Utrecht, the Netherlands, 14 August 2020

Results first half of 2020

Investor presentation

Maurice Oostendorp, CEO

Key points first half 2020

De Volksbank shows robust progress on its shared value ambition during the Covid-19 crisis; growing appreciation for our mission of 'banking with a human touch'

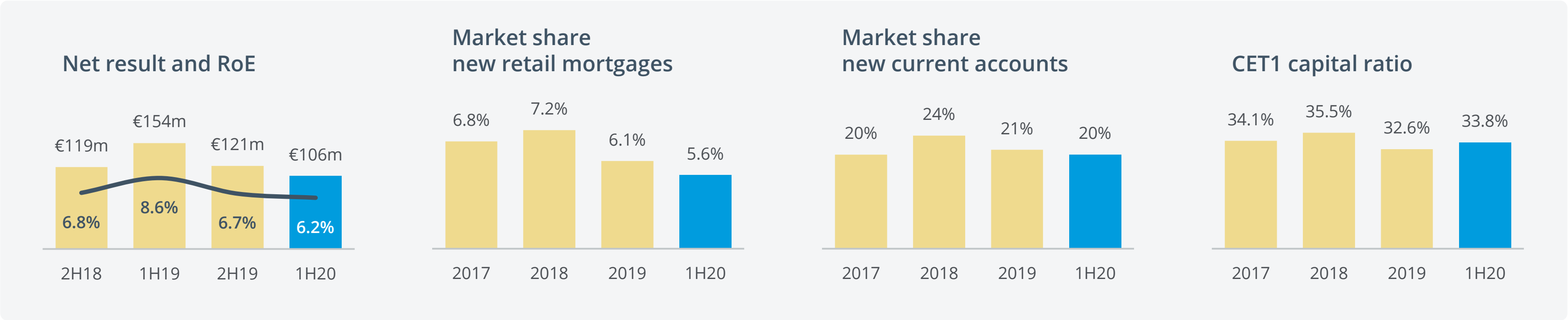
- **Customers**: customer-weighted Net Promoter Score to record high at +5 (YE19: 0)
- **Society**: 48% climate-neutral balance sheet (YE19: 44%); Financial Confidence Barometer slightly higher at 51% (YE19: 48%)
- **Employees**: 'Genuine attention' KPI of 7.9 (YE19: 7.7)
- **Shareholder**: return on equity of 6.2% (2019: 7.7%), on the basis of a strong capital position

Growth in current account customers, mortgage portfolio and savings deposits

- **Net growth in number of current account customers by 38,000 to 1.61m**
- **Increase in new mortgage production to €3.0bn (1H19: €2.8bn)**
- **Increase in retail savings by €2.1bn to €40.5bn**

Drop in net profit, driven by higher impairment charges in relation to the Covid-19 crisis

- **Net profit of €106m,** a 31% decrease compared with 1H19. Impairment charges of financial assets of €45m (1H19: -€13m), as a result of more pessimistic economic scenarios for the future due to the Covid-19 crisis



1. Banking with a human touch

Responding to the challenges following from the Covid-19 pandemic

Customers

- De Volksbank has a range of measures in place to help customers in case of potential financial problems as a result of the Covid-19 pandemic. Each customer situation requires a specific approach whereby we offer as much individually tailored financial advice as possible
- Retail customers for example are given the opportunity to take a payment holiday of up to six months. At the end of June, 1,695 customers made use of such schemes
- SME customers too, are given the opportunity to take a payment holiday of up to six months. At the end of June, 260 customers took the opportunity to do so
- Furthermore, de Volksbank (SNS, ASN Bank and RegioBank) introduced a credit facility of up to € 50,000 (Small Loans Covid Guarantee Scheme) for its SME customers
- SME customers may, under certain conditions, raise the limit of their existing credit facility

Supported with a payment break

<1% of our retail customers

1,695
Retail customers

~6% of our customers with an SME loan

260
SME customers

Operational adjustments

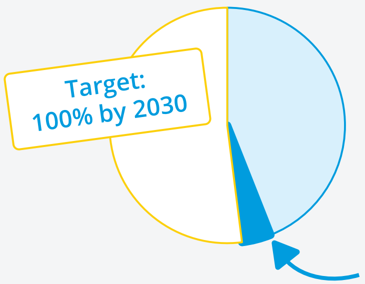
- SNS, ASN Bank, RegioBank and BLG Wonen continued their services to their customers even after the outbreak of Covid-19. Practically all SNS shops remained open, initially on an appointment-only basis. ASN Bank and BLG Wonen also remained fully operational. RegioBank branches continued their services with additional measures or adapted opening hours

Employees

- The transition to working from home, which was made possible for almost all our employees, went smoothly. Our employees showed tremendous commitment. We have now taken measures to allow our staff to return to the office on a limited scale, with their safety remaining our top priority

Responsibility for the society

Climate-neutral balance sheet

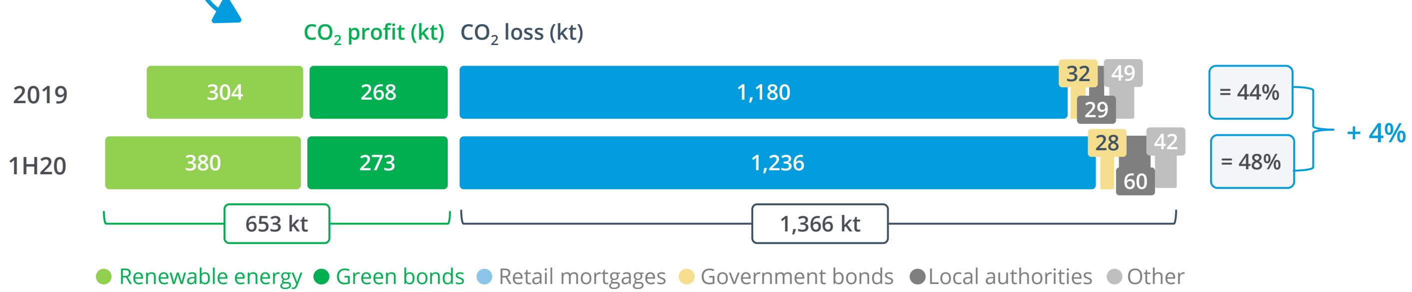


Our climate-neutral balance sheet rose to 48%

We have achieved our 2020 target of 45%

An increase of 4 percentage points

- Increase in CO_2 profit, primarily as a result of loans provided for three offshore wind farms, two biofermentation projects and a biomass plant
- Decrease in CO_2 loss mainly due to the inclusion of current emission factors, which leads us to attribute more emissions to our mortgage portfolio



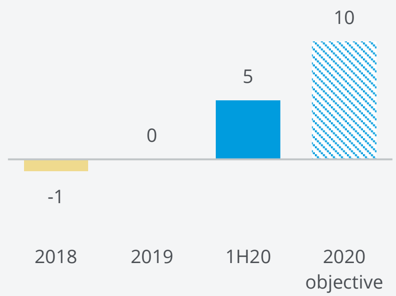
Tier 2 green bonds

- On 15 July 2020, de Volksbank successfully issued € 500 million of subordinated Tier 2 green bonds, the first bank in Europe to do so
- By issuing subordinated Tier 2 green bonds, de Volksbank is adding a new element to its value chain. An amount equal to the net proceeds of the green bonds will be allocated to an Eligible Green Loan Portfolio of new and existing loans that contribute to our climate-neutral balance sheet through reduced or avoided emissions

