TIBER testing was still voluntary in 2024, but will become mandatory for the most critical institutions in 2025, when the Digital Operational Resilience Act (DORA) comes into force. In the year under review, we met our testing targets, assessing a total of seven critical financial institutions under the TIBER framework and five under the ART framework.

Deposit Guarantee Fund reaches target size

The Deposit Guarantee Fund (DGF), which can reimburse customers up to €100,000 if their bank fails, reached its target size in 2024. The banking sector has contributed a total of €4.8 billion to the fund, which corresponds to 0.8% of the money covered by the deposit guarantee in the Netherlands. In addition, the DGF's resources have been further strengthened with a new credit facility that can be used in case the existing funds prove insufficient. Regulations for account holders with temporary balances of more than €100,000 were relaxed in 2024. Compensation of up to €500,000 can now be claimed not only for the sale of a home, but also if the higher balance is due to lump sum payments from a life insurance policy or severance pay. In line with legal requirements, we are able to pay out account holders' bank balances up to a maximum of €100,000 within seven working days if their bank fails. This readiness is the result of targeted investments by banks and DNB in the infrastructure that enables data exchange. In 2024, we also improved our web portal to make it accessible to depositors who do not have DigiD, most of whom are foreign customers.

Open Government Act

Under the Open Government Act (*Wet open overheid – Woo*), we received a total of thirteen requests for information in 2024. We also completed the processing of one request from 2023. For three *Woo* requests ('*Wwft* violations', 'Dividend arbitrage' and 'Collective value transfer'), some of the requested information was not disclosed for reasons of supervisory confidentiality. For one *Woo* request, we were unable to find any relevant documents. In five cases, the *Woo* request was converted to an information request by mutual agreement, and questions from the requester were answered. One request was set aside because the requester failed to clarify their request when asked to do so. Another request could not be granted due to the transitional regime that applies specifically to DNB (and the AFM). On 31 December 2024, three *Woo* requests were still pending. Two cases are currently before the courts to determine whether the confidential information that has been requested can be disclosed. An appeal is pending before the Council of State as to whether aspects of DNB's activities fall within the scope of the *Woo* (or its predecessor, the Government Information (Public Access) Act (*Wet openbaarheid van bestuur – Wob*)).

Box Financial education in De Nieuwe Schatkamer

In addition to our active involvement in the Money Wise platform, we will be launching a new financial education initiative in 2025. Starting this year, we will welcome schoolchildren and students to our renovated main building to play interactive games and learn about the basics of economics and our core tasks. These activities will take place in De Nieuwe Schatkamer, where we used to store gold and banknotes. We promoted this new educational programme to economics teachers during a workshop at the 2024 VECON Study Day. By autumn 2024, more than 6,000 schoolchildren had already signed up for a tour of De Nieuwe Schatkamer, which is also open to the general public (see Figure 8).

CSR

CSR ambition 2020-2025	Progress in 2024	Relevant material themes
We strive for sustainable economic growth that has no harmful effects on the environment. We strive for an inclusive financial and economic system.	■ Integration of ESG risk scores into supervision of all pension funds and insurers on track; enforcement expectations not yet published ■ Rebalanced own-account investment portfolio to meet Paris climate commitments ■ Conducted research into the macro impact of broader nature and environmental scenarios ■ Work on DNB transition strategy underway	■ Financial stability and balanced, sustainable economic relationships ■ Sound, future-proof and trustworthy Dutch financial institutions ■ Reliable, secure, efficient and inclusive payment systems

Sustainability strategy

We continued to implement the ambitions set out in our Sustainable Finance Strategy in 2024. To keep abreast of new developments, we actively engage with stakeholders, not least to seek constructive feedback on our work. We do this through round-tables, knowledge exchanges and bilateral discussions. Examples include our annual NGO round-table and meetings with experts from the Netherlands Bureau for Economic Policy Analysis (CPB), the Netherlands Environmental Assessment Agency (PBL) and other central banks and supervisors. The Sustainable Finance Platform, which DNB chairs, also plays an important role in our network. Internationally, we are involved in bodies such as the Network for Greening the Financial System (NGFS) and the ECB's Climate Change Forum. As a regular participant in policy forums such as the European Banking Authority (EBA), the Basel Committee on Banking Supervision (BCBS), European insurer and pension fund supervisor EIOPA and the International Association of Insurance Supervisors (IAIS), we contribute to the development of international laws and regulations on sustainability.

Sustainability integrated into core tasks

The implementation of our current sustainability strategy, which will be phased out at the end of 2025, is on track. The new sustainability strategy for 2025-2028, presented at the end of 2024, assumes that sustainability is almost fully integrated into our core tasks, but that it will require a

sustained effort to maintain this. With regard to the E pillar of ESG (Environment), we have made progress mainly in managing climate risks. Where nature issues such as biodiversity are concerned, we still have some way to go to reach the desired level of maturity. In terms of the S pillar (Social), we are focusing on initiatives and projects that have been of concern to us for some time, such as general wellbeing (an important theme in our research and advisory work), the accessibility of payment systems and the pursuit of a diverse and inclusive organisation. No new initiatives are being undertaken in this area. Governance (the G pillar) is already part of our core tasks.

Embedding in supervision methodology

We have made good progress in embedding climate and environmental risks in our new supervisory approach for the pension and insurance sectors. Climate and environmental factors are increasingly taken into account in the risk models used in our pension and insurance supervision. Further steps will be taken in 2025. In 2024, we also updated and expanded our 'Guide to managing climate and environmental risks', adding new good practices to help sector participants ensure that their risk management is in line with all relevant legal obligations. The updated guide was published for consultation in February 2025. In 2025, we will also conduct thematic and risk-based tests at pension funds and insurers to assess the extent to which their analysis and management of climate and environmental risks meets the statutory requirements.

> **Climate and environmental factors** are increasingly taken into account in the risk models used in our pension and insurance supervision

Box Management of climate and environmental risks

- Although banks are on the right track, they still need to take steps to improve their management of climate and environmental risks. In 2024, we monitored the progress made by large banks in addressing previously identified deficiencies in their management of these risks. Banks that had not taken adequate action were informed by letter of the remaining deficiencies. Small and medium-sized banks were informed of the deficiencies identified in their materiality analyses of sustainability risks. By the end of 2024, all large banks were expected to comply with the supervisory expectations set out in the ECB's Guide on climate-related and environmental risks. Small and medium-sized banks have been given until the end of 2025 to meet the supervisory expectations.

- Pension funds still have work to do as well. In a self-assessment, 37% of funds said they had not yet started, or had only just started, to identify and measure ESG risks – similar to the result of the self-assessment pilot conducted in 2023. This means that they do not meet the statutory requirements in this area. We expect these funds to take remedial action. Funds classified as 'high risk' received individual feedback and were asked to submit their risk analyses for review by mid-2025.

- The insurers' self-assessments show that progress has been made in managing climate and environmental risks. A significant share of market participants have adequately embedded the relevant responsibilities in their organisation and identified material risks. It is clear that the large insurers have made more progress than their smaller competitors.

Stress tests and scenario analyses

For macroprudential sustainability risks, we have developed an indicator called 'nature degradation sensitivity'. This indicator reflects the sensitivity of a bank's capital position to nature-related risks. Our intention is to develop it further so that it can also be applied to insurers and pension funds. We also used a scenario analysis to assess the extent to which climate-related physical risks could affect financial stability in the Netherlands. The focus of this analysis was on flood risk. The results showed that, in the short term, the impact of a flood on financial stability is likely to be limited. But if global warming and the rise in sea levels continue over the next few decades, this potential impact could increase significantly.

Robust sustainability data and statistics

Together with the ECB, we launched the second version of our sustainability statistics. The indicators for carbon emissions, physical risks and green investments have been expanded and improved in a number of ways, particularly in terms of their measurement methods and the coverage of financial institutions' portfolios. The granular version of the sustainability statistics has also been made available for internal use. This data on companies (e.g. location data for research on physical risks and biodiversity) and individual financial institutions allows us to better assess the climate risks faced by the financial sector. Where necessary, we will carry out additional research. We have published new figures on the carbon emissions of pension funds and insurers that provide a more complete picture for both sectors.

Informed debate on creating a sustainable economy

In the year under review, we carried out research on the effects of energy price increases, emissions pricing and fossil fuel subsidies on the competitive position of various industries. The results were published at the beginning of 2025. We also released a DNB Analysis on home sustainability improvements, which caused something of a stir. Our conclusion that the vast majority of homeowners could finance sustainability improvements with savings or a loan was misinterpreted by some media, which suggested that DNB wanted to make the use of savings compulsory. We also presented our position on fossil fuel subsidies to a number of ministries, using an international comparison to outline the advantages and disadvantages of the existing perspectives in the Netherlands. In addition, we gave presentations to stakeholders in the Netherlands and Brussels on our calculations for different policy options for the Nature Restoration Law. This law, adopted in 2024, requires EU Member States to restore damage to European nature by 2050.

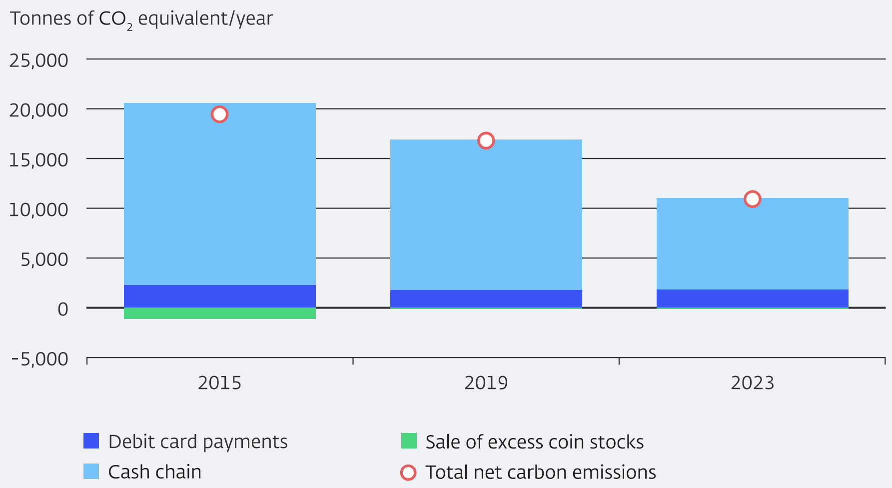
More sustainable payment systems

For 2023, the total net carbon emissions of the Dutch point-of-sale payment system are estimated at 10,923 tonnes, a fraction (0.0001%) of the total carbon emissions in the Netherlands. The system's impact, which is already low, is steadily decreasing towards the 2030 target: a 50% reduction in carbon emissions compared to 2019. Figure 7 shows the estimated total carbon emissions for 2015, 2019 and 2023 based on the carbon impact of raw materials, assembly, transport and energy use.

The cash chain in particular offers room for improvement, but this also presents a challenge, as the accessibility of payments must not be compromised. The higher share of green electricity and the use of biofuels are expected to further reduce the carbon impact in the coming years. In addition, the reduction of carbon emissions and the use of responsible cotton and green electricity for banknote production remained top priorities at the new DNB Cash Centre in 2024. We are committed to the socially responsible sourcing of raw materials for coins and strive to reuse surplus coins as much as possible.

Figure 7 Carbon emissions from retail payments are steadily decreasing

Total carbon footprint



Note: Cash and debit card payments by residents of the Netherlands.

Box Our own carbon emissions

Our own carbon footprint consists of the emissions produced by our operations, including some of our payment system operations (e.g. transport), and emissions that can be ascribed to our own-account investments:

- When it comes to our operations – e.g. heating our buildings, generating power and transport – our carbon emissions totalled 6,167 tonnes in 2024, compared to 4,628 tonnes in 2023. This increase is due to the hiring of new staff and the carbon emission factors (see Annex 1).
- In 2024, more than 20% of the value of our own-account investments in bonds issued by (semi-) sovereigns, supranational organisations and agencies comprised green bonds, as per our target. The carbon footprint of our equities and corporate bonds has decreased to 61% of its size in base year 2019, in line with the Paris Agreement. As a result, we are on track to meet our 50% reduction target by 2030 (see the 'Financial overview' section).

DNB employees active in international collaborative projects

In 2024, some 80 DNB employees were active in as many projects set up as part of the so-called Technical Cooperation. We carry out technical cooperation projects with central banks and financial supervisory authorities from countries represented by the Netherlands and Belgium on the IMF Executive Board. We also have similar projects with countries with which the Netherlands has historical links, such as those in the Caribbean part of the Kingdom and Suriname. This allows institutions to learn from each other while strengthening the ties between central banks and supervisors. Projects aimed at sharing knowledge and skills covered a wide range of topics in 2024, from anti-money laundering policy to data management. To share our knowledge more widely, we also organised seminars, for instance on banking resolution. In addition, some employees were seconded for longer periods, particularly to partners in the Caribbean Netherlands.

Box The legacy of slavery

On 1 July 2022, President Klaas Knot apologised for DNB's role in the transatlantic trade in enslaved people. To reinforce these apologies, we have allocated €5 million for one-off contributions to projects aimed at education and the preservation of historical heritage. In cooperation with the Culture Fund, we have also set up a €5 million DNB Fund to support local projects initiated by the descendants of enslaved people.

In 2024, we made available €1.5 million as part of our ongoing commitment to right our historical wrongs. After the first allocations in 2023, one-off contributions were made in 2024 to the Saba Heritage Center (Saba Archaeological Center Foundation) on Saba and Fort Zoutman (Fundacion Museo Arubano) on Aruba. The former was awarded €500,000, the latter €570,175. These amounts will be paid in several tranches. With regard to the proposed Across the Seas project on Bonaire, we decided to terminate our cooperation. This decision was taken in joint consultation with the project's implementing foundation, Across the Isles.

We remain committed to making a future one-off contribution to Bonaire, aimed at raising historical awareness of the legacy of slavery and fostering community cohesion. The DNB Fund also received a contribution of €575,500, which the Culture Fund used to support several initiatives in the Netherlands, Suriname and the Caribbean. Among the recipients were the Black Men Talk Foundation, the Ma Jong Foundation and the Suriname Children's University Foundation.

Digital

Digital ambition 2020-2025	Progress in 2024	Relevant material themes
All our work is data-driven and supported by digital technologies, and we are recognised as a digitally engaged participant in the financial sector. By harnessing data, technology and digital processes, we can perform our tasks as effectively and efficiently as possible. We are also a respected actor in the sector in terms of digital know-how.	■ Added new features to My DNB: collaboration feature to follow in 2025 ■ Employees with disabilities received adapted equipment ■ Reached data maturity target for 2024 ■ Preparations underway for supervision of AI ■ AI hub established for use of AI at DNB	■ Information security

Higher user rating for My DNB

Although not all planned improvements to My DNB were completed in 2024, supervised institutions are increasingly positive about the portal. Users gave it a rating of 7.2, compared to 7.0 in 2023. At the end of 2024, My DNB had over 50,000 users (employees of supervised institutions), up from around 35,000 in 2023. Our goal for the platform remains to optimise our interactions with institutions, which can now use My DNB to download almost all of their qualitative questionnaires, check the status of their applications and reports, and get an overview of their planned supervisory activities. In 2024, we developed a new feature – to be launched in early 2025 – that allows multiple employees at the same institution to work on a report simultaneously. We also introduced ViewPoint, a new service that allows citizens to communicate with us on supervisory matters. At the time of writing, ViewPoint can only be used to ask questions about the transition to the new pension system.

InnovationHub

Through the InnovationHub, DNB, the AFM and ACM provide assistance with questions companies may have about supervision and regulations in relation to innovative financial products and services. This support is available to new and existing companies, regardless of whether they are subject to supervision. In 2024, we answered 102 questions submitted through the InnovationHub, informing the sector and helping companies navigate the interface between digital innovation and supervision. The questions covered a wide range of topics, but the majority were related to licence applications, electronic money, market access, AI and payment institutions. In response to sector feedback, we have also made a number of improvements to make the hub more recognisable and easier to find.

Supervision of AI

In the year under review, DNB and the AFM published a report entitled 'The impact of AI on the financial sector and supervision'. We also organised a symposium for the financial sector to explore the report's concrete implications in greater depth, and held several round-tables on specific topics with banks and insurers. With regard to AI, 2025 will see the launch of a new project to flesh out our supervision of AI usage.

Supervision with AI

We also use AI ourselves, including in our supervision. The proprietary AI tool we use for this, ChatDNB – based on OpenAI's large language model – won Initiative of the Year at the 2024 international Central Banking Awards. The Internal Models department, for example, uses ChatDNB to perform model assessments on documents submitted by banks. Last autumn, we also started using the tool to assess conversion notifications from pension funds that are ready to switch to the new pension system. ChatDNB now automatically checks submitted files for completeness.

AI Hub

The AI Hub was established in the summer of 2024 to share knowledge about AI internally and explore how we can use this new technology to improve our operations. Once a month, DNB employees from different departments working with AI meet to share good practices. Our AI programme, launched in January 2025, will further flesh out our AI strategy and professionalise the AI Hub. These activities will be overseen by a programme manager.

Data maturity

In 2024, we made significant progress in helping our employees improve their use of data. DNB's so-called data maturity, which expresses our progress on eight specific data aspects, received a score of 3.1 against a target of 3.0. For 2025, we are raising this target to 4.0. When we started measuring our progress in 2021, our score was 1.7. Improved performance in 'data governance', 'information security' and 'data collection and processing' had a particularly strong impact on the 2024 score. On topics such as 'data ownership', 'metadata' and 'master data', however, there was limited progress or even stagnation. We also identified a growing need for support to help users get the most out of the data platform's new features.

Building a new data landscape

In 2024, we continued our work on the new data landscape that will underpin our data activities. The goal is to allow all our supervisors to access data faster and more securely, making it easier to conduct data-driven supervision. The new landscape's first data products have now been delivered: reports, dashboards and analyses of trends, performance figures and risks. In 2025, our focus will be on setting up a user-friendly cloud data platform to improve the speed and reliability of data creation and use.

Automation of access rights

Despite a number of setbacks, the Identity & Access Management programme also produced its first results in the year under review. The aim of this programme is to automate the management of internal access rights so that employees always have access to the right information, even if they have just started a new role. This should ensure the integrity, availability and confidentiality of all of our digital resources. In practice, however, this is proving to be a more difficult project than expected. In 2025, the majority of critical applications should be connected to the new processes and tools. The programme is expected to be completed by 2026.

> When it comes to **cyber resilience**, we hold ourselves to the same standards as the institutions we supervise

Our cyber resilience

When it comes to cyber resilience, we hold ourselves to the same standards as the institutions we supervise – we too have implemented the information security good practice, and we test our cyber resilience through regular TIBER or red team exercises involving external parties. At the moment, state actors pose a growing a threat to DNB and other central banks. We are also seeing an increase in attacks targeting supply chains. Fortunately, our security measures have proven effective in practice.

Staff

Staff ambition 2020-2025	Progress in 2024	Relevant material themes
We are committed to greater diversity, open dialogue and enhancing our employees' digital skills.	■ New labour market campaign has led to a significant increase in the number of applicants per vacancy ■ Participation target for female employees not yet achieved ■ Unable to assess performance on participation of employees from diverse cultural backgrounds due to lack of figures for 2024 ■ Participation target for employees with a disability partially achieved	■ A diverse and inclusive organisation

New labour market campaign

The new labour market campaign launched at the beginning of 2024 has increased traffic to our job site, werkenbijdnb.nl, which has also led to a rise in the number of applicants per vacancy. The number of visitors to the job site increased by 50%, from 123,986 in 2023 to 189,488 in the year under review. Of the 2024 visitors, 3,063 external candidates ended up applying for one of the 348 vacancies that were posted throughout the year. This works out to an average of almost 9 applicants per vacancy, giving us significantly more candidates to choose from than in 2023, when we had an average of 5.5 applicants per vacancy. In the campaign, we tried to tell our story from the perspective of our target groups, using relevant social and professional themes as much as possible. These themes were: Inflation, Cyber & Data, Sustainability & Climate and Money Laundering. In addition, we ran three targeted campaigns to promote the DNB and Data & Tech traineeships, and to recruit security guards for our restricted areas.

Higher Top Employer ranking

In 2024, we moved up in the TEI Top Employers ranking, which each year compares the employment conditions of 61 Dutch organisations. We ranked seventh in the year under review, up three places from 2023. Among the achievements that set us apart were our clear HR strategy, our recognisable leadership vision and our active policy aimed at creating a diverse and inclusive working environment. Areas for improvement included our monitoring of employees leaving the organisation and the digitalisation of our HR processes.

Hybrid teamwork

We introduced new policy to streamline hybrid teamwork ahead of our return to our newly renovated head office in 2025. Employees are expected to work from home for no more than 50% of their working hours and spend as much time as possible at the office. To help people stay connected with their colleagues, the ICT division has developed a new team game with the slogan 'Smart collaboration at DNB'. HR has also launched a collaboration infographic to support teams in optimising their collaborative efforts. Through various events and video messages, we have intensified our internal communication about the social and collaborative opportunities offered by our new premises.

Figure 8 DNB’s renovated head office, operational from January 2025

From impenetrable fortress to a public space

De Nederlandsche Bank is reopening its renovated headquarters in Amsterdam. After almost five years of renovation work, it has become a sustainable building ready for the future and open to all. A building that enables knowledge sharing, collaboration and encounters.

Respecting architect Marius Duintjer’s original design the renovation has made the building part of the city again. Openness and transparency have been restored, strengthening the building’s connection with society and its surroundings.

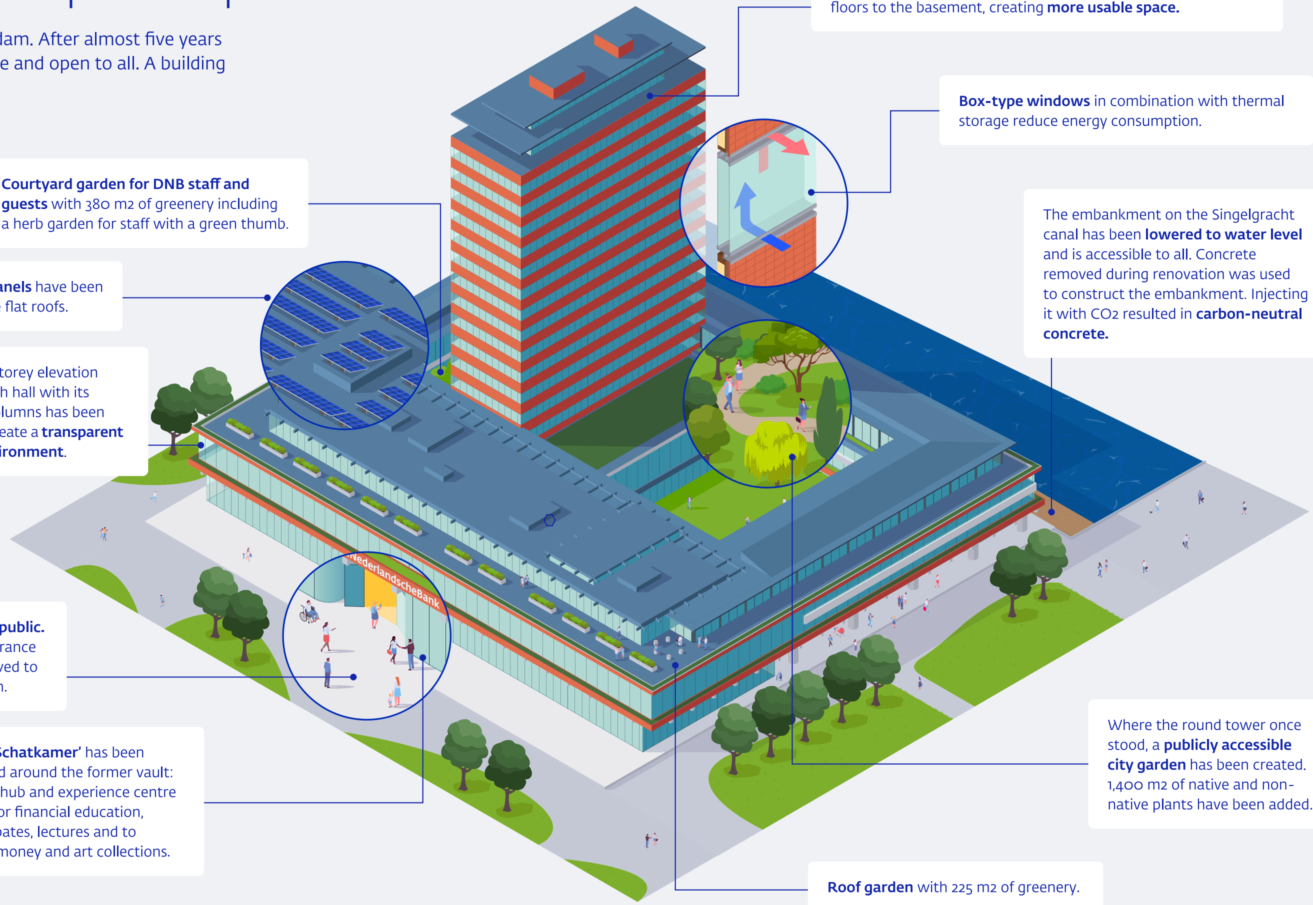
The building’s **WELL Platinum certification** acknowledges the highest standards for quality and well-being for our more than 2,300 staff in the work environment, as reflected in the range of different workstations and the greenery and art found throughout the workplace.

The entire structure has been renovated according to the **BREEAM Outstanding sustainability standard**. By choosing renovation over newbuild, 70,000 tonnes of construction materials were saved, resulting in a 50% lower environmental impact than new construction. Energy consumption and carbon emissions have been reduced by more than 80%.

Everything that was still good has been reused. Office furniture is being reused, wood from old and diseased poplars from Amsterdam has been turned into ceiling slats and concrete removed during the renovation has been used in social housing. Rainwater will be collected and reused.

The greenery provided on and around the building (5,100 m2) boosts **biodiversity.** Solar panels have been installed where possible, and there are sedum roofs. The facade includes 64 nest boxes for bats.

The renovation has been completed **within budget and on schedule.** All renovation-related costs amount to €320 million. This includes greenery and landscaping in and around the building, the rent and renovation of our temporary offices, and the move there and back.



Technical installations have been moved from the 15th and 16th floors to the basement, creating **more usable space.**

Box-type windows in combination with thermal storage reduce energy consumption.

Courtyard garden for DNB staff and guests with 380 m2 of greenery including a herb garden for staff with a green thumb.

1,380 solar panels have been placed on the flat roofs.

The embankment on the Singelgracht canal has been **lowered to water level** and is accessible to all. Concrete removed during renovation was used to construct the embankment. Injecting it with CO2 resulted in **carbon-neutral concrete.**

The double-storey elevation of the old cash hall with its impressive columns has been restored to create a **transparent working environment**.

Open to the public. The main entrance has been moved to Frederiksplein.

‘De Nieuwe Schatkamer’ has been created in and around the former vault: a knowledge hub and experience centre **open to all**. For financial education, seminars, debates, lectures and to discover the money and art collections.

Where the round tower once stood, a **publicly accessible city garden** has been created. 1,400 m2 of native and non-native plants have been added.

Roof garden with 225 m2 of greenery.

Room for development

In our annual employee survey, over three-quarters of respondents (78%) said they felt that DNB gave them enough room to develop their skills and knowledge. This is similar to 2023, when 77% said they were satisfied with their development opportunities. Employees' motivation to actually work on their own competences has also remained stable, with 89% saying they were motivated to do so compared to 90% in 2023.

Development of digital skills

Using the digital skills framework My DSF, team scans were conducted to encourage the ongoing development of digital skills by helping teams to identify the skills they already possessed as well as those they wanted to develop. The teams then drew up development plans tailored to the needs of their members and the tasks they were facing. Meanwhile, HR paid a lot of attention to the implementation of Microsoft 365 and the possibilities offered by the apps on this platform, such as serious games for former Office applications and training courses for the Power Apps, such as PowerBI. These courses focus not only on digital skills, but also on how to work together with colleagues using these new applications.

Diversity and inclusion

Achieving our diversity and inclusion targets is a sign that we are moving in the right direction, but we are not there yet.

Gender balance – In 2024, 40.8% of our managers were women, below our target of 42%. Nevertheless, progress has been made: in 2023, only 37.7% of our managers were women. This should reach 44% by the end of 2025, after which we will aim to add 2 percentage points each year until we reach 50% by 2028. For the workforce as a whole, we are aiming for a 50-50 gender balance by 2027 – an ambitious goal given the fact that only 41.3% of our employees were women in 2024, against a target of 44%. We will need to make a concerted effort to close this gap and reach 46% in 2025.

Box LGBTIQ+ inclusion at DNB

In 2024, we made a big leap up the Workplace Pride Global Benchmark, which provides insight into LGBTIQ+ inclusion in the workplace. Our score of 88% earned us 'Ambassador status' (this requires a minimum score of 70%). Already one of the top employers among the 140 or so participants, our ambition for next year is to achieve 'Advocate status', the benchmark's highest level.

We were also nominated for two major awards: the Media Outreach Award, for our photo campaign 'Invisible Barriers, Visible Pride', and the Game Changer Award for the versatility of our Queer & Pride Amsterdam programme. The latter is an audience award. Although we did not win these awards in the end, the programme can still be considered a success. For example, a panel discussion entitled 'From leading the pack to lagging behind?' on LGBTIQ+ inclusion in the Netherlands and at work, featuring internal and external speakers, drew a full auditorium.

Cultural diversity – We have no new figures for 2024 on the proportion of employees with a (partial) non-Dutch background, as we switched to a different methodology to measure our cultural diversity. From now on, this will be done on the basis of a voluntary and anonymous employee survey, which will be rolled out across DNB in the first half of 2025.

Occupational disabilities – We have partially achieved our targets for the participation of employees with disabilities. We are behind target for employees covered by the Jobs Agreement: with 18 participation FTEs (25.5 hours per week) in 2024, we did not meet our target of 24. When it comes to employees with a disability not covered by this agreement, but who still need intensive guidance and/or an adapted workstation in order to ensure their long-term employability, we had 20 participation FTEs in 2024, well above the target of 15. This brings the total number of colleagues with a disability to 38, against a target of 39. In order to accelerate the recruitment of colleagues covered by the Jobs Agreement, the Executive

Board decided to set specific targets for each of DNB's domains (Central Bank, Supervision & Resolution and Internal Operations). Each domain has also been assigned a designated contact person tasked with raising awareness of these targets and monitoring progress. By the end of 2025, we aim to have 27 employees covered by the Jobs Agreement.

Box Initiatives for colleagues with occupational disabilities

We want to make it as easy as possible for employees with a disability to do their jobs, which is why 60 of our employees have already completed HARRIE training. HARRIE is the personification of the employee who supports colleagues with a disability in the workplace and helps them overcome potential obstacles in their daily work. HARRIE stands for '*Hulpvaardig, Alert, Realistisch, Rustig, Instruerend en Eerlijk*' (Helpful, Alert, Realistic, Calm, Instructive and Honest).

In 2024, we launched (On)beperkt DNB, a network committed to workplace inclusion for people with a work-related disability or limitation. Network members represent the interests of people with disabilities, and they share experiences and support each other in striving to be the best they can be. Colleagues with disabilities were also involved in the design process of our new head office to make it an accessible and comfortable workplace for everyone.

Cost-consciousness

Cost-consciousness ambition 2020-2025	Progress in 2024	Relevant material themes
Greater cost-consciousness and extra emphasis on operational management will boost effectiveness and improve insight into the results achieved.	■ New DNB Strategy developed and presented ■ Adopted public body cost framework 2025-2028 ■ Future-Proof Supervision project completed: implementation can go ahead according to schedule in 2025 ■ Implementation of Monetary Affairs transformation programme on track ■ Process architecture development resumed after pause	N/A

DNB Strategy 2025-2028

In 2024, we developed a new strategy for the years 2025 to 2028. Our mission remains the same: we are committed to safeguarding financial stability and thus contribute to sustainable prosperity in the Netherlands. But because the environment in which we do our work is subject to constant – and rapid – change, it is vital that we regularly re-evaluate *how* we can best fulfil this mission. While the DNB2025 strategy has six ambitions, which are also reflected in the six sections of this chapter, the new strategy is based on four pillars:

1. Independent and authoritative as a central bank, supervisory authority and resolution authority
2. Open and involved in society
3. Adaptive and proactive for and thanks to our employees
4. Effective and efficient as an organisation

We have used the OGSM methodology – Objective, Goals, Strategies and Measures – in our internal governance since 2023. As the new strategy will determine our plans for 2025 and beyond, it has been used as the basis for DNB OGSM 2025, its first practical translation. This DNB-wide OGSM will serve as a starting point for the OGSMs of all the individual organisational units as they flesh out their plans, anchoring the strategy in the regular governance cycle. The new strategy was developed on the basis of an environment scan, with the broad involvement of the Executive Board, the Supervisory Board, divisional directors and the Employees Council.

New cost framework for public body tasks

The Minister of Finance has adopted a new public body cost framework for the years 2025 to 2028, which sets out the maximum annual cost of our supervisory, resolution and deposit guarantee tasks over this period. For 2025, this is €277.4 million. Of the total expansion of tasks and intensifications in 2025, we are absorbing €12.8 million within the cost framework while temporarily intensifying €8.5 million for activities related to the Future of Pensions Act (*Wet toekomst pensioenen – Wtp*). A €5.6 million expansion of the cost framework has been allocated for a limited number of new tasks related to the Digital Operational Resilience Act (DORA), the AI Regulation and the Insurance Recovery & Resolution Directive (IRRD). The absorption of almost €13 million within the cost framework will be achieved through a combination of efficiency gains, expenditure reductions and annual risk-based re-prioritisation of work activities (see also 'Future-Proof Supervision project'). This has limited the expansion of the cost framework compared to previous years to the aforementioned new tasks. Other new tasks – such as the European AMLD package, extensions of the sanctions regime, the Funds Transfer Regulation (FTR), the Markets in Crypto-Assets Regulation (MiCAR), the Third Payment Services Directive (PSD3) and the final package of Basel rules for banks – will be accommodated within the existing frameworks. For the cost framework, an in-depth external study was conducted on the digital strategy for our public body tasks. This strategy will remain in place in the period ahead. Its scope will remain roughly the same.