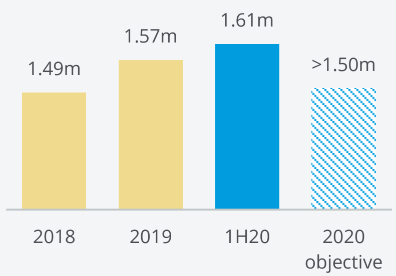
Long-term objectives

Shared value objectives: customers, society, employees, shareholder

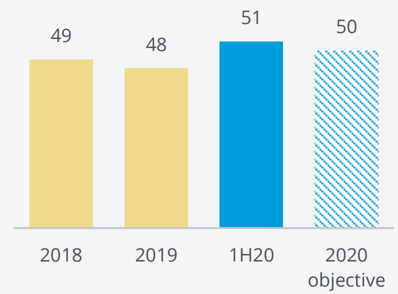
Customer-weighted average NPS



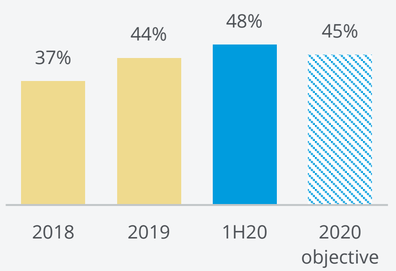
Current account customers



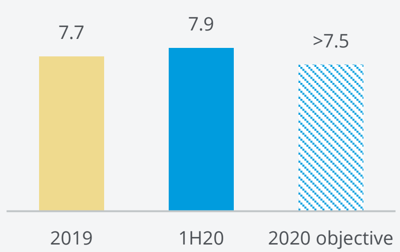
Financial Confidence Barometer



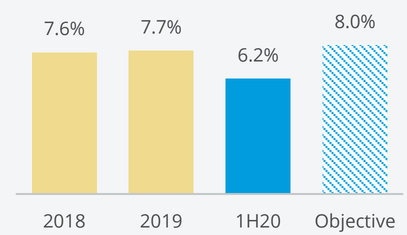
Climate-neutral balance sheet



Genuine attention for the employee

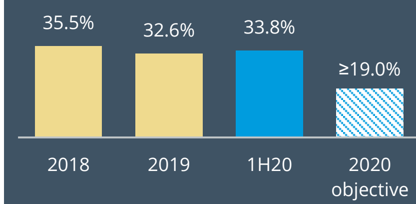


Return on Equity[1]

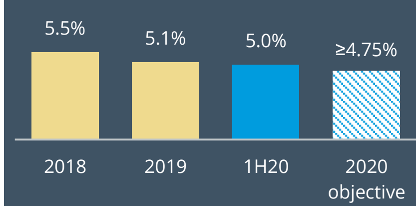


Other objectives

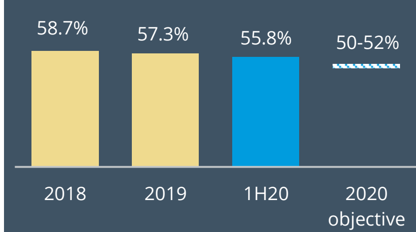
CET1 capital ratio



Leverage ratio



Cost/income ratio[2]



[1] Excluding incidental items [2] Excluding incidental items and regulatory levies

2. Commercial developments

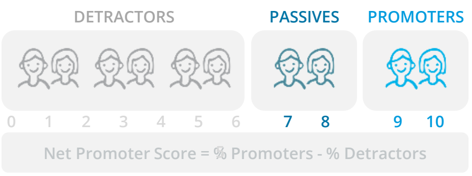
Customer-weighted NPS improved to +5, an all time high

Net Promoter Score

Brand	2015	2016	2017	2018	2019	1H20	Trend 2010-1H20
SNS	-26	-18	-13	-11	**-11**	**-5**	
ASN Bank	+19	+14	+17	+18	**+17**	**+18**	
RegioBank	+5	+2	+7	+12	**+14**	**+18**	
BLG Wonen	-42	-29	-24	-22	**-17**	**-9**	
Customer-weighted average	**-12**	**-8**	**-3**	**-1**	**0**	**+5**	

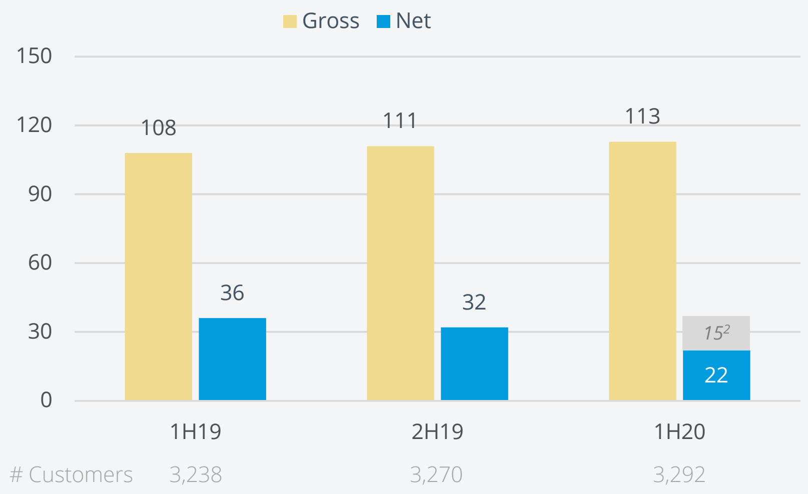
** BLG Wonen's measurement started in 1H13*

- Compared with 2019, our customer-weighted NPS improved from break-even to +5, an all time high
- NPS improved at all brands. SNS (-5), RegioBank (+18) and BLG Wonen (-9) reached their highest score ever
- NPS at ASN Bank (+18) showed a slight improvement and, together with RegioBank, ASN Bank remained among the select group of Dutch banks with a positive NPS

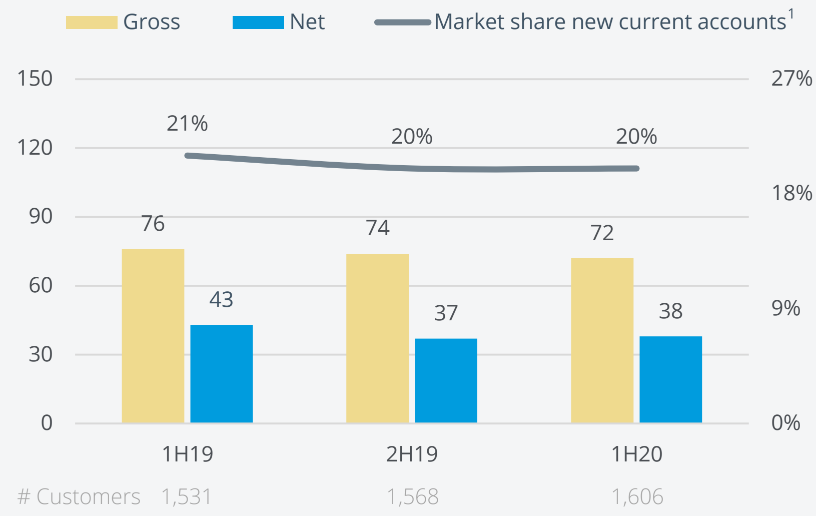


Increase in current account customers driving force behind customer growth

Development of customer base (in thousands)



Development of current account customers (in thousands)



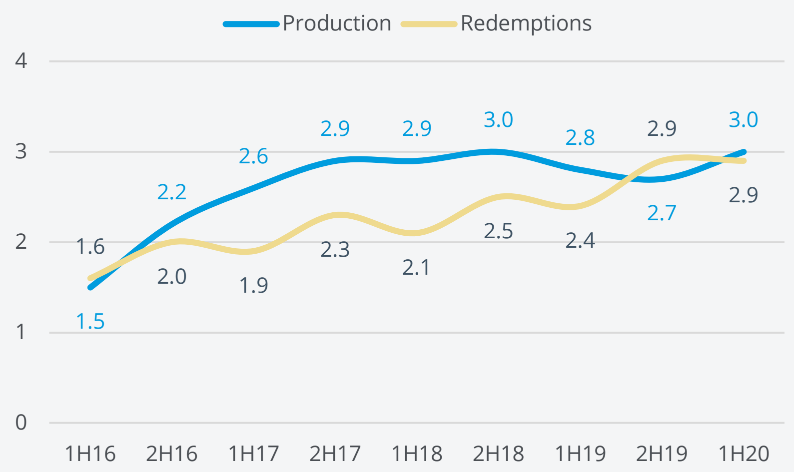
- In 1H20, the brands of de Volksbank welcomed 113,000 new customers, a slight increase compared to previous periods
- The net growth of 22,000 was lower compared with 1H19 due to an outflow of savings customers (-15,000) as a result of the termination of savings deposits at BLG Wonen

- After achieving our 2020 target of 1.5m in 2019, the number of current account customers continued to increase in 1H20 to 1.606m
- Net growth in 1H20 (38,000) was lower compared with 1H19 (43,000). Our market share in new current accounts remained stable at 20%
- On a total portfolio basis, our market share in current accounts in the Netherlands remained stable at around 8%

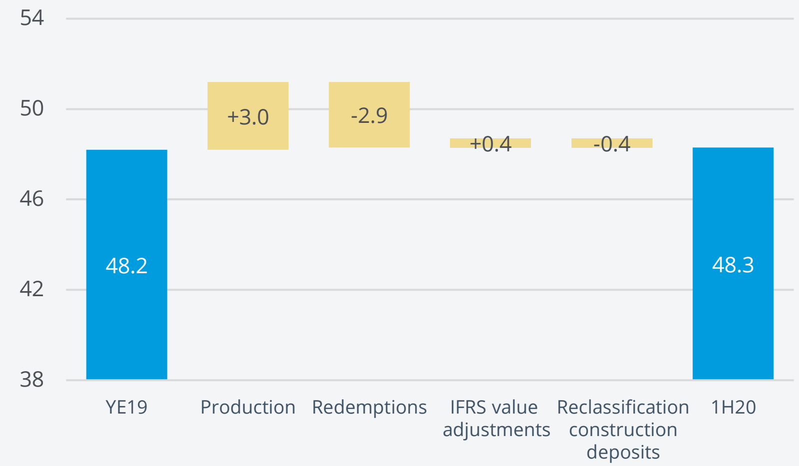
[1] Market research conducted by GFK, based on Moving Annual Total (MAT) [2] Termination savings deposits at BLG Wonen

Slight increase in the retail mortgage portfolio

Mortgage production vs redemptions (in € bn)



Development of gross retail mortgage portfolio[1] (in € bn)

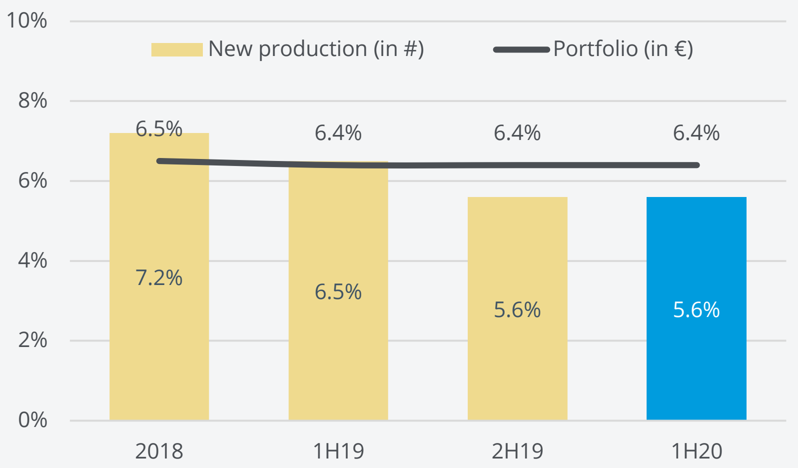


- The retail mortgage portfolio increased by €0.1bn to €48.3bn. Compared with 1H19, the commercial growth was lower at €0.1bn (1H19: €0.4bn). The positive impact of IFRS value adjustments was compensated by the reclassification of construction deposits
- Our new retail mortgage production rose to €3.0bn. Mortgage redemptions increased by €0.5bn to €2.9bn, mainly due to an increase in the mortgage refinancing market and a higher number of people moving house. In addition, due to an increasing share of annuity mortgages in our portfolio, contractual repayments gradually increased
- Interest rate renewals increased to €1.7bn (1H19: €1.3bn), mainly driven by higher early renewals; the share of early renewals was ~33% (1H19: ~20%)

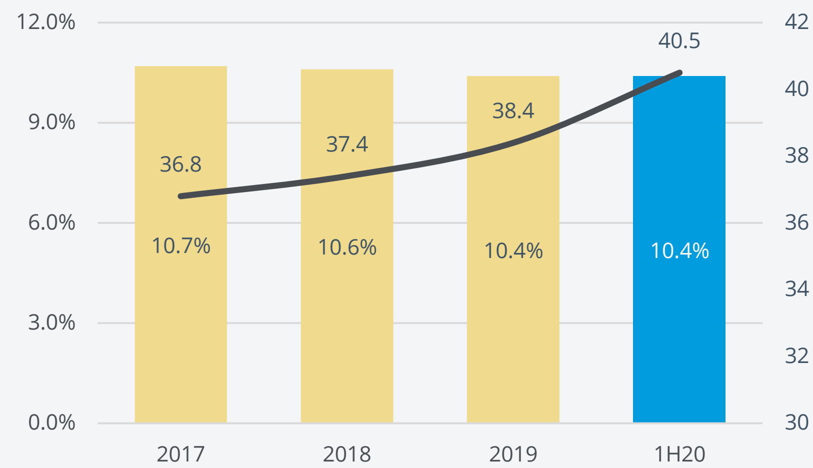
[1] Mortgage conversions are excluded from production and redemptions figures

Decrease in market share of new retail mortgage production; market share in retail savings remained stable

Market share of retail mortgage loans



Market share and portfolio of retail savings (RHS in € bn)



- In a strongly increased mortgage market, our market share of new retail mortgage production decreased to 5.6% (1H19: 6.5%), mainly driven by competition and the further increased demand for mortgages with a fixed-rate term of ≥15 years
- On a total portfolio basis, market share of retail mortgage loans remained stable at 6.4%

- Our retail savings balances increased further to €40.5bn (+€2.1bn)
- Our brands will continue to offer retail customers with savings balances of up to € 25,000 an interest rate of at least 0.01% in 2020, to continue to encourage the build-up and retention of a financial buffer
- The market share of retail savings remained stable at 10.4%

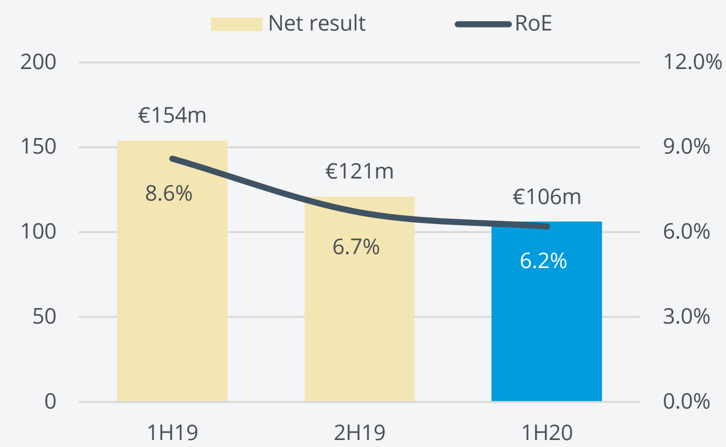
3. Financial results & outlook

Net profit lower at €106m, mainly attributable to a swing in impairment charges

Result (in € millions)