Future-Proof Supervision project

To keep our supervisory organisation future-proof, we recalibrated every part of our core supervisory task in 2024, moving towards a more effective, efficient and agile supervisory organisation. Reducing the number of divisions while increasing their size will streamline coordination and cross-divisional collaboration. Larger divisions will also make us more agile, as they will be better equipped to respond to new developments and have more capacity to commit to revised priorities. By strengthening domain management within our supervision, we will also be able to make more effective and efficient use of our scarce supervisory capacity and quickly adjust to new developments. In order to achieve further synergies, our expertise in business models, governance and behaviour will be made more sector-specific.

Monetary Affairs transformation programme

With last year's implementation of the transformation programme for the Monetary Affairs domain (our central banking and statistics functions), we are well positioned to remain an influential and decisive player in areas related to our core themes. Given the fast-changing world around us, with its shifting geopolitical landscape and rapid technological advances, achieving this ambition will require effort. It is therefore important that we stay agile, continue to engage intensively with our stakeholders and remain mindful of the need to do our work efficiently and effectively, including by keeping our work processes, operations and data use and management in order – these are the main focus areas of our transformation programme. Based on this programme, we worked on several cross-divisional themes in 2024. We also involved various external stakeholders in these activities, for example seeking input from outside experts for our study on geopolitical fragmentation. Meanwhile, our internally developed stakeholder engagement methodology has gained wider application within the Monetary Affairs domain, and is now also used for components of the Payments division. Furthermore, we achieved all of our objectives related to developing and describing work processes, including setting KPIs. Steps were also taken in the area of data: data maturity, a measure of Monetary Affairs' progress in implementing data-driven working methods, has improved significantly. According to our own measurement methodology, the domain's data maturity score increased by 0.8 points, to 3.1. The target for 2024 was a score of 3.0. Within the Monetary Affairs domain, interdepartmental cooperation was further strengthened in the areas of planning and control, information management and operational risk management. As a result, reporting and working methods have been standardised wherever possible. The transformation programme will remain in force in 2025 and 2026.

Process-oriented working

Efforts to enhance process-oriented working, especially across organisational units, were suspended in mid-2024 in response to internal audit findings and other internal signals. The results of a subsequent analysis showed that there was sufficient support to restart the improvement drive. The desired end-to-end elaboration of all 21 key operational processes identified within the framework of the process architecture – ranging from 'Assessing applications to enter or exit the financial market' to 'Formulating policy advice and influencing policy' – at Level 3 has thus been achieved as far as possible. The objective of attaching KPIs, risks and applications to each process has been pushed back to the first half of 2025.

Cost developments in 2024

The actual cost of performing our core tasks in 2024 was €548.6 million, below our budget of €555.7 million. Adjusted for the cost of banknote production, this results in a total underrun of €2.9 million in our regular budget: a €1.1 million underrun for the performance of our public body tasks and a €1.8 million underrun for the performance of our monetary tasks. The underrun can be partially attributed to lower than budgeted hiring and staff costs, reduced spending on the Monetary Affairs transformation programme and cost savings related to our usage of ESCB ICT systems.

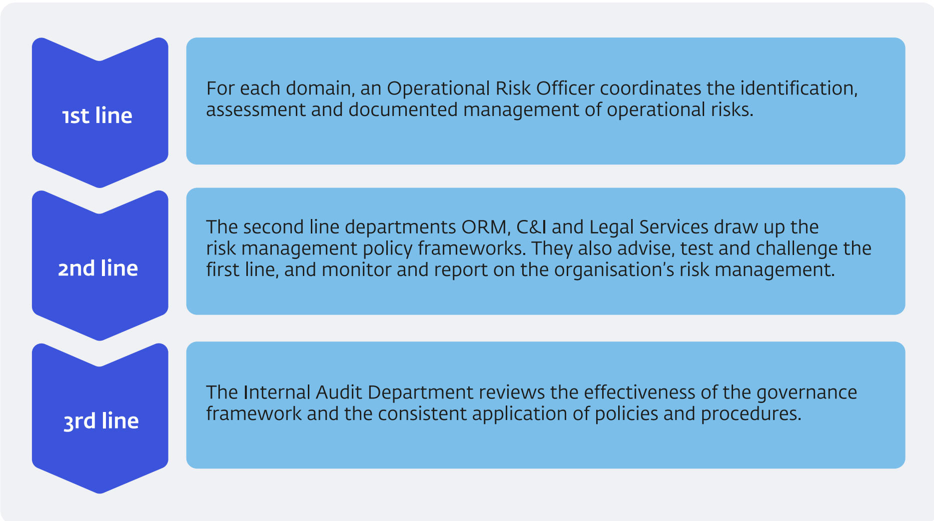
A more detailed account of how we performed our public body tasks can be found in our Dutch-language 2024 independent public body report (*Zbo-verantwoording 2024*).

Risk management

Operational risk management within DNB

Our operational risk management (ORM) is structured according to the Three Lines Model, which is embedded in our ORM framework. We define operational risk as the probability of an event occurring that would have a negative impact on our finances, operational objectives or reputation due to inadequate or failing internal operational processes, people and systems, or as a result of external events.

Figure 9 Three Lines Model



Managing operational risks is an ongoing process. Risk assessments are periodically carried out at the level of organisational objectives, processes and major projects and changes. This involves recording the risks and, if required, introducing management measures. The effectiveness of key management measures is subject to periodical review as well, and adjustments are made where necessary. Once every quarter, the Operational Risk Board (ORB) reports on key current operational risks, risk management and incidents. The ORB consists of first- and second-line representatives and is mandated by the Executive Board to accept and monitor operational risks. If the risk appetite is exceeded and there is a red residual risk, this can only be accepted by the Executive Board itself, based on advice from the ORB.

Improved risk reporting process

Over the past year, we have improved our approach to risk management by explicitly assigning risk accountability to the first line. From the second quarter of 2024, business units will report on their own risk management by domain, after which these reports will be consolidated into a DNB-wide risk picture. Making the first line responsible for its own risk accountability creates more room for risk ownership, while promoting first-line involvement in and responsibility for risk management. The second-line Operational Risk Management (ORM) department is responsible for aggregating reports to the organisational level. Each quarter, ORM prepares a comprehensive and coherent DNB-wide report, which is discussed by the ORB.

Revised risk taxonomy

Our risk taxonomy was also revised last year, resulting in an updated set of critical risks relevant to DNB, including in light of current threats.

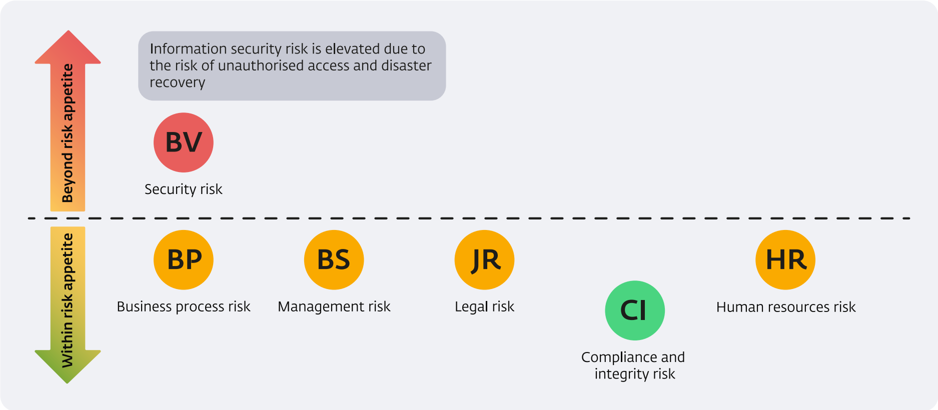
Revised risk appetite

In line with our new risk taxonomy, we have also revised our risk appetite. Our risk appetite statement sets out our willingness to accept risks. Whereas previously each risk category had its own risk appetite, we will now use a new risk appetite methodology in which the same standard is applied across all risk categories. Using a risk matrix, risk scores will be determined based on likelihood and impact, ranging from 'very low' to 'very high'. These scores can then be compared to our risk appetite to assess whether any follow-up action needs to be taken. This new methodology, to be introduced in the first half of 2025, will make it easier to identify and prioritise key risks.

Risk assessment and risk appetite

The risk score for each category is shown in Figure 10. The effectiveness of our risk management is continuously monitored so that additional measures can be taken in a timely manner where necessary. Elevated risks that are (or may be) outside of our risk appetite are discussed and monitored by the Risk Coordination Board (RCB) and the ORB. With the exception of security risk, we managed to keep our risk profile within the parameters of our risk appetite in 2024.

Figure 10 DNB risk categories and risk appetite



In the year under review, security risk[2] remained a key operational risk. Confidentiality, integrity and the availability of information are key building blocks for us in the performance of our tasks. They require secure, timely and reliable information provision and processing.

To be resilient against cyberthreats and ensure a high level of information security, we have set up various programmes and control measures:

- The #zeker awareness programme runs campaigns to make employees aware of the vulnerability of information and how to secure it.
- The Identity and Access Management (IAM) programme works to further improve the security of access to systems and information.
- The Disaster Recovery programme aims to prepare the organisation for total or partial system failure, and to ensure rapid recovery.
- These efforts are supported by the DNB-wide business continuity management programme launched at the end of 2024
- Work is also underway to increase the maturity level of the information security good practice.

In addition, we structurally monitor all existing control measures and take action where necessary to effectively manage risks. In tandem with our focus on policy and technical measures, we continually strive to strengthen our soft controls, such as our risk culture and risk awareness.

2 See Annex 3 for descriptions of the various risks.

Operational risk incidents

Of the approximately 1,000 incidents reported in 2024, 21 exceeded our risk appetite. To minimise the likelihood of recurrence, measures have been taken to address the specific causes of each of these incidents.

Operational incidents and their follow-up are recorded and handled centrally, in accordance with our incident management process. As a learning organisation, we continue to work towards an open reporting culture and continually emphasise the importance of reporting operational incidents.

Financial overview

As expected, DNB made a loss for the second year in a row in the year under review. This is because, despite the ECB's interest rate cuts in 2024, our interest expenses exceeded our interest income. We do, however, expect losses to diminish gradually over the years ahead. Based on currently expected interest rate trends, our buffers should be adequate to absorb expected losses, although this is still subject to uncertainty.

Euro area inflation reversed towards the 2% target in 2024. To achieve this, the Governing Council of the ECB cut the policy rates by 100 basis points during the year. While falling interest rates have depressed our interest expenses, interest income still lags behind expenses due to the monetary policy pursued, resulting in a loss. Losses are bound to last several more years, and we expect our financial result to remain in negative territory through 2027. The losses will not hamper the performance of our core tasks in any way. The recent changes in monetary policy, such as the cessation of reinvestment in purchase programmes and the expiry of long-term refinancing operations (TLTRO-III loans), are reducing our exposures and are expected to depress losses in the coming years. In line with our capital policy, we will restore buffers as soon as we start making a profit. This section discusses our profit, costs, exposures, risks and buffers, as well as our capital position. Lastly, it covers our sustainable and responsible investment policy.

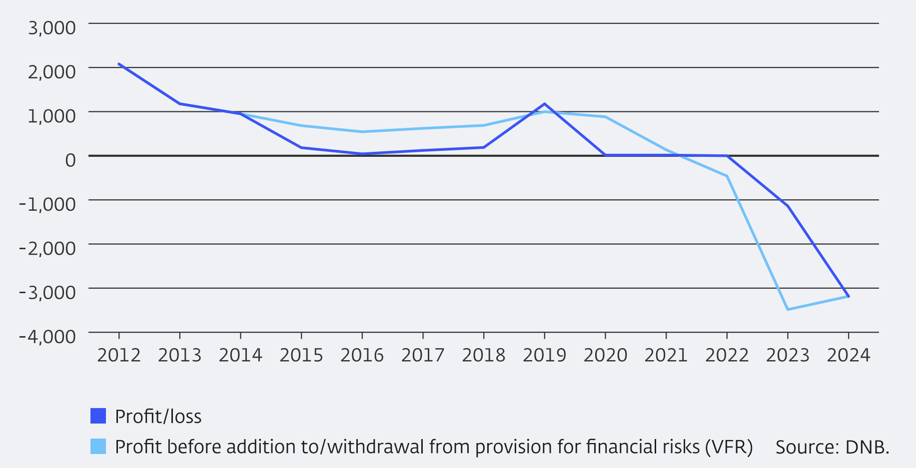
Profit developments

The loss for 2024 is €3,194 million. The loss is charged to capital and reserves (see Figure 11). Due to the loss we are refraining from distributing any dividends, in line with our capital policy which was reviewed with the shareholder in 2023.

Generating a €3,173 million loss, monetary operations made the largest contribution to our negative result. The rise in policy interest rates in 2022 and 2023 to curb historically high inflation has meant that, despite interest rate cuts in 2024, the remuneration we paid on the deposits banks hold with us exceeds the interest income on long-term bonds under the purchase programmes and under Open Market Operations (OMOs). Interest income on OMOs is lower as it is linked to the accommodative monetary policy conducted previously, when inflation moved below the 2% target. Income on the OMOs declined in 2024 as TLTRO III loans expired, while bonds were acquired under the purchase programmes at low rates. The recent interest rate cuts do, however, reduce losses on monetary operations. The Eurosystem conducts its monetary operations jointly (see Box 'Monetary operations').

Figure 11 Long-term profit development

EUR millions



Source: DNB.

Box Monetary operations

The Eurosystem's monetary operations consist of liquidity provision, purchase programmes and the Transmission Protection Instrument. Liquidity is provided to banks through open market operations (OMOs), for the shared account and risk of the Eurosystem central banks and against adequate collateral. Besides regular, short-term liquidity provision, we conduct targeted longer-term refinancing operations (TLTRO III) with banks to support credit growth and the last TLTRO III operations were terminated in 2024.

The purchase programmes involve the outright purchases of debt securities on the financial markets to influence market conditions. Although there are no active purchase programmes left after the end of 2024, corresponding exposures remain on the Eurosystem's balance sheet.

The inactive Pandemic Emergency Purchase Programme (PEPP) and Asset Purchase Programme (APP) and the even older Securities Markets Programme (SMP) are gradually expiring. Reinvestments under the PEPP took place until March 2024, and those under the APP were made until July 2023. Most of the purchases under the APP and the PEPP are debt securities issued by the public sector. The programmes do not involve an arrangement for sharing income and risks on these government bonds in the Eurosystem.

The Transmission Protection Instrument (TPI) is designed to counter unexpected market disturbances that pose a serious threat to monetary policy transmission in the euro area. There has been no need to activate the TPI.

€355 million was paid in interest on our non-monetary deposits in 2024. These are deposits arising from our non-monetary tasks that other central banks, central clearing institutions and public institutions hold with DNB at an interest rate equal to or just below the deposit facility rate.

Our own-account investments and IMF receivables made a positive contribution of €611 million to our result in 2024. This is due in part to positive market developments. Owing to price increases, the upper limit of the strategic range for developed-market equity funds and high-yield bond funds was reached. We therefore disposed of some of these funds. This involved a €282 million release of the revaluation reserve, which was added to the result.

Table 1 Breakdown of our profit and loss *

EUR millions

	2024	2023	Difference
OMO	397	1,561	-1,164
CBPP3	126	123	3
SMP	5	9	-4
CSPP	181	220	-39
PSPP	1,242	1,145	97
PEPP	755	430	325
Money market liabilities for monetary deposits	(7,139)	(7,580)	441
Intra-system claims	1,258	854	404
Change in provision for monetary policy operations	2	(2)	4
Total monetary operations	**(3,173)**	**(3,240)**	**67**
Fixed-income securities	145	125	20
Equities	27	(15)	42
Equity funds	272	256	16
High-yield bond funds	7	15	-8
Investment-grade funds	1	1	0
IMF receivables	159	143	16
Total own-account investments and IMF receivables	**611**	**525**	**86**
Money market liabilities for non-monetary deposits	(355)	(485)	130
Total sundry (including expenses)*	(277)	(285)	8
Total release from provision for financial risks	0	2,346	-2,346
Profit/(loss)	**(3,194)**	**(1,139)**	**-2,055**

* See the Financial Statements in this Annual Report more details
** Sundry includes operating expenses, fees and charges paid by supervised institutions and income from participating interests.

Costs

The actual cost of performing our core tasks in 2024 was €548.6 million, below the budget of €555.7 million.[1] Adjusted for the cost of banknote production, there is an underrun of €2.9 million in our regular budget, which concerns the costs of both our independent public body tasks (underrun of € 1.0 million) and our monetary tasks (underrun of € 1.9 million). The underrun is explained in part by lower insourcing for external studies and lower than budgeted staff costs, including for an organisational transformation programme in the Monetary Affairs domain. In addition, costs for ESCB ICT systems used by DNB were lower than budgeted.
A more detailed account of how we performed our public body tasks can be found in our Dutch-language 2024 independent public body report (*Zbo-verantwoording* 2024).

Exposures

Monetary exposures at risk fell to €216 billion in 2024. The €46 billion decrease compared to 31 December 2023 reflects the termination of the accommodative monetary policy pursued in previous years, which reduces exposures under OMO as TLTRO III loans mature. There has also been a decrease in exposures under the purchase programmes. As the Eurosystem stopped reinvesting maturing bonds under the purchase programmes, the portfolios tend to decrease.

1 The total cost of the core tasks differs from DNB's total costs (€552.1 million) stated in the 2024 financial statements (page 95), as allocation of costs to the tasks includes the proceeds of the sale of the Wassenaar property and the rental of the Toorop office building. In the financial statements, this is accounted for under other income.

Table 2 Our monetary exposures by programme and country

The exposures on which we incur a risk are reported. The total may differ from the sum of the exposures for each country and each programme due to rounding differences.

EUR billion

	OMO	SMP	CBPP 1-3	PSPP	CSPP	PEPP	Total
Netherlands	0.0	0.0	1.4	91.8	4.6	66.2	164.0
France	0.1	0.0	4.4	0.0	5.4	0.8	10.8
Germany	0.3	0.0	3.2	0.0	2.4	0.4	6.3
Italy	1.4	0.0	1.0	0.0	1.1	0.2	3.7
Spain	0.0	0.0	1.9	0.0	1.4	0.3	3.6
Other	0.2	0.1	1.9	13.5	2.3	10.0	27.9
Total	**2.1**	**0.1**	**13.8**	**105.3**	**17.2**	**77.9**	**216.3**
Change relative to dec 2023	(21.8)	(0.1)	(1.5)	(12.8)	(1.8)	(8.1)	(46.2)

In 2024, exposures from our own-account investments went up. This is the result of price increases in financial markets, which caused the developed-markets funds and the high-yield portfolio to reach their upper strategic asset allocation limits. We sold some of these funds accordingly.

The foreign currency portfolio consists of high-grade government and semi-government bonds. The self-managed foreign currency portfolio serves to intervene in financial markets. Our participations in equity and corporate bond funds are externally managed. Table 3 shows the composition of our own-account investments. Besides own-account investments, we have exposures through receivables from the IMF. The IMF receivables are broken down in the notes to the balance sheet under '2.1 Receivables from the International Monetary Fund (IMF)' on page 103.

Table 3 Composition of own-account investments and IMF receivables

EUR billion

	31-12-2024	31-12-2023	Difference
Foreign currency denominated fixed-income securities	4.8	4.3	0.5
Equity funds	2.1	2.1	0.0
Equities	0.8	0.7	0.1
High-yield bond funds	0.4	0.4	0.0
Investment-grade bond funds	0.5	0.5	0.0
IMF receivables	4.9	5.1	-0.2
Total	**13.5**	**13.1**	**0.4**

Risks and buffers

Exposures on DNB's balance sheet lead to financial risks. The total calculated risks that DNB faces fell by €6.1 billion to €11.2 billion in 2024. The aggregate risk on DNB's balance sheet largely consists of interest rate risk, which results from the difference between the maturity of our assets and that of our liabilities. We determine the extent of interest rate risk by projecting an scenario that is extreme but plausible compared to current market expectations, with sharply rising key policy rates. With the cessation of reinvestment in purchase programmes and the expiry of TLTRO III loans, defining the stress scenario requires fewer assumptions than in recent years. We therefore choose to determine the stress scenario this year using standardised sources in line with market standards, such as the Survey of Monetary Analysts published monthly by the ECB, rather than having a panel of monetary DNB experts prepare the scenario, as was the case in previous years. Periodically, we review whether the panel option should used again. In our stress scenario, inflation remains above the 2% target level for much longer than expected. Policy interest rates in this scenario are therefore structurally above current market expectations. We calculate interest rate risk by adding up the stress scenario losses for the coming years. As at year-end 2024, these losses total €7.8 billion. The main reason for the decrease in interest rate risk is a mechanical one, as the loss for 2024 no longer contributes to total losses. The remainder of the decrease is mainly because interest rates during 2024 were lower than assumed in the stress scenario a year ago.

In addition to interest rate risk, the monetary operations also give rise to credit risk. The credit risk of €2.6 billion on monetary operations decreased slightly, and largely results from the asset purchase programmes. Lending to banks through OMOs only contributes to credit risk to a limited extent, as we require adequate collateral in these operations. The interest rate and credit risks associated with the purchase programmes will remain high for many years to come. This is due to the large size and long average remaining maturity of the bonds purchased under the various programmes.

We also have exposure to market and credit risks on our own-account investments. In 2024, these risks remained virtually unchanged. We maintain a low risk profile for the foreign currency portfolio, using forward exchange contracts to hedge most of the currency risk. The currency risk on the IMF receivables, which are expressed in a basket of international currencies (special drawing rights – SDRs), is also hedged.

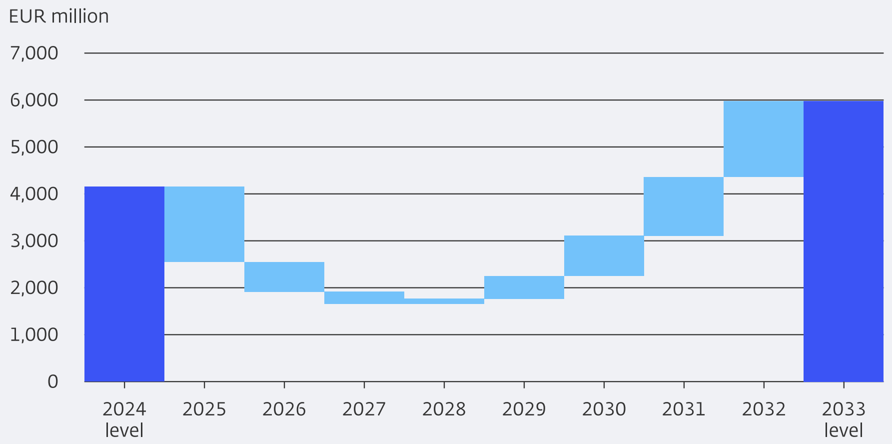
We use proprietary risk models to determine the size of our risks. We apply harmonised guidelines for the governance of these models, which, as in previous years, were validated in 2024 by experts from our supervisory divisions who were not involved in their development.

Our gold reserves are part of the official foreign reserves that we manage for the State of the Netherlands under the Bank Act. The gold stock, amounting to 612.45 tonnes, worth €49.4 billion as at year-end 2024, serves as an anchor of confidence should systemically disruptive events occur. Gold is ideally suited to cover ultimate systemic risks because its value tends to increase in times of financial stress. This concerns situations in which public trust in cash is no longer a given. Gold can play an important role in supporting trust in the State of the Netherlands and in the euro. Measured by the gold-to-GDP ratio, we are in the top ten gold-holding countries and therefore have a strong anchor of confidence. The gold revaluation reserves serve to absorb negative price shocks. For this reason, revaluation reserves and the gold price risk fall outside our capital policy and regular risk analyses. We manage the gold reserves passively.

Capital position

The loss of €3,194 million for 2024 is charged to capital and reserves in full. Based on the expected interest rate developments as priced by the financial markets, we anticipate further losses over the coming years. From 2028 onwards we expect to return to profitability and see our buffers grow again. The development in our buffers which we currently expect is shown in Figure 12, but is subject to considerable uncertainty. While, as at year-end 2024, we expect cumulative losses to be smaller than capital and reserves, Uncertainties around future interest rate developments could cause cumulative losses to exceed capital and reserves. This is because our cumulative losses are highly dependent on interest rate developments. Large losses or indeed a capital deficit will not hamper our activities, meaning there is no going concern risk, as with commercial banks. That said, DNB must be sufficiently profitable in the long term to conduct monetary policy in an efficient and credible manner without compromising its independence and credibility. This is also in line with the Eurosystem Statute.

Figure 12 Estimated development of DNB's buffers over the next 10 years



There is little scope to replenish our buffers from profit in the short term. A central bank's profitability is primarily determined by the privilege of issuing money in the form of banknotes. After all, central banks pay no interest on these issued banknotes. As they issue banknotes, they build up assets which generally yield positive returns. This income, known as seigniorage, results in a profit for central banks. Currently, our losses on monetary operations exceed profits from seigniorage. In the future, however, once the previously purchased monetary portfolios have largely disappeared from our balance sheet, the profit contribution from seigniorage is expected to dominate again.

Table 4 Our exposures, risks and buffers

Exposures involving risks for DNB, excluding gold and intra-system exposures.

EUR billion

	31-12-2024	31-12-2023	Difference
Total exposures	**229.8**	**275.5**	**-45.8**
Monetary exposures	216.3	262.4	-46.2
Own-account investments and other portfolios	13.5	13.1	0.4
Total risk* **	**11.2**	**17.5**	**-6.1**
Risk under VFR**	9.2	15.2	-6.1
Other risks	2.1	**2.3**	-0.1
Risk buffer	**4.2***	**7.3**	**-3.2**
VFR	0.0	0.0	0.0
Capital and reserves	4.2*	7.3	-3.2

* It is a resolution of the shareholders' meeting to charge the loss to capital and reserves. The balance sheet shows capital and reserves before appropriation of the result.

** Provision for Financial Risks

*** The risk under the VFR consists of the interest rate risk and the credit risk on purchases in the active asset purchase programmes APP and PEPP, excluding exposures to the Dutch government. All other risks, including the risks from other purchase programmes, own-account investments and liquidity provision to banks (OMOs), are covered by capital and reserves.

Own-account investments

Since 2021, we have had a dual investment target for our own-account investments (around €8.6 billion as at 31 December 2024). This means we aim to achieve both robust financial returns and positive value creation for environmental and social issues (see Sustainable and responsible investing at DNB). Around half of these investments are in self-managed bonds issued by (semi-) sovereigns, supranational organisations and agencies. We also invest in equities and corporate bonds through externally managed funds and a developed-markets equity mandate.

Governance

The Executive Board, after consulting the investment advisory committee, decides once every three years on the strategic asset allocation for our own-account investments. The committee consists of experienced internal and external members appointed by the Executive Board. From 2024, the investment advisory committee will be chaired by an Executive Board member. The committee also advises the Asset Management Department on the development and implementation of the SRI policy. Likewise chaired by an Executive Board member, the Risk Management Committee monitors financial risks, including climate-related risks, from an overall balance sheet perspective and advises the Executive Board on these risks.

Strategy

In our net zero roadmap DNB sets out how we bring our investments into line with the Paris Agreement (see Figure 13). We chose this target because the Netherlands is committed to the Agreement and this target is in line with practices at many financial institutions. In 2024, we worked on selecting the managers of the last two of the three developed-market mandates, which are expected to be implemented in 2025. Furthermore, we met our target of holding more than 20% in green bonds in self-managed portfolios by 2024. We will expand this target in 2025 to include other sustainable and social bonds under the target. For the first time in 2024, our voting and engagement manager voted on behalf of DNB at shareholder meetings of enterprises within the equity mandate and engaged with them. We initiated a dialogue with external asset managers on net zero alignment reporting and coal phase-out. Further, we actively contributed to the development of SRI by central banks in the Eurosystem context and as part of the the NGFS, including through publication of the report Sustainable and responsible investment in central banks' portfolio management - Practices and recommendations.

In 2025 we plan to update our SRI policy and set our strategic asset allocation (SAA) for 2026-2028. In doing so, we will be examining how to reflect our 'sustainable prosperity' mission even more broadly into our own-account investments. This examination will be based in part on the United Nations' framework of Sustainable Development Goals (SDGs). An area of specific focus is the impact of geopolitical risks, which are putting increasing pressure on sustainable prosperity. Accordingly, we will explore the options for designing an equity portfolio focused on resilience, in line with developments in society related to heightened geopolitical risks. The SAA is the process in which we determine the best possible composition of own-account investments by conducting quantitative analysis. Besides the expected risk and return for each asset class, the SAA is set on the basis of the performance of the asset classes in different climate scenarios and the extent to which sustainability impacts can be made. Other priorities for 2025 include engaging in a dialogue with our external managers on climate, finalising the framework for measuring climate risks of government bonds and developing a net zero approach for investment-grade corporate bonds.

Figure 13 Progress on the net zero roadmap in 2024

Target 2030	**Equity and corporate bond investments have been aligned with the Paris Agreement, and the carbon footprint of these portfolios has been reduced by 50% compared to the base year (2019). Setting this target should contribute to real reductions in carbon emissions, not just lead to a cleaner portfolio.**			
	Internal portfolios	**External portfolios**		
	Government bonds	**Equities** Developed markets Discretionary mandates	**Corporate bonds** IG and HY Funds	**Equities** Emerging markets Funds
Progress towards objective in 2025	■ **We invest more than 20% in green bonds in line with our target.** In 2025, we will expand our target to include green, social and sustainable bonds. ■ **We will develop a framework** to measure climate risks and opportunities within our sovereign bond investments using PRI guidelines in 2025.	■ **We explicitly steer towards carbon reduction targets.** We have implemented one mandate and will create two mandates for our remaining investments in 2025. Like the current mandate, they will start with a 50% lower carbon footprint compared to the market, steering towards a 7% annual average carbon footprint reduction. ■ **As part of our equity mandate, we invest** in enterprises that are taking steps to meet the targets of the Paris Agreement, or that are engaging in activities that contribute to accelerating the transition (see Objectives and indicators). ■ **As part of our equity mandate, we engage in dialogue** with polluting companies to encourage them to reduce their carbon emissions further. We also exercise our voting rights to emphasise the need for transparent and ambitious transition plans. We do this through a voting and engagement manager (see Objectives and indicators). ■ **As part of our equity mandate, we exclude enterprises that (i)** are involved in the production of or trade in controversial weapons or produce tobacco (ii) violate the UNGC principles, the OECD guidelines or any of the six EU DNSH principles, (iii) are dependent on fossil revenues and are not taking adequate steps to make the transition. The permitted revenue thresholds are (i) 1% for coal, (ii) 10% for petroleum and (iii) 50% for natural gas.	**We engage in dialogue with our fund managers about climate-related risks (phasing out coal-related investments, and monitoring/ reporting in line with IIGCC):** ■ All external corporate bond fund managers have formulated coal policies, and half are steering towards phasing out. Exposure to coal* in these investments is less than 1% at 31 December 2024. ■ Half of external managers report on Paris Agreement targets in line with the IIGCC framework, and half have committed to do so.	**We engage in dialogue with our fund managers about climate-related risks (phasing out coal-related investments, and monitoring/ reporting in line with IIGCC):** ■ Half of external emerging market equity fund managers have formulated coal policies, and none are steering towards phasing out. Exposure to coal* in these investments is less than 1% at 31 December 2024. ■ Half of external managers have committed to report on Paris Agreement targets in line with the IIGCC framework.
Target 2028	Where possible, we invest in governments that are committed to the Paris Agreement.	We have reduced the carbon footprint of our equity portfolios by at least 50% compared to the base year (2019).	We explicitly steer towards carbon reduction targets in line with the Paris Agreement commitments.	We explicitly steer towards carbon reduction targets in line with the Paris Agreement commitments.

* Based on Urgewald's Global Coal Exit List 2024

Risk management

We conducted a new climate stress test for our own-account investments in 2024 and expanded the 2023 analysis of nature-related risks and dependencies to include all externally managed investments. The climate stress test helps us understand the short- and medium-term risks of climate change to our own-account investments, but its results are surrounded by substantial uncertainties. What the results do make clear, however, is that DNB's balance sheet is sensitive to abrupt changes in inflation, partly due to the materialisation of climate risks, which translate into interest rate shocks. For nature-related risks, we expanded an analysis of potential risks and dependencies carried out at the sector level for two portfolios in 2023 to include all investments in equities and corporate bonds. This shows that around 28% of our equity and corporate bond investments are allocated to 'priority sectors' as defined by the Taskforce for Nature-related Financial Disclosures – these are sectors with material dependencies and impacts on nature. These percentages correspond to benchmarks for these asset classes. We will use these insights to further analyse the impacts and dependencies on nature in our own-account investments.