	1H19	2H19	1H20	1H20/ 1H19	1H20/ 2H19
Total income	471	458	480	*+2%*	*+5%*
Total operating expenses	278	296	292	*+5%*	*-1%*
Impairment charges	-13	6	45		
Result before tax	**206**	**156**	**143**	*-31%*	*-8%*
Taxation	52	35	37		
Net result	**154**	**121**	**106**	*-31%*	*-12%*
Return on equity	8.6%	6.7%	6.2%		

Net result and Return on Equity



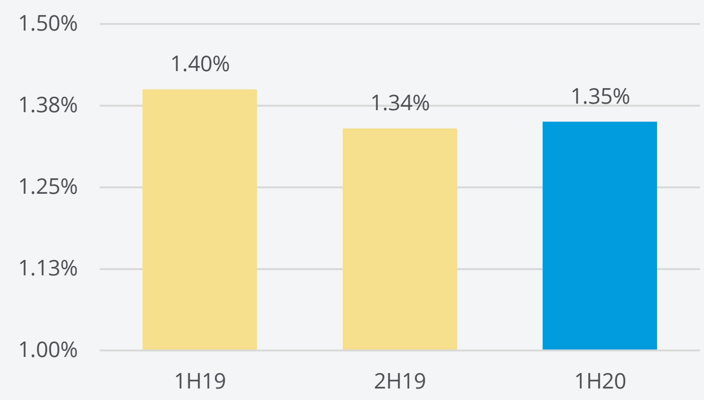
- Compared to 1H19, net profit decreased by €48m to €106m, mainly attributable to a €58m swing in impairment charges as a result of the Covid-19 pandemic. The impact of Covid-19 on total income and operating expenses remained limited
- Compared to 2H19, net profit decreased by €15m; higher impairment charges (+€39m) were partly offset by higher total income (+€22m) and lower operating expenses (-€4m)
- Return on equity was lower at 6.2% (1H19: 8.6%), driven by both a lower net profit and higher average equity

Total income up by 2%; net interest income marginally lower

Income (in € millions)

	1H19	2H19	1H20	1H20/ 1H19	1H20/ 2H19
Net interest income	442	433	436	*-1%*	*+1%*
Net fee and commission income	25	26	29	*+16%*	*+12%*
Investment income	8	4	8		
Results on financial instruments	-5	-5	7		
Other income	1	--	--		
Total income	**471**	**458**	**480**	*+2%*	*-1%*

Net interest margin (as a % of average assets)



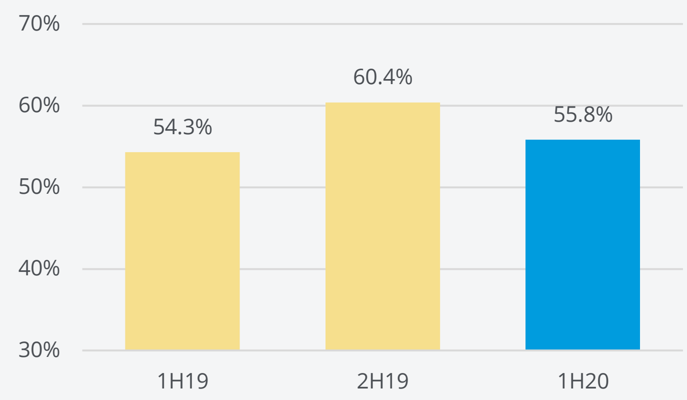
- Net interest income declined by €6m to €436m (-1%) mainly as a result of lower income from mortgages, reflecting a high number of (early) renewals at lower rates. This was partly compensated by higher compensation for loss of interest on account of early repayments and lower interest expenses related to retail savings. Due to the growth of savings and given our policy to not introduce a negative interest rate on retail savings in 2020, lower interest expenses could not fully compensate for the decline in interest income
- The net interest margin dropped from 1.40% to 1.35%, driven by both lower net interest income and higher average assets
- Net fee and commission income showed a €4m increase to €29m, mainly driven by higher fees for payment transactions and mortgage advice
- Investment income remained stable at €8m, and mainly consisted of realised results on fixed-income investments, sold as part of asset and liability management and optimisation of the investment portfolio
- Results on financial instruments showed a swing from -€5m in 1H19, to €7m, largely attributable to higher treasury results. In addition, the result due to hedge ineffectiveness of derivatives, partly related to mortgages, was higher

Operating expenses 5% higher; staff costs remained stable

Operating expenses (in € millions)

	1H19	2H19	1H20	1H20/ 1H19	1H20/ 2H19
Total operating expenses	**278**	**296**	**292**	*+5%*	*-1%*
Regulatory levies	23	18	24	*+4%*	*+33%*
Adj. operating expenses	**255**	**278**	**268**	*+5%*	*-4%*
Total FTEs	**3,693**	**3,648**	**3,660**	*-1%*	*0%*
Internal FTEs	3,015	2,991	3,051	*+1%*	*+2%*
External FTEs	678	657	609	*-10%*	*-7%*

Cost/Income ratio adjusted for regulatory levies



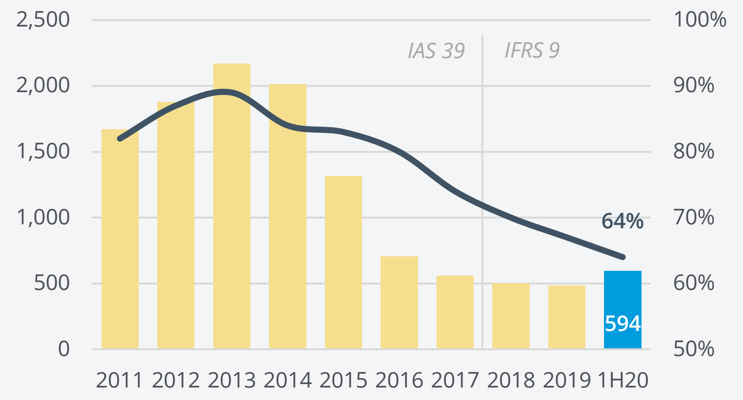
- Total operating expenses rose by €14m to €292m (+5%)
- Adjusted operating expenses increased by €13m to €268m (+5%). Of this increase, €7m was related to a positive revaluation in 1H19 for a previous contribution made under the DGS in relation to the insolvency of DSB. In addition, consultancy costs rose, for example for regulatory projects. Staff expenses remained stable
- Regulatory levies were €1m higher at €24m, reflecting a €1m higher contribution to the resolution fund (€8m). The ex-ante contribution to the Deposit Guarantee Scheme (DGS) amounted to €16m
- Compared to YE19 the number of internal employees increased with 60 to 3,051 FTE, mainly as a result of filling of vacancies that were temporarily filled by external employees. The number of external employees decreased with 48 FTE to 609

€45m loan impairment charges as a result of more pessimistic economic scenarios for the future

Loan impairments (in € millions)

	1H19	2H19	1H20
Retail mortgage loans	-8	10	33
SME loans	-3	-5	5
Retail other loans	--	-2	1
Other	-2	3	6
Total loan impairment charges	**-13**	**6**	**45**
Cost of risk retail mortgages	-0.03%	0.04%	0.14%
Cost of risk total loans	-0.05%	0.01%	0.18%