Figure 14 Percentage of own-account investments in priority sectors

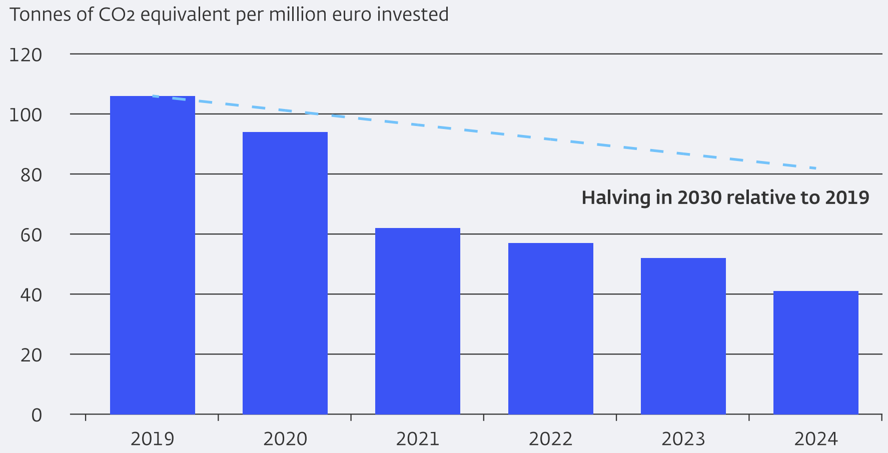
	Total	Equities	Corporate bonds
Portfolio size EUR million	**3,825**	2,890	935
Data availability Percentage	**97.4%**	99.7%	90.1%
Allocated to priority sectors Weighted percentage	**28.1%**	28.5%	26.4%
Priority sectors with largest allocation (NACE level 4)	**Semiconductors and semiconductor equipment (8.9%)** **Utilities (3.2%)** **Transport (2.5%)**	Semiconductors and semiconductor equipment (11.1%) Chemicals (2.6%) Transport (2.4%)	Utilities (7.9%) Oil, gas and consumable fuels (3.7%) Transport (2.9%)

* Based on ISS data

Objectives and indicators

The carbon footprint (scope 1 and 2) of our investments in equities and corporate bonds decreased in line with the Paris Agreement, to 61% compared to the 2019 baseline year (see Figure 12). This puts us on track for the 50% reduction target by 2030 (see Figure 15). The carbon footprint of investments is affected by both financial factors and actual emissions reductions by enterprises in our investment portfolio (see Annex About this Report - Definitions and assumptions for reported indicators). Analysis shows that carbon footprint reductions between 2019 and 2024 were mainly driven by financial factors, such as changes in relative allocations to enterprises and rising enterprise values, and to a lesser extent by actual carbon emissions reductions made by these enterprises. We aim to achieve real emissions reductions in line with our net zero roadmap.

Figure 15 Carbon footprint



The reduction was calculated on the basis of MSCI data, as these data are also used by our external fund managers. relative to the data from ISS used in the Eurosystem for reporting CO_2 indicators (see table 5), the carbon footprint using MSCI data is almost unchanged. See Annex 2 About this report for further notes, under 'Definitions and assumptions for reported indicators' and 'Method and data collection'.

Source: DNB.

Compared to 2023, carbon emissions from supranational institutions and agencies, equities and corporate bonds decreased (see Table 5). Including indirect scope 3 emissions provides a more complete picture of total emissions as institutions' indirect emissions are included. If we include scope 3 emissions, emissions are considerably higher. At the same time, scope 3 data are generally less accurate than for scope 1 and 2 because many institutions do not self-report their scope 3 emissions, forcing our data supplier to provide estimates. This inaccuracy is expected to reduce in the years ahead. (See Annex - Method and data collection).

Table 5 Carbon emissions from enterprises, supranational institutions and agencies

		Total	SSA	Corporate bonds	Equities
Portfolio size* EUR million	2024	**5,841**	2,021	935	2,885
	2023	**5,276**	1,685	892	2,699
	2022	**4,513**	1,607	980	1,926
		Scopes 1 + 2 | Scopes 1 + 2 + 3	Scopes 1 + 2 | Scopes 1 + 2 + 3	Scopes 1 + 2 | Scopes 1 + 2 + 3	Scopes 1 + 2 | Scopes 1 + 2 + 3
Total absolute carbon emissions Tonnes of carbon equivalents	2024	**137074 | 1657789**	29 | 80443	49223 | 496264	87823 | 1081082
	2023	**194139 | 1713553**	384 | 19977	75065 | 606239	118690 | 1087337
	2022	**171711 | 1447030**	1433 | 20499	84728 | 573373	85551 | 853159
Carbon emissions per EUR million invested (carbon footprint) Tonnes of carbon equivalent/ EUR million	2024	**31 | 369**	0 | 72	78 | 786	32 | 394
	2023	**41 | 358**	0 | 15	105 | 848	44 | 404
	2022	**44 | 368**	1 | 16	112 | 761	46 | 454
Revenue-weighted carbon emissions (WACI)** Tonnes of carbon equivalent/ EUR million	2024	**74 | 1093**	0 | 1242	151 | 1375	86 | 968
	2023	**103 | 887**	4 | 317	226 | 1541	120 | 1004
	2022	**110 | 934**	6 | 335	248 | 1389	126 | 1166
Data availability*** Weighted percentage	2024	**77%**	55%	68%	95%
	2023	**91%**	82%	80%	100%
	2022	**87%**	81%	77%	97%

Source: ISS (data on emissions, revenue and enterprise value including cash (EVIC))

* Portfolios size as at 31 December 2024.
** WACI represents emissions per million euro of revenues of the underlying issuers.
*** Data availability is the same for scope 1+2 and scope 1+2+3.

See Annex 2 About this report for explanatory notes on definitions and assumptions for reported indicators, data and methods.

Total carbon emissions from sovereign bonds decreased compared to 2023 (see Table 6). Relative carbon emissions also declined, partly due to asset reallocations and GDP growth/contraction in the countries in which we hold sovereign bonds. The average carbon emissions of these countries have remained almost unchanged.

27% of self-managed investments in (semi-) sovereigns, supranational organisations and agencies were allocated to green bonds, meaning we achieved our target of at least 20%. In addition, 5% is invested in social and sustainable bonds, 3% of which are social and 2% sustainable. Overall, investments in thematic (green, social or sustainable) bonds increased by about €200 million in 2024.

DNB has outsourced voting and engagement to a voting and engagement manager, who operates on the basis of generally accepted good governance codes and arrangements made under the Paris Agreement. Our voting and engagement manager voted at all shareholder meetings of the enterprises within the equity mandate. Overall, 5% of all management proposals were voted against, predominantly on topics related to board composition and remuneration. 6% of the proposals that could be voted on in 2024 had been submitted by shareholders. 37% of these proposals were voted ‘in favour’. The supported proposals mainly concern improvements of reporting, corporate governance and social policy. All enterprises in the mandate are under engagement through the voting and engagement manager. Climate change, corporate governance and working conditions were key themes of dialogue in 2024.

Table 6 Carbon emissions from government bonds*

		Consumption	Production	
			Excluding LULUCF**	Excluding LULUCF**
Portfolio size* EUR million	2024	2,758	2,758	2,758
	2023	2,638	2,638	2,638
	2022	2,660	2,660	2,660
Total absolute carbon emissions Tonnes of CO2 equivalents	2024	691,987	617,935	559,714
	2023	697,027	630,187	577,759
	2022	850,032	767,890	696,237
Carbon emissions per EUR million invested (carbon footprint) Tonnes of CO2 equivalents/ EUR million	2024	251	224	203
	2023	264	239	219
	2022	320	289	262
Revenue-weighted CO2 emissions (WACI)**** Tonnes of CO2 equivalents/ EUR million	2024	16	224	203
	2023	16	239	219
	2022	16	289	262
Data availability Weighted percentage	2024	100%	100%	100%
	2023	100%	100%	100%
	2022	100%	100%	100%

Sources: ISS (data on production emissions in underlying countries), World Bank (data on GDP and population size) and Carbon4 Finance (data on consumption emissions in underlying countries).

* This includes treasury bonds and bonds of lower-tier governments such as provinces.
** Excluding and including emissions associated with land use, land use change and forestry (LULUCF).
*** Portfolio size as at 31 December 2024, excluding cash and derivatives. Portfolio size can fluctuate significantly due to market conditions.
**** Several alternatives to revenue are used for WACI. These are total population for consumption and GDP (PPP) for output. Because the carbon footprint uses GDP (PPP) as the attribution factor for all measures, the WACI and carbon footprint of output emissions match.

Value creation model

Capital	Input	Output	Outcome	Relevant material themes
1 Financial capital	**Financial resources** ■ Financial buffers and gold ■ Contributions from own-account investments, monetary operations, other payment transactions ■ Contributions from supervised institutions	**Operational management** Execution of core tasks and pursuit of DNB2025 ambitions, supported by: ■ Planning and budgeting ■ Monitoring and control ■ Risk management ■ Accommodation	**Progress on operational management** Execution of core tasks and pursuit of DNB2025 ambitions result in the following financial outcomes: ■ Despite interest rate cuts interest expenses still exceed interest income, resulting in a €3,194 million loss. ■ €2.9 million budget underrun	■ Sound, future-proof and trustworthy Dutch financial institutions ■ An ethical financial sector ■ Reliable, secure, efficient and inclusive payment systems ■ Price stability in the euro area ■ Financial stability and balanced, sustainable economic relationships ■ Information security ■ A diverse and inclusive organisation
2 Intellectual capital	**Knowledge & skills** ■ Expertise and knowledge development in monetary policy, macroeconomics, supervision, payments, financial stability, resolution and statistics ■ Research and statistics ■ Methodologies (including ATM), work programmes and procedures	**Analysis, advice, policy & action** ■ Change in monetary policy: interest rates cut from 4% to 3%. ■ Shared analysis and contributed to policy debate on deficit reduction and wage growth ■ Macro buffers for banks implemented ■ Worked in European forums to set up European supervisory regime based on Basel III ■ Issued recommendations on capital markets union, jointly with AFM ■ Leveraged FSB chairpersonship in global policy consultations ■ Conducted various stress tests ■ Pension transition is in full swing ■ Continued dialogue with gatekeepers ■ Contributed to digital euro project ■ Work on managing sustainability risks ■ Rebalanced own-account investment portfolio to meet Paris climate commitments ■ Carried out research on the macro effects of broader nature and environment scenarios, effects of energy price increases, emissions pricing and fossil fuel subsidies on the competitive position of various industries	**Substantive progress on execution of core tasks** ■ Euro area inflation moves towards 2%. Dutch inflation of 3.2% remains well above 2% target. ■ Little recognition for our economic advice on wage development and fiscal policy ■ Our suggested design of Basel III accord not adopted in full ■ IMF positive about Dutch financial sector ■ Compliance with standards on the accessibility and availability of cash is improving ■ Digital euro project in preparatory phase ■ Go-head given for three conversion decisions. These pension funds convert to the new system effective 1 January 2025. ■ Sufficiently resilient financial sector ■ Both the general public and 'financial citizens' feel that DNB has a 'good' reputation. Our professional stakeholders say our reputation is 'excellent' ■ Embedding ESC risk scores in pension fund and insurance supervision methodology is on target ■ Trust in the financial sector remains stable ■ Sector manages prudential risks better than integrity risks ■ Deposit Guarantee Fund reaches target size	■ Sound, future-proof and trustworthy Dutch financial institutions ■ An ethical financial sector ■ Reliable, secure, efficient and inclusive payment systems ■ Price stability in the euro area ■ Financial stability and balanced, sustainable economic relationships ■ Information security

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Capital	Input	Output	Outcome	Relevant material themes
3 Social capital	**Stakeholder contacts** ■ Nationwide collaboration with national stakeholders (representation in over 40 bodies, including AFM, SER, CEC, REA, FSR, FEC, NGFS) ■ Collaboration with international stakeholders, including Eurosystem, ECB, SSM, EBA, SRB, EIOPA, BIS, ESMA, IMF, FSB and NGFS ■ Stakeholder consultations, including those involved in the Pension Accord, users of statistics, Dutch households and the Sustainable Finance Platform ■ Stakeholder contacts with local residents, City of Amsterdam and institutions through donation and contribution policy	**Stakeholder management & influencing** ■ Change in monetary policy: interest rates cut from 4% to 3%. ■ Shared analysis and contributed to policy debate on deficit reduction and wage growth ■ Macro buffers for banks implemented ■ Worked in European forums to set up European supervisory regime based on Basel III ■ Issued recommendations on capital markets union, jointly with AFM ■ Leveraged FSB chairpersonship in global policy consultations ■ Conducted various stress tests ■ Pension transition is in full swing ■ Continued dialogue with gatekeepers ■ Contributed to digital euro project ■ Work on managing sustainability risks ■ Rebalanced own-account investment portfolio to meet Paris climate commitments ■ Carried out research on the macro effects of broader nature and environment scenarios, effects of energy price increases, emissions pricing and fossil fuel subsidies on the competitive position of various industries	**Substantive progress on execution of core tasks** ■ Euro area inflation moves towards 2%. Dutch inflation of 3.2% remains well above 2% target. ■ Little recognition for our economic advice on wage development and fiscal policy ■ Our suggested design of Basel III accord not adopted in full ■ IMF positive about Dutch financial sector ■ Compliance with standards on the accessibility and availability of cash is improving ■ Digital euro project in preparatory phase ■ Go-head given for three conversion decisions. These pension funds convert to the new system effective 1 January 2025. ■ Sufficiently resilient financial sector ■ Both the general public and 'financial citizens' feel that DNB has a 'good' reputation. Our professional stakeholders say our reputation is 'excellent' ■ Embedding ESC risk scores in pension fund and insurance supervision methodology is on target ■ Trust in the financial sector remains stable ■ Sector manages prudential risks better than integrity risks ■ Deposit Guarantee Fund reaches target size	■ Sound, future-proof and trustworthy Dutch financial institutions ■ An ethical financial sector ■ Reliable, secure, efficient and inclusive payment systems ■ Price stability in the euro area ■ Financial stability and balanced, sustainable economic relationships ■ Information security
4 Human capital	**Developing HR policy** HR policy focused on: ■ Recruitment, labour market position ■ Vitality and commitment among employees, including absenteeism and employee satisfaction ■ Diversity and inclusion, including gender balance and cultural diversity ■ Employee talent development	**Implementation of HR policy** ■ Launched new labour market campaign ■ Executing new diversity and development policy ■ Communicated extensively about collaboration opportunities in renovated headquarters	**Progress on HR policy** ■ Campaign has led to increase in the number of applicants per vacancy ■ Participation target for female employees achieved in part ■ Unable to assess performance on participation of employees from diverse cultural backgrounds due to incomplete figures for 2024 ■ Participation target for employees with a disability partially achieved ■ DNB climbs from 10 to 7 in Top Employer ranking ■ Over three-quarters of staff (78%) are happy about development opportunities, same as in 2023.	■ A diverse and inclusive organisation

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Capital	Input	Output	Outcome	Relevant material themes
5 **Manufactured capital**	**Housing & digital processes plans** Policy focused on: ■ Accommodation/renovation ■ Digital working environment ■ Digital processes own operations/core tasks	**Progress on accommodation & digital processes** ■ Frederiksplein renovation ■ Preparations underway for supervision of AI ■ Tested sector's cyber resilience ■ In unison with the sector, explored opportunities and risks associated with tokenisation and distributed ledger technology (DLT) for payments and securities ■ Added new features to My DNB ■ Implement Identity & Access Management	**Progress on accommodation & digital** ■ Frederiksplein renovation completed on time and within budget ■ External appreciation rating of MyDNB up from 7.0 in 2023 to 7.2 ■ Reached data maturity target for 2024 ■ First results from Identity & Access Management project (critical internal applications linked to new processes and tooling)	■ Information security
6 **Natural capital**	**Sustainability policy for own operations** Policy focused on: ■ Environmental care, reduction of operational management carbon footprint ■ Reduction of carbon emissions from own-account investments, greening monetary policy ■ Environmental protection in payment systems (security transports/banknote procurement)	**Implement sustainability policy for own operations** ■ We operate in a climate-neutral way by offsetting carbon emissions where we cannot avoid them by using wind energy generated in the Netherlands. ■ Continued focus on carbon reduction in the DNB Cash Centre ■ Responsible sourcing of raw materials for coins and bank notes, green electricity for the production of banknotes, reuse of surplus coins ■ Greening of corporate bond portfolio (CSPP) extended to monetary operations. ■ Dialogues with fund managers about the climate, human rights and nature	**Progress on integrating sustainability into own** ■ The Facilities Management, Cash Operations and Procurement and Contract Management departments use an environmental management system with ISO 14001 certification, which is valid until 2025. ■ The move to Frederiksplein (January 2025) will reduce and eventually eliminate the current consumption of district heating and natural gas, with further sustainability steps through BREEAM-NL certification. ■ Our carbon emissions before offsetting were higher in 2024 than in 2023.	■ Sustainability challenges

Executive Board, Supervisory Board, Bank Council, Employees Council and governance

As at the date of adoption of the 2024 financial statements, the Executive Board, Supervisory Board, Bank Council and Employees Council were composed as follows:

Executive Board

President:
Klaas Knot (1967, Dutch, economics, end of second term: 2025)

Executive Board Member and Chair of Supervision:
Steven Maijoor (1964, Dutch, economics, end of first term: 2028)

Executive Board Member of Supervision:
Gita Salden (1968, Dutch, economics, end of first term: 2031)

Executive Board Member of Monetary Affairs and Financial Stability:
Olaf Sleijpen (1970, Dutch, economics, end of first term: 2027)

Executive Board Member of Internal Operations and Resolution:
Cindy van Oorschot (1974, Dutch, economics, end of first term: 2031)

Company Secretary:
Ingrid Ernst (1969, Dutch, Dutch law)

The allocation of responsibilities among the members of the Executive Board is represented in the organisation chart on our website.

From left to right: Olaf Sleijpen, Cindy van Oorschot, Klaas Knot, Gita Salden, Steven Maijoor

Else Bos, Executive Board Member and Chair of Supervision, stepped down from her position with effect from 1 February 2024. Steven Maijoor, Executive Board Member of Banking Supervision, Supervision Policy and Legal Services, also serves as Chair of Supervision with effect from 1 February 2024. Gita Salden was appointed Executive Board Member of Insurance and Pension Funds Supervision and of Horizontal Functions and Integrity Supervision with effect from 1 June 2024.

Nicole Stolk stepped down as Executive Board Member effective 15 April 2024.

Having consulted the Executive Board and the Minister of Finance, the Supervisory Board designated Frits-Joost Beekhoven van den Boezem, Director of the Legal Services Division, to serve temporarily in the absence of an Executive Board Member of Internal Operations and Resolution, between 15 April and 1 July 2024, with a particular focus on the resolution task, while continuing to fulfil his present duties. This was done to bridge the period until the new Executive Board Member of Internal Operations and Resolution had taken office.

Cindy van Oorschot was appointed Executive Board Member of Internal Operations and Resolution with effect from 1 July 2024.

Supervisory Board

Chair:
Martin van Rijn (1956, Dutch, economics, end of first term: 2027)
Member of the Remuneration and Appointments Committee

Vice-chair:
Frans Muller (1961, Dutch, business economics, end of first term: 2027)
Chair of the Remuneration and Appointments Committee

Government-appointed member:
Annemieke Nijhof (1966, Dutch, chemical technology, end of third term: 2027)
Member of the Audit Committee
Member of the Supervision Committee
Member of the Bank Council

Other members:
Roger Dassen (1965, Dutch, business economics and accountancy, end of second term: 2026)
Chair of the Audit Committee

Mirjam van Praag (1967, Dutch, econometrics, end of second term: 2028)
Chair of the Supervision Committee
Member of the Bank Council on behalf of the Supervisory Board

Artie Debidien (1972, Dutch, information management, end of first term: 2027)
Member of the Audit Committee

Hendrik Jan Biemond (1969, Dutch, Dutch law, end of first term: 2028)
Member of the Supervision Committee

Chris Figee (1972, Dutch, financial economics, end of first term: 2029)
Committee memberships to be decided

Remuneration and Appointments Committee
Frans Muller (Chair)
Martin van Rijn
Vacancy

Audit Committee
Roger Dassen (Chair)
Annemieke Nijhof
Artie Debidien

Supervision Committee
Mirjam van Praag (Chair)
Annemieke Nijhof
Hendrik Jan Biemond

Changes in 2024
Marry de Gaay Fortman (1965, Dutch, Dutch law, end of second term: 2024) stepped down with effect from 1 July 2024.
Hendrik Jan Biemond (1969, Dutch, Dutch law, end of first term: 2028) was appointed with effect from 1 September 2024.

The other positions held by the Executive Board and Supervisory Board members are posted on our website.

Bank Council (composition as at 31 December 2024)

Chair:
Barbara Baarsma
Professor of Applied Economics at the University of Amsterdam

Other members:
Jos Baeten
Chair of the Dutch Association of Insurers

Eric Bartelsman
Professor of Economics at VU Amsterdam

Tuur Elzinga
Chair of FNV

Piet Fortuin
Chair of CNV

Nic van Holstein
Chair of the Trade union federation for Professionals

Ger Jaarsma
Chair of the Dutch Federation of Pension Funds

Ger Koopmans
Chair of LTO Nederland

Medy van der Laan
Chair of the Dutch Banking Association

Annemieke Nijhof
Government-appointed member of the Supervisory Board

Mirjam van Praag
Member appointed by the Supervisory Board

Ingrid Thijssen
Chair of VNO-NCW.

Jacco Vonhof
Chair of Royal Association MKB-Nederland

Representative of the Ministry of Finance:
Jasper Wesseling, Treasurer-General

Employees Council (composition as at 31 December 2024)

Jos Westerweele (Chair)
Frank Aerts
Edgar Aliar
Jacqueline van Breugel
Hendrik Demir (Deputy Chair)
Saideh Hashemi
Elina Kogan
Marjon Linger-Reingoud
Anja Peerenboom
Ani Popova
Joseline Ravesteijn
Ingrid Talsma
Aaldert van Verseveld
Thijs de Vries

Sandra Koentjes (Professional Secretary)

Governance

De Nederlandsche Bank (DNB) is a public limited company incorporated under Dutch law. In its capacity as the central bank of the Netherlands, DNB forms part of the European System of Central Banks (ESCB). In addition, DNB is a supervisory authority. In that capacity it is part of the Single Supervisory Mechanism (SSM). DNB is also the national resolution authority. In this role it participates in the Single Resolution Mechanism (SRM). As the financial sector supervisor and national resolution authority, DNB is an independent public body.

DNB is led by an Executive Board consisting of a President and at least three and at most five Executive Board Members.

The President of DNB is also a member of the Governing Council and the General Council of the European Central Bank (ECB). He is also responsible for the Internal Audit and Communications departments.

The Executive Board Member of Monetary Affairs and Financial Stability is responsible for financial stability, financial markets, economic policy and research, payment systems and DNB's statistics function. He is also a Crown-appointed member of the Social and Economic Council of the Netherlands (SER).

Responsibility for the supervision of financial institutions is divided between two Executive Board Members of Supervision. DNB has a Supervision Council for Financial Institutions, chaired by the one of the Executive Board Members of Supervision – the Chair of Supervision – to support the deliberations and decision-making by the Executive Board Members of Supervision concerning supervisory matters.

The Chair of Supervision bears primary responsibility for supervision policy and is responsible for banking supervision and legal services. He is a member of the ECB's Supervisory Board, which prepares decision-making on the supervision of significant banks in the euro area within the framework of the SSM. He is also a member of the Board of Supervisors of the European Banking Authority (EBA), which is responsible for drafting common rules on banking supervision in the European Union.

The other Executive Board Member of Supervision is responsible for insurance and pension funds supervision and represents DNB on the Board of Supervisors of the European Insurance and Occupational Pensions Authority (EIOPA). She is also responsible for the horizontal expertise functions in supervision, such as with respect to integrity.

The Executive Board Member of Internal Operations and Resolution is responsible for managing our internal operations. This includes the Operational Management, Data & Information Technology and Finance & Risk Management divisions, the Human Resources department and the Executive Secretariat. She is also responsible for resolution tasks concerning specific financial enterprises, such as Dutch banks, investment firms, insurers and central counterparties. She also represents DNB on the Single Resolution Board (SRB). DNB has a Resolution Council, chaired by the Executive Board Member of Internal Operations and Resolution, to support the Executive Board's deliberations and decision-making concerning resolution matters.

The Supervisory Board supervises the general course of business at DNB and the Executive Board's policy regarding the implementation of DNB's national tasks, such as supervision and resolution. It is also responsible for adopting the financial statements. The Supervisory Board has several other significant powers, including approval of the budget and of certain Executive Board decisions. It consists of at least seven and at most ten members, one of whom is appointed by the Minister of Finance.

DNB has a single shareholder: the Dutch State, which is represented by the Minister of Finance, also in the General Meeting. The Executive Board renders account to the General Meeting by presenting its annual report and financial statements over the past financial year. The General Meeting has significant powers, including approving the financial statements, discharging Executive Board and Supervisory Board members, appointing Supervisory Board members and appointing the external auditor.

The Bank Council functions as a sounding board for the Executive Board. It consists of at least eleven and at most thirteen members. Two members of the Supervisory Board, including the government-appointed member, sit on the Bank Council. With regard to the other members, DNB aims to ensure that the various sectors of society are represented.

Our website provides more information on the governance structure, as also laid down in the Bank Act 1998 and in our Articles of Association and Rules of Procedure. Although the Dutch Corporate Governance Code only applies to listed companies, we strive to implement the principles and best practices from the code as much as possible. We explain our implementation of the code in more detail on our website (Dutch).

Report of the Supervisory Board

Introduction

As part of its oversight of the policies which DNB's Executive Board pursues in executing its national tasks and internal operations, the Board devoted special attention to the recalibration of DNB's supervisory organisation, its 2025-2028 strategy, developments around the digital euro, the biennial stakeholder survey, and developments in the cash infrastructure. These and other issues were the reason for the Board's close involvement with DNB throughout 2024.

Composition and appointments

The Executive and Supervisory Board compositions changed in 2024. Gita Salden, former CEO of BNG Bank, was appointed as Executive Board Member of Supervision with effect from 1 June 2024. She succeeded Else Bos, who stepped down with effect from 1 February 2024. Cindy van Oorschot, former Director of DNB's Pension Fund Supervision Division, was appointed Executive Board Member of Internal Operations and Resolution with effect from 1 July 2024. She succeeded Nicole Stolk, who stepped down with effect from 15 April 2024. The Board thanks Else and Nicole for their commitment and dedication to DNB in recent years and wishes them every success in their next steps.

As of the date of adoption of the 2024 financial statements, the Supervisory Board consisted of eight members: Martin van Rijn (Chair), Frans Muller (Vice-Chair), Annemieke Nijhof (government-appointed member), Roger Dassen, Mirjam van Praag, Artie Debidien, Hendrik Jan Biemond and Chris Figee.

The composition of the Supervisory Board changed in 2024. One member was succeeded and one member was reappointed. Mirjam van Praag was reappointed for a second term with effect from 1 October 2024. After two terms as a member with a legal profile, Marry de Gaay Fortman stepped down as of 1 July 2024. The Supervisory Board owes her a great debt of gratitude for her sustained commitment to DNB over the years, including as member of the Supervision Committee and the Remuneration and Appointments Committee. She was succeeded by Hendrik Jan Biemond, who was appointed as a Supervisory Board member as of 1 September 2024 for an initial term of four years. The Board is very pleased with Biemond's appointment, and looks forward to working with him.

On 1 March 2025, Chris Figee joined the Board to fill the vacancy created after Peter Blom had stepped down. The Board is very pleased with Figee's appointment, and looks forward to working with him.

The gender balance on the Executive Board was 40% women and 60% men in 2024. As of the date of adoption of the 2024 financial statements, the gender balance on the Supervisory Board is 37.5% women and 62.5% men (for eight members). DNB thus meets statutory targets for gender balance on both boards. In the event of appointment or reappointment, the Board applies the adopted profiles, which include the aim of diversity. It should be noted that the aim of diversity extends beyond gender balance and also takes account of expertise, background, age and competencies. The Board took important steps during the year under review to strengthen the diversity policy for the composition of the Executive Board and Supervisory Board. Adopting the policy will be a focal area in the coming year. See Figure 1 for further details. (Note: The figure reflects the Board's membership as of the date of adoption of the 2024 financial statements).

The participation of Supervisory Board members in the Bank Council remained unchanged in 2024. Annemieke Nijhof continued her membership as a government-appointed Supervisory Board member throughout 2024. Mirjam van Praag stayed on as Bank Council member appointed by the Supervisory Board throughout 2024.

The composition of the Supervisory Board, its committees and the Executive Board is provided from page 79 of this Annual Report. The profiles of the Executive and Supervisory Board members, the Members of the Supervisory Board including dates of appointment and terms of office, and the other positions the Members of the Supervisory Board hold can be found on DNB's website (in Dutch).

Figure 1 Expertise and diversity matrix

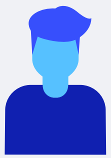
Area of expertise	Van Rijn	Muller	Nijhof	Dassen	Van Praag	Debidien	Biemond	Figee
Management								
Management and organisation	■	■	■	■	■	■	■	■
Accounting & internal control structure				■				■
Stakeholder management	■	■	■	■	■	■	■	■
Risk management		■		■	■	■	■	■
Outsourcing	■	■		■		■		■
Legal affairs and corporate governance	■						■	
Core tasks								
Macroeconomic issues	■	■		■	■			
Financial stability and institutions					■		■	■
Cash and payment systems						■		
Statistics					■			
Strategic issues								
Sustainability		■	■	■				
Digital IT	■	■		■		■		■
Public interest	■	■	■		■		■	■

Age

45 – 55
- Debidien

56 – 65
- Nijhof
- Van Praag

Age



45 – 55
- Biemond
- Figee

56 – 65
- Dassen
- Muller

66 – 75
- Van Rijn

Duties

The average attendance rate at Supervisory Board meetings was high (approximately 95%), as shown in Table 1. None of the members were regularly absent. The table below specifies the attendance rates of each of the members in the plenary Supervisory Board (SB), Remuneration and Appointments Committee (RAC), Audit Committee (AC) and Supervision Committee (SC) meetings. Prior to each plenary meeting, there was always a discussion without the Executive Board being present.

Table 1 Attendance at meetings

Member	SB	RAC	AC	SC
Martin van Rijn	8/8	14/14		
Frans Muller	8/8	14/14		
Annemieke Nijhof	7/8		4/5	6/6
Marry de Gaay Fortman	4/4	9/9		2/3
Roger Dassen	8/8	1/1	5/5	
Mirjam van Praag	7/8			6/6
Artie Debidien	7/8		5/5	
Hendrik Jan Biemond	3/3			3/3

The Chair of the Supervisory Board and the President of DNB were in frequent contact about issues concerning the Supervisory Board's work and developments concerning DNB. The Board also met with the supervisory board of the Dutch Authority for the Financial Markets (AFM) and various representatives from the financial sector. The activities of the three Supervisory Board committees are described below on pages 87-90. As part of its supervision of the general course of business at DNB, the Supervisory Board discussed the DNB-wide financial results and accountability for 2024 in the Audit Committee and in its plenary meetings. The Supervisory Board discussed the results and accountability for 2024 with regard to independent public body (zbo) activities in the Audit Committee, Supervision Committee and plenary meetings. These discussions were based on quarterly financial reports, the management letter and audit report from the external auditor and the internal audit department's (IAD) quarterly reports.

The size of the balance sheet items related to monetary operations and the associated risks remained a major concern for the Board in 2024. Interest expenses again significantly exceeded interest income, resulting in a loss of €3,194 million (2023: €1,139 million). Losses are also projected for the years ahead. DNB's capital policy allows it to fully repair its buffers over time by retaining any future profits. No dividend will be distributed and no gold sales took place in 2024.

The Supervisory Board discussed the 2024 financial statements with the Executive Board at length, in the presence of the external auditor. Pursuant to Section 13(6) of the Bank Act 1998, the Supervisory Board subsequently adopted DNB's financial statements and presented them for approval to the shareholder. The Supervisory Board discussed the budget for 2025, including the independent public body budget, and approved it on 29 November 2024. The Supervisory Board established that the internal operational and control instruments, such as the planning and control cycle and the risk management and control system, operated effectively.

Following deliberation by the Supervisory Board, the Executive Board and several members of the Supervisory Board reviewed the independent public body budget in the annual budget meeting with the Ministry of Finance. The Supervisory Board is pleased to see that the Executive Board practises transparency in the budgeting process and engages in dialogue about it with its main stakeholders. The Supervisory Board also believes DNB exercises its supervision decisively and intrusively, formulating unambiguous priorities. Based on available resources, the Executive Board and Supervisory Board continuously look for effective and efficient solutions to execute DNB's core tasks and to further strengthen its internal operational management. The Board supports the Executive Board's approach of absorbing increased workloads or new activities within the budget where possible. This principle is firmly anchored in the 2025-2028 public body cost framework, in which cost increases are limited by efficiency improvements, savings and annual risk-based reprioritisation of activities.

The Supervisory Board continued to devote particular attention to DNB's internal organisation in 2024. On various occasions, the Board and Executive Board discussed the recalibration of DNB's supervisory organisation and the office accommodation programme in considerable depth. A key theme were the preparations for the return to the renovated Frederiksplein office in early 2025. The year 2024 was also marked by the formulation of the new DNB strategy for 2025-2028, a process that was discussed at length in interactions between the Board and the Executive Board. The strategy aims to further increase DNB's agility, execution power and alertness, within responsible cost frameworks. Issues such as the outcome of the biennial stakeholder survey and the report on process practices were also discussed in detail. The Board also engaged management in dialogue to enhance the interaction between the Supervisory Board and the broader organisation. The Board also spoke with the Executive Board about progress of the digital euro project, which DNB is working on together with other central banks in the Eurosystem, also addressing the potential impact of this digital currency on Dutch society. By regularly engaging the Executive Board in dialogue on themes such as leadership, diversity and inclusion, process and programme management, and DNB's risk management, the Supervisory Board seeks to contribute to strengthening DNB's corporate culture and improving the quality of its performance.

At each of its meetings, the Supervisory Board addressed the most important trends in DNB's areas of responsibility, derived from the periodic update on current affairs, with the Executive Board members, who informed the Supervisory Board about the international forum meetings they attended.

During the retreat, the Board discussed two central themes with the Executive Board: the HR strategy, including the role of leadership, and the impact of disruptive developments, such as geopolitical fragmentation, on the execution of DNB's tasks. The strategic pillars of the HR strategy took centre stage, focusing on attracting, developing and retaining talent, diversity and inclusion, as well as the use of data and technology. As regards disruptive developments, the discussion centred around DNB's internal resilience. The Board and Executive Board explored how the organisation can ensure that crucial processes remain operational even when geopolitical risks materialise. The aspects addressed included business continuity management, crisis preparedness and how to strengthen the organisational culture to remain adaptive and responsive in uncertain times.

Members of the Supervisory Board attended consultation meetings between the Executive Board and the Employees Council. The Chair of the Supervisory Board and the Chair of the Audit Committee met periodically with the head of the department responsible for compliance and integrity, who also attended the full Board's discussion of the periodic compliance report. The Chair of the Audit Committee regularly met with the Head of the IAD and the external auditor. The Supervisory Board assessed its own performance in 2024 under the guidance of an external expert and discussed the results at a plenary meeting without the Executive Board being present. Among other things, the Supervisory Board looked at the provision of information to the Board, the Board's involvement in strategic issues, its relationship with the Executive Board, and the balance between the functioning of the committees and the plenary meetings. The Supervisory Board notes that communication within the Board and between the Board and the Executive Board is open. The Board considered the provision of information to be effective, with an increasing number of dilemmas being presented, enriching discussion and decision-making. The Board also sees room for further improvement, in particular by placing more emphasis on the Supervisory Board's outside perspectives and sparring partner role in plenary sessions. At this meeting, the Supervisory Board also discussed its cooperation with the Executive Board, the individual members of the Executive Board, and the Executive Board's performance.

Audit Committee

In 2024, the Audit Committee consisted of Roger Dassen (Chair), Annemieke Nijhof and Artie Debidien. Meetings were held in the presence of the Executive Board Member of Internal Operations and Resolution, the external auditor, the Head of IAD, the Director of the Finance & Risk Management Division and several internal officers from the relevant areas.

The Audit Committee extensively discussed the financial statements, the audit plan and the external auditor's findings, and advised the Supervisory Board to adopt the 2024 financial statements and to approve the independent public body report for 2024. Furthermore, the Audit Committee discussed the 2025 DNB-wide budget and the 2025 independent public body budget at length with the Executive Board. The Audit Committee advised the Supervisory Board to approve both budgets. In 2024, as in previous years, the Audit Committee examined the external auditor's report and management letter, establishing that the Executive Board acted adequately on the findings and recommendations set out in the management letter.

The Committee discussed current affairs relating to DNB's internal operations with the Executive Board Member of Internal Operations and Resolution at each meeting, with the themes of office accommodation, identity & access management, risk management and control over DNB's digital agenda being key priorities for the Audit Committee. A specific focus was DNB-wide business continuity management (BCM). Although BCM is already a permanent agenda item, further enhancements were discussed to increase the resilience of the organisation. In addition, the Audit Committee, in tandem with the Supervision Committee, looked at the new 2025-2028 cost framework. Here, the focus was on finding ways to absorb increased workloads and new activities within the budget. The Committee also focused on demonstrable control of information security and cyber security, an issue of increasing importance in today's world. Furthermore, the Committee discusses management and financial reports on a quarterly basis. Throughout 2024, the Audit Committee regularly discussed the progress made on DNB's office accommodation programme, specifically emphasising the business case update. The Committee regularly meets with relevant representatives of the lines of defence within DNB and with the external auditor.

Remuneration and Appointments Committee

In 2024, the Remuneration and Appointments Committee consisted of Frans Muller (Chair), Martin van Rijn and Marry de Gaay Fortman (until 1 July 2024).

The Committee devoted attention to the composition of the Executive Board, resulting in Gita Salden's appointment effective from 1 June 2024, succeeding Else Bos, and Cindy van Oorschot's appointment effective from 1 July 2024, succeeding Nicole Stolk. The Committee also focused on preparations for the President's succession, in the context of which it contributed to the update of the Executive Board profile. Furthermore, the Committee prepared the nomination of a Supervisory Board member with a legal profile, resulting the appointment of Hendrik Jan Biemond with effect from 1 September 2024. In addition, a nomination was prepared for a member with a financial sector profile, resulting in the appointment of Chris Figee effective from 1 March 2025.

The Committee spoke with the President about his performance and that of the other Executive Board members, following the Supervisory Board's annual evaluation. To this end, the Committee, in collaboration with HR, has developed a new approach to conduct performance management in a more structured way. A periodic meeting between the Chair of the Supervisory Board and the shareholder is part of the Supervisory Board's role in compliance matters, for instance when assessing the compatibility of secondary positions.

Supervision Committee

In 2024, the Supervision Committee consisted of Mirjam van Praag (Chair), Marry de Gaay Fortman (until 1 July 2024) and Hendrik Jan Biemond (from 1 September 2024). Its meetings were held in the presence of DNB's two Executive Board Members of Supervision and several officers from the relevant areas. The Supervision Committee's agenda is based in part on an annual agenda and in part on current events. The meetings focused on a number of practical cases, current policy issues and gaining a deeper understanding of various supervisory topics. Among other things, the Committee looked at the recalibration of the supervisory organisation, the new 2025-2028 cost framework, communications surrounding enforcement and court decisions, and the further development of the supervisory methodology. It also covered the progress of the digital strategy for supervision, the main outcomes of fit and proper assessments, collaboration with other supervisory authorities, and the impact of the pension transition on supervision. The Committee held an offsite meeting zooming in on the supervisory methodology and digital tools for supervision processes. During this session, the Committee also evaluated its own working methods and identified focal areas for the coming calendar year. As part of the Supervisory Board's monitoring of DNB's policy in respect of its prudential supervision, the Supervision Committee exchanged views with the Executive Board in all meetings about institution-specific supervision cases and their evaluation to which the latter devoted particular attention in that period, to the extent relevant to safeguarding the quality and effectiveness of DNB's supervision policy. The Supervision Committee, like the Audit Committee, advised the Supervisory Board to approve the independent public body report for 2024 and the independent public body budget for 2025.

Statement on independence

The Regulation on Incompatible Offices and the Regulation on Conflicts of Interest apply to Supervisory Board members without restriction. Supervisory Board members are not employed by DNB and were not a DNB employee at any time in the five years preceding their appointment, nor do they have any relationship with DNB from which they could obtain personal gain. Supervisory Board members receive a fixed annual fee that is not related to DNB's results in any given year. All Supervisory Board members are independent within the meaning of the Dutch Corporate Governance Code. Any potential secondary position is assessed on the basis of the Regulation on Incompatible Offices and submitted to DNB's department responsible for compliance and integrity for advice. This procedure was also followed in 2024, for both Supervisory Board members and Executive Board members.

Concluding words

The Supervisory Board looks back on 2024 as a period of significant geopolitical tensions and economic challenges. Although the ECB managed to bring inflation in Europe back to its policy target of 2%, inflation in the Netherlands remained relatively high. According to DNB projections, inflation is expected to remain high in the short term, although economic growth in 2025 and 2026 will be stronger than previously anticipated. Geopolitical uncertainties will remain a significant factor, however, with potential implications for economic recovery. 2024 was also a year that saw the transition to the new pension system gearing up. Dutch pension funds are working hard on the transition, with DNB monitoring the quality of the processes and the provision of the required information. The complexity of this reform requires close collaboration between all parties involved and a shared focus on accuracy and transparency.

The Board notes that over the past year, despite the exceptional circumstances DNB maintained its commitment to the performance of its core tasks and internal operational management. The Supervisory Board would like to thank DNB's staff and its Executive Board for their contribution to sustainable prosperity in the Netherlands and looks forward to its continued cooperation with the Executive Board in 2025.

Amsterdam, 19 March 2025
Supervisory Board
De Nederlandsche Bank N.V.

Martin van Rijn, *Chair*
Frans Muller, *Vice-Chair*
Annemieke Nijhof, *government-appointed member*
Roger Dassen
Mirjam van Praag
Artie Debidien
Hendrik Jan Biemond
Chris Figee

2024 Financial statements

Balance sheet as at 31 December 2024 (before appropriation of the result)

Millions

		31 December 2024	31 December 2023
	Assets	EUR	EUR
1	Gold and gold receivables	49,446	36,780
2	Claims on non-euro area residents denominated in foreign currency	26,727	26,382
	2.1 Receivables from the International Monetary Fund (IMF)	*21,506*	*21,169*
	2.2 Balances held with banks and investments in securities, external loans and other external assets	*5,221*	*5,213*
3	Claims on euro area residents denominated in foreign currency	480	540
4	Claims on non-euro area residents denominated in euro	226	213
5	Lending to euro area credit institutions related to monetary policy operations denominated in euro	400	8,560
	5.1 Main refinancing operations	*400*	*300*
	5.2 Longer-term refinancing operations	*-*	*8,260*
	5.3 Fine-tuning reverse operations	*-*	*-*
	5.4 Structural reverse operations	*-*	*-*
	5.5 Marginal lending facility	*-*	*-*
	5.6 Credits related to margin calls	*-*	*-*
6	Other claims on euro area credit institutions denominated in euro	6	4
7	Securities of euro area residents denominated in euro	183,197	204,123
	7.1 Securities held for monetary policy purposes	*180,313*	*201,531*
	7.2 Other securities	*2,884*	*2,592*
8	Intra-Eurosystem claims	130,385	115,511
	8.1 Participating interest in the ECB	*663*	*622*
	8.2 Claims equivalent to the transfer of foreign reserves to the ECB	*2,396*	*2,364*
	8.3 Claims related to Target	*66,541*	*48,612*
	8.4 Net claims related to the allocation of euro banknotes within the Eurosystem	*60,785*	*63,913*
	8.5 Other intra-Eurosystem claims (net)	*-*	*-*
9	Other assets	3,348	4,002
	9.1 Euro area coins	*1*	*0*
	9.2 Tangible and intangible fixed assets	*449*	*383*
	9.3 Other financial assets	*136*	*140*
	9.4 Off-balance sheet instruments revaluation differences	*-*	*4*
	9.5 Accruals and prepaid expenses	*2,734*	*3,372*
	9.6 Other investments	*28*	*103*
	Total assets	**394,215**	**396,115**

Millions

	Liabilities	31 December 2024 EUR	31 December 2023 EUR
1	Banknotes in circulation	86,326	83,815
2	Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	225,428	229,323
	2.1 Current accounts (covering the minimum reserve system)	*11,727*	*15,433*
	2.2 Deposit facility	*213,701*	*213,890*
	2.3 Fixed-term deposits	-	-
	2.4 Fine-tuning reverse operations	-	-
	2.5 Deposits related to margin calls	-	-
3	Other liabilities to euro area credit institutions denominated in euro	283	807
4	Liabilities to other euro area residents denominated in euro	3,871	10,540
	4.1 General government	*2,110*	*7,153*
	4.2 Other liabilities	*1,761*	*3,387*
5	Liabilities to non-euro area residents denominated in euro	5,846	9,547
6	Liabilities to euro area residents denominated in foreign currency	-	-
7	Liabilities to non-euro area residents denominated in foreign currency	-	-
8	Counterpart of special drawing rights allocated by the IMF	16,571	16,060
9	Intra-Eurosystem liabilities	1,740	1,941
	9.1 Liabilities equivalent to the transfer of foreign reserves to the ECB	-	-
	9.2 Liabilities related to Target	-	-
	9.3 Net liabilities related to the allocation of euro banknotes within the Eurosystem	-	-
	9.4 Other intra-Eurosystem liabilities (net)	*1,740*	*1,941*
10	Other liabilities	681	394
	10.1 Off-balance sheet instruments revaluation differences	*391*	-
	10.2 Accruals and deferred income	*219*	*322*
	10.3 Other investments	*71*	*72*
11	Provisions	31	23
	11.1 Provision for Financial Risks	-	-
	11.2 Other Provisions	*31*	*23*
12	Revaluation accounts	49,288	36,321
13	Capital and reserves	7,344	8,483
	13.1 Issued capital	*500*	*500*
	13.2 General reserve	*6,838*	*7,973*
	13.3 Statutory reserve	*6*	*10*
14	Profit (loss) for the year	(3,194)	(1,139)
	Total liabilities	**394,215**	**396,115**

Profit and loss account 2024

Millions

			2024		2023
			EUR		EUR
1	**Net interest income**		**(1,457)**		**(1,485)**
	1.1 Interest income	9,667		11,835	
	1.2 Interest expenses	(11,124)		(13,320)	
2	**Net result from financial operations and write-downs**		**270**		**222**
	2.1 Realised gains/(losses) from financial operations	322		258	
	2.2 Write-downs on financial assets and positions	(52)		(36)	
3	Net result of monetary income pooling		(1,738)		(1,943)
4	Net fees and commissions income/(expense)		(2)		(2)
5	Income from equity shares and participating interests		17		13
6	Other income		263		246
7	Staff costs		(337)		(296)
8	Other administrative costs		(180)		(187)
9	Depreciation and amortisation of tangible and intangible fixed assets		(21)		(22)
10	Banknote production costs		(13)		(31)
11	Other expenses		0		0
	Profit (loss) for the year before transfer to/(from) provision for financial risks		**(3,194)**		**(3,485)**
12	Transfer to/(from) provision for financial risks		-		2,346
13	Corporate income tax		-		-
	Profit (loss) for the year		**(3,194)**		**(1,139)**

Notes to the balance sheet as at 31 December 2024 and the profit and loss account for the year 2024

1 Accounting policies

The financial statements are prepared in accordance with the models and accounting policies applying to the European Central Bank (ECB) and the European System of Central Banks (ESCB) (hereafter: ESCB accounting policies[1]) and the harmonised disclosures to the balance sheet and the profit and loss account prepared by the Eurosystem. This is possible under the exemption provisions of Section 17 of the Bank Act 1998. Where Section 17 does not provide any exemption or where the ESCB accounting policies or harmonised disclosures do not cover the subject, the financial statements are prepared in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code, which have been elaborated in the Dutch Accounting Standards (Richtlijnen voor de Jaarverslaggeving – RJ). All individual items in the balance sheet and profit and loss account are recognised in accordance with the ESCB accounting policies, with the exception of depreciation and major maintenance of tangible fixed assets and the provision for employee benefits. DNB uses component depreciation accounting prescribed by the Dutch Accounting Standards for depreciation and major maintenance of tangible fixed assets, which is more in line with economic reality. Remuneration is disclosed in accordance with the provisions of the Public and Semi-public Sector Executives Remuneration (Standards) Act (Wet normering topinkomens – WNT).

The ESCB accounting policies are broadly in line with the Dutch Generally Accepted Accounting Principles (GAAP). In deviation from Part 9 of Book 2 of the Dutch Civil Code:

a. unrealised gains from assets and liabilities measured at revalued amounts are recognised as set out under 'Revaluation' below;
b. the balance sheet format differs from that set out in the Financial Statements Formats Decree;
c. no cash flow statement is included;
d. a Provision for Financial Risks may be established; and

Besides depreciation and major maintenance of tangible fixed assets, the provisions of Part 9 of Book 2 of the Dutch Civil Code are reflected in the financial statements mainly in the disclosures relating to the following balance sheet and profit and loss account items:

a. capital and reserves
b. participating interests
c. events after the balance sheet date
d. off-balance sheet rights and obligations
e. revaluation accounts
f. realised gains/(losses) from financial transactions
g. number of employees
h. fees paid to the external auditor
i. remuneration (also in accordance with the WNT)

1 Guideline (EU) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31).

Change in accounting policy

The changes to the ESCB accounting policies[2] of 14 November 2024 resulted in changes in the format of DNB's balance sheet and profit and loss account. These amendments aim to promote the financial statements' transparency and enhance their information value for the users.

The changes only concern presentation and do not affect 'Capital and reserves' or 'Profit/loss for the year'. In the income statement, 'Fees and commission income' and 'Fees and commission expense' are no longer shown separately but netted under 'Net fees and commission income/expense'. In addition, the item 'Transfer to/(from) provision for financial risks' is presented at the bottom of the profit and loss account, creating a new subtotal 'Profit/(loss) before transfer to/(from) provision for financial risks and corporate income tax'. Moving the Provision for Financial Risks and creating the new subtotal provides a clearer understanding of the financial results and increases the transparency of the financial statements.

In the balance sheet, DNB's position vis-à-vis the ECB arising from TARGET[3] transactions is recognised under 'Claims/liabilities related to TARGET' instead of 'Other intra-Eurosystem claims/liabilities (net)'. The comparative figures have been restated accordingly.

Millions

	Published in 2023	Adjustment due to reclassification	Adjusted amount 2023
	EUR	EUR	EUR
Asset item 8 'Intra-Eurosystem claims '	113,570	1,941	115,511
Asset item 8.3 'Claims related to Target'	-	48,612	48,612
Asset item 8.5 'Other intra-Eurosystem claims (net)'	46,671	(46,671)	-
Liability item 9 'Intra-Eurosystem liabilities'	-	1,941	1,941
Liability item 9.4 'Other intra-Eurosystem liabilities (net)'	-	1,941	1,941

2 Guideline (EU) 2024/2941 of the European Central Bank of 14 November 2024 on the legal framework for accounting and financial reporting in the European System of Central Banks (ECB/2024/31).
3 TARGET stands for Trans-European Automated Real-time Gross settlement Express Transfer system.

Securities held for monetary policy purposes

Securities held for monetary policy purposes are valued at amortised cost, subject to impairment. See the breakdown in the note to asset item 7.1 'Securities held for monetary policy purposes' on page 110 for further details.

Securities not held for monetary policy purposes and investment funds

Marketable securities held for other than monetary policy purposes are valued at the closing price prevailing on the last trading day of the year (31 December 2024). Revaluation takes place as set out under 'Revaluation'. Options embedded in securities are not separated for valuation purposes.

Marketable investment funds and portfolios that are externally managed and strictly replicate the performance of an index-linked fund are valued at market price. Net valuation is on a fund basis and not on the basis of the underlying assets, provided that the investments meet certain predetermined criteria, broadly speaking in relation to the degree of influence of DNB on the day-to-day operations of the fund, the legal status of the fund and the way in which returns are evaluated.

Gold and gold receivables

Gold and gold receivables are valued at the price which the ECB publishes on the last trading day and revalued as set out under 'Revaluation'.

Conversion of foreign currencies

The financial statements are presented in euro (EUR/€), which is DNB's functional and presentation currency. On- and off-balance sheet rights and obligations denominated in foreign currency are converted into euro at the exchange rates which the ECB publishes on the last trading day and revalued as set out under 'Revaluation'. Income and expense denominated in foreign currency are converted at the exchange rates which the ECB publishes on the transaction dates.

Repurchase and reverse repurchase transactions

A repurchase transaction (repo) is a spot sale of securities hedged by a forward purchase of the same securities. Cash receipts from the spot sale are presented in the balance sheet as a deposit. In the light of the forward purchase, the securities continue to be recognised as assets. Hence, the amount involved in the forward purchase is disclosed in the balance sheet under liabilities. A reverse repurchase transaction (reverse repo) is regarded as lending. The securities received as collateral are not recognised in the balance sheet and do not, therefore, affect the balance sheet position of the portfolios concerned.

Other financial instruments

Other financial instruments include currency forwards and currency swaps, as well as interest rate swaps and futures. On initial recognition, currency forwards and currency swaps are valued at their spot rates. Subsequent differences between spot and forward rates are amortised and recognised in the profit and loss account. This allows their value to evolve towards the forward rate over time. Interest rate swaps are valued at market rates. Futures are settled on a day-to-day basis. Currency positions are included in the revaluation accounts and revalued as set out under 'Revaluation'.

Revaluation

Revaluation differences arising from price differences in respect of securities not held for monetary policy purposes are determined on a code-by-code[4] basis. Revaluations arising from exchange rate differences are determined on a currency-by-currency basis. Unrealised revaluation gains are added to the item 'Revaluation accounts'. Unrealised revaluation losses are charged to the 'Revaluation accounts' item to the extent that the revaluation balance of the relevant security code or currency is adequate. Any shortfall is taken to the profit and loss account at year-end. Price revaluation losses on a security are not netted against price revaluation gains on another security or exchange rate revaluation gains. Exchange rate revaluation losses on any one currency are not netted against exchange rate revaluation gains on any other currency or against price revaluation gains. For gold and gold receivables, no distinction is made between price and currency revaluation. Holdings of special drawing rights (SDRs), including designated individual foreign exchange holdings underlying the SDR basket held to replicate the SDRs for risk hedging purposes are treated as one holding.

Intra-ESCB and intra-Eurosystem claims and liabilities

Intra-Eurosystem balances are primarily the result of cross-border payments within the European Union (EU) settled in euro by the central banks. Such transactions are for the most part initiated by private institutions (credit institutions, self-employed persons and corporations). They are settled within TARGET and give rise to bilateral balances in the TARGET accounts held by the EU central banks. Payments from the ECB and the NCBs also affect these positions. All settlements are automatically aggregated and adjusted to a single NCB position vis-á-vis the ECB. Movements in TARGET accounts are reflected daily in ECB and NCB accounts. DNB's position vis-à-vis the ECB arising from TARGET transactions is presented as a net asset or liability item under 'Claims related to TARGET' or 'Liabilities related to TARGET on DNB's balance sheet. Positions held within the ESCB vis-à-vis NCBs outside the euro area arising from TARGET transactions are presented in 'Claims on/ liabilities to non-euro area residents denominated in euro'.

Intra-Eurosystem positions arising from DNB's participating interest in the ECB are reported under 'Participating interest in the ECB'. This item comprises (i) DNB's paid-up share in the ECB's subscribed capital and (ii) net amounts paid due to an increase in DNB's share in the ECB's accumulated equity value[5] resulting from previous capital key adjustments. Intra-Eurosystem positions arising from the transfer of foreign reserve assets to the ECB by NCBs which joined the Eurosystem are reported in 'Claims equivalent to the transfer of foreign reserves to the ECB'.

Intra-Eurosystem positions arising from the allocation of euro banknotes within the Eurosystem are included as a single net asset or liability item under 'Net claims/liabilities related to the allocation of euro banknotes within the Eurosystem'. See 'Banknotes in circulation' for further details..

Other Intra-Eurosystem positions, such as those resulting from an interim ECB profit distribution and the result from monetary income pooling, are shown as a net asset or liability item under 'Other intra-Eurosystem claims/ liabilities (net)'.

4 The ESCB accounting policies define code as international securities identification number/type. The same applies to investment funds.
5 Accumulated equity value means the total of the ECB's reserves, revaluation accounts and provisions equivalent to reserves, minus any loss carried forward from previous periods. In the event of capital key adjustments taking place during the financial year, the equity value also includes the ECB's accumulated net profit or net loss until the date of the adjustment.

Participating interests
Participating interests are valued at cost, subject to impairment. Income from participating interests is recorded in the profit and loss account under 'Income from equity shares and participating interests'.

The participating interest in the ECB is accounted for in accordance with the principles set out under 'Intra-ESCB and intra-Eurosystem claims and liabilities'.

Tangible and intangible fixed assets
Tangible and intangible fixed assets are valued at cost less depreciation or amortisation, subject to impairment. The buildings are valued at cost, subject to impairment. For intangible assets, in addition to the primary acquisition cost and the costs of external advisers relating to these assets, the in-house hours spent on these assets are also capitalised. For software developed in-house under 'Intangible fixed assets', a statutory reserve has been formed.

Depreciation and amortisation is calculated on a straight-line basis based on useful life, taking into account any residual value of the individual assets. Land and tangible fixed assets under construction are not depreciated. Depreciation starts once an asset is available for its intended use and ends upon its retirement or disposal.

DNB applies component depreciation accounting for tangible fixed assets if significant components of an item of property, plant and equipment can be distinguished. Separate major maintenance components are capitalised if the expected costs exceed €100,000 and the asset's duration is at least 10 years. These components are depreciated individually, taking into account differences in useful lives or expected patterns of use. For each component or part thereof, DNB uses depreciation periods of between 7 and 40 years. For example, the roof, the façade and the structural constructions are depreciated in 20, 30 and 40 years, respectively. Depreciation periods for plant and equipment are between 10 and 22 years. For major maintenance, components have been identified that have depreciation periods of between 7 and 20 years. Furniture, software, computer hardware and trucks are depreciated over periods of 10, 4, 4 and 8 years, respectively.

Other assets (excluding tangible and intangible fixed assets) and accruals and income collected in advance
'Other assets' (excluding tangible and intangible fixed assets) and 'Accruals and income collected in advance' are valued at cost or nominal value, subject to impairment. Transactions in 'Other assets' and 'Accruals and income collected in advance' are recognised in the financial statements as at the settlement date, with the exception of foreign exchange transactions and related accruals, which are reported as at the trade date, in accordance with the economic approach.

Banknotes in circulation
The ECB and the euro area NCBs, which together comprise the Eurosystem, issue euro banknotes[6]. The total value of the euro banknote circulation is allocated to the Eurosystem central banks on the last working day of each month, in accordance with the banknote allocation key[7]. The ECB has been allocated a share of 8% of the total value of euro banknotes in circulation, whereas the remaining 92% has been allocated to NCBs in proportion to their weightings in the Eurosystem capital key. The value of the share of banknotes in circulation allocated to each NCB is accounted for on the liabilities side of the balance sheet under 'Banknotes in circulation'.

6 Decision (EU) of the European Central Bank of 13 December 2010 on the issue of euro banknotes (recast) (ECB/2010/29 and ECB 2011/67/EU), OJ L 35 of 9.2.2011, pp. 26-29. The unofficial consolidated text summarising the recasts is available here.
7 Banknote allocation key means the percentages that result from taking into account the ECB's share in the total euro banknote issue and applying the subscribed capital key to the NCBs' share in such total.

The difference between the value of the euro banknotes allocated to each NCB in accordance with the banknote allocation key and the value of the euro banknotes actually circulated by the relevant NCB gives rise to interest-bearing[8] intra-Eurosystem positions. These positions are shown under 'Net claims related to the allocation of euro banknotes within the Eurosystem' or 'Net liabilities related to the allocation of euro banknotes within the Eurosystem'.

The following applies when a Member State accedes to the Eurosystem: from the cash changeover year[9] onwards, including the five subsequent years, the intra-Eurosystem positions arising from the allocation of euro banknotes are adjusted in order to prevent significant changes in NCBs' relative income positions as compared with previous years. The adjustments are effected by taking into account the differences between the average value of all NCBs' banknotes in circulation by each NCB in the reference period[10] and the average value of banknotes that would have been allocated to them during that period under the Eurosystem capital allocation key. This adjustment is reduced in annual stages until the first day of the sixth year after the cash changeover year, when income on banknotes will be allocated fully in proportion to the NCBs' paid-up shares in the ECB's capital. In this financial year, adjustments resulted from the accession of Hrvatska narodna banka (Croatia) in 2023. The period ends at the end of financial year 2028.

The interest income and expense on these balances are settled by the ECB and are disclosed under 'Net interest income/expense' in the profit and loss account.

Provision for Financial Risks

A Provision for Financial Risks may be established pursuant to Article 8 of the accounting policies that apply to the ECB and the ESCB. DNB has established a Provision for Financial Risks to cover its exposure to transitory and volatile risks whose size it has established on the basis of a reasoned estimate. Further agreements were made concerning the accumulation and use of this provision as part of DNB's capital policy.

Pension and other retirement schemes

The pension entitlements of staff as well as of others having comparable entitlements have been transferred to Stichting Pensioenfonds van De Nederlandsche Bank N.V. (DNB Pension Fund). Through an agreement, DNB has undertaken to pay to the DNB Pension Fund, subject to conditions agreed for the purpose, such amounts as to ensure the pensions under the Pension Fund's pension schemes. In the agreement, the financial methodology is set out in a premium, supplement and risk policy ladder; in the target assets, allowance is made for the indexation ambition. The level of the amounts payable by DNB and the liabilities reported in the financial statements in respect of other retirement schemes are calculated on an actuarial basis.

Other balance sheet items

Other balance sheet items are valued at nominal value, subject to impairment.

ECB profit distribution

After adoption by the ECB's Governing Council, the ECB's profit is distributed to the NCBs of the Eurosystem in proportion to their weightings in the Eurosystem capital key by means of an interim profit distribution in January and a final profit distribution in February which is allocated to the following financial year in accordance with prescribed methodology.

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8 Decision (EU) 2016/2248 of the European Central Bank of 3 November 2016 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (recast) (ECB/2016/36, OJ L 347 of 20 December 2016, pp. 26-36. The unofficial consolidated text summarising the recasts is available here.
9 Cash changeover year means a period of 12 months from the date on which euro banknotes acquire the status of legal tender in a Member State. For Hrvatska narodna banka this refers to 2023.
10 The reference period is the 24-month period starting 30 months before the euro banknotes are accepted as legal tender by the Member State concerned.

Recognition of income and expense

Income and expense are allocated to the financial year to which they relate. Realised gains and losses on investments are determined according to the average cost method and recognised in the profit and loss account. Unrealised gains are not recognised as income, but recorded directly in the revaluation accounts. Unrealised losses are taken to the profit and loss account if they exceed previous revaluation gains registered in the corresponding revaluation account. They are not reversed in subsequent years against new unrealised gains. Unrealised revaluation losses are recorded in the profit and loss account.

Significant accounting estimates and judgements

The preparation of the financial statements requires management to make significant estimates and judgements that affect the reported amounts. These include estimates of useful lives of tangible fixed assets and depreciation periods of components for major maintenance, and assessments as to whether provisions must be established, with the exception of the Provision for Financial Risks. The estimate of the risk to which DNB is exposed is relevant to determining the amount added to or released from the Provision for Financial Risks. An addition is made only if the financial results permit any such addition.

Notes to the balance sheet

Assets

1. Gold and gold receivables
In the financial year, the volume of the gold holdings did not change. As at 31 December 2024, the gold holdings consisted of 19.7 million fine troy ounces (or 612 tonnes) of gold. Their market value stood at €2,511.07 per fine troy ounce (31 December 2023: €1,867.83). The euro value of this item was higher as at 31 December 2024 compared with 31 December 2023 due to an increase in the market price of gold. The increase was added to the revaluation accounts.

Millions

	EUR
Balance as at 31 December 2022	33,595
Revaluation 2023	3,185
Balance as at 31 December 2023	36,780
Revaluation 2024	12,666
Balance as at 31 December 2024	**49,446**

2. Claims on non-euro area residents denominated in foreign currency
As at 31 December 2024, this item stood at €26,727 million (31 December 2023: €26,382 million). It can be broken down as follows:

2.1 Receivables from the International Monetary Fund (IMF)
Receivables from the IMF totalled €21,506 million (31 December 2023: €21,169 million). The SDR[11]/EUR exchange rate as at 31 December 2024 stood at €1.2544 (31 December 2023: SDR/EUR 1.2517).

The receivables from the IMF are funded and held by DNB for the IMF membership of the Dutch State. The Dutch State has extended a credit guarantee up to the sum of the commitments with the exception of the special drawing rights.

Millions

	31 December 2024		31 December 2023	
	SDR	EUR	SDR	EUR
Reserve tranche position	2,141	2,686	2,310	2,808
Loans	846	1,061	760	924
Deposits	476	598	200	243
Special drawing rights	13,681	17,161	14,143	17,194
Total	**17,144**	**21,506**	**17,413**	**21,169**

Reserve tranche position
The reserve tranche position stood at €2,686 million as at 31 December 2024 (31 December 2023: €2,808 million), and it is part of the national quota. All IMF member states have made quotas available to the IMF. Their amounts are related to the member states' relative positions in the global economy. The Dutch quota amounts to SDR 8,737 million. The reserve tranche position (SDR 2,141 million) is the share in this quota effectively drawn by the IMF. The remaining amount – the IMF's euro holdings (SDR 6,596 million) – is kept by DNB. In 2023, the IMF proposed an overall quota increase[12], which has not yet taken effect[13].

11 The value of the SDR is based on a basket of international currencies: the euro, the US dollar, the Chinese yuan, the Japanese yen and the pound sterling.
12 More details of the quota review process can be found here.
13 If a quota increase is agreed, the quota will change to SDR 13,105 million, the NAB loan facility will change to SDR 7,693 million and the 2020 credit line will expire.

Loans

Loans stood at €1,061 million as at 31 December 2024 (31 December 2023: €924 million).

Millions

	Total facility			31 December 2024		31 December 2023	
	SDR	EUR	End of drawing period*	SDR	EUR	SDR	EUR
PRGT	1,900	2,383	31-12-2029	711	892	677	823
RST	2,382	2,988	30-11-2030	135	169	74	90
NAB	9,190	11,528	31-12-2030	-	-	9	11
2020 credit line		5,863	31-12-2027	-	-	-	-
Total				**846**	**1,061**	**760**	**924**

* The drawing period is the period during which loans can be taken out.

They can be broken down as follows:

Millions

	Residual maturity* 31 December 2024				Residual maturity* 31 December 2023			
	Total	< 1 year	1-2 years	> 2 years	Total	< 1 year	1-2 years	> 2 years
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
PRGT**	**892**	79	142	671	**823**	32	76	715
RST	**169**	-	-	169	**90**	-	-	90
NAB**	**-**	-	-	-	**11**	-	-	11
2020 credit line	**-**	-	-	-	**-**	-	-	-
	1,061	**79**	**142**	**840**	**924**	**32**	**76**	**816**

* The residual maturity is the period between the balance sheet date and the expiration date.
** PRGT and NAB loans have 10-year terms from the time of granting.

The Poverty Reduction and Growth Trust (PRGT) is a fund set up to supply the principal amounts of subsidised low-interest loans to the poorest developing countries.

The Resilience and Sustainability Trust (RST) is a fund that provides finance to low-income and vulnerable middle-income countries to address longer-term challenges, including climate change and pandemic preparedness.

The New Arrangement to Borrow (NAB) is a credit line which DNB has made available to the IMF. The IMF can use this credit line for its regular operations in addition to the quota. In 2024, €11 million of NAB loans were repaid early, resulting in no outstanding NAB loans at the end of 2024.