Retail mortgages in arrears; average LtV



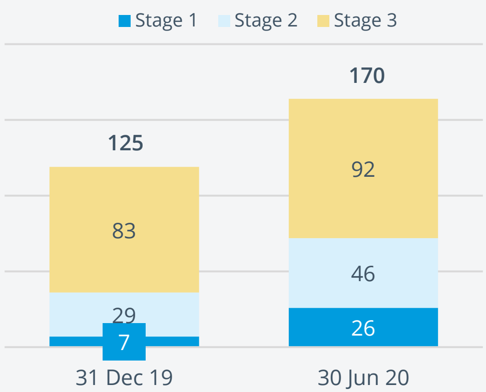
Base scenario macro economic parameters

Scenarios per	31 December 2019		30 June 2020	
	2021	2022	HY 2021	HY 2022
Relative change in house price index	2.9%	3.4%	-2.2%	0.2%
Unemployment rate	3.8%	3.8%	6.0%	5.6%
Number of bankruptcies (monthly)	369	367	685	649

- 1H20 impairment charges amounted to €45m, mainly reflecting the potential macroeconomic impact of the Covid-19 pandemic in our provisioning model
- Impairment charges on retail mortgage loans amounted to €33m, caused by the deteriorated economic outlook to determine the credit loss provision and by the tightening of the credit loss provisioning model
- The average LtV of retail mortgage loans declined further to 64% (YE19: 67%)

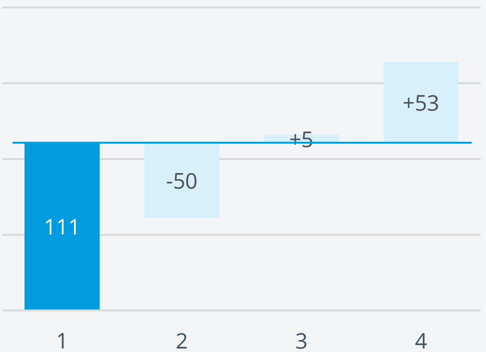
Impact Covid-19 on loan impairment charges and IFRS 9 stage-allocation

Loan impairments
(in € m)



Credit loss provisions rose from €125m as at 31 December 2019 to €170m as at 30 June 2020, predominantly driven by the deterioration of macroeconomic prospects resulting from the Covid-19 pandemic

Sensitivity analysis credit loss provisions retail mortgages (in € m)



1. Credit loss provision per 30-06-2020
2. Impact MES[1] 31-12-2019
3. Impact MES 30-06-2020 with increased unemployment
4. Impact MES 30-06-2020 with 100% downscenario

Stage-allocation retail mortgages
(in € m)

	2019	1H20
Gross loans	46,963	47,053
- of which stage 1	43,977	43,528
- of which stage 2	2,446	2,970
- of which stage 3	540	555
Stage 3 coverage ratio	8.0%	9.2%

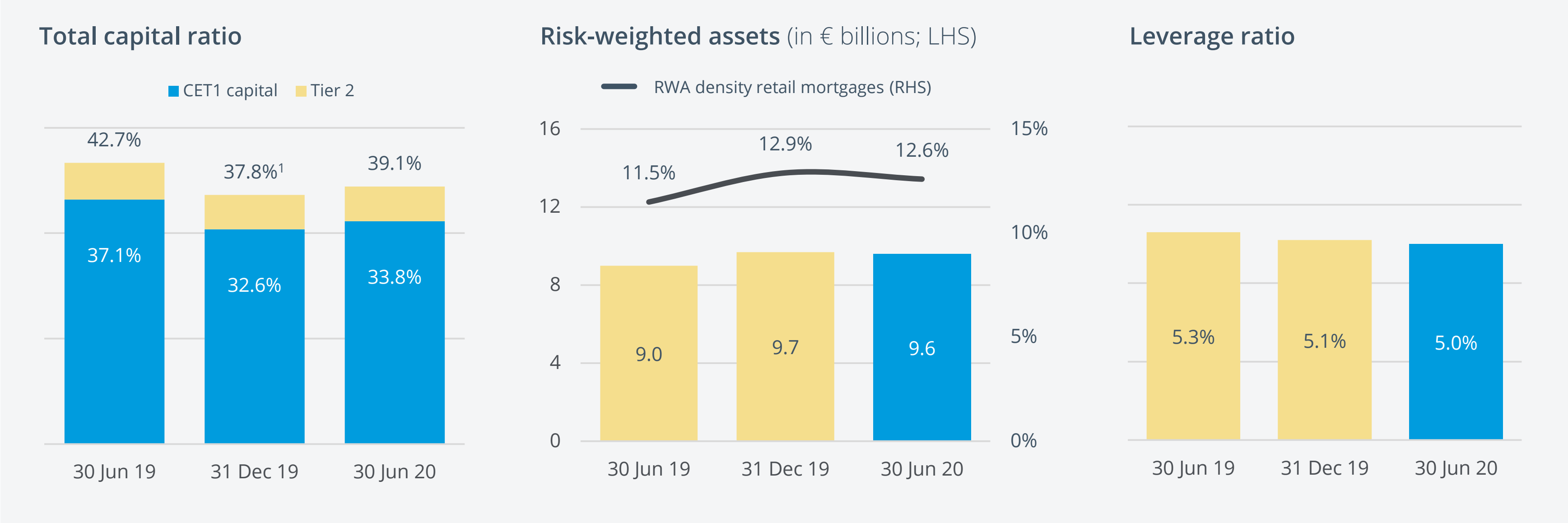
The increase in stage 2 loans is largely a result of the change in the provisioning methodology for interest-only mortgages. In addition, the increase in unemployment in macroeconomic projections resulted in an increase.

The direct impact of the pandemic was limited as at 30 June, which is reflected in a modest rise in stage 3 loans

Credit loss provisions in the first half of 2020 are deemed sufficient for the overall impact of the Covid-19 crisis, unless there is a negative change in the scenarios used to determine the credit loss provisions

[1] MES: macroeconomic scenario

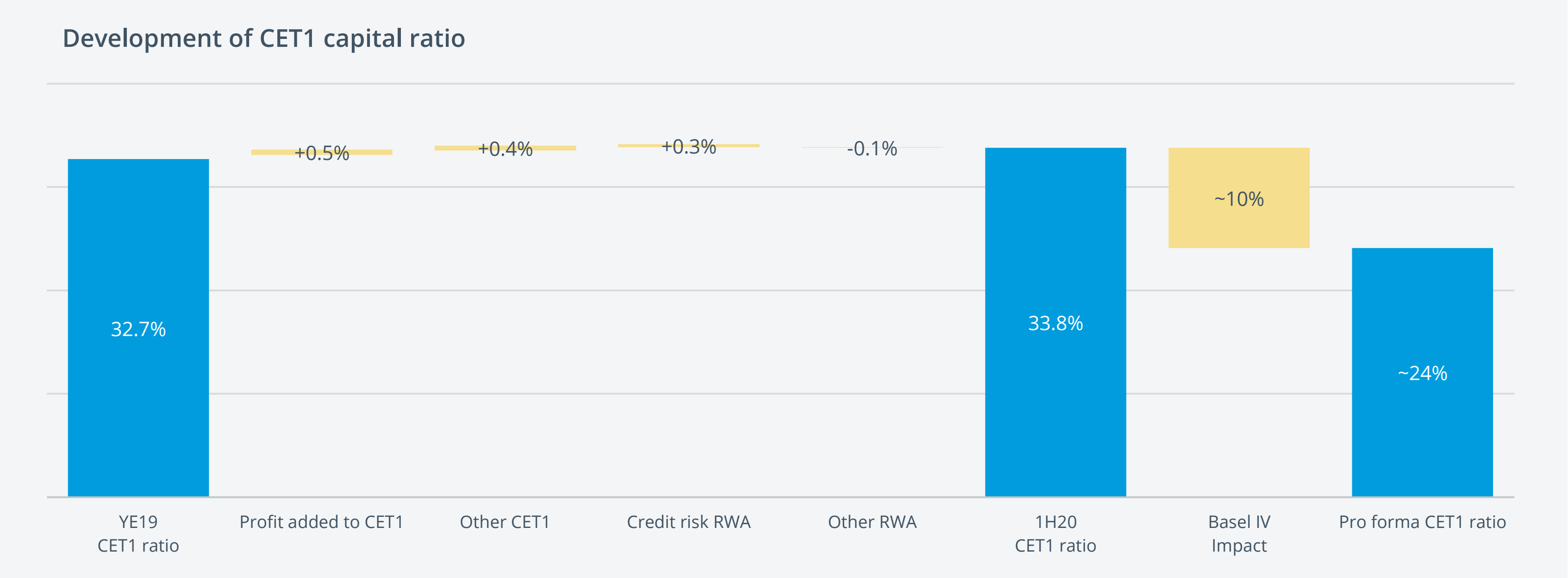
Higher CET1 capital ratio; leverage ratio marginally lower