The IMF can draw on the 2020 credit line if resources from the quota and the NAB are insufficient.

Deposit

DNB had initially made a deposit of up to SDR 200 million available to the IMF for the RST fund. In 2024, the deposit was increased by SDR 276 million to SDR 476 million. It will mature on 30 November 2050 and amounted to €598 million as at 31 December 2024.

Special drawing rights

As at 31 December 2024, DNB's special drawing rights amounted to €17,161 million (31 December 2023: €17,194 million). They represent the right to exchange SDR holdings to obtain other currencies.

The initial special drawing rights correspond with the liability item 8 'Counterpart of special drawing rights allocated by the IMF'. As at 31 December 2024, these stood at €16,571 million (31 December 2023: €16,060 million). This concerns the total allocation of special drawing rights by the IMF for the benefit of the Dutch State's membership.

2.2 Balances with banks and security investments, external loans and other external assets

As at 31 December 2024, this item stood at €5,221 million (31 December 2023: €5,213 million).

The breakdown of this item by currency is as follows:

Millions	31 December 2024			31 December 2023		
	Foreign currency	EUR	Exchange rate	Foreign currency	EUR	Exchange rate
USD	3,748	3,608	1.039	4,026	3,643	1.105
JPY	158,273	972	163.060	141,758	907	156.330
AUD	222	132	1.677	215	132	1.626
CAD	183	122	1.495	179	122	1.464
GBP	102	122	0.829	129	149	0.869
CZK	3,076	122	25.185	2,934	119	24.724
NOK	1,405	119	11.795	1,381	123	11.241
CHF	12	13	0.941	-	-	
DKK	85	11	7.458	135	18	7.453
Other currencies		0			0	
Total		**5,221**			**5,213**	

The table below provides a breakdown of these foreign currency balances by investment category.

Millions

	31 December 2024	31 December 2023
	EUR	EUR
Fixed-income securities	4,318	3,913
Equity	700	544
Reverse repos	191	456
Nostro accounts	12	19
Equity funds	-	281
Total	**5,221**	**5,213**

The Financial overview section of the Accountability chapter, starting on page 63, provides a more detailed discussion of the developments in own-account investments at a portfolio level.

The table below provides a breakdown of investment categories by residual maturity.

Millions

	Residual maturity* 31 December 2024					Residual maturity* 31 December 2023				
	Total	No maturity	< 1 year	1-2 years	> 2 years	Total	No maturity	< 1 year	1-2 years	> 2 years
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Fixed-income securities	**4,318**	-	2,524	524	1,270	**3,913**	-	2,229	611	1,073
Equity	**700**	700	-	-	-	**544**	544	-	-	-
Reverse repos	**191**	-	191	-	-	**456**	-	456	-	-
Nostro accounts	**12**	12	-	-	-	**19**	19	-	-	-
Equity funds	**-**	-	-	-	-	**281**	281	-	-	-
Total	**5,221**	**712**	**2,715**	**524**	**1,270**	**5,213**	**844**	**2,685**	**611**	**1,073**

* The residual maturity is the period between the balance sheet date and the expiration date.

3. Claims on euro area residents denominated in foreign currency

As at 31 December 2024, this item stood at €480 million (31 December 2023: €540 million).

The breakdown of this item by currency is as follows:

Millions	31 December 2024			31 December 2023		
	Foreign currency	EUR	Exchange rate	Foreign currency	EUR	Exchange rate
USD	454	437	1.039	572	518	1.105
GBP	35	42	0.829	14	16	0.869
AUD	-	-	1.677	8	5	1.626
Other currencies		1			1	
Total		**480**			**540**	

The table below provides a breakdown of these foreign currency balances by investment category.

Millions	31 December 2024	31 December 2023
	EUR	EUR
Fixed-income securities	461	412
Equity	14	34
Nostro accounts	5	3
USD tender	-	91
Total	**480**	**540**

The Financial overview section of the Accountability chapter, starting on page 63, provides a more detailed discussion of the developments in own-account investments at a portfolio level.

The table below provides a breakdown of investment categories by residual maturity.

Millions

	Residual maturity* 31 December 2024					Residual maturity* 31 December 2023				
	Total	No maturity	< 1 year	1-2 years	> 2 years	Total	No maturity	< 1 year	1-2 years	> 2 years
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Fixed-income securities	**461**	-	129	173	159	**412**	-	125	85	202
Equity	**14**	14	-	-	-	**34**	34	-	-	-
Nostro accounts	**5**	5	-	-	-	**3**	3	-	-	-
USD tender	**-**	-	-	-	-	**91**	-	91	-	-
Total	**480**	**19**	**129**	**173**	**159**	**540**	**37**	**216**	**85**	**202**

* The residual maturity is the period between the balance sheet date and the expiration date.

4. Claims on non-euro area residents denominated in euro

As at 31 December 2024, this item stood at €226 million (31 December 2023: €213 million). These claims can be broken down as follows:

Millions

	31 December 2024	31 December 2023
	EUR	EUR
Equity funds	222	207
Nostro accounts	4	6
Total	**226**	**213**

The Financial overview section of the Accountability chapter, starting on page 63, provides a more detailed discussion of the developments in own-account investments at a portfolio level.

The equity funds and nostro accounts have no fixed maturity.

5. Lending to euro area credit institutions related to monetary policy operations denominated in euro

As at 31 December 2024, the Eurosystem's claim arising from the item 'Lending to euro area credit institutions related to monetary policy operations denominated in euro' totalled €34,221 million (31 December 2023: €410,290 million). Of this total, lending by DNB to Dutch-based credit institutions amounted to €400 million (31 December 2023: €8,560 million). In accordance with Article 32.4 of the Statute of the ESCB and of the ECB, all risks relating to such lending will, if materialised, following a decision by the ECB's Governing Council, be borne in full by the Eurosystem NCBs in proportion to the Eurosystem capital key in force at the time when the loss is suffered. To have access to this facility, a financial institution must meet the requirements laid down by the ECB, including the collateral eligibility criteria. Losses occur only if the counterparty defaults on the repayment and, in addition, the sale of the collateral fails to cover the debt.

This item can be broken down as follows:

Millions

	31 December 2024	31 December 2023
	EUR	EUR
Main refinancing operations	400	300
Longer-term refinancing operations	-	8,260
Fine-tuning reverse operations	-	-
Structural reverse operations	-	-
Marginal lending facility	-	-
Credits related to margin calls	-	-
Total	**400**	**8,560**

5.1 Main refinancing operations

Main refinancing operations amounted to €400 million as at 31 December 2024 (31 December 2023: €300 million). The main refinancing operations are conducted as weekly fixed-rate tenders with a maturity of one week. They play a key role in steering interest rates, regulating market liquidity and signalling the monetary policy stance.

5.2 Longer-term refinancing operations

Longer-term refinancing operations, amounting to nil as at 31 December 2024 (31 December 2023: €8,260 million), mainly relate to TLTRO III loans. The purpose of these loans is to provide counterparties with longer-term refinancing. In 2024, the last outstanding TLTRO-III loans were repaid, totalling €8,260 million.

In 2019 the ECB's Governing Council introduced the first of an initial series of seven targeted longer-term refinancing operations under the third programme (TLTRO III loans). On 10 December 2020 the Governing Council decided to add three more longer-term refinancing operations, which were conducted between June and December 2021. They had a maturity of three years and therefore expired in full in 2024. For all TLTRO III operations, credit institutions had a full or partial early repayment option on a quarterly basis after at least one year of the maturity has elapsed. Between 24 June 2020 and 23 June 2022, the interest rates for these transactions were up to 50 basis points below the average deposit facility rate, but in no case below -1% and as low as the average interest rate on the deposit facility over the remaining term of the transaction for the relevant period[14].

The actual interest rate could only be established on the date of maturity or early repayment of each operation. Until then, a reliable estimate was made to calculate the accrued interest on the TLTRO III loans. This means that for the 2023 financial statements interest accrued in respect of these

14 On 27 October 2022 the Governing Council of the ECB decided that from 23 November 2022 until the maturity date or early repayment date of each respective outstanding TLTRO III operation, the interest rate on TLTRO III operations would be indexed to the average applicable key ECB interest rates over this period.

operations has been indexed to the average applicable ECB interest rate since the start of the last interest rate period, which started on 23 November 2022.

5.3 Fine-tuning reverse operations

Fine-tuning reverse operations aim to regulate the market liquidity situation and steer interest rates, particularly to smooth the effects on interest rates caused by unexpected market fluctuations. Owing to their nature, they are conducted on an ad-hoc basis. In 2024, as in 2023, they were not conducted.

5.4 Structural reverse operations

These are reverse open-market transactions through standard tenders to enable the Eurosystem to adjust its structural liquidity position vis-à-vis the financial sector. In 2024, as in 2023, they were not conducted.

5.5 Marginal lending facility

Marginal lending facilities may be used by counterparties to obtain deposits from NCBs at a pre-specified deposit interest rate against eligible assets until the morning of the next business day. No use was made of these facilities in 2024 (2023: several times).

5.6 Credits related to margin calls

These are credits to counterparties in case the collateral provided exceeds a predetermined limit, resulting in excess collateral relative to the outstanding monetary policy operations. In 2024, as in 2023, no credits related to margin calls were extended.

6. Other claims on euro area credit institutions denominated in euro

As at 31 December 2024, this item amounted to €6 million (31 December 2023: €4 million), consisting of nostro accounts.

7. Securities of euro area residents denominated in euro

As at 31 December 2024, this item stood at 183,197 million (31 December 2023: €204,123 million), consisting of 'Securities held for monetary policy purposes' and 'Other securities'.

7.1 Securities held for monetary policy purposes

This item consists of securities acquired by DNB within the scope of the third covered bond purchase programmes (CBPP3), the securities markets programme (SMP), the public sector purchase programme (PSPP) and the pandemic emergency purchase programme (PEPP).

	Start date	End date*	Decision	Eligible securities**
Securities Markets Programme (SMP)				
SMP	May 2010	September 2012	ECB/2010/5	Private-sector and public-sector securities issued in the euro area***
Asset purchase programme (APP)				
CBPP3	October 2014	June 2023	ECB/2020/8 (amended)	Covered bonds issued by euro area residents
ABSPP	November 2014	June 2023	ECB/2014/45 (amended)	Senior and guaranteed mezzanine tranches of asset-backed securities of euro area residents
PSPP	March 2015	June 2023	ECB/2020/9	Bonds issued by euro-area central, regional or local governments or recognised agencies as well as by international organisations and multilateral development banks located in the euro area
CSPP	June 2016	June 2023	ECB/2016/16, as amended	Bonds and commercial paper issued by non-bank corporations established in the euro area
Pandemic emergency purchase programme (PEPP)				
PEPP	March 2020	December 2024	ECB/2020/17 (amended)	All asset categories eligible under the APP

* For SMP, the end date refers to the termination of the program; for APP and PEPP, it refers to the termination of purchases.
** Further eligibility criteria for specific programmes are set out in the Governing Council's decisions
*** Only public debt securities issued by five euro area treasuries were purchased under the SMP

The size of the asset purchase programme (APP)[15] portfolio decreased further in 2024 as the principal amounts of maturing securities were no longer reinvested[16].

Regarding the PEPP[17], full reinvestments of principal amounts of maturing securities continued in the first half of 2024 following a decision of the ECB Governing Council in December 2023[18]. During the second half of the year, the PEPP portfolio decreased by an average of €7.5 billion, as the Eurosystem did not fully reinvest all principal amounts of maturing securities. Reinvestments under the PEPP were terminated by the end of 2024.

Securities purchased under these portfolios are valued at amortised cost, subject to impairment (see also ‘Securities held for monetary policy purposes’ in the ‘Accounting policies’ section).

15 Further details on the APP can be found on the ECB’s website.
16 See the ECB Governing Council monetary policy decision of 15 June 2023.
17 Further details on the PEPP can be found on the ECB’s website.
18 See the ECB Governing Council monetary policy decision of 14 December 2023.

The amortised cost[19] of the fixed-income securities held by DNB and the other Eurosystem central banks is as follows:

Millions

Securities held for monetary policy purposes	31 December 2024			31 December 2023		
	DNB	Other Eurosystem	Total Eurosystem	DNB	Other Eurosystem	Total Eurosystem
	EUR	EUR	EUR	EUR	EUR	EUR
SMP	**120**	**1,216**	**1,336**	**212**	**2,185**	**2,397**
APP						
CBPP3	23,587	229,422	**253,009**	24,877	260,743	**285,620**
ABSPP	-	7,047	**7,047**	-	13,348	**13,348**
PSPP - government	91,106	1,805,816	**1,896,922**	102,437	2,045,337	**2,147,774**
PSPP - supranational	-	227,809	**227,809**	-	255,261	**255,261**
CSPP	-	288,377	**288,377**	-	323,921	**323,921**
Total APP	**114,693**	**2,558,471**	**2,673,164**	**127,314**	**2,898,610**	**3,025,924**
PEPP						
PEPP - covered bonds	411	5,553	**5,964**	412	5,624	**6,036**
PEPP - government	65,089	1,333,782	**1,398,871**	73,593	1,386,074	**1,459,667**
PEPP - supranational	-	158,931	**158,931**	-	154,332	**154,332**
PEPP - corporate bonds	-	45,105	**45,105**	-	45,989	**45,989**
Total PEPP	**65,500**	**1,543,371**	**1,608,871**	**74,005**	**1,592,019**	**1,666,024**
Total	**180,313**	**4,103,058**	**4,283,371**	**201,531**	**4,492,814**	**4,694,345**

19 With the exception of shares acquired by a Eurosystem NCB in 2024 as a result of a corporate restructuring. These shares are held at market value.

The Governing Council of the ECB, as well as the Executive Board of DNB, regularly assess the financial risks associated with the securities held under these programmes. The annual impairment test is conducted by the Eurosystem for each programme on the basis of the information available at the balance sheet date. In cases where impairment indicators are observed, further analysis is performed to confirm that the cash flows of the underlying securities have not been impaired.

In accordance with the decision of the Governing Council taken under Article 32.4 of the Statute of the ESCB and of the ECB, losses from these programmes[20], if they were to materialise, are shared in full by the Eurosystem NCBs, in proportion to the prevailing ECB capital key shares. Excluding financial losses from PSPP-government and PEPP-government securities, which are not shared by all Eurosystem NCBs.

The amortised cost and market values[21] of the fixed-income securities held by DNB are as follows:

Millions

	31 December 2024		31 December 2023	
	Amortised cost	Market value	Amortised cost	Market value
	EUR	EUR	EUR	EUR
SMP	**120**	**121**	**212**	**217**
APP				
CBPP3	23,587	20,423	24,877	21,387
PSPP - government	91,106	80,963	102,437	91,751
PEPP				
PEPP - covered bonds	411	309	412	305
PEPP - government	65,089	56,478	73,593	64,371
Total	**180,313**	**158,294**	**201,531**	**178,031**

20 The ABSPP is on the ECB's balance sheet and is primarily at the ECB's risk. Any losses are charged to the NCBs through the ECB's profit distribution.
21 Market values are indicative and are derived on the basis of market quotes. Where market quotations are unavailable, estimates based on internal Eurosystem models are used. Market values are not presented in the balance sheet or in the profit and loss account, but are provided here for comparative purposes only.

The table below provides a breakdown of the maturities of the fixed-income securities.

Millions

	Residual maturity* 31 December 2024						Residual maturity* 31 December 2023					
	Total	< 1 year	1-2 years	2-5 years	5-10 years	> 10 years	Total	< 1 year	1-2 years	2-5 years	5-10 years	> 10 years
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
SMP	**120**	115	5	-	-	-	**212**	93	114	5	-	-
APP												
CBPP3	**23,587**	1,043	1,586	4,613	8,296	8,049	**24,877**	1,296	1,042	4,769	9,502	8,268
PSPP - government	**91,107**	6,509	9,177	28,752	18,490	28,179	**102,437**	10,836	6,500	29,874	26,746	28,481
PEPP												
PEPP - covered bonds	**411**	-	9	64	39	299	**412**	-	-	50	63	299
PEPP - government	**65,088**	9,235	6,597	16,513	13,032	19,711	**73,593**	13,793	4,142	18,841	16,865	19,952
Total	**180,313**	**16,902**	**17,374**	**49,942**	**39,857**	**56,238**	**201,531**	**26,018**	**11,798**	**53,539**	**53,176**	**57,000**

* The residual maturity is the period between the balance sheet date and the expiration date.

The Financial overview section of the Accountability chapter provides a more detailed discussion of the various risks to which the monetary programmes are exposed.

7.2 Other securities

As at 31 December 2024, this item stood at €2,884 million (31 December 2023: €2,592 million). It consists of positions in equities, equity funds and bond funds valued at market value.

The table on the right specifies other securities by investment category.

As these investments have no fixed maturity, they are not broken down by maturity.

Millions

	31 December 2024	31 December 2023
	EUR	EUR
Equity funds	1,877	1,566
Investment-grade bond funds	555	539
High-yield bond funds	380	403
Equity	72	84
Total	**2,884**	**2,592**

The Financial overview section of the Accountability chapter, starting on page 63, provides a more detailed discussion of the developments in own-account investments at a portfolio level.

8. Intra-Eurosystem claims

As at 31 December 2024, this item stood at €130,385 million (31 December 2023: €115,511 million).

8.1 Participating interest in the ECB

Pursuant to Article 28 of the Statute of the ESCB and of the ECB, the NCBs of the ESCB are the sole subscribers to the capital of the ECB. Subscriptions depend on shares which are fixed in accordance with Article 29 of the Statute of the ESCB and of the ECB and are subject to adjustment every five years or whenever there is a change in composition of the ESCB national central banks.

As at 31 December 2024, this item stood at €663 million (31 December 2023: €622 million). This is comprised of €523 million in capital contribution (31 December 2023: €516 million) and €140 million in contributions resulting from the changes in DNB's share in the ECB's accumulated net equity (31 December 2023: €106 million).

Based on the decision[22] of the ECB's Governing Council, the NCBs' capital keys were changed (see table on the right):

The most recent such adjustment took effect on 1 January 2024. Due to the capital key change, the share that DNB held in the subscribed capital of the ECB – €10,825 million in total – increased from 4.7662% to 4.8306%. As a result, DNB's relative share in the ECB's accumulated net equity also increased. DNB transferred an additional capital contribution of €7 million to the ECB and made an additional payment of €34 million relating to the distribution of the shares in the ECB's accumulated net equity.

22 Council Decision 2003/517/EC of 15 July 2003 on the statistical data to be used for the adjustment of the key for subscription of the capital of the European Central Bank. OJ L 181, 19 July 2003, p. 43.

Percentages

	Eurosystem capital key from 1 January 2024	Eurosystem capital key up to and including 31 December 2023
	%	%
Nationale Bank van België	3.0005	2.9630
Deutsche Bundesbank	21.7749	21.4394
Eesti Pank	0.2437	0.2291
Central Bank of Ireland	1.7811	1.3772
Bank of Greece	1.8474	2.0117
Banco de España	9.6690	9.6981
Banque de France	16.3575	16.6108
Hrvatska narodna banka	0.6329	0.6595
Banca d'Italia	13.0993	13.8165
Central Bank of Cyprus	0.1802	0.1750
Latvijas Banka	0.3169	0.3169
Lietuvos bankas	0.4826	0.4707
Banque centrale du Luxembourg	0.2976	0.2679
Central Bank of Malta	0.1053	0.0853
De Nederlandsche Bank	**4.8306**	**4.7662**
Oesterreichische Nationalbank	2.4175	2.3804
Banco de Portugal	1.9014	1.9035
Banka Slovenije	0.4041	0.3916
Národná banka Slovenska	0.9403	0.9314
Suomen Pankki-Finlands Bank	1.4853	1.4939
*Total euro area NCB's**	*81.7681*	*81.9881*
Bulgarian National Bank	0.9783	0.9832
Česká národní banka	1.9623	1.8794
Danmarks Nationalbank	1.7797	1.7591
Magyar Nemzeti Bank	1.5819	1.5488
Narodowy Bank Polski	6.0968	6.0335
Banca Națională a României	2.8888	2.8289
Sveriges Riksbank	2.9441	2.9790
*Subtotal for non-euro area NCBs**	*18.2319*	*18.0119*
Total for euro area and non-euro area NCBs*	**100.0000**	**100.0000**

* Totals may not add up owing to rounding.

The table below sets out the NCBs' shares in the authorised, subscribed and paid-up capital of the ECB.

Percentages and millions

	31 December 2024				31 December 2023	
	Eurosystem capital key	Capital key	Authorised and subscribed capital	Paid-up capital	Authorised and subscribed capital	Paid-up capital
	%	%	EUR	EUR	EUR	EUR
National Bank of Belgium	3.6695	3.0005	325	325	321	321
Deutsche Bundesbank	26.6301	21.7749	2,357	2,357	2,321	2,321
Eesti Pank	0.2980	0.2437	26	26	25	25
Central Bank of Ireland	2.1782	1.7811	193	193	149	149
Bank of Greece	2.2593	1.8474	200	200	218	218
Banco de España	11.8249	9.6690	1,047	1,047	1,050	1,050
Banque de France	20.0047	16.3575	1,771	1,771	1,798	1,798
Banca d'Italia	0.7740	0.6329	68	68	1,496	1,496
Central Bank of Cyprus	16.0201	13.0993	1,418	1,418	19	19
Hrvatska narodna banka	0.2204	0.1802	20	20	71	71
Latvijas Banka	0.3876	0.3169	34	34	34	34
Lietuvos bankas	0.5902	0.4826	52	52	51	51
Banque centrale du Luxembourg	0.3640	0.2976	32	32	29	29
Central Bank of Malta	0.1288	0.1053	11	11	9	9
De Nederlandsche Bank	**5.9077**	**4.8306**	**523**	**523**	**516**	**516**
Oesterreichische Nationalbank	2.9565	2.4175	262	262	258	258
Banco de Portugal	2.3254	1.9014	206	206	206	206
Banka Slovenije	0.4942	0.4041	44	44	42	42
Národná banka Slovenska	1.1500	0.9403	102	102	101	101
Suomen Pankki-Finlands Bank	1.8165	1.4853	161	161	162	162
*Subtotal for euro area NCBs**	*100.0000*	*81.7681*	*8,851*	*8,851*	*8,875*	*8,875*
Bulgarian National Bank	-	0.9783	106	4	106	4
Česká národní banka	-	1.9623	212	8	203	8
Danmarks Nationalbank	-	1.7797	193	7	190	7
Magyar Nemzeti Bank	-	1.5819	171	6	168	6
Narodowy Bank Polski	-	6.0968	660	25	653	24
Banca Natională a României	-	2.8888	313	12	306	11
Sveriges Riksbank	-	2.9441	319	12	322	12
*Subtotal for non-euro area NCBs**	-	*18.2319*	*1,974*	*74*	*1,950*	*73*
Total for euro area and non-euro area NCBs	**-**	**100**	**10,825**	**8,925**	**10,825**	**8,948**

* Totals may not add up owing to rounding.

8.2 Claims equivalent to the transfer of foreign reserves to the ECB

These claims, amounting to €2,396 million as at 31 December 2024 (31 December 2023: €2,364 million), arise from the transfer of foreign reserves to the ECB. Pursuant to Article 30.2 of the Statute of the ESCB and of the ECB, the transfer is in proportion to DNB's share in the ECB's subscribed capital. The interest paid on these claims was calculated daily at the latest established rate used in the main refinancing operations of the Eurosystem[23], with a zero return on the gold component.

The adjustment of DNB's Eurosystem capital key as at 1 January 2024 resulted in a €32 million increase in the claims equivalent to the transfer of foreign reserves to the ECB.

8.3 Claims related to TARGET

This item of €66,541 (31 December 2023: €48,612 million) consists of DNB's TARGET position vis-à-vis the ECB (for further notes see 'Intra-ESCB and intra-Eurosystem claims and liabilities').

Interest on this claim, excluding positions arising from the short-term US dollar liquidity providing programme[24], was calculated daily at the latest established rate used in the main refinancing operations of the Eurosystem[23].

8.4 Net claims related to the allocation of euro banknotes within the Eurosystem

This item, amounting to €60,785 million as at 31 December 2024 (31 December 2023: €63,913 million), consists of a net claim of DNB on the Eurosystem relating to the reallocation of euro banknotes. See 'Intra-ESCB and intra-Eurosystem claims and liabilities' and 'Banknotes in circulation' in the 'Accounting policies' section for further details.

The decrease compared to 31 December 2023 (€3,128 million) is due to an increase in euro banknotes put into circulation by DNB (28% increase) and the smaller increase in euro banknotes in circulation within the Eurosystem as a whole (3% increase compared to 31 December 2023). The interest paid on these claims was calculated daily at the latest established rate used in the main refinancing operations of the Eurosystem[23].

23 From 1 January 2025, the main refinancing rate no longer applies. Instead, the deposit facility rate applies. See 'Events after the balance sheet date' on page 130 for further details.
24 For more details of the programme, see 'Claims on euro area residents denominated in foreign currency'.

9. Other assets

As at 31 December 2024, this item totalled €3,348 million (31 December 2023: €4,002 million).

9.2 Tangible and intangible fixed assets

The table below sets out the components of and movements in tangible and intangible fixed assets.

	Total tangible and intangible fixed assets	Total tangible fixed assets	Land and buildings*	Fittings	Fixed assets under construction	Decommissioned commercial buildings	Total intangible fixed assets	Development costs (software)
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Book value as at 31 December 2022	**300**	**285**	152	14	119	-	**15**	15
Movements:								
Reclassification	**-**	**-**	8	11	-21	2	**-**	-
Additions	**105**	**105**	-	4	101	-	**-**	-
Disposals	**-**	**-**	-	-	-	-	**-**	-
Depreciation and amortisation	**(22)**	**(17)**	(10)	(7)	-	-	**(5)**	(5)
Impairment losses	**-**	**-**	-	-	-	-	**-**	-
Book value as at 31 December 2023	**383**	**373**	150	22	199	2	**10**	10
Movements:								
Reclassification	**-**	**-**	260	20	(280)	-	**-**	-
Additions	**89**	**89**	0	2	87	-	**-**	-
Disposals	**(2)**	**(2)**	-	-	-	(2)	**-**	-
Depreciation and amortisation	**(21)**	**(17)**	(9)	(8)	-	-	**(4)**	(4)
Impairment losses	**-**	**-**	-	-	-	-	**-**	-
Book value as at 31 December 2024	**449**	**443**	401	36	6	-	**6**	6
Cost	**537**	**515**	418	91	6	-	**22**	22
Accumulated depreciation and amortisation	**(88)**	**(72)**	(17)	(55)	-	-	**(16)**	(16)
Book value as at 31 December 2024	**449**	**443**	401	36	6	-	**6**	6

* Land and buildings includes land in the amount of EUR 7 million. Land is not depreciated.

The sustainable renovation of DNB' headquarters on Frederiksplein in Amsterdam was largely completed by 2024, with the building being handed over on 23 December 2024. An amount of €280 million was therefore reclassified from 'Fixed assets under construction' to 'Land and buildings' and 'Furniture'. In January 2025, the property was brought back into use. Depreciation takes place using component depreciation accounting (see policies 'Tangible and intangible fixed assets' under 'Accounting policies' on page 100).

Staff is now no longer temporarily accommodated in the Toorop building on Spaklerweg in Amsterdam. See 'Provision for office accommodation' on page 125 for further details.

The property in Wassenaar, which was decommissioned in 2023, was sold in 2024.

9.3 Other financial assets

The table below sets out the subcategories of 'Other financial assets'.

Millions

	31 December 2024	31 December 2023
	EUR	EUR
Participating interests	61	61
Equities	3	3
Other receivables	72	76
Total	**136**	**140**

Participating interests

The participating interests concern shares in the Bank for International Settlements (BIS), the Society for Worldwide Interbank Financial Telecommunication scrl (SWIFT), and N.V. Settlement Bank of the Netherlands (SBN). The shareholding percentages for the BIS, SWIFT and SBN are unchanged from 2023. The BIS shares are 25% paid-up. As in 2023, the contingent liability for the uncalled part of the shares stood at SDR 64.9 million as at 31 December 2023. Although DNB holds 100% of the shares in SBN, this entity is not within DNB's scope of consolidation. The reason is that DNB cannot exercise any policy-making influence over SBN, which is entirely controlled by external parties.

Percentages and millions

Participating interests	Participation share	Location	Shareholders' equity*	**31 December 2024**	**31 December 2023**
			EUR	EUR	EUR
BIS	3.10	Basel (Switzerland)	31,463	52	52
SWIFT	0.03	La Hulpe (Belgium)	719	0	0
SBN	100.00	Amsterdam	9	9	9
Total				**61**	**61**

* Shareholders' equity of SWIFT and SBN is based on the 2023 annual financial statements. Shareholders' equity of the BIS is based on the 2024 annual financial statements (financial year from 1 April to 31 March).

Other receivables
Other receivables mainly include a receivable from a Dutch

financial institution arising from staff mortgage loans. The mortgage loan portfolio is periodically assigned to DNB under a concession agreement.

9.5 Accruals and prepaid expenses
As at 31 December 2024, this item stood at €2,734 million (31 December 2023: €3,372 million). This item mainly consists of accrued interest on the monetary portfolios and Eurosystem claims.
It also comprises unamortised results, which can be broken down as follows:

Millions

	31 December 2024	31 December 2023
	EUR	EUR
Foreign exchange swaps	72	65
Foreign exchange forwards	1	1
Total	**73**	**66**

Liabilities

1. Banknotes in circulation

This item consists of DNB's share in the total euro banknotes circulated by the Eurosystem.

The table below sets out the composition of banknotes put into circulation by DNB less banknotes returned to DNB, by denomination.

Millions	31 December 2024		31 December 2023	
	Aantal	EUR	Aantal	EUR
EUR 5	(207)	(1,034)	(204)	(1,021)
EUR 10	(224)	(2,238)	(240)	(2,399)
EUR 20	(598)	(11,958)	(598)	(11,961)
EUR 50	1,131	56,563	990	49,503
EUR 100	(114)	(11,385)	(102)	(10,166)
EUR 200	23	4,547	24	4,786
EUR 500	(18)	(8,954)	(18)	(8,840)
Total euro banknotes circulated by DNB		25,541		19,902
Reallocation of euro banknotes in circulation	68,292		71,201	
Euro banknotes allocated to the ECB (8% of the sum of 17,903 + 71,201)*	(7,507)		(7,288)	
		60,785		63,913
Total		**86,326**		**83,815**

* Totals may not add up due to rounding.

During 2024, the total value of banknotes in circulation within the Eurosystem increased by 3% (2023: 1% decrease). As a result of the reallocation of euro banknotes, DNB's share in the euro banknotes in circulation was €86,326 million as at 31 December 2024 (31 December 2023: €83,815 million). The value of the euro banknotes DNB actually issued in 2024 increased by 28% from €19,902 million to €25,541 million. The difference of €60,785 million between the reallocated amount and the total amount of euro banknotes put into circulation through DNB is shown under 'Net claims related to the allocation of euro banknotes within the Eurosystem'. The negative numbers of banknotes for certain denominations are accounted for by the fact that, on a net basis, DNB issued fewer of these banknotes than it received from circulation.

2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro

This item relates to liabilities to credit institutions arising from DNB's money market policy conducted on behalf of the Eurosystem. As at 31 December 2024, this item stood at €225,428 million (31 December 2023: €229,323 million).

2.1 Current accounts (covering the minimum reserve system)

These liabilities, amounting to €11,727 million as at 31 December 2024 (31 December 2023: €15,433 million), contain the credit balances on the transaction accounts of credit institutions that are required to hold minimum reserves with DNB. Excluding funds of credit institutions that are not freely disposable and accounts of credit institutions exempt from minimum reserve requirements. The latter, if any, are disclosed under liability item 3 'Other liabilities to euro area credit institutions denominated in euro'.

The main refinancing rate of interest was paid on minimum reserves until 20 December 2022. The deposit facility rate was paid from 21 December 2022 until 19 September 2023. On 27 July 2023, the Governing Council of the ECB decided to remunerate mandatory reserves at 0% from 20 September 2023.

This also applies to the part of credit institutions' reserve holdings in excess of minimum reserve requirements.

2.2 Deposit facility
This permanent facility, amounting to €213,701 million as at 31 December 2024 (31 December 2023: €213,890 million), may be used by credit institutions to place overnight deposits at DNB at the deposit facility rate.

2.3 Fixed-term deposits
Fixed-term deposits are fine-tuning liquidity absorbing operations that take the form of deposits. As in 2023, no bids were made in 2024.

2.4 Fine-tuning reverse operations
These are monetary policy operations intended to tighten liquidity. As in 2023, no such operations were conducted in 2024.

2.5 Deposits related to margin calls
This item refers to deposits made by counterparties in those instances where the market value of the collateral pledged falls short of a pre-established trigger point, implying a deficit of collateral with respect to outstanding monetary policy operations.

3. Other liabilities to euro area credit institutions denominated in euro
This item, amounting to €283 million (31 December 2023: €807 million), consists of liabilities in respect of repo transactions.

4. Liabilities to other euro area residents denominated in euro
As at 31 December 2024, this item totalled €3,871 million (31 December 2023: €10,540 million).

4.1 General government
This item, amounting to €2,110 million as at 31 December 2024 (31 December 2023: €7,153 million) comprises non-monetary deposits as part of DNB's services to governments and supranational institutions. It consists mainly of €2,092 million in liabilities to the Dutch State (31 December 2023: €7,148 million).

4.2 Other liabilities
This item, amounting to €1,761 million as at 31 December 2024 (31 December 2023: €3,387 million) consists predominantly of non-monetary deposits held by financial institutions not required to maintain a minimum reserve as part of DNB's services to other euro area residents.