- In 1H20, the CET1 capital ratio increased to 33.8%, mainly due to an increase in CET1 capital
  - CET1 capital increased by €93m, mainly as a result of the addition of 2H19 net profit (adjusted for 60% regular dividend pay-out ratio) and a decrease in the IRB shortfall, reflecting the increase in loan loss provisions for retail mortgages
  - RWA decreased by €68m, largely related to the credit risk of the retail mortgage portfolio and a lower risk-weighting of the credit facility granted to the Deposit Guarantee Fund
- In 1H20, the leverage ratio decreased to 5.0%, as the increase in CET1 capital was offset by an increase in the denominator of the leverage ratio, in line with the increase of the balance sheet total
- In line with the ECB recommendation on dividend distributions during the Covid-19 pandemic, de Volksbank has temporarily postponed the planned dividend payment for 2019 of €165m and has recognised it as a liability in the balance sheet

[1] Impact of €250m capital distribution to NLFI in December 2019 on CET1 capital ratio amounted to 2.7%

Development CET1 ratio in 1H20; pro forma impact of Basel IV



- Based on the balance sheet position as at 30 June 2020, we estimate our CET1 capital ratio to decrease by approximately 10 percentage-points, as a result of the full phase-in of Basel IV
- In response to the Covid-19 pandemic, the Basel IV implementation has been postponed by one year, to 1 January 2023
- As a measure to provide temporary capital and operational relief in response to the Covid-19 pandemic, DNB has postponed the introduction of a minimum floor for the risk weighting of non-NHG mortgage portfolios of Dutch banks until further notice. This risk weight floor was originally expected to be implemented in the second half of 2020, but is not expected to affect Basel IV end-state RWA, because the fully phased-in BIV output floor is constraining

Outlook

- We expect the gross domestic product to contract by 6% in 2020, followed by a 4% recovery in 2021. Unemployment will rise to above 6% in 2021, and house prices are expected to fall in 2020 and to rise slightly as from year-end 2021
- We expect the pressure on our net interest income to increase in the course of 2020. Operating expenses will not fall below the level of 2019. If changes in the expectations concerning economic contraction, unemployment and house prices in particular give cause to do so, the loan loss provisions will be adjusted
- All things considered, we are expecting the net profit for 2020 as a whole to be considerably lower compared with 2019

Questions & answers

Appendix

Summary P&L

In € millions	2018	2019	1H16	2H16	1H17	2H17	1H18	2H18	1H19	2H19	1H20
Net interest income	908	875	486	452	476	448	455	453	442	433	436
Net fee and commission income	44	51	31	26	26	23	21	23	25	26	29
Other income	6	3	7	32	27	28	4	2	4	-1	15
Total income	**958**	**929**	**524**	**510**	**529**	**499**	**480**	**478**	**471**	**458**	**480**
Total operating expenses	609	574	312	330	299	304	301	308	278	296	292
Other expenses	--	--	1	--	--	--	--	--	--	--	--
Impairment charges	(12)	(7)	(45)	(23)	(20)	(4)	(16)	4	(13)	6	45
Total expenses	**597**	**567**	**268**	**307**	**279**	**300**	**285**	**312**	**265**	**302**	**337**
Result before tax	**361**	**362**	**256**	**203**	**250**	**199**	**195**	**166**	**206**	**156**	**143**
Taxation	93	87	65	45	63	57	46	47	52	35	37
Net result	**268**	**275**	**192**	**157**	**187**	**142**	**149**	**119**	**154**	**121**	**106**
Incidental items	--	--	(12)	(13)	(1)	14	--	--	--	--	--
Adjusted net result	**268**	**275**	**204**	**170**	**188**	**128**	**149**	**119**	**154**	**121**	**106**
Ratios											
Cost/income ratio	58.7%	57.3%	54.4%	61.0%	51.3%	57.9%	56.7%	60.8%	54.3%	60.4%	55.8%
Cost/asset ratio	0.91%	0.83%	0.90%	0.99%	0.88%	0.94%	0.88%	0.94%	0.81%	0.86%	0.83%
Net interest margin	1.47%	1.37%	1.52%	1.43%	1.55%	1.46%	1.47%	1.47%	1.40%	1.34%	1.35%
Cost of risk retail mortgages	-0.01%	0.00%	-0.18%	-0.11%	-0.08%	-0.02%	-0.03%	0.01%	-0.03%	0.04%	0.14%
RoE	7.6%	7.7%	11.4%	8.9%	10.5%	7.8%	8.5%	6.8%	8.6%	6.7%	6.2%
Adjusted RoE	7.6%	7.7%	12.1%	9.7%	10.5%	7.0%	8.5%	6.8%	8.6%	6.7%	6.2%

Summary balance sheet

In € millions	31-12-2016	30-06-2017	31-12-2017	30-06-2018	31-12-2018	30-06-2019	31-12-2019	30-06-2020
Total assets	**61,588**	**60,986**	**60,892**	**62,534**	**60,948**	**63,941**	**62,460**	**65,378**
Cash and cash equivalents	1,911	2,742	2,180	3,114	815	1,948	2,026	1,079
Loans and advances to banks	2,918	2,125	2,643	2,373	3,589	4,208	3,791	6,817
Loans and advances to customers	48,620	48,813	49,459	50,197	50,536	51,551	50,461	50,867
Derivatives	1,533	1,340	1,075	898	732	705	718	702
Investments	5,970	5,337	5,094	5,331	4,782	4,914	5,350	5,469
Tangible and intangible assets	88	85	81	76	69	139	128	114
Tax assets	137	154	132	214	133	133	99	64
Other assets	411	390	228	331	292	342	268	266
Total liabilities and equity	**61,588**	**60,986**	**60,892**	**62,534**	**60,948**	**63,941**	**62,460**	**65,378**
Savings	*36,593*	*37,373*	*36,756*	*37,674*	*37,376*	*38,475*	*38,404*	*40,521*
Other amounts due to customers	*10,835*	*10,658*	*10,306*	*10,835*	*10,841*	*11,298*	*10,260*	*11,073*
Amounts due to customers	**47,428**	**48,031**	**47,062**	**48,509**	**48,217**	**49,773**	**48,664**	**51,594**
Amounts due to banks	1,446	1,064	2,683	2,859	1,116	891	541	246
Debt certificates	5,696	5,564	4,920	5,378	5,822	6,490	6,906	6,545
Derivatives	1,861	1,450	1,252	1,091	1,120	1,926	1,841	2,188
Tax liabilities	83	46	45	20	15	15	15	16
Other liabilities	891	644	590	598	487	679	492	852
Other provisions	120	116	125	112	98	72	64	45
Subordinated debt	501	498	501	511	502	512	502	510
Shareholders' equity	3,561	3,573	3.714	3,456	3,571	3,578	3,435	3,382