5. Liabilities to non-euro area residents denominated in euro
This item, amounting to €5,846 million as at 31 December 2024 (31 December 2023: €9,547 million) consists of €1,933 million in non-monetary deposits as part of DNB's services to non-euro area central banks and governments (31 December 2023: €4,735 million), €3,907 million in liabilities to the European Single Resolution Fund (31 December 2023: €4,484 million) and €5 million in liabilities related to margin calls (31 December 2023: €75 million). Liabilities from repo transactions were nil as at 31 December 2024 (31 December 2023: €253 million).

8. Counterpart of special drawing rights allocated by the IMF
This item is disclosed under asset item 2.1 'Receivables from the International Monetary Fund (IMF)'.

9. Intra-Eurosystem liabilities

Intra-Eurosystem liabilities as at 31 December 2024 amount to €1,740 million (31 December 2023: €1,941 million) and consist entirely of 'Other intra-Eurosystem liabilities. This item is comprised of two components.

The first component is DNB's position vis-à-vis the ECB due to the annual pooling and distribution of monetary income by the Eurosystem NCBs. As in the previous financial year, DNB had a liability in respect of redistribution of monetary income to the ECB, of €1,740 million as at 31 December 2024 (31 December 2023: €1,941 million). A net liability means that, on balance, DNB earned more on its monetary operations than would be expected based on its Eurosystem capital key. See the notes to profit and loss account item 3 'Net result of monetary income pooling' on page 135).

The second component is DNB's claim on the ECB in connection with the interim profit distribution by the ECB. With a view to the ECB's loss for 2024, the Governing Council decided not to distribute any dividends.

10. Other liabilities

As at 31 December 2024, this item stood at €681 million (31 December 2023: €394 million), The increase compared to 31 December 2023 is mainly explained by revaluation differences on off-balance sheet instruments amounting to a liability of €391 million as at 31 December 2024 (31 December 2023: a claim of €4 million).

11. Provisions

As at 31 December 2024, this item totalled €31 million (31 December 2023: €23 million).

11.1 Provision for Financial Risks

As at 31 December 2024, the balance of the Provision for Financial Risks stood at nil, as at 31 December 2023.

The Financial overview section of the Accountability chapter, starting on page 63, provides a more detailed discussion of the risks to which DNB is exposed.

11.2 Other provisions

This item, amounting to €31 million (31 December 2023: €23 million), can be broken down as follows:

Millions	Total	Provision for financial risks	Provision for monetary policy operations	Provision for employee benefits	Provisions for housing	Provision for Slavery History	Restructuring provision
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2022	**2,378**	2,346	-	19	-	10	3
Withdrawal	**(2,356)**	(2,346)	-	(2)	-	(6)	(2)
Release	**(7)**	-	-	(6)	-	-	(1)
Addition	**8**	-	2	5	-	0	1
Balance as at 31 December 2023	**23**	-	2	16	-	4	1
Withdrawal	**(7)**	-	(2)	(2)	-	(2)	(1)
Release	**(1)**	-	-	(1)	-	-	(0)
Addition	**16**	-	-	7	7	0	2
Balance as at 31 December 2024	**31**	**-**	**-**	**20**	**7**	**2**	**2**

Provision for monetary policy operations

All participating NCBs in the Eurosystem formed a provision for credit risk in monetary policy operations. An amount of €43 million was withdrawn to cover most of the realised loss from the sale of an impaired security in 2024. This impaired security was held by a Eurosystem NCB in the PEPP corporate bond portfolio. Of this amount, €2 million was withdrawn from the provision DNB formed in 2023. As a result, its balance is nil as at 31 December 2024 (31 December 2023: €2 million).

Provision for employee benefits

The provision for employee benefits increased by €4 million to €20 million (31 December 2023: €16 million).

DNB operates the following arrangements:

- a defined benefit pension scheme
- a contribution to the healthcare insurance premiums of a group of pensioners and former employees
- a service anniversary and retirement bonus arrangement
- a surviving dependents' benefit scheme in the event of death
- a state pension bridging arrangement
- An 80-90-100 scheme

DNB operates an average-pay staff pension scheme, which features provisional indexation based on the consumer price index. Annual indexation takes place only if DNB Pension Fund's financial position allows this. DNB Pension Fund's policy funding ratio stood at 137.8% as at 31 December 2024 (31 December 2023: 135.4%). As in 2023, this means it was not underfunded at year-end 2024. Almost full indexation was applied in the year under review. The pension contribution paid is charged to the profit and loss account, rather than set against a provision. See 'Pension and other retirement schemes' under 'Accounting policies' on page 101 for further details.

The contribution towards the health insurance premiums payable by pensioners and former employees is an allowance towards the costs concerned.

The service anniversary and retirement bonus arrangements provide for bonuses payable to staff upon 20, 30, 40 and 50 years' service and retirement, and payments made in the event of incapacity for work and to surviving dependants.

The surviving dependents' benefit scheme in the event of death includes a lump-sum payment of 2, 3 or 6 months of pension benefits to surviving dependents of a former employee.

The state pension bridging arrangement was agreed under the collective labour agreement. It comprises a lump sum payment equal to the prevailing monthly state pension (AOW) for unmarried persons multiplied by the number of months the DNB employee retires before the statutory state pension date, subject to a maximum of 36 months.

The 80-90-100 scheme was likewise agreed under the collective labour agreement. Under this scheme, eligible employees work 80% of their working week, while the employer pays 90% of their current income. Pension accrual remains 100%. Rights are accrued under the scheme on the basis of economic reality.

The liabilities and annual costs are actuarially determined. The assumptions used were:

	31 December 2024	**31 December 2023**
Discount rate for other employee benefits	Scheme-dependent (anniversaries: 3.30% healthcare: 3.25% surviving dependents: 3.45% 80-90-100: 2.85%)	Scheme-dependent (anniversaries: 3.20% healthcare: 3.20% surviving dependents: 3.15%)
Price inflation	2.00%	2.00%
Indexation of pension entitlements	2.00%	2.00%
General salary increase	2.75% and 1.75% (2025) 2.00% (2026 and beyond)	2 times 2.50% (2024) 2.00% (2025 and beyond)
Individual salary increase (average)	2.30%	2.30%
Expected average retirement age	Assumption for all participants: 67	Assumption for all participants: 67
Mortality outlook	Mortality table AG 2024 + mortality experience	Mortality table AG 2022 + mortality experience

Provision for office accommodation

The rental agreement for the Toorop building expires on 31 August 2025 and cannot be terminated earlier. The renovated premises at Frederiksplein have been brought back into use in early January 2025 and business operations continue there. There are no expected benefits against the unavoidable costs involved in meeting the contractual obligations under the rental agreement. Accordingly, a provision of €7 million was formed for these costs in the 2024 financial year.

Provision related to DNB's historical links to slavery
This provision amounted to €2 million as at 31 December 2024 (31 December 2023: €4 million). It decreased by €2 million in 2023 as DNB made one-off contributions to educational and historical projects[25].

Provision for restructuring
This provision stood at €2 million as at 31 December 2024 (31 December 2023: €1 million).

12. Revaluation accounts
As at 31 December 2024, this item totalled €49,288 million (31 December 2023: €36,321 million).

The table below sets out the components of and net movements in the revaluation accounts:

Millions

	Total	Gold	Foreign currency	Fixed-income securities	Equity funds	Equity	High-yield bond funds	Investment-grade bond funds
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2022	**32,883**	32,469	9	1	380	-	24	-
Net revaluation movements	**3,438**	3,184	(5)	28	112	49	33	37
Balance as at 31 December 2023	**36,321**	35,653	4	29	492	49	57	37
Net revaluation movements	**12,967**	12,666	27	(18)	181	77	19	15
Balance as at 31 December 2024	**49,288**	**48,319**	**31**	**11**	**673**	**126**	**76**	**52**

The net increase in the aggregate amount for the revaluation accounts of €12,967 million can be ascribed mainly to the higher market value of gold.

25 See Box The legacy of slavery on page 50 in the Accountability chapter for more information.

13. Capital and reserves

DNB's authorised capital, which is fully issued and paid up, amounts to €500 million and is divided into 500 shares of €1 million each. All shares are held by the Dutch State. The statutory reserve has been formed for the book value of the intangible fixed assets.

The table below sets out the movements in capital and reserves before appropriation of the result:

Millions	Total	Issued capital	General reserve	Statutory reserve
	EUR	EUR	EUR	EUR
Balance as at 31 December 2022	**8,483**	500	7,968	15
Profit for the year 2022	-			
Dividend	-			
Addition of 2022 net profit	-			
Movement in statutory reserve	-		5	(5)
Balance as at 31 December 2023	**8,483**	**500**	**7,973**	**10**
Profit for the year 2023	**(1,139)**		(1,139)	
Dividend	-		-	
Addition of 2023 net profit	**(1,139)**		(1,139)	
Movement in statutory reserve	-		4	(4)
Balance as at 31 December 2024	**7,344**	**500**	**6,838**	**6**

14. Result for the year

The result for the 2024 financial year was a €3,194 million loss (31 December 2023: a €1,139 million loss).

With due observance of the relevant provision of the Articles of Association and the shareholder's mandate, the proposed appropriation of the result is set out below.

Millions	2024	2023
	EUR	EUR
Addition (deduction) to the general reserve	(3,194)	(1,139)
Distribution to the State	-	-
Profit (loss) for the year	**(3,194)**	**(1,139)**

Other notes to the balance sheet

Off-balance sheet positions revaluation differences

The off-balance sheet positions are shown below. Their conversion to euro results in net revaluation differences.

Millions

	31 December 2024							31 December 2023						
	Total	EUR	USD	JPY	GBP	CNH	SDR	Total	EUR	USD	JPY	GBP	CNH	SDR
Foreign exchange swaps														
Receivables	**8,324**	7,359	965	-	-	-	-	**9,052**	8,221	831	-	-	-	-
Payables	**(8,699)**	-	(6,424)	(1,176)	(317)	(468)	(314)	**(9,049)**	-	(6,009)	(1,135)	(300)	(450)	(1,155)
	(375)	7,359	(5,459)	(1,176)	(317)	(468)	(314)	**3**	8,221	(5,178)	(1,135)	(300)	(450)	(1,155)
Foreign exchange forwards														
Receivables	**1,183**	761	422	-	-	-	-	**1,658**	814	844	-	-	-	-
Payables	**(1,199)**	(337)	(700)	(41)	(49)	(72)	-	**(1,657)**	(721)	(936)	-	-	-	-
	(16)	424	(278)	(41)	(49)	(72)	-	**1**	93	(92)	-	-	-	-
Total*	**(391)**	**7,783**	**(5,737)**	**(1,217)**	**(366)**	**(540)**	**(314)**	**4**	**8,314**	**(5,270)**	**(1,135)**	**(300)**	**(450)**	**(1,155)**

* DNB has fully hedged the exchange rate risk of the exposures listed, except for working stocks.

The currency swaps and forwards are used to hedge currency risks. The purpose of interest rate swaps is to hedge interest rate risk. Futures are used to control the maturity profile of the investment portfolio.

A currency swap is a transaction in which parties agree to directly buy or sell one currency in exchange for another currency at the spot rate and later to sell or buy back the currency at the forward rate. A currency forward contract is a transaction in which parties agree to buy or sell a currency in return for another currency at a specific rate and for delivery at a date in the future. Upon initial recognition, positions are valued at the spot rate, split into off-balance sheet presentation at the forward rate and a forward profit or loss recognised under 'Accruals and prepaid expenses', which is amortised. The amortised profit or loss represents the difference between the forward rate and the spot rate. This allows their value to evolve towards the forward rate over time.

A future is a negotiable contract under which a predetermined volume of specific underlying assets is purchased or sold on a specific date and time. As at 31 December 2024, DNB's outstanding futures position was €158.7 million in US dollars (31 December 2023: €84.7 million). Gains and losses on futures are settled on a daily basis.

Securities lending programme

In accordance with the ECB's Governing Council's decisions, DNB has made available for lending its holdings of securities purchased under the covered bond purchase programme (CBPP3), the public sector purchase programme (PSPP) and the pandemic emergency purchase programme (PEPP). Unless these securities lending operations are conducted against cash collateral, they are recorded in off-balance-sheet accounts.[26] Such securities lending operations with a nominal value of €120 million (31 December 2023: €168 million) were outstanding as at 31 December 2024.

Foreign currency position

As at 31 December 2024, the euro equivalent of the total sum of assets denominated in foreign currency (included in asset items 2 and 3) amounted to €27,207 million (31 December 2023: €26,922 million). As at 31 December 2024, the euro equivalent of the total sum of liabilities denominated in foreign currency (included in liability items 6, 7 and 8) amounted to €16,571 million (31 December 2023: €16,060 million). These positions are included in the revaluation accounts and revalued as set out under 'Revaluation'. DNB has fully hedged its currency risks, except for those on fixed-income securities denominated in currencies other than USD and JPY, equity funds and working stocks.

Management and custody

DNB manages and holds securities and other documents of value in custody as part of its Eurosystem Reserve Management Services (ERMS) to central banks outside the euro area and governments. Such management and custody are for the account and risk of the depositors. Income is recognised in the profit and loss account under 'Net fees and commission income/ expense'.

26 If cash collateral is not invested at year-end, these transactions are recognised in the balance sheet accounts. See the note to liability item 10 'Other liabilities'.

Events after the balance sheet date

Change of interest rate for intra-Eurosystem positions

On 13 March 2024, the Governing Council of the ECB agreed[27] on changes to the operational framework for implementing monetary policy. Among other key framework parameters, it will continue to steer the monetary policy stance by adjusting the deposit facility rate. In this light, it was decided that from 1 January 2025 the deposit facility rate will be the base rate of compensation for (i) TARGET positions, (ii) claims/liabilities related to the allocation of euro banknotes within the Eurosystem and (iii) claims equivalent to the transfer of foreign reserves to the ECB. The deposit rate will also be applied as a base rate from 1 January 2025 for the difference between the value of earmarked assets and the liability base, as well as for positions in certain monetary portfolios (see 'Net result of monetary income pooling' on page 135).

27 See the ECB Governing Council monetary policy decisions of 13 March 2024.

Off-balance sheet rights and liabilities

Liability claims and proceedings
By reason of its supervisory task or otherwise, DNB may receive liability notices or pre-announcements of such notices. In some cases liability proceedings have been brought against DNB. Where the liability amounts cannot reasonably be estimated or where a liability is unlikely to be settled, DNB suffices by disclosing such cases in this section. No liability proceedings against DNB are currently pending.

IMF
Within the context of the Netherlands' IMF membership, DNB has made various credit lines available to the IMF. More details are provided on pages 103 to 105.

Provision of euro liquidity through swap agreements
DNB has an agreement with a national central bank outside the euro area. Under the agreement, DNB makes euro liquidity available in this central bank's area of operations, with the aim of preventing market disruptions by meeting potential liquidity needs.

Outsourcing
DNB has outsourced part of its ICT function, including service desk services, the data centre and related services. Under the current contract, DNB's financial liability largely depends on its future scalable service purchase volume. The associated liability is approximately €20 million up to and including the 2027 financial year.

Renovation
DNB assumed future contractual financial commitments for the final stages or the renovation of the property at Frederiksplein of €3 million.

Rental and lease agreements
In 2019 DNB entered into a ground lease agreement with the Dutch State for the benefit of the new location housing DNB's banknote operations and gold vaults in Zeist. The term of the agreement is 60 years. Annual ground rent payments are taken to the profit and loss account. The liability assumed is presented in the table below.
Several DNB staff members are entitled to a lease car on the basis of their positions. By default, the duration of car lease contracts is 4 or 5 years, with the option of renewal. The liability under the present car lease contracts is presented in the table below. Renewal at the current prices is assumed for staff members whose lease contracts expired in 2024.
The rental agreement relates to the Omval office building, for which no provision has been formed because of the subletting agreement concluded. A provision was formed for the remainder of the rental sum in respect of the Toorop building. See also the note on 'Provision for office accommodation' on page 125.

Millions

	Total	2025	2026 to 2029	2030 and beyond
	EUR	EUR	EUR	EUR
Ground lease agreements	**17**	-	1	16
Lease contracts	**6**	2	4	-
Rental agreements	**1**	1	-	-
Total	**24**	**3**	**5**	**16**

Subletting agreement

Since 1 November 2022, DNB has sublet the office space it rents in the Omval office building in Amsterdam. The agreement expires on 31 August 2025.

Millions

	Total	2025	2026 to 2029	2030 and beyond
	EUR	EUR	EUR	EUR
Subletting agreement	**1**	1	-	-
Total	**1**	**1**	**-**	**-**

3 Notes to the profit and loss account

1 Net interest income/expense

This item includes interest income and interest expense in respect of the assets and liabilities denominated in euro.

The table below provides a breakdown of interest income.

Millions	2024	2023
	EUR	EUR
Intra-Eurosystem claims	7,101	8,417
Monetary portfolios	1,281	1,078
Investments	1,163	1,076
Monetary lending	122	1,264
Total	**9,667**	**11,835**

Interest income arises mainly on intra-Eurosystem claims, on which the main refinancing rate was paid.[28] See the note to asset item 8 'Intra-Eurosystem claims' for further details. Interest income on the monetary portfolios decreased in 2024 due to further repayments of TLTRO-III loans during the year. See the asset item 5 'Lending to euro area credit institutions related to monetary policy operations denominated in euro' for further details).

The table below sets out the components of interest expense.

Millions	2024	2023
	EUR	EUR
Liabilities to euro area credit institutions	(9,905)	(12,023)
Investments	(833)	(779)
Non-monetary deposits	(355)	(485)
Monetary portfolios	(24)	(33)
Intra-Eurosystem claims	(7)	(0)
Total	**(11,124)**	**(13,320)**

The decrease in interest expenses is mainly due to the combination of a reduction in deposits held with DNB under the deposit facility (see liability item 2 'Liabilities to euro area credit institutions related to monetary policy operations denominated in euro' for further details) and the reduced policy interest rates.

28 From 1 January 2025, the main refinancing rate no longer applies. Instead, the deposit facility rate applies. See 'Events after the balance sheet date' on page 130 for further details.

The development in policy interest rates in 2024 is shown below:

In procenten

	Main refinancing operations	Deposit rate	Marginal lending facility
18 December 2024	3.15%	3.00%	3.40%
23 October 2024	3.40%	3.25%	3.65%
18 September 2024	3.65%	3.50%	3.90%
12 June 2024	4.25%	3.75%	4.50%
20 September 2023	4.50%	4.00%	4.75%

2.1 Realised gains/losses from financial transactions
The realised gains from financial transactions of €322 million (2023: €258 million) were partly due to the disposal of an equity fund.

The Financial overview section of the Accountability chapter, starting on page XX, provides a more detailed discussion of the developments in own-account investments at a portfolio level.

Millions

	2024	2023
	EUR	EUR
Net realised price result on equity funds	271	254
Net realised price result on equity	36	0
Net realised result on currency exchange rates	7	2
Net realised price result on High-yield bond funds	7	14
Net realised price result on Fixed-income securities	4	(12)
Net realised price result on Monetary portfolios	(3)	-
Total	**322**	**258**

2.2 Write-downs to lower market value
The write-downs of €52 million (2023: €36 million) consist predominantly of equity and foreign currency revaluation losses. No revaluation losses were incurred on equity and bond funds in 2024.

Millions

	2024	2023
	EUR	EUR
Equity	(21)	(9)
Fixed-income securities	(18)	(5)
Foreign currency	(13)	(22)
Total	**(52)**	**(36)**

3. Net result of monetary income pooling

The net result of monetary income pooling can be broken down as follows:

Millions	2024 EUR Interest income (1)	2024 EUR Reallocation of monetary income (2)	2024 EUR Interest income and provision after reallocation (3) = (1) + (2)	2023 EUR Reallocation of monetary income (2)
Monetary income allocated to DNB		2,661		2,369
Monetary income pooled by DNB		(4,397)		(4,310)
Revision of previous years		(4)		0
Change in provision for monetary policy operations		2		(2)
Total reallocation MI		**(1,738)**		**(1,943)**
Items included in monetary income				
Intra-Eurosystem claims	7,094	(6,403)	691	(7,796)
Monetary lending	122	275	397	297
Monetary portfolios	1,257	1,055	2,312	883
Liabilities to euro area credit institutions	(9,905)	2,766	(7,139)	4,442
Income resulting from the difference between earmarkable assets and liability base		571	571	233
Revision of previous years		(4)	(4)	0
Change in provision for monetary policy operations		2	2	(2)
Total monetary interest income and provision for monetary policy operations	**(1,432)**	**(1,738)**	**(3,170)**	**(1,943)**
Non-monetary interest income				
Investments	330		330	
Non-monetary deposits	(355)		(355)	
Total non-monetary interest income	**(25)**		**(25)**	
Total interest income including provision for monetary policy operations	**(1,457)**	**(1,738)**	**(3,195)**	**(1,943)**

The amount of each Eurosystem NCB's monetary income is determined by measuring the actual annual income that derives from the earmarkable assets held against its liability base. Where the value of DNB's earmarkable asset exceeds or falls short of the value of its liability base, the difference is offset by applying the refinancing rate to the value of the difference.[29] DNB's monetary income earned on earmarkable assets is included under interest income, net of interest expense on the liability base.

For DNB, the result from monetary income pooling of €(1,738) million (2023: €(1,941) million) arises from the difference between the monetary income earned by DNB, amounting to €4,397 million, and the monetary income reallocated to DNB based on the Eurosystem capital key, amounting to €2,661 million. The net result from monetary income pooling also includes DNB's share in the realised loss due to the sale in 2024 of an impaired security held by a Eurosystem NCB in the PEPP corporate bond portfolio, as well as the use of the provision created in 2023 for credit losses from monetary policy operations (see the note to 'Provision for monetary policy operations'). In addition, this item includes DNB's share in the realised loss due to the corporate restructuring of an institution whose bonds were held in the CSPP and PEPP corporate bond portfolios of a Eurosystem NCB.

Earmarkable assets can be broken down as follows:

Earmarkable assets	**Remuneration rate**
Amount of gold holdings in proportion to each NCB's capital key share	0%
Claims equivalent to the transfer of foreign reserves to the ECB (except gold)	Main refinancing operations rate*
Lending to euro area credit institutions related to monetary policy operations denominated in euro	Rate of return
Securities held for monetary policy purposes from the CBPP, CBPP2, PSPPgovernment/agency bonds and PEPP – government securities programs	Main refinancing operations rate*
Securities held for monetary policy purposes from the SMP, CBPP3, PSPPSupra, CSPP and PEPP (excluding PEPP – government securities) programs	Rate of return
Claims on non-Eurosystem central banks that relate to liquidityproviding operations	Actual interest income (including accruals)
Accrued coupon interest related balances on impaired securities held for monetary policy purposes and for which full income/risk sharing applies	Not applicable
Net claims related to the allocation of euro banknotes within the Eurosystem	Main refinancing operations rate*
Accrued interest relating to regular monetary policy operations with a maturity of over 1 year	Not applicable
Claims related to Target	Main refinancing operations rate*

* As of January 1, 2025, the main refinancing rate will no longer apply, and the deposit facility rate will be used.

29 From 1 January 2025, the main refinancing rate no longer applies. Instead, the deposit facility rate applies. See 'Events after the balance sheet date' on page 130 for further details.

The liability base can be broken down as follows:

Liability base	Remuneration rate
Banknotes in circulation	Not applicable
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	Rate of return

The monetary income pooled by the Eurosystem NCBs is to be allocated among the NCBs according to the subscribed ECB capital key. The pooling and reallocation of monetary income to NCBs leads to certain net reallocation effects. One reason is that the yields earned on certain earmarkable assets and the interest expense paid on certain liability base items may differ to a varying degree among the Eurosystem NCBs. In addition, usually each Eurosystem NCB's share of earmarkable assets and in the liability base deviates from its share in the subscribed capital of the ECB.

5. Income from equity shares and participating interests

For 2024 this item amounted to €17 million (2023: €13 million). This includes the amount allocated to DNB in respect of the ECB's profit distribution. Given the ECB's result for 2024, the Governing Council of the ECB decided not to distribute an interim profit (see the note under 'ECB profit distribution' in the 'Accounting policies' section on page 101).

6. Other income

This item includes the fees raised from the supervised institutions to cover the costs of its activities as an independent public body, as well as the government contributions to the performance of these activities. In its capacity as an independent public body (zbo), DNB exercises prudential supervision over financial institutions and is the national resolution authority.

Other income can be broken down as follows:

Millions	2024	2023
	EUR	EUR
Fees from supervised institutions	255	237
Government contribution	2	2
Other	6	7
Total	**263**	**246**

In accordance with supervision and resolution legislation, a more detailed account is given in a separate report.

7. Staff costs

The average number of employees, expressed as full-time equivalents (FTEs), amounted to 2,307 in 2024, versus 2,174 on average in 2023.

The table below provides a breakdown of 'Staff costs'.

Millions	2024	2023
	EUR	EUR
Wages and salaries	(229)	(209)
Social insurance contributions	(32)	(28)
Pension costs	(47)	(42)
Other staff costs	(29)	(17)
Total	**(337)**	**(296)**

The pension scheme costs of €47 million (2023: €42 million) are included under 'Pension costs'. They equal total pension contributions paid (2024: €58 million; 2023: €51 million), less employee-paid contributions (2024: €11 million; 2023: €9 million).

Remuneration

General
Under the Public and Semi-public Sector Executives Remuneration (Standards) Act (Wet normering topinkomens – WNT), DNB is required to disclose the remuneration of its senior executives and of officials other than senior executives exceeding the remuneration ceiling referred to in the WNT. DNB classifies the members of the Executive Board and the Supervisory Board as senior executives. The Minister of Finance and the Minister of the Interior and Kingdom Relations have decided that DNB is allowed to agree with Executive Board members on individual remuneration in excess of the ceiling referred to in the WNT.
The remuneration ceiling under the WNT for the 2024 financial year amounts to €233,000[30] (2023: €223,000). Unless stated otherwise, all officials mentioned worked in full-time employment throughout the year.

Executive Board
The individual maximum remuneration of the Executive Board members in 2024, includes holiday allowance, an additional month's salary and other terms and conditions of employment, but has no performance-related component. The pension scheme for the members of the Executive Board is in accordance with the agreements made with the Minister of Finance in 2005, and has been aligned with the statutory provisions that have applied since 1 January 2015. Like other staff, the members of the Executive Board contribute to their pension premiums.

The table below specifies the remuneration, taxable expense allowances and deferred remuneration (employer's pension contributions) for each member of the Executive Board.

Whole amounts

		Remuneration and taxable expense allowances		Deferred remuneration		Total remuneration		Individual maximum remuneration	
		2024	2023	2024	2023	2024	2023	2024	2023
Name	Position	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Klaas Knot	President	469,244	449,834	30,756	29,166	500,000	479,000	500,000	479,000
Olaf Sleijpen	Executive Board Member	272,905	261,576	30,095	28,424	303,000	290,000	303,000	290,000
Steven Maijoor	Executive Board Member	380,905	365,576	30,095	28,424	411,000	394,000	411,000	394,000
Gita Salden [1]	Executive Board Member	207,501	-	17,608	-	225,109	-	225,109	-
Cindy van Oorschot [2]	Executive Board Member	125,613	-	15,152	-	140,765	-	140,765	-
Nicole Stolk [3]	Executive Board Member	78,300	252,576	8,626	28,424	86,926	281,000	86,926	281,000
Else Bos [4]	Executive Board Member	38,533	437,276	2,560	28,424	41,093	465,700	41,104	465,700
	Total	**1,573,001**	**1,766,838**	**134,892**	**142,862**	**1,707,893**	**1,909,700**		

1 Gita Salden was appointed Executive Board Member with effect from 1 June 2024. Her individual maximum remuneration covers the period from 1 June to 31 December 2024.
2 Cindy van Oorschot was appointed Executive Board Member with effect from 1 July 2024. Her individual maximum remuneration covers the period from 1 July to 31 December 2024.
3 Nicole Stolk stepped down with effect from 15 April 2024. Her individual maximum remuneration covers the period from 1 January to 14 April 2024.
4 Else Bos stepped down with effect from 1 February 2024. Her individual maximum remuneration covers the period from 1 January to 31 January 2024.

30 The increase in the remuneration ceiling under the WNT compared to 2023 is 4.2%, rounded up to the nearest thousand in euro (Official Gazette, 23 August 2023, No. 22028).

Remuneration paid to the members of the Supervisory Board

Members of the Supervisory Board are paid fees in line with the WNT, which stipulates maximum fees of 15% of the remuneration ceiling under the WNT for the Chair and 10% for members.

In 2024 and 2023, the members of the Supervisory Board were paid the following fees.

Whole amounts

	2024	2023
	EUR	EUR
Martin van Rijn (Chair)	34,950	19,612
Frans Muller (Vice-Chair)	23,300	22,300
Annemieke Nijhof [1]	23,300	22,300
Marry de Gaay Fortman [2]	11,586	22,300
Roger Dassen	23,300	22,300
Mirjam van Praag [1]	23,300	22,300
Artie Debidien	23,300	7,454
Hendrik Jan Biemond [3]	7,767	-
Wim Kuijken (Chair) [4]	-	13,838
Margot Scheltema (Vice-Chair) [5]	-	14,846
Feike Sijbesma [6]	-	4,888
Peter Blom [7]	-	-
Total	**170,803**	**172,138**

1 Annemieke Nijhof and Mirjam van Praag were also members of the Bank Council throughout the year under review, for which they were each paid a fee of €4,191 on an annual basis (2023: €4,022), which is not included here.
2 Marry de Gaay Fortman stepped down from the Supervisory Board with effect from 1 July 2024.
3 Hendrik Jan Biemond was appointed with effect from 1 September 2024.
4 Wim Kuijken stepped down from the Supervisory Board with effect from 1 June 2023.
5 Margot Scheltema stepped down from the Supervisory Board with effect from 1 September 2023.
6 Feike Sijbesma stepped down from the Supervisory Board with effect from 22 March 2023.
7 Peter Blom had voluntarily resigned his duties on a temporary basis with effect from 7 November 2022. He stepped down from the Supervisory Board with effect from 15 September 2023.

Officials with remuneration that exceeds the WNT ceiling

In compliance with the WNT, DNB also reports remuneration of officials other than executives that exceeds the remuneration ceiling under the WNT, which in 2024 was €233,000 (2023: €223,000). In respect of these officials the WNT does not impose a ceiling, but prescribes disclosure. The remuneration of these officials exceeds the remuneration ceiling under the WNT as a result of DNB's package of employment conditions. The number of officials whose remuneration details we publish fell from 18 to 15 compared with the previous year.

Remuneration overview

The table below shows the non-senior executives, listed by position, whose remuneration exceeded the remuneration ceiling under the WNT in 2024.

Hours and millions

	Average number of hours a week		Remuneration and taxable expense allowances		Deferred remuneration		Total remuneration	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Position			EUR	EUR	EUR	EUR	EUR	EUR
Director	36	36	263,930	272,340	30,756	29,166	294,686	301,506
Director	36	36	237,855	227,275	30,095	28,424	267,950	255,699
Director	36	36	237,855	227,199	30,095	28,424	267,950	255,623
Director	36	36	237,855	227,183	30,095	28,424	267,950	255,607
Director	36	36	237,855	227,199	30,095	28,424	267,950	255,623
Director	36	36	237,193	238,760	30,756	29,166	267,949	267,926
Director	36	36	237,193	227,284	30,756	29,166	267,949	256,450
Director	36	36	237,193	232,510	30,756	29,166	267,949	261,676
Director	36	36	237,854	226,330	30,095	28,424	267,949	254,754
Director	36	36	237,193	227,284	30,756	29,166	267,949	256,450
Director	36	36	237,193	227,167	30,756	29,166	267,949	256,333
Director	36	36	237,453	223,868	30,095	28,424	267,548	252,292
Director	36	36	237,279	223,488	30,095	28,424	267,374	251,912
Director	36	36	233,542	208,063	30,756	29,166	264,298	237,229
Programme Director	36	36	228,877	208,520	30,756	29,166	259,633	237,686

8. Other administrative costs

The table below specifies 'Other administrative costs'.

Millions	2024	2023
	EUR	EUR
Temporary staff and outsourcing	(91)	(102)
Travel and accommodation expenses	(4)	(3)
Accommodation	(28)	(24)
Office equipment, software and office expenses	(49)	(48)
General expenses	(8)	(10)
Total	**(180)**	**(187)**

General expenses include the fees paid to the external auditor. The table below provides a breakdown of the fees into categories.

Whole amounts	KPMG Accountants N,V,	KPMG Accountants N,V,
	2024	**2023**
	EUR	EUR
Audit of the financial statements	(744,791)	(698,741)
Other audit services	(189,220)	(177,520)
Assurance-related services	(69,284)	(65,000)
Total	**(1,003,295)**	**(941,261)**

The total fees for the audit of the financial statements include VAT and are based on the fees paid during the financial year to which the audit relates.

12. Transfer to/from Provision for Financial Risks

In 2024, no amount was added to or withdrawn from the Provision for Financial risks (2023: €2,346 million withdrawn). As in 2023, the amount of the provision is nil as at 31 December 2024.

The Financial overview section of the Accountability chapter, starting on page 63, provides a more detailed discussion of the risks to which DNB is exposed.

13. Corporate income tax

DNB's corporate income tax liability is limited to duties not assigned to it by law. As in 2023, the corporate income tax payable for 2024 amounted to nil. No significant results were posted that are related to duties not assigned to DNB by law.

Executive Board and Supervisory Board

Amsterdam, 19 March 2025
Executive Board of De Nederlandsche Bank N.V.

Klaas Knot, *President*
Steven Maijoor
Olaf Sleijpen
Gita Salden
Cindy van Oorschot

Amsterdam, 19 March 2025
Adopted by the Supervisory Board of De Nederlandsche Bank N.V.

Martin van Rijn, *Chair*
Frans Muller, *Vice-Chair*
Annemieke Nijhof
Roger Dassen
Mirjam van Praag
Artie Debidien
Hendrik Jan Biemond
Chris Figee

KPMG

Independent auditor's report

To: the General Meeting and the Supervisory Board of De Nederlandsche Bank N.V.