Key items balance sheet

Key items balance sheet (in € millions)

	31 Dec 19	30 Jun 20	∆ YoY
Total assets	**62,460**	**65,378**	+5%
Cash and cash equivalents	2,026	1,079	-47%
Loans and advances to customers	**50,461**	**50,867**	+2%
- of which retail mortgage loans	48,090	48,151	+1%
- of which retail other loans	73	57	-22%
- of which SME loans	673	654	-2%
- of which other, including (semi-) public sector loans	1,625	2,005	+23%
Loans and advances to banks	3,791	6,817	+80%
Investments	5,350	5,469	+2%
Amounts due to customers	**48,664**	**51,594**	+6%
- of which retail savings	38,404	40,521	+6%
- of which other amounts due to customers	10,260	11,073	+8%
Amounts due to banks	541	246	-55%
Debt certificates	6,906	6,545	-5%
Shareholders' equity	3,435	3,382	-2%

Comments

- In 1H20, the balance sheet total increased by €2.9bn to €65.4bn, mainly as a result of a growth in deposits; amounts due to customers rose by €2.9bn. This was mainly invested in loans and advances to banks, as loan growth was limited
- Cash and cash equivalents decreased by €0.9bn to €1.1bn, mainly due to investments in loans to banks, to benefit from market opportunities for yield pick-up
- Retail mortgage loans increased by €0.1bn to €48.2bn. The positive impact of IFRS value adjustments was compensated by the reclassification of construction deposits. The commercial growth was €0.1bn
- Shareholders' equity decreased by €53m to ~€3.4bn. The 2019 dividend reserve (€165m) was reclassified as 'other liability'. This was partly compensated by net profit retention (€106m) and an increase of the fair value reserve (€6m)

Breakdown of loans and advances to customers

in € millions	30 June 2019 Gross amount	30 June 2019 Loan loss provision	30 June 2019 Coverage ratio	31 December 2019 Gross amount	31 December 2019 Loan loss provision	31 December 2019 Coverage ratio	30 June 2020 Gross amount	30 June 2020 Loan loss provision	30 June 2020 Coverage ratio
Stage 1	**47,926**	**4**	**0.0%**	**46,075**	**7**	**0.0%**	**45,538**	**26**	**0.1%**
- of which retail mortgage loans	45,005	2	0.0%	43,977	6	0.0%	43,166	24	0.1%
- of which retail other loans	64	--	0.0%	62	0	0.0%	49	0	0.0%
- of which SME loans	565	1	0.2%	566	1	0.2%	506	1	0.2%
- of which other commercial loans and loans to public sector	2,292	1	0.0%	1,470	--	0.0%	1,817	1	0.1%
Stage 2	**1,844**	**17**	**0.9%**	**2,662**	**29**	**1.1%**	**3,208**	**46**	**1.4%**
- of which retail mortgage loans	1,657	9	0.5%	2,446	22	0.9%	2,949	35	1.2%
- of which retail other loans	11	1	9.1%	12	1	8.3%	9	1	11.1%
- of which SME loans	85	6	7.1%	67	5	7.5%	96	9	9.4%
- of which other commercial loans and loans to public sector	91	1	1.1%	137	1	0.7%	155	1	0.6%
Stage 3	**595**	**87**	**14.6%**	**645**	**83**	**12.9%**	**688**	**92**	**13.4%**
- of which retail mortgage loans	500	42	8.4%	540	43	8.0%	549	51	9.3%
- of which retail other loans	15	14	93.3%	13	13	100.0%	12	12	100.0%
- of which SME loans[1]	80	31	38.8%	71	25	35.2%	89	26	29.2%
- of which other commercial loans and loans to public sector	--	--	--	21	2	9.5%	38	3	7.9%
Total stage 1, 2, 3	**50,365**	**108**	**0.2%**	**49,382**	**119**	**0.2%**	**49,434**	**164**	**0.3%**
- of which retail mortgage loans	47,109	53	0.1%	46,963	71	0.2%	46,664	110	0.2%
- of which retail other loans	75	15	16.7%	87	14	16.1%	70	13	18.6%
- of which SME loans	692	38	5.2%	704	31	4.4%	690	36	5.2%
- of which other commercial loans and loans to public sector	2,381	2	0.1%	1,628	3	0.2%	2,010	5	0.2%
IFRS value adjustments[2]	1,293	--	--	1,198	--	--	1,597	--	--
Reclassification construction deposits							-392	--	--
Total loans and advances to customers	**51,658**	**108**	**0.2%**	**50,580**	**119**	**0.2%**	**51,031**	**164**	**0.3%**
Off-balance sheet items[3]	2,191	4	0.2%	2,548	6	0.2%	2,890	6	0.2%
Total on and off-balance sheet	**53,849**	**112**	**0.2%**	**53,128**	**125**	**0.2%**	**53,921**	**170**	**0.3%**

[1] Gross SME loans include mortgage-backed loans for a gross amount of € 631 million
[2] Consisting of fair value adjustments from hedge accounting and amortisations
[3] Off-balance sheet: liabilities from irrevocable facilities, guarantees and repurchase commitments

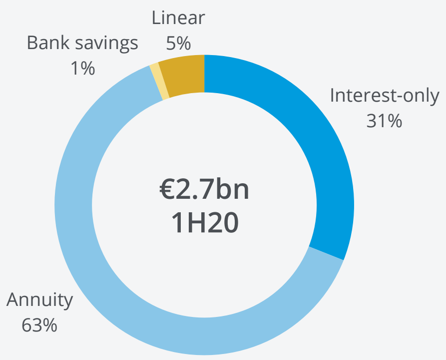
Quality of retail mortgage loans

in € millions	1 Jan 18	30 Jun 2018	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020
Gross loans	**45,551**	**46,370**	**46,824**	**47,162**	**46,963**	**46,664**
- of which stage 1	42,366	43,706	44,236	45,005	43,977	43,166
- of which stage 2	2,467	2,030	2,039	1,657	2,446	2,949
- of which stage 3	718	634	549	500	540	549
Loan loss provisions	**74**	**61**	**58**	**53**	**71**	**110**
- of which stage 1	3	2	2	2	6	24
- of which stage 2	17	11	10	9	22	35
- of which stage 3	53	48	46	42	43	51
Stage 2 as a % of gross loans	5.3%	4.4%	4.4%	3.5%	5.2%	6.3%
Stage 2 coverage ratio[1]	0.7%	0.5%	0.5%	0.5%	0.9%	1.2%
Stage 3 as a % of gross loans	1.5%	1.4%	1.2%	1.1%	1.1%	1.2%
Stage 3 coverage ratio[1]	7.4%	7.6%	8.4%	8.4%	8.0%	9.3%
Net loans excluding IFRS adjustments	**45,477**	**46,309**	**46,766**	**47,109**	**46,892**	**46,554**
IFRS adjustments	295	356	496	1,293	1,198	1,597
Total net loans	**45,772**	**46,665**	**47,262**	**48,401**	**48,090**	**48,151**
Irrevocable loan commitments and financial guarantee contracts[2]	1,967	1,769	1,796	1,692	1,598	2,021
Provision off-balance sheet items	1.0	1.0	0.0	1.0	1.0	1.0
Coverage ratio off-balance sheet items	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%
Total gross on and off-balance sheet exposure	**47,518**	**48,339**	**48,620**	**48,854**	**48,561**	**49,074**
Impairment charges	--	-8	-8	-8	2	33
Provision as a % of gross loans	0.16%	0.13%	0.12%	0.11%	0.15%	0.23%
Cost of risk[3]	--	-0.03%	-0.02%	-0.03%	0.00%	0.14%