Report on the audit of the accompanying financial statements 2024

Our opinion

In our opinion the financial statements of De Nederlandsche Bank N.V. have been compiled, in all material respects, in accordance with the models and accounting policies applying to the European Central Bank (ECB/2024/31) and the harmonized disclosures to the balance sheet and profit and loss account prepared by the Eurosystem, complemented by the applicable provisions of Part 9 of Book 2 of the Dutch Civil Code, as well as the provisions of the Public and Semi-public Sector Executives Remuneration (Standards) Act Wet bezoldiging topfunctionarissen publieke en semipublieke sector (WNT).

What we audited

We have audited the 2024 financial statements of De Nederlandsche Bank N.V., based in Amsterdam.

The financial statements comprise:

1 the balance sheet as at 31 December 2024;

2 the profit and loss account for the year 2024; and

3 the notes to the balance sheet as at 31 December 2024 and the profit and loss account for the year 2024.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Audit Protocol 2024 under the Public and Semi-public Sector Executives Remuneration (Standards) Act. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of De Nederlandsche Bank N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We determined our audit procedures in the context of the audit of the financial statements as a whole and in forming our opinion thereon. The information and our findings on going concern, fraud and a climate of non-compliance with laws and regulations and the key audit matters of our audit should be viewed in that context and not as separate judgments or conclusions.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality

- Materiality of EUR 80 million.
- 0.02% of total assets.
- Lower materiality for WNT disclosure.

Risk of material misstatement due to risk related to Fraud, NOCLAR, Going concern and Climate.

- Fraud risks: the assumed risk of management override of internal controls.
- Risks of non-compliance with laws and regulations (NOCLAR): no risk of material misstatement have been identified due to NOCLAR.

The risks defined above are further outlined in the section “Audit response to risk of fraud and non-compliance with laws and regulations”.

- Going concern: no going concern risks identified.
- Climate-related risks: we considered the impact of climate-related risks on the financial statements and described our approach and observations in the section "Audit Approach to climate-related risks.

Key audit matters

- The disclosure as included in the Exposures paragraph and the Risks and Buffers paragraph, as included in the Accountability Chapter

Materiality

Based on our professional judgement we determined that the materiality for the financial statements as a whole at EUR 80 million (2023: EUR 80 million). The materiality is determined based on total assets (0.02%). We consider total assets to be the most appropriate benchmark. This benchmark has not changed compared to 2023.

We also consider discrepancies and/or potential discrepancies that we believe are material to users of the financial statements for qualitative reasons, for example, in the disclosure on the Exposures and the Risks and Buffers.

We agreed with the Supervisory Board that misstatements in excess of EUR 3.2 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

With respect to the audit of the remuneration disclosure, we applied an approach based on the 'Controleprotocol WNT 2024' as prepared by the Ministry of the Interior. We applied a lower materiality for the WNT disclosure included in the financial statements based on the materiality limits as prescribed in the 'Controleprotocol WNT 2024'.

Audit response to risk of fraud and non-compliance with laws and regulations

In the performance of its duties, the Executive Board pays close attention to the risks of fraud and non-compliance with laws and regulations and the Audit Committee of the Supervisory Board reflects on this. The Executive Board of DNB is aware that non-compliance with laws and regulations could result in a reputational risk.

As part of our audit, we have gained insights regarding the company and its business environment. Our procedures included, among other things, assessing the company's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit, Operational Risk Management, Finance & Risk Management, Legal Counsel and Compliance and Integrity. Furthermore, we have evaluated the following documents:

- investigation reports on indications of possible fraud and non-compliance by the Internal Audit Department, Operational Risk Management and Compliance and Integrity;
- legal confirmation letters as requested by us.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks as applicable to the entity. Besides law and regulations which have a direct impact on the financial statements, such as the Banking Act, reporting regulations, tax legislation, the WNT, the Financial Supervision Act and the regulations governing a ZBO, we identified the following areas which, by non-compliance, may indirectly have a material effect on the financial statements:

- General Data Protection Regulation (GDPR);
- Employment Relationships Deregulation Act (DBA)
- European public tendering rules; and
- International sanction legislation.

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In addition, there is legislation in the Netherlands, which is not applicable to DNB, but which from a reputational point of view will be applied when possible, such as the Money Laundering and Terrorist Financing (Prevention) Act (Wwft).

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Within DNB, physical values (gold, banknotes and coins) are present and large financial transactions are conducted that require internal control measures. The associated fraud risk factors were incorporated in our audit. This also applies to the fraud risk factor that we have identified with respect to the WNT disclosure.

Since the Executive Board of DNB does not receive any profit-related remuneration and the profit of the entity is not a goal in itself, we have rebutted the assumed fraud risk related to revenue recognition. In addition, estimates in the financial statements are limited (refer to the section on accounting policies).

Based on the above and on the auditing standards, we identified the following fraud risk that is relevant to our audit and responded as follows:

- Management override of controls (a presumed risk).

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls (including the design and implementation of control measures related to the recording of manual journal entries) that mitigate the fraud risk.
- We performed a data analysis of high-risk journal entries related to transactions concerning financial markets and monetary operations, personnel and operating expenses, property, plant and equipment, and gold. Where we identified instances of unexpected journal entries, we performed additional audit procedures to address each identified risk, including inquiry about the nature of the journal entry and testing of transactions back to source information.
- We incorporated elements of unpredictability into our audit approach, including a comparison of this year's interest rate risk model results with last year, including a comparison of the 2023 forecast with realized losses in 2024.

We communicated our risk assessment, audit approach and results to management and the Audit Committee of the Supervisory Board.

Our audit procedures did not reveal any indications and/or other reasonable suspicions of fraud and non-compliance with laws and regulations that are material to the financial statements.

Audit approach going concern

As explained on page 67 of the Accountability Chapter, management has conducted its going concern assessment and has not identified any going concern risks given the central bank's ability to create money in its own currency.

Given this money creation role of DNB arising from the Banking Act, we have assessed that the financial statements, despite the in 2024 and expected losses in future years, can be prepared on a going concern basis.

Audit approach to climate-related risks

The Executive Board has shown its activities and progress toward its climate goals in the Accountability Chapter as included on page 70 in the Accountability section of the annual report. Climate change has a direct impact on the financial-economic system and therefore affects DNB's mission and mandate.

On page 71 of the Accountability Chapter, the Executive Board assessed how climate-related risks, its own ambitions and legislative and regulatory developments impact DNB's financial statements. To assess the impact of these risks, the Executive Board conducted a new climate stress test in 2024.

As the impact cannot be measured with sufficient precision at this stage, the potential financial impact of these and other climate risks are not included in the "Risks and buffers" as included on page 66.

As part of our risk assessment, we met with the Executive Board and performed the following procedures to identify and assess risks of material misstatement in the financial statements due to errors or fraud:

- took notice of DNB's activities on climate and its accountability for them in the annual report.
- discussed the realisation and results of the climate stress test and took note of the described intended developments therein for the coming years; and
- discussed the progress of DNB's Sustainable and responsible investing in our own-account investments, as included on page 68 of the annual report.

Based on an analysis of the financial statements line items and related accounting policies, DNB estimated that climate-related risks will not have a material impact on the 2024 financial statements. The proprietary investments have been valued at fair value, and the monetary portfolios have been valued at amortized cost, taking into account any impairments if they occur. We agree with this analysis. Therefore, based on the risk analysis performed, we have not identified any material climate-related risks due to error or fraud for DNB's 2024 financial statements.

We have read the information contained in the Annual Report with respect to climate-related risks and considered its material consistency with our knowledge obtained from the audit or otherwise, and in particular as described above.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

The disclosure as included in the Exposures paragraph and the Risks and Buffers paragraph, as included in the Accountability Chapter

Description

DNB explains its financial risks in the Exposures paragraph and the Risks and buffers paragraph, included on page 65 of the Accountability Chapter. The exposures on DNB's balance sheet give rise to future financial risks. Most of the risk consists of interest rate risk, which results from the difference between the maturity of DNB's assets and the maturity of its liabilities. In addition, DNB is exposed to credit risk.

Based on DNB's accounting policies, securities held for monetary policy purposes are valued at amortised cost, taking into account any impairment and long-term refinancing transactions at nominal value.

Due to accrued policy interest rates combined with the difference in maturity between assets (including securities held for monetary policy purposes and long-term refinancing operations) and liabilities (including liabilities to euro area credit institutions), DNB is exposed to significant interest rate risk. An explanation of the related risks is provided in the Accountability Chapter.

As these risks have a potential impact on future capital development, but are not reflected in the balance sheet as at 31 December 2024, we have classified this note as a qualitative significant. To interpret the potential consequences and impact on DNB's Capital and Reserves, we have included not only a description of the risks, but also a financial indication. This concerns an indication of the estimated development of DNB's buffers over the next ten years and in addition, an estimate of interest rate, credit and market risk based on an extreme but plausible scenario. This risk is calculated by DNB using internal models. Given the high estimation uncertainty in this financial statements, particularly related to interest rate risk, we have identified this as a key issue for our audit.

Our approach

- We have determined that the Monetary Exposures per program per country reported by DNB are accurate. In doing so, we note that all credit losses on securities held for monetary purposes, when manifest, are borne in full by all Eurosystem National Central Banks according to the Eurosystem capital key in force at the time of loss. Credit losses from PSPP-government and PEPP-government are excluded from this and are only borne by the holder of the bonds. For DNB, the credit risk arising from these programs is therefore only related to the Dutch government. Also the income on these government bonds are not shared within the Eurosystem.
- We noted the relevant control measures implemented to ensure the reliable operation of the model and the accurate and consistent application of assumptions and model parameters. We reviewed, with the help of our own specialists, the model validation performed by DNB based on their internal model governance guidelines, validation guidelines and the validation report.

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- We also reviewed the process established by DNB to determine that key presumptions and assumptions in the risk model, such as the development of interest rates in an extreme but plausible scenario.
- Given the complexity and error-prone nature of the calculations in the model, we recalculated the interest rate risk, with the assistance of our specialists, for the most significant parameters.
- We conducted an assessment, with the assistance of KPMG specialists, to evaluate the key assumptions and assumptions in the risk model for determining interest rate risk. Additionally, we inspected the monetary developments and decisions made by the ECB's Governing Council. Based on the aforementioned and the analyses of the risk management department, we determined that these were accurately and completely incorporated in the model's assumptions.
- To verify the accuracy and completeness of the source data used in the model, we reconciled it with internal data and data as received from the ECB or external data suppliers.
- We verified that the results of the model are correctly reflected in the disclosure of the Risks and buffers. We verified that the disclosures are adequate.

Our observation

We have determined that risks have been adequately disclosed in the Exposure Paragraph and Risk and buffers Paragraph in the Accountability Chapter. The risks identified under an extreme but plausible scenario that have been disclosed to indicate financial risk have been calculated in accordance with internal policies and models.

Paragraph to emphasize the applied accounting principles for valuation and determination of results

We draw attention to paragraph 1 ‘Accounting Policies’ as included in the notes to the financial statements. The financial statements of DNB are, in accordance with the Bank Act 1998, prepared in accordance with the accounting guidelines of the European Central Bank (ECB/2024/31), on accounting and financial reporting in the ESCB and its harmonized disclosures to the balance sheet and profit and loss account.

In addition, the Executive Board of DNB has decided on a number of specific deviations from these principles in order to improve reporting, as well as to comply with the additional specific requirements as included in Part 9 of Book 2 of the Dutch Civil Code and the WNT and or the Guidelines of the Dutch Council for Annual Reporting (RJ), where the ESCB accounting policies do not cover the subject. This is consistent with the unique character of a central bank. For a proper understanding of the financial statements, users should become familiar with the accounting policies as these differ from the more widely known accounting standards, such as IFRS and Part 9 of Book 2 of the Dutch Civil Code.

Our opinion is not modified in respect of this matter.

Unaudited compliance with the anti-cumulation clause in the WNT

In accordance with the ‘Controleprotocol WNT 2024’, we did not audit the anti-cumulation clause referred to in Section 1.6a of the WNT and Section 5 subsection 1j of the ‘Uitvoeringsregeling WNT’.

Consequently, we did not verify whether or not the maximum salary norm has been exceeded by a ‘leidinggevende topfunctionaris’ (managing senior official) due to possible employment at other institutions subject to the WNT, and whether the WNT-disclosure as required in relation to this clause is accurate and complete.

Report on the other information included in the annual report

In addition to the financial statements and our auditor’s report thereon, the Annual Report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the management report and the other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles of guidance (ECB/2024/31) and the Eurosystem's harmonized disclosures to the balance sheet and profit and loss account, supplemented with the applicable standards of Part 9 of Book 2 of the Dutch Civil Code pursuant to Section 17 of the Banking Act (Bankwet) 1998 and also the Standard Remuneration Act (Wet normering topinkomens). In this respect, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud. The Executive Board, under supervision of the Supervisory Board, is responsible for the

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prevention and detection of fraud and non-compliance with laws and regulations, and taking measures to undo the consequences, as far as possible, and prevent recurrence.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board must prepare the financial statements using the going concern basis of accounting, unless the Executive Board intend to liquidate the company or terminate the activities, or termination is the only realistic alternative. The Executive Board must disclose in the financial statements events and circumstances that may raise reasonable doubt about the company's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, the 'Controleprotocol WNT 2024', the 'Controleprotocol financiële verantwoording Autoriteit Financiële Markten en De Nederlandsche Bank' and the ethical requirements and independence requirements.

Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board;
- concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless laws and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amstelveen, 19 March 2025

KPMG Accountants N.V.

M.A. Huiskers RA

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Provisions governing the appropriation of profit

These provisions are set out in Article 22(2) of the Articles of Association of De Nederlandsche Bank N.V. and read as follows:
The profit, as shown in the adopted financial statements, is at the disposal of the general meeting.

Annexes

Annex 1 Additional information

This annex provides information and data as background to the Accountability chapter. First, we take a closer look at compliance and integrity at DNB, as discussed in the Trust section. This is followed by key HR figures, which offer context for the Staff section. Lastly, to complement the section on our CSR ambition, we provide additional information on our operational management. This includes information on donations, our contract and supplier management, and our environmental care and carbon footprint.

Compliance and integrity

Raising integrity awareness and promoting trust in DNB
In the year under review, Compliance & Integrity (C&I) organised various activities to raise integrity awareness and promote trust in DNB. There were integrity workshops for new employees and managers, and C&I also regularly joined team and management meetings and supervised oath-taking ceremonies. In 2024, the department introduced regular walk-in consultations, an integrity pub quiz and newsletters to help managers discuss topical integrity issues with their teams.

Integrity perception
In 2024, C&I conducted its two-yearly Integrity Perception survey. The anonymised results were shared internally with staff and discussed with the Executive Board and Supervisory Board. On average, the perception of integrity at DNB has improved compared to the previous survey, which was held in 2022.

International cooperation
In 2024, C&I – in coordination with the ECB – organised an international conference on compliance and integrity for compliance officers from other central banks, supervisors and related EU organisations. The conference, which was held in Amsterdam, offered a varied programme that provided insights into current and future developments in the field.

In addition to cooperating with other ESCB/SSM central banks, C&I shared knowledge and expertise with the central banks of Aruba and Portugal as part of DNB's Technical Cooperation programme.

Investigations
In the year under review, C&I received one report of a suspected integrity violation, which resulted in a special integrity investigation due to, among other things, possible non-compliance with the Regulation on the independence of DNB employees.

The total number of integrity incidents reported last year was lower compared to 2023. The Integrity Perception survey also shows that employees' overall awareness of integrity has increased. In 2024, we stepped up our efforts to raise awareness of the rules on private investments. This may partly explain the slight increase in the number of violations of the Regulation on private investment transactions last year. There was no recidivism, however, as these were all first-time violations. In many cases, the violations were related to inadvertent non-compliance with investment rules and did not involve insider trading. In addition, many of the violations were reported by the employees themselves.

Complaints committee
In 2024, our complaints committee received five complaints, two of which were processed. In accordance with the complaints procedure, this ultimately led to a decision on their validity by the Executive Board.

Table 1 Integrity incidents, data leaks and complaints

	2024	2023
Integrity incidents (total)	**19**	**29**
Regulation on private investment transactions	16	13
Regulation on independence	1	3
Handling information without due care	2	0*
Handling DNB property without due care	0	7
Transgressive behaviour	0	1
Other incidents	0	5
Data leaks (total)	**43**	**29**[1]
Notifiable to the Dutch Data Protection Authority	5	4
Complaints (total)	**5**	**2**
Internal	2	0
External	3	2

* Incidents regarding the handling of information without due care are classified as C&I incidents if they potentially expose DNB to a high integrity risk.

Key HR figures 31-12-2024

Table 2 Key HR figures

General as at 31-12-2024	2024	2023
Workforce (staff members and Executive Board)*	2,458	2,382
Average number of FTEs 2024	2,307	2,174
Annual total compensation ratio (GRI 2-21)		
Ratio total annual compensation ** of President/median total annual compensation of staff	4.53	4.54
Ratio increase in total annual compensation ** of President/median increase in total annual compensation of staff	1.03	0.54
Training		
Actual training costs (EUR)	8,037,012	6,995,561
Budgeted training costs (EUR)	9,095,626	7,534,709
% employees who completed a data and tech training	31%	N/A
% of employees covered by collective labour agreement (excluding Executive Board)	100%	100%
Number of external staff***	734	848

* Does not include trainees, external staff or Supervisory Board members.
** Based on GRI definition of 'annual total compensation'.
*** External staff are not employed by DNB but do use our systems and/or work under our direction.

Number of employees with a disability as at 31-12-2024	2024	2023
- as participation FTEs (25.5 hours per week)	38	32

1 For the 2023 Annual Report, the number of data breaches has been revised from 26 to 29 due to an improved audit methodology implemented by the Privacy Office. This revision has resulted in a more accurate representation of the data.

Gender distribution as at 31-12-2024	2024	2023
Supervisory Board - % women	42.86%	45.45%
-% men	57.14%	54.55%
-% other	0.00%	0.00%
Executive Board -% women	40.00%	40.00%
-% men	60.00%	60.00%
-% other	0.00%	0.00%
Divisional directors - % women*	29.41%	31.58%
-% men	70.59%	68.42%
-% other	0.00%	0.00%
Heads of department - % women**	41.28%	40.57%
-% men	58.72%	59.43%
-% other	0.00%	0.00%
Heads of section - % women	44.12%	38.71%
-% men	55.88%	61.29%
-% other	0.00%	0.00%
Workforce - % women (excl. management)	41.39%	40.75%
-% men	58.57%	59.21%
-% other	0.04%	0.05%
DNB-wide - % women (staff and Executive Board)	41.33%	40.64%
-% men	58.63%	59.32%
-% other	0.04%	0.04%

* Divisional directors including programme directors.
** Heads of department including programme managers.

Age distribution as at 31-12-2024	2024	2023
Supervisory Board - % <30	0.00%	0.00%
- % 30-50	0.00%	0.00%
- % >50	100.00%	100.00%
Executive Board - % <30	0.00%	0.00%
- % 30-50	20%	0.00%
- % >50	80%	100.00%
Divisional directors - % <30*	0.00%	0.00%
- % 30-50	29.41%	31.58%
- % >50	70.59%	68.42%
Heads of department - % <30**	0.00%	0.00%
- % 30-50	68.81%	68.87%
- % >50	31.19%	31.13%
Heads of section - % <30	0.00%	0.00%
- % 30-50	52.94%	51.61%
- % >50	47.06%	48.39%
Employees (staff and Executive Board) - % <30	14.32%	15.70%
- % 30-50	52.40%	50.92%
- % >50	33.28%	33.38%

* Divisional directors including programme directors.
** Heads of department including programme managers.

Employees on a permanent or temporary contract by gender as at 31-12-2024	2024	2023
Permanent - total	2,157	2,006
- women	884	800
- men	1,272	1,205
- other	1	1
Temporary - total	301	371
- women	132	166
- men	169	205
- other	0	0

Employees on a full-time or part-time contract by gender as at 31-12-2024	2024	2023
Full-time (36 hours or more per week) - total	2,217	2,134
- women	834	788
- men	1,382	1,345
- other	1	1
Part-time (12 to 36 hours per week) - total	241	243
- women	182	178
- men	59	65
- other	0	0

Inflow and outflow number and ratio* by gender 2024	2024 (number)	2024 (ratio)	2023 (number)	2023 (ratio)
Inflow number and ratio - total	300	12.21%	377	15.83%
- women	121	11.91%	160	6.72%
- men	179	12.42%	217	15.59%
- other	0	0.00%	0	0.00%
Outflow number and ratio - total	224	9.11%	239	10.17%
- women	72	7.09%	94	9.83%
- men	151	10.48%	145	10.42%
- other	0	0.00%	0	0.00%

* Inflow ratio is the inflow (total/women/men/other) per number of employees (total/women/men/other).

Inflow and outflow number and ratio* by age bracket 2024	2024 (number)	2024 (ratio)	2023 (number)	2023 (ratio)
Inflow number and ratio - total	300	12.21%	377	15.83%
- < 30	103	4.19%	156	6.55%
- 30-50	150	6.10%	172	7.22%
- >50	47	1.91%	49	2.06%
Outflow number and ratio - total	224	9.11%	239	10.03%
- < 30	39	1.59%	42	1.76%
- 30-50	111	4.52%	118	4.95%
- > 50	74	3.01%	78	3.27%

* Inflow ratio is the inflow (total/<30/30-50/>50) per number of employees (total/<30/30-50/>50).

Reason for outflow	2024	2023
Own request	115	144
Termination of contract	23	23
End of temporary employment contract	48	29
Retirement and early retirement	30	28
Restructuring	1	10
Occupational disability	5	3
Death	2	1

Basic salary women/men 2024	2024	2023
Basic salary** ratio* women/men DNB	1.14	1.16
Basic salary ratio women/men staff	1.16	1.16
Basic salary ratio women/men Executive Board	1.18	0.90
Basic salary ratio women/men divisional directors	0.97	0.99
Basic salary ratio women/men heads of department	1.06	1.02
Basic salary ratio women/men heads of section	0.98	1.01

* Ratios are calculated based on the median total compensation of employees in each category.
** Based on GRI definition of 'basic salary'.

Remuneration women/men 2024	2024	2023
Remuneration** ratio* women/men DNB	1.15	1.14
Remuneration ratio women/men staff	1.18	1.16
Remuneration ratio women/men Executive Board	0.98	0.90
Remuneration ratio women/men divisional directors	1	1
Remuneration ratio women/men heads of department	1.03	1.02
Remuneration ratio women/men heads of section	1	1.01

* Ratios are calculated based on the median total compensation of employees in each category.
** Based on GRI definition of 'annual total compensation'.

Absence due to illness	2024	2023
Total illness absence rate	4.1%	3.87%
Short-term absence (<7 days)	0.6%	0.66%
Medium-term absence (1-6 weeks)	0.4%	0.84%
Long-term absence (6-52 weeks)	2.0%	2.06%
1 to 2 years	1.1%	0.33%
Reporting frequency	0.70%	0.84%

DNB's social impact

Our commitment to society is not limited to the performance of our core tasks. We also want to make a social impact through other channels, such as our donation policy and procurement processes. We provide financial support to organisations and activities related to our core tasks, such as the Money Wise platform for financial education, and we donate to charitable organisations that are active in the areas of culture, healthcare and society. Our aim is to give initiatives that promote sustainability and diversity greater prominence in our donation policy, for which we have also set targets. Our contributions and donations totalled €472,000 in 2024.

We also encourage all our employees to get involved in social institutions and initiatives that we support financially or otherwise. Some of our staff coach schoolchildren or students who need extra support, while others provide assistance at festivities for people with mental disabilities. Donations also allow our employees to come into contact with a diverse range of cultural expressions.

Another key part of our policy is to donate decommissioned computers and other hardware to young Amsterdam residents with a labour-market disadvantage, and to schools in Africa. In 2024, we were able to donate a total of 2,539 devices, which will be followed by a further 1,500 devices in 2025. The high number of donations in 2024 was partly due to the move to our renovated head office. Donating decommissioned equipment also extends its life cycle, resulting in sustainability benefits. Our procurement and contract and supplier management is another important component of our social impact, as we integrate social return into our procurement processes wherever possible (see next section). A Social Impact programme manager ensures that our various initiatives in this area reinforce each other as much as possible.

Contract and supplier management

We completed 23 European tenders in 2024, each of which was based on socially responsible procurement and purchasing criteria. These criteria were included in the tenders' Statements of Requirements and Preferences, achieving our target of 100%. In addition, 17 direct multi-supplier tender procedures were completed. These procedures, with a contract value below the European tender threshold of €221,000 excluding VAT, were also subject to sustainability criteria. We are committed to socially responsible procurement as defined by PIANOo (the Public Procurement Expertise Centre of the Ministry of Economic Affairs and Climate). As a government organisation, we are required to issue a European tender for all procurement above the European threshold of €221,000 excluding VAT. Often, these tenders result in a multi-year framework agreement, within which further agreements are concluded. As part of the standard tender process, we set criteria against which bidders are assessed. By also applying environmental and social criteria, we can often ensure that our procurement projects deliver concrete environmental and social benefits in addition to their 'normal' returns. In 2024, the obligation to include sustainability and social return in procurement processes was integrated into our internal policy.

Circularity played an explicit role in two tenders in 2024, one of which was for office supplies. The terms of this tender required the winning supplier to collect some of the office supplies for reuse (e.g. pens). The other tender, for audiovisual equipment, required the winning supplier to collect and reuse retired equipment.

We use a number of controls to ensure, as far as possible, that parties whose services we use comply with legislation and standards regarding integrity and sustainability. Potential partners and suppliers are screened for financial, regulatory and reputational risks. Moreover, additional measures have been taken within DNB, for instance with regard to the requirements of the procurement process (purchase conditions) and their contractual documentation. We also regularly monitor existing partnerships. Integrity is an explicit part of the on- and off-boarding processes for external parties and suppliers.

Environmental care and carbon footprint of operational management

The Facilities Management, Cash Operations and Procurement and Contract Management departments use an environmental management system with ISO 14001 certification, which is valid until 2025. In 2024, we passed our external ISO 14001 environmental management system audit. We use green energy from Dutch wind farms and offset unavoidable carbon emissions, ensuring that our operations are climate neutral.

Our carbon emissions before offsetting were higher in 2024 than in 2023, mainly due to travel, the transportation of goods, the energy consumption of our temporary office building and hybrid working. The number of journeys made by car and public transport increased, in line with the general trend in the Netherlands. Moreover, our workforce grew last year, meaning that the number of employees who split their working hours between home and the office also increased. As a result, our carbon emission factors for electricity and gas increased as well. These developments explain the rise in our reported carbon emissions. At the beginning of the third quarter of 2023, our temporary office building in Amsterdam switched to European wind energy. We offset this energy consumption by treating it as 'grey electricity'.

Our new mobility policy stipulates that 100% of our car fleet must be electric, and petrol-powered cars have been virtually phased out. The last of these vehicles will be taken out of service in the coming period. The new mobility policy has led to an increase in the number of electric lease cars, resulting in higher scope 2 emissions. The 2024 financial year was the first in which the natural gas consumption of our temporary site in Haarlem (gold and banknote storage and cash operations) was no longer part of our carbon footprint. This has contributed to a considerable reduction in our carbon emissions from natural gas.

Our temporary site in Haarlem was divested in 2023, followed by our site in Wassenaar in 2024, leading to a decrease in our green gas consumption, which is reflected in the carbon emissions figures. The opening of the Cash Centre in Zeist has resulted in an overall increase in the sustainability of our premises. The Cash Centre only uses fossil fuel to power its emergency generators, has a heat and cold storage system, and generates electricity using solar panels. With the move back from Toorop to Frederiksplein in January 2025, our consumption of district heating and natural gas will decrease. Once our temporary temporary office building (the Toorop facility) has been divested, this consumption will cease altogether. Further steps are also being taken to improve sustainability at Frederiksplein by seeking BREEAM-NL New-Build and Renovation certification, as well as In-Use certification.

Table 3 Carbon footprint of our operations

Environmental data
Carbon emissions (tonnes)[1]

Measured data[1]	2024[2] CO_2 (tonnes)	2023 CO_2 (tonnes)
Scope 1		
Energy for heating	46	89
Transportation (private and leased vehicles)	125	191
Refrigerants	489	541
Scope 2[3]		
Electricity[4]	2.122	831[5]
Heat and cold supply (regional network)	159	180
Scope 3		
Business travel, air travel	1,503	1,303
Business travel, international rail travel	36	14
Business travel, passenger cars	231	174
Business travel, goods transport	306	147
Commuting, passenger cars	386	397[5]
Commuting, public transport	41	90
Location-independent work	715	641
Additional items outside scope of methodology		
Green gas purchased for heating[6]	11	28
Total CO_2	6,167	4,628[5]
Natural gas already offset	39	39
Offset through purchase of carbon credits[7]	6,128	4,589[5]
Total carbon emissions	**0**	**0**

1 Where possible, we use the emission conversion factors published at www.co2emissiefactoren.nl (in Dutch) and the Milieubarometer (well-to-wheel) to determine our material carbon emissions.
2 The 2024 reporting period runs from 1 October 2023 to 30 September 2024. Figures are subject to minor rounding differences.
3 Scope 2 emissions were reported in accordance with a market-based methodology.
4 In accordance with the Green House Gas (GHG) Protocol, electric lease has been included in scope 2.
5 In 2024, there were two changes that led to recalculations in our reporting for 2023. First, the emission factor for commuting by passenger car was adjusted, resulting in a revision of the corresponding emission figures. Second, due to a change in our energy contract, emissions from our temporary office building are now labelled as grey electricity. As a result of these two changes, our reported emissions and offsets for 2023 have increased.
6 In accordance with the Green House Gas (GHG) Protocol, purchased green gas has been included outside the scope methodology.
7 The number of carbon credits purchased was determined based on actual carbon emissions during the reporting period, which runs from the fourth quarter of one calendar year to the end of the third quarter of the next calendar year.

Annex 2 About this report

The President's Report describes the main developments and outlook relating to our core tasks. In the Accountability chapter, we look back on the year under review, reporting on our interaction with the outside world as well as on our internal organisation.

Reporting guidelines

The Accountability chapter has been prepared in accordance with the 2021 GRI standards (see GRI 2024 content index). We use GRI- and DNB-specific indicators for material themes. For our reporting on material financial and economic climate risks and opportunities, we follow the recommendations of the Task Force on Climate-related Financial Disclosures (see the CSR and Financial overview sections). We apply the Partnership for Carbon Accounting Financials (PCAF) measurement methodology to calculate the carbon footprint of our own-account investments. For more details on the reporting guidelines applied, see 'Definitions and assumptions for reported indicators' and 'Method and data collection' in this annex.

Materiality analysis

In the Accountability chapter, we focus on so-called material themes, which we have identified with the help of our external stakeholders. These are themes that help us better understand how we, in fulfilling our tasks, can have a positive (or negative) impact on the economy, the environment and people, including when it comes to human rights Given the nature of our organisation, our primary focus is on our economic impact, which is why our core tasks and what we aim to achieve in fulfilling them are amply covered in our material themes. Where relevant, they are complemented by sustainability aspects (see the first two columns of Table 4).

To map out these themes, we conducted a materiality analysis in 2024. This involved a number of steps. First, we carried out an external stakeholder survey. One of the key findings of this study was that stakeholders recognise the importance of our task-related impacts. Furthermore, they feel that DNB is most impactful in its role as prudential supervisor, and in building public confidence in the financial sector. While the importance of our impact on European-international cooperation and coordination was also recognised, respondents did note that this was not sufficiently reflected in our previous material themes. We also assessed which sustainability themes might be relevant for an organisation such as DNB by looking at other central banks (Banque de France, the National Bank of Belgium and Banca d'Italia) and commercial financial institutions. This peer and sector review highlighted a number of potential sustainability themes: climate change, biodiversity, resource consumption and the circular economy, consumers/end users, own employees and corporate conduct.

Finally, we held a DNB-wide survey and interviews to ask employees whether their domain has an impact (positive or negative) on any of these themes. The results show that four sustainability themes are considered relevant to our core tasks: climate change, consumers/end users, own employees and corporate conduct.

As a public service organisation, we naturally want to have an impact on society and the general public (consumers/end users). Our employees also feel that we help promote equal treatment and opportunities, and that we provide appropriate working conditions for our staff. Through our supervision of climate risk management, we can have a positive, indirect impact on climate change, while our investment and procurement policies also have climate aspects. Our integrity supervision assesses the health of companies' corporate cultures and seeks to prevent crime, and is therefore linked to the corporate conduct of the Dutch financial sector.

Based on these results, we have revised our material themes. Some of these changes were relatively minor, but others were more significant. A key difference compared to the material themes identified in 2023 is that 'Sustainability challenges' has been removed as a separate material theme. Sustainability aspects have now been integrated into the other material themes as much as possible, which better reflects how sustainability is embedded in our core tasks.

We no longer mention the theme of ‘Public trust in the Dutch financial sector’ separately either; this is now included as an important aspect in the ‘Prudential supervision’ and ‘Integrity supervision’ themes to better reflect the link between our supervision and confidence. Finally, the international dimension of our work is addressed more explicitly in the theme of ‘Price stability’.

The Executive Board approved these adjustments on 30 September 2024, and the Audit Committee of the Supervisory Board was informed of the new themes on 8 October 2024.

Table 4 in this annex shows the results of the materiality analysis. It also provides an overview of the sections in the Accountability chapter that discuss our role in these themes. The value creation model offers an overview of direct results and indirect effects in relation to the material themes (see Figure 1 in the Introduction).

Table 4 Material themes for 2024

Material themes for 2024	Description	SDGs	DNB2025 pillar
1. Sound, future-proof and trustworthy Dutch financial institutions	Dutch banks, insurers, pension funds and other financial institutions are sound, liquid and have future-proof business models (based on innovation and with an appropriate response to digital challenges and climate and environmental risks), also from a systemic perspective. This justifies public confidence in the sector's ability to meet its commitments.	■ SDG 8. Decent work and economic growth ■ SDG 12. Responsible consumption and production – 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle ■ SDG 13. Climate action ■ SDG 17. Achieving goals through partnership	See approach and progress in Trust, Balanced relationships and CSR
2. An ethical financial sector	An ethical financial sector that complies with laws and regulations and acts in accordance with principles of good governance and social propriety, including by preventing financial crime and contributing to its reduction.	■ SDG 17. Achieving goals through partnership – 17.1 Strengthen domestic resource mobilisation (DRM), including through international support to developing countries, to improve domestic capacity for the collection of tax and other revenue – 17.13 Enhance global macroeconomic stability, including through policy coordination and policy coherence	See approach and progress in Trust
3. Reliable, secure, efficient and inclusive payment systems	Payments systems that are reliable, secure, efficient and accessible. The responsible use of raw materials and energy to support digital and cash payments is key to efficiency.	■ SDG 8. Decent work and economic growth – 8.10 Strengthen the capacity of local financial institutions to promote access to banking, insurance and financial services for all ■ SDG 12. Responsible consumption and production – 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse – 12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities ■ SDG 13. Climate action	See approach and progress in Trust, Balanced relationships and CSR

Material themes for 2024	Description	SDGs	DNB2025 pillar
4. Price stability in the euro area	Stable purchasing power in the euro area as a common objective of the central banks in the Eurosystem. Price stability, defined as a medium-term inflation rate of 2% in the euro area, allows households and businesses to make informed decisions about their consumption and investments. This is a prerequisite for balanced economic development that benefits everyone.	■ SDG 17. Achieving goals through partnership – 17.13 Enhance global macroeconomic stability, including through policy coordination and policy coherence	See approach and progress in Balanced relationships
5. Financial stability and balanced, sustainable economic relationships	A financial system and economic sectors capable of absorbing shocks, reflected in adequate buffers and the ability to provide services to the economy on a sustainable basis. ■ Markets that operate efficiently and government policies that remove any distortions from these markets, including the housing market. ■ Research and advice on aspects related to the sustainability transition.	■ SDG 17. Achieving goals through partnership – 17.13 Enhance global macroeconomic stability, including through policy coordination and policy coherence	See approach and progress in Balanced relationships and CSR
6. Information security	We monitor the security of sector information and our own information. Cybersecurity, data integrity and data security play a crucial role in our operations and the work of our employees.	■ N/A	See approach and progress in Trust and Digital
7. A diverse and inclusive organisation	A diverse organisation with an inclusive culture and a healthy, competent and motivated workforce.	■ SDG 8. Decent work and economic growth – 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	See approach and progress in Staff, Operational risk management, Annex 1 Additional information (Key HR figures)

Sustainable Development Goals

We endorse the United Nation's Sustainable Development Goals (SDGs). By subscribing to these 17 global goals, organisations, businesses and governments make a commitment to substantially improve the state of our world by 2030. In consultation with our stakeholders, we have decided to focus on the following goals:

- SDG 8. Decent work and economic growth
- SDG 12. Responsible consumption and production
- SDG 13. Climate action
- SDG 17. Achieving goals through partnership.

Table 4 in this annex shows the relationship between approach and progress on our material themes and the SDG goals and subgoals.

Organisational structure

DNB is a public limited company incorporated under Dutch law whose sole shareholder is the State of the Netherlands. We are part of the European System of Central Banks (ESCB) and the Eurosystem, collaborating with our European counterparts in the areas of monetary policy, payment systems and foreign exchange operations. DNB is also part of the Single Supervisory Mechanism (SSM), which is responsible for European banking supervision, and the Single Resolution Mechanism (SRM), which oversees the proper resolution of failing banks in the euro area. We are an independent public body with a mandate for supervision, resolution and the deposit guarantee scheme (DGS). DNB operates independently in performing its ESCB tasks, in accordance with European laws and regulations. On 1 January 2025, we returned to our renovated head office on Frederiksplein.

The Executive Board is in charge of governance (see Executive Board, Supervisory Board, Bank Council and Employees Council, and governance). Within DNB, divisions and staff departments, such as the Internal Audit Department (IAD) and the Executive Secretariat (DS), each report directly to a member of the Executive Board (see the organisational chart on our website). In addition, we manage some activities in the form of programmes, for instance when it comes to our accommodation, the digital agenda and sustainability. In these cases, a steering group or programme director coordinates the activities and reports to one or several members of the Executive Board. The Supervisory Board monitors the general course of business at DNB and the Executive Board's policy regarding the implementation of DNB's national tasks (see the Report of the Supervisory Board).

Management, evaluation and accountability methods

The Executive Board is responsible for managing and evaluating our work and strategy. This includes overseeing the management of developments that can impact the economy, the environment and people. In 2024, we applied the OGSM methodology (objectives, goals, strategies, measures) to enhance our strategic management in relation to achieving our plans and ambitions. The four domains of Monetary Affairs, Supervision, Resolution and Internal Operations, under the supervision of the line directors, prepare annual summary OGSMs listing short-, medium- and long-term goals. These are translated into divisional OGSMs and ultimately into staff performance targets, anchoring strategic management in the assessment methodology. Progress on the domain and divisional OGSMs is monitored by the Finance & Risk Management division and reported to the Executive Board on a quarterly basis.

In 2021, the Strategic Sustainability Programme and the Sustainable Finance StrategySustainable Finance Strategy (SFS) were established to accelerate the realisation of our CSR ambition. The SFS is managed by the Sustainable Finance Office, working closely with the divisions involved in implementing the strategy. Because relevant sustainability aspects must be embedded in all our core tasks, this ambition requires collective responsibility and commitment, not least from senior management. Acquiring knowledge and skills in this area is essential if we are to achieve results. For members of the Executive Board, this happens in part through dialogue with stakeholders and while preparing for consultations with the various national and international bodies they belong to, such as the ECB, the FSB and the NGFS.

This Annual Report was produced under the direction of an editorial committee and a central team from the Economic Policy & Research division, the Finance & Risk Management division, the Executive Secretariat and the Communications department, with input from divisional directors and other relevant staff. Before publication, the Annual Report – including the Accountability chapter – was submitted to the Executive Board for consultation and approval. The Executive Board discusses the complete text of the Annual Report with the Supervisory Board.

Stakeholder engagement

Interaction with our stakeholders is of strategic importance to us. In our DNB2025 strategy, the usefulness and necessity of stakeholder engagement was substantiated by emphasising that financial stability and sustainable prosperity cannot be achieved by DNB alone. While our role in safeguarding financial stability is essential, it remains a responsibility that we share with other parties. Our new strategy for 2025-2028 notes the following about the value of intensive dialogue with the outside world: 'DNB takes an active approach to soliciting the views of people outside of its own organisation. We survey our stakeholders, engage with the sector as a supervisory authority, and try to listen carefully and understand. As a central bank, we organise outreach meetings, and we are in constant contact with the political arena in The Hague. But we are also independent, and we have a duty to act with all the means at our disposal to fulfil our obligations under the law. That means dialogue, but at the same time decisive intervention and enforcement when necessary.'

We have a wide range of stakeholders, including the general public, supervised institutions, industry associations, government and public sector organisations, social partners, universities, research institutes, media, suppliers and NGOs, as well as international organisations to which DNB is affiliated, such as the Eurosystem/ECB, SSM, BIS, IMF, FSB, SRB, EIOPA and EBA.

We interact with our stakeholders in a variety of ways in support of our mission and strategy. The nature, intensity and frequency of these interactions vary. There are various institutionalised forms of stakeholder interaction. The Bank Council, a group of stakeholders from academia, the financial sector and social partners, serves as a focus group for the Executive Board and has been institutionalised in the Bank Act. Besides participating in bodies that are related to our daily tasks – some 50 in number – we also take part in dialogue sessions where material themes such as balanced economic relationships, trust, sustainability and integrity are discussed. For example, during the year under review we had close contact – and shared and discussed analyses – with our political stakeholders, including on wage growth. We also continued our round-table discussions with banks on how best to combat financial crime. In the area of sustainability, we play an active role in the Platform for Sustainable Finance, which DNB chairs. Internationally, we are involved in bodies such as the Network for Greening the Financial System and the ECB's Climate Change Forum. We also maintain close contacts with various NGOs. To better understand the connection between the increasingly unstable geopolitical landscape and economic factors, we established a cross-divisional team to conduct further research. A wide range of stakeholders were interviewed for this study: other central banks, ministries, think tanks and companies exposed to geopolitical threats, such as grid operators, the Port of Rotterdam and ASML. Internally, this has given us a more complete picture of how these global developments affect our work. One example of this is the weaponisation of finance: central banks' foreign exchange reserves are increasingly being used as an economic weapon. The concrete recommendations that were distilled from this research are being integrated into various divisional plans.

2024 stakeholder survey

The two-yearly stakeholder survey we commission from an external agency shows that our reputation has improved from 'very good' to 'excellent'. Compared with the previous survey, we received higher scores from all three stakeholder groups (supervision, central banking and payment systems). The overall reputation index shows an increase from 66 ('very good') in 2022 to 76 ('excellent') in 2024. The steepest increases occurred among stakeholders involved in our central banking tasks (from 71 to 95) and banking supervision (57 to 76). Overall, the score we received from our supervision stakeholders has gone up from 63 to 71. According to the research methodology, a score of 75 or more indicates an 'excellent' reputation, while scores between 65 and 75 indicate a 'very good' reputation.

Most of the DNB2025 ambitions, which correspond to the sections in the Accountability chapter of this Annual Report, were considered relevant by the respondents. 'Trust', 'Digital' and 'Cost-consciousness' were seen as the most important. Respondents did note that some of the DNB2025 ambitions were not reflected in our actions. This was particularly true of the 'Cost-consciousness' ambition. The new strategy addresses this discrepancy. 'The outside world expects us to be cost-conscious, but at the same time has a perception that we are not at the moment. Our stakeholder surveys consistently show this, and unfortunately we cannot deny it. Part of this is due to our tendency to strive for exhaustiveness and an exaggerated level of conscientiousness (...) so we will watch costs more closely in the coming period,' it says under 'Effective and efficient', one of the four pillars of the new strategy.

The stakeholder survey further revealed that with regard to our style of communication, our reputation as a partner has improved. Furthermore, it appears that we were perceived as a significantly more proactive supervisor in the last two years compared to the period from 2020 to 2022. A significant improvement can also be seen in our scores for providing process information on investigations and/or data requests; there was a sharp reduction in negative sentiment. Our scores for 'timeliness of communication', however, were lower than in the previous survey. We also received considerably more negative responses to the question of whether we are able to tailor our supervision to the needs of individual institutions, and we saw a significant drop in our scores for 'acceptable delivery times'. Opinions varied on our ability to operate in a non-formalistic and non-detached manner: while some of our stakeholders felt that we had significantly improved in this area, others felt that we were doing much worse. Our supervisory stakeholders in particular perceived a decline.

The results of the stakeholder survey have been shared internally and and are being incorporated into the various OGSMs as part of newly formulated ambitions.

We continually strive towards more transparency. The dialogue with our stakeholders helps us to do our work as effectively as possible and enables us to increase our impact on society. If you would like to respond to this Annual Report or if you have other comments, please email us at info@dnb.nl.

Scope of accountability

The information in this chapter, like the rest of the Annual Report, relates to De Nederlandsche Bank N.V. during the 2024 calendar year. The carbon footprint of our internal operations, however, pertains to the period from Q4 2023 to Q3 2024.

Definitions and assumptions for reported indicators

Employees with a disability
(See GRI 2-7 Employees for the definition of 'employees')
The number of employees with a disability is calculated in participation FTEs (25.5 hours per week). Employees with occupational disabilities are those who, due to long-term physical, mental, intellectual or sensory impairments, combined with various barriers, are unable to participate fully, equally and on a lasting basis in the labour market. People who cannot earn the legal minimum wage independently or without a work placement are registered in the so-called target group register, which is managed by the Employee Insurance Administration Agency (UWV).

Method and data collection: The number of participation FTEs as at 31 December of the reporting year is reported. This number is calculated based on two sources. HR registers the number of participation FTEs from the target group register in the UWV employee portal, while the other participation FTEs are registered by the inclusion officer.

Absence due to illness
(See GRI 2-7 for the definition of 'employees')
Absence due to illness is the (partial) absence of employees due to illness. There are different categories of absence due to illness: short term (less than 7 days), medium term (1 to 6 weeks), long term (6 to 52 weeks) and absences lasting between 1 and 2 years. The reporting frequency is the number of reports per year divided by the number of employees per year.

Method and data collection: Employees must report sick to their manager and the Health & Safety department, which records the absence in MyHR and in the Dossier Manager medical system. The company doctor submits a report to HR, including an explanation of the trends.

Carbon footprint (and offsets) of operational management
All DNB business units fall within the scope (also known as the 'organisational boundary') for determining the carbon footprint. Construction sites where DNB had no control over electricity and gas consumption were excluded. The carbon footprint includes direct and indirect emissions resulting from business activities and is divided into scope 1, 2 and 3 emissions. Emissions resulting from DNB's core activities are not part of the internal operations footprint. Scope 1 emissions are those emitted by assets owned or managed by DNB, such as natural gas for heating and fossil fuels used for means of transport. Scope 2 emissions, or indirect emissions from purchased energy, include emissions from the production of electricity, heat or refrigeration generated outside our own organisation but used by DNB. The Scope 3 emissions reported by DNB are the relevant emissions that occur as a result of our activities but are emitted from sources neither owned nor managed by DNB. These are emissions over which DNB therefore also has no direct control, such as those from commuting, remote work and business travel. Only emissions related to the operational activities are included in the footprint. Each year, our carbon footprint assessment determines whether the scope of our operational footprint needs to be adjusted. This means we are always keenly aware of any internal and external developments that could trigger adjustments to the footprint.

Method and data collection: The Milieubarometer method is used to calculate, record and check our carbon footprint. For practical reasons, the calculation is first made using spreadsheets outside the Milieubarometer system. Both the spreadsheets and the Milieubarometer system are verified. The Dutch list of emission factors, as published on the Milieubarometer website (https://www.milieubarometer.nl/nl/co2-footprint/actuele-co2-emissiefactoren/) is used as the basis for the calculations. Exceptions apply to two emission factors. To calculate our air cargo emissions, we receive emission factors directly from the supplier, and for business flights we not only look at distance but also distinguish between economy and business class. The carbon footprint reporting period runs from 1 October to 30 September. This is why the reporting period and assessment of the carbon figures (Q4-Q3) do not coincide with the assessment of our environmental performance in other areas. The reasons for this are the timetable for our external Annual Report and the availability of data from suppliers on other environmental aspects at the end of the calendar year (Q1-Q4). Data for all relevant scope emissions are provided by the responsible departments (e.g. Facilities Management, Cash Operations and HR). Purchasing carbon credits is the responsibility of the energy coordinator. This responsibility includes all activities related to procurement, such as budgeting, contracting, advice, purchasing and accountability. Carbon emissions are offset according to the Gold Standard.

Carbon footprint of own-account investments
Reporting guidelines
We apply the Partnership for Carbon Accounting Financials (PCAF) measurement methodology to calculate the carbon footprint of our own-account investments. For more details on the reporting guidelines, see

'Definitions and assumptions for reported indicators' and 'Method and data collection' in this annex.

Definitions and assumptions for reported indicators

Thematic bonds

Green bonds are bonds that comply with (i) the International Capital Market Association (ICMA) Green Bond Principles or (ii) the Climate Bonds Standard and Certification Scheme of the Climate Bonds Initiative (CBI). Social bonds are bonds that comply with ICMA's Social Bond Principles, while sustainable bonds comply with ICMA's Sustainability Bond Guidelines.

Priority sectors according to the Task Force for Nature-related Financial Disclosures (TNFD)

These are sectors with 'material nature-related dependencies and impacts'. TNFD's list of priority sectors has been included in Sector guidance - Additional guidance for financial institutions (version 2.0, June 2024), on pages 21-26.

Carbon footprint of own-account investments

All greenhouse gas emissions are measured and converted to carbon equivalents. For enterprises, supranational institutions and agencies, we calculate scope 1, 2 and 3 emissions. Scope 1 includes direct emissions (e.g. from heating systems, vehicles and generators). Scope 2 includes indirect emissions caused by energy consumption for own use and production (e.g. electricity generated elsewhere). Scope 3 emissions include all other indirect emissions produced as a result of activities that take place outside the production phase (e.g. during the production of purchased raw materials and during the use and waste phases). Two different measures are used for governments: consumption and production emissions. Consumption emissions are calculated based on domestic demand, while production emissions include all activities within a country. We report the latter both including and excluding emissions associated with land use, change in land use and forestry (LULUCF). Countries use different methods to include these emissions in their carbon targets, which is why PCAF recommends reporting both.

We use three metrics to calculate emissions: Total carbon emissions from investments is the sum of all greenhouse gas emissions in the portfolio. To calculate this for enterprises, supranational institutions and agencies, we use the enterprise value including cash (EVIC); for governments, we use GDP (purchasing power parity, PPP) (both in millions of euro).

The calculation uses the following formula:

$$\textit{Total emissions} = \sum_{i=1}^{n} \left(\frac{\textit{value of investments}_i}{\textit{EVIC or GDP}_i} \times \textit{emisions}_i \right)$$

In this formula, i represents the individual issuer. Carbon emissions per million euro invested (carbon footprint) are the total emissions adjusted for portfolio size, making it easier to compare emissions from different portfolios. The calculation uses the following formula:

$$\textit{Carbon Footprint} = \frac{\sum_{i=1}^{n} \left(\frac{\textit{value of investments}_i}{\textit{EVIC or GDP}_i} \times \textit{emisions}_i \right)}{\textit{portfolio value}}$$

Turnover-weighted carbon emissions (weighted average carbon intensity) denotes a portfolio's exposure to enterprises with relatively high emissions. For enterprises, supranational institutions and agencies, carbon emissions are weighted by turnover in millions of euro. For governments, carbon emissions are weighted by population size (consumption) or GDP (PPP) (production). The calculation uses the following formula:

$$\textit{WACI} = \sum_{i=1}^{n} \left(\frac{\textit{value of investments}_i}{\textit{portfolio value}} \right) \times \left(\frac{\textit{emisions}_i}{\textit{'Turnover'}_i} \right)$$

We use the European Commission's EU Paris-aligned benchmark framework to set reduction targets for our equity portfolios, using 2019 as our base year, in line with net zero investment guidelines. Since 2023, we have been reporting on the carbon footprint of our equities and bonds relative to this base year. If our recalculations based on the most recent data reveal any significant differences, we report these. There were no significant differences in 2024.

Method and data collection

Carbon footprint of own-account investments

Using the same calculation method and data providers ensures comparability of publications within the Eurosystem. Due to limited data availability, the Eurosystem has decided to use national carbon emissions and financial data for lower-tier governments. Only 1% of government bonds held by DNB in 2023 were lower-tier government bonds. Carbon emissions from governments and semi-government bodies and carbon emissions from enterprises, supranational institutions and agencies are reported separately and not added up to avoid double counting. This would happen if we were to invest in enterprises registered in countries for which we also hold government bonds. The carbon emissions calculation for our investments is based on the composition of our portfolios on 31 December of the reporting year.

However, data for both the financial indicators (EVIC, GDP and 'turnover') and carbon emissions were not yet available for 2024 at the time of writing. For the 2024 reporting period, we used the most recent carbon emissions data available in late January 2025: mainly from 2023 for enterprises and from 2022 for governments (a one- and two-year delay, respectively). Due to an additional delay at one of our data providers, consumption emissions for 2022 were not yet available at the end of January 2025, necessitating the use of 2021 emissions data for the most recent consumption emissions indicators. To calculate historical and relative emissions, we also use financial data from previous years (one-year delay for both enterprises and governments). For the sake of consistency, the same delays have been applied to previous years (except for consumption emissions, due to the delay at our data provider).

For governments, we use the production emissions reported by countries to the United Nations Framework Convention on Climate Change (UNFCCC). All the countries we invest in report this data. Consumption emissions are estimated by our data provider Carbon4 Finance based on information from public sources, such as the European Commission's Emissions Database for Global Atmospheric Research (EDGAR). For the financial data (population size and GDP (PPP)), we use data from the World Bank.

For the climate indicators for enterprises, supranational institutions and agencies in Table 5, we use ISS data. These data are sometimes inconsistent between different data providers, as many of the emissions are estimated. Carbon emissions from some of our investments are also based on estimates. For 2024, this is the case for 20% of scope 1 and 2 emissions and 57% of scope 3 emissions. Scope 3 emissions data are subject to quality issues that limit their reliability and comparability over time, including (i) significant estimation uncertainty, (ii) varying estimates from different data providers, and (iii) methodological refinements. In the coming years, we will assess whether the data from our different data providers continue to converge. We will also continue to engage with our data providers.

Total annual compensation

Total annual compensation is calculated based on column 3 of the payroll statement for the relevant calendar year and the net annual pension contribution. Column 3 of the payroll statement consists of salary, 13th month, holiday bonus and all other gross benefits and allowances paid to individual employees. The sale of hours is not included. Adjustments have been made for gross deductions related to the applied 30% facility for employees who move to the Netherlands from abroad. Staff who were employed on 31 December of the relevant year are included in the calculation of total annual compensation, and annual salaries are used for staff who entered employment during the course of the year. To calculate the increase in total annual compensation, we only include staff who were employed both on 31 December of the reporting year and on 31 December of the previous year. We also take into account part-time and full-time employment in calculating the value of column 3. For seconded staff, we include the compensation they would have received if they were employed by DNB. We calculate the attributable pension costs based on full-time pensionable earnings, factoring in the maximum allowable fiscal pension accrual, and apply the recalculated employer percentage less the unweighted average employee contribution.

External assurance

The independent auditor reviewed the non-financial information in the Accountability chapter of this Annual Report. The assurance report has been included in Annex 3.

Annex 3 Assurance report

To: the shareholder and the supervisory board of De Nederlandsche Bank N.V.

Our conclusion

We have performed an assurance engagement with limited assurance on the non-financial information in the Accountability Chapter and in 'Annex 1 Additional Information' of the Annual Report 2024 (hereinafter referred to as 'the non-financial information') of De Nederlandsche Bank N.V. (hereinafter referred to as 'DNB'), Amsterdam, for the year 2024.

Based on the performed procedures and the assurance information obtained, we have no reasons to believe that the non-financial information is not prepared, in all material respects, in accordance with the reporting criteria as disclosed in the 'Reporting Criteria' section of our report.

Basis for our conclusion

We performed our assurance engagement on the non-financial information in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (Assurance engagements other than audits or reviews of historical financial information (attestation engagements))'. The objective of this engagement is to provide limited assurance. Our responsibilities in this regard are further described in the 'Our responsibilities for the review of the assurance engagement on the non-financial information' section of our report.

We are independent of DNB as required by the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence rules in the Netherlands. In addition, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The non-financial information should be read and understood in conjunction with the reporting criteria. DNB is responsible for selecting and applying these reporting criteria, taking into account relevant laws and regulations relating to reporting.

The reporting criteria applied for the preparation of the non-financial information are the Global Reporting Initiative (GRI) Standards 2021 in combination with DNB's own reporting criteria. The reporting criteria are further detailed in 'Annex 2 About this report'.

Materiality

Based on our professional judgement, we have determined materiality levels for each relevant component of the non-financial information. In evaluating our materiality levels, we considered quantitative and qualitative aspects as well as the relevance of information to both stakeholders and the entity.

Limitations to the scope of our assurance engagement

The non-financial information includes forward-looking information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherent to forward-looking information the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of forward-looking information in the non-financial information.

References in the non-financial information to external sources or websites are not part of the non-financial information itself as reviewed by us. Therefore, we do not provide assurance on this information.

Responsibilities of the Executive Board and the Supervisory Board of the non-financial information

The Executive Board is responsible for the preparation of the non-financial information in accordance with the applicable reporting criteria, including the identification of stakeholders and the definition of material matters. The decisions made by the Executive Board regarding the scope of the non-financial information and the reporting policy are summarized in the 'Reporting Guidelines' section of 'Annex 2 About this Report'.

The Executive Board is also responsible for such internal control as it determines is necessary to enable the preparation, measurement or evaluation of the non-financial information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for supervising DNB's reporting process.

Our responsibilities for the assurance engagement on the non-financial information

Our responsibility is to plan and perform an assurance engagement in such a manner that allows us to obtain sufficient and appropriate assurance evidence to support our conclusion.

Our assurance engagement focuses on obtaining a limited level of assurance to determine the plausibility of information. The procedures vary in nature and timing, and are less in extent, compared to a reasonable assurance engagement. Therefore, the level of assurance obtained in a limited assurance engagement is substantially less than the assurance that would have been obtained in a reasonable assurance engagement.

We apply the 'Nadere Voorschriften kwaliteitsmanagement' (NVKM, Regulations for Quality management) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant societal themes and issues, and the characteristics of the entity.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the non-financial information. This includes the evaluation of the results of stakeholder dialogue and the reasonableness of estimates made by the Executive Board.
- Obtaining an understanding of the reporting processes for the non-financial information, including obtaining a general understanding of internal control relevant to our assurance engagement.
- Identifying areas of the non-financial information where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion. These procedures included, amongst others:
  - interviewing management and relevant staff at corporate level responsible for the strategy, policy and results;
  - interviewing relevant staff responsible for providing the information for, carrying out internal control procedures over, and consolidating the data in the non-financial information;
  - obtaining assurance information that the non-financial information reconciles with underlying records of the entity; and
  - reviewing, on a limited test basis, relevant internal and external documentation

- Evaluating the overall presentation, structure and content of the non-financial information.
- Considering whether the non-financial information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with the Executive Board, among other matters, the planned scope and timing of the assurance engagement and any significant findings that we identified during our assurance engagement.

Amstelveen, 19 March 2025

KPMG Accountants N.V.

M.A. Huiskers RA

Definitions, Risk management section

Term	Definition
Management risk	The risk of administrative ineffectiveness due to unclear governance, non-compliance with governance or failure to properly record decision-making, resulting in failure to realise business objectives.
Operational risk	The risk of a negative impact on DNB's financial position, business objectives or reputation caused by inadequate or failed internal business processes, people and systems, or by external events.
Security risk	The risk of damage, loss or reputational harm and/or failure to achieve business objectives (or failure to do so on time) as a result of industrial accidents or unsafe situations or as a result of deliberate unauthorised human action with a criminal or terrorist motive.
Human Resources risk	The risk of damage, loss or reputational harm and/or failure to achieve business objectives (or failure to do so on time) as a result of not having, not being able to attract, retain or deploy sufficient and healthy staff of appropriate quality.
Legal risk	The risk of damage, loss or reputational harm and/or failure to achieve business objectives (or failure to do so on time) as a result of incorrect application of laws and regulations or because of deficient enforceability of and/or compliance with contracts.
Compliance and integrity risk	The risk that the independence and reputation of DNB and/or its staff may be harmed, or a financial loss may arise, as a consequence of non-compliance with integrity laws and regulations, standards of conduct imposed by society and by DNB itself, including insufficiently careful, justifiable and consistent consideration of the rights and interests of DNB's stakeholders.

Glossary

Term	Definition
Bank for International Settlements (BIS)	Organisation pursuing international monetary and financial cooperation and acting as a bank for the national central banks.
Basic salary	See GRI definition of Basic Salary.
Capital Markets Union	EU aim to improve the functioning of cross-border capital markets in the euro area.
Capital policy	The capital policy sets out the rules for the buffers DNB holds, how large they must be and how they are to be used.
Carbon offsetting	Offset of carbon emissions by investing in a reduction elsewhere.
Cash and payment systems	We actively promote accessible, secure and reliable cash and payment systems. As a member of the Eurosystem, we issue banknotes and are responsible for the circulation of coins and banknotes in the Netherlands. We also manage payment systems, and we are responsible for oversight (payment supervision) of institutions and systems that process payment transactions.
Crypto	A digital asset managed by cryptographic algorithms, usually based on blockchain technology. A crypto does not have a physical manifestation like a euro coin. Rather, it is an encrypted code, like a password, that can be transferred and stored electronically.
Dutch Deposit Guarantee	Statutory protection of savings in a Dutch bank account of up to €100,000 per person per bank.
ESG	Environmental, social and governance (ESG) issues.
European Banking Authority (EBA)	European authority responsible for improving the quality and harmonisation of prudential supervisory regulations, contributing to their consistent application and mediating in any disagreements about them.
European Insurance and Occupational Pensions Authority (EIOPA)	Authority responsible for prudential supervision in the insurance and pensions sector in Europe.

Term	Definition
European Central Bank (ECB)	The central bank of the 20 European member states that have adopted the euro, forming the Economic and Monetary Union (EMU). The ECB's primary objective is to maintain price stability in the euro area. Price stability is defined as medium-term inflation of 2%.
Eurosystem	The European Central Bank and the national central banks of the EU Member States that use the euro as their single currency.
Financial Stability Board (FSB)	Global network that promotes international financial stability by coordinating and monitoring the work of supervisory authorities and international regulators in the area of financial supervision and regulation.
Financial stability	We are committed to a stable financial system that ensures an efficient allocation of resources and that is capable of absorbing shocks so that these do not have a disruptive effect on the real economy.
Governing Council	The main decision-making body of the ECB. It consists of the six members of the Executive Board, plus the governors of the national central banks of the 20 euro area countries.
International Monetary Fund (IMF)	Responsible for safeguarding the stability of the international monetary system. It does this by providing economic advice to its 190 member countries, and by making loans available to countries with balance of payments difficulties and poor access to capital markets. The IMF's loans are subject to policy conditions.
ISO 14001:2015	An international standard that specifies requirements for environmental management systems that organisations use to gain insight into their environmental impact.
Monetary tasks	As a member of the Eurosystem, we contribute to decision-making on monetary policy and its implementation. Monetary policy is aimed at price stability, which is defined as an inflation rate of 2% over the medium term.
Money Wise	Initiative of the Ministry of Finance. Partners from the financial sector, academia, government, education and consumer organisations join forces in this platform to promote financial soundness in the Netherlands.

Term	Definition
National Forum on the Payment System (NFPS)	A large group of civil society organisations, chaired by DNB, which focuses on improving the efficiency of the retail payment system.
Network of Central Banks and Supervisors for Greening the Financial System (NGFS)	Network of central banks, supervisory authorities and international organisations that aims to green the financial system and strengthen the efforts being put forth by the financial sector to achieve the Paris climate agreement targets.
Open market operations (OMOs)	These are transactions through which the ECB provides financing to banks in order to satisfy their liquidity needs or to absorb excess liquidity from the system. Lending to banks is collateralised.
Pandemic Emergency Purchase Programme (PEPP)	The ECB's emergency purchase programme, launched in March 2020 with the aim of mitigating the impact of the COVID-19 pandemic by promoting the effectiveness of monetary policy and by making financing conditions more accommodative. Both public and private debt certificates were purchased under the programme until March 2022. Reinvestments will be phased out over the course of 2024 and are expected to stop by the end of 2024.
Principles for Responsible Investment (PRI)	Network of investors, supported by the United Nations, aimed at promoting sustainable investment. PRI signatories commit to six principles and publish an annual Transparency Report on their policies and implementation of responsible investment standards across various asset classes, which is assessed by PRI.
Provision for financial risks (VFR)	Buffer in our balance sheet to cover temporary risks.
Resolution	As the Dutch resolution authority, we seek to ensure that the critical functions of banks, insurers and central counterparties are safeguarded to the greatest extent possible, while non-viable institutions or parts of institutions are wound up in an orderly manner.
Socially responsible investment	The policy through which we consider environmental, social and governance (ESG) aspects, in addition to financial and economic aspects, when making investment decisions.
Statistics	DNB collects statistical information and compiles statistics in close cooperation with partners such as Statistics Netherlands (CBS), the European System of Central Banks (ESCB) and the International Monetary Fund (IMF).

Term	Definition
Statistics Netherlands (CBS)	National institute that collects data and compiles statistics on Dutch society. It produces statistical information on a wide range of social and economic themes.
Supervision	We exercise prudential supervision of banks, pension funds, insurers and other financial institutions by checking whether they are financially sound and are able to meet their obligations, and by conducting assessments of board members, issuing licences and combating financial crime. Whereas prudential supervision focuses on the soundness of individual institutions, macroprudential supervision focuses on the interaction between financial institutions, financial markets and the macroeconomic environment.
Sustainable Finance Platform	A group consisting of supervisory authorities, sector associations, ministries and the Sustainable Finance Lab that seeks to promote and increase awareness of sustainable finance in the financial sector by coming together to consider ways to avoid or overcome obstacles to sustainable finance.
TARGET2	TARGET2 is the Eurosystem's wholesale payment system that enables some 1,600 central and commercial banks in the euro area to make payments to one another in real time.
Targeted Longer-Term Refinancing Operations (TLTRO III)	Targeted refinancing operations offered by the Eurosystem aimed at stimulating lending to enterprises and consumers in the euro area. Eurosystem banks have repaid roughly three-quarters of their TLTRO III funding, and the last TLTRO-III operations matured in 2024.
Task Force on Climate-related Financial Disclosures (TCFD)	The FSB established the TCFD to develop more effective disclosures on climate risks.
TIBER	An acronym that stands for Threat Intelligence-Based Ethical Red teaming. TIBER is a framework and programme for cybersecurity tests and involves carrying out controlled attacks on participating institutions, including DNB, based on current threat data. The aim is to learn lessons from the results and become more resilient against sophisticated attacks.

De Nederlandsche Bank N.V.
PO Box 98, 1000 AB Amsterdam
+31 (0) 20 524 91 11
dnb.nl/en

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