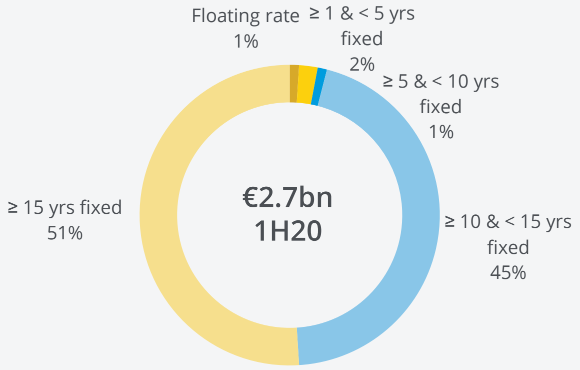
[1] Stage 2/3 loan loss provision as a % of gross exposure to stage 2/3 [2] Consists of off-balance sheet facilities (of which €441m revocable), guarantees and repurchase commitments [3] Impairment charges as a % of average gross exposure -/- IFRS adjustments

Retail mortgage production

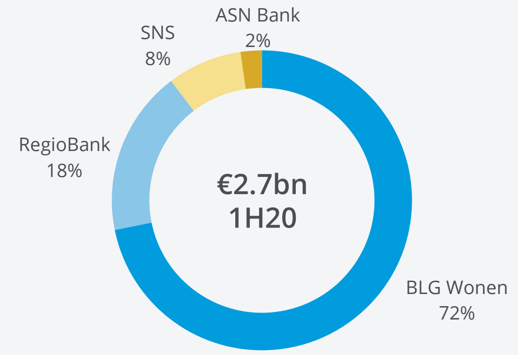
Retail mortgage production by redemption type[1]



Retail mortgage production by interest type[1]



Retail mortgage production by brand on own book[1]

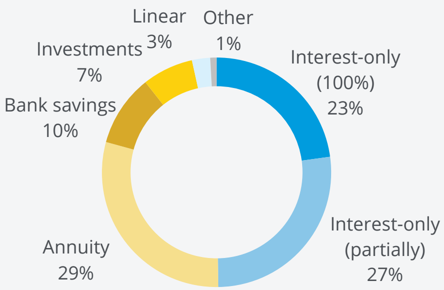


- 63% of new retail mortgages consists of annuity mortgages. Only new annuity or linear mortgages benefit from tax deductibility
- 31% of the retail mortgage production consists of interest-only mortgages due to the refinancing/conversion of loans originated before 2013
- Continued strong demand for mortgages with longer term fixed-rate terms

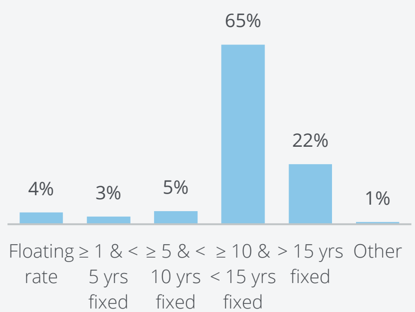
[1] Excluding bridging loans

Retail mortgage portfolio

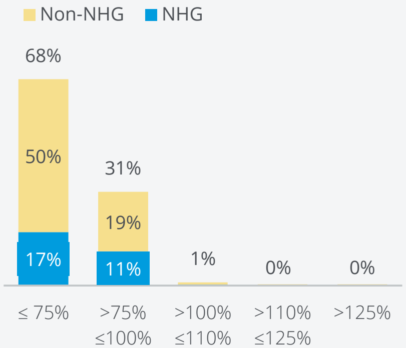
Retail mortgages by redemption type



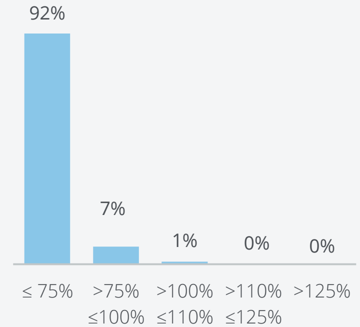
Retail mortgages by fixed-rate period



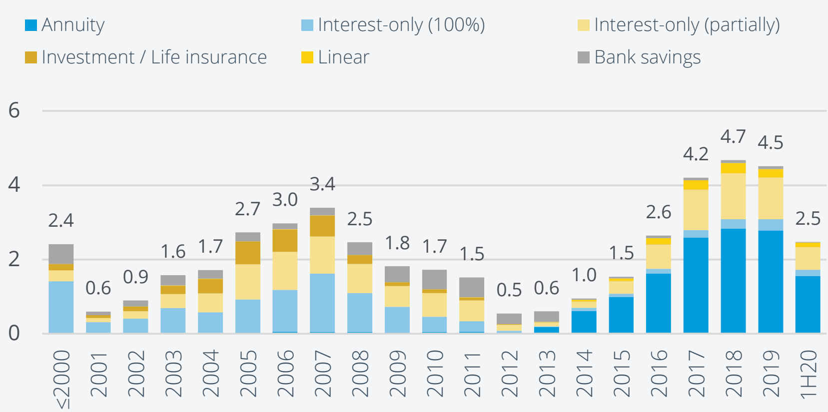
Retail mortgages by LtV bucket



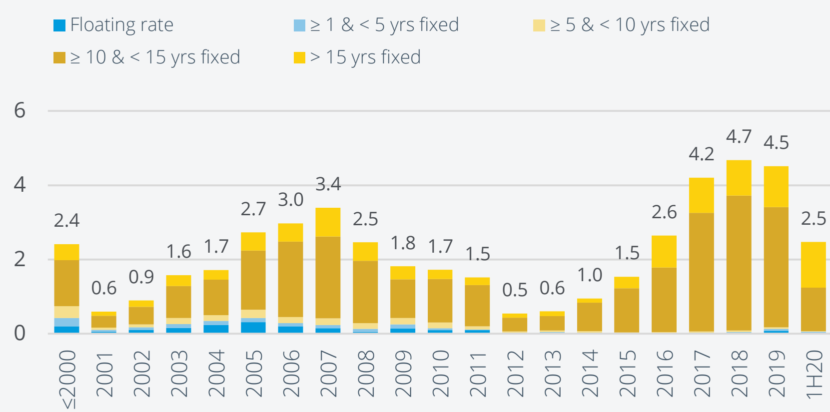
Interest-only (100%) mortgages by LtV bucket



Retail mortgages by year of origination and redemption type
(in € billions)



Retail mortgages by year of origination and fixed-rate term
(in € billions)



Quality of SME loans

in € millions	1 Jan 18	30 Jun 2018	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020
Gross loans	**791**	**753**	**743**	**730**	**704**	**690**
- *of which stage 1*	558	553	558	565	566	506
- *of which stage 2*	123	103	99	85	67	96
- *of which stage 3*	110	97	86	80	71	89
Loan loss provisions	**49**	**40**	**41**	**38**	**31**	**36**
- *of which stage 1*	1	1	1	1	1	1
- *of which stage 2*	12	8	7	6	5	9
- *of which stage 3*	36	31	33	31	25	26
Stage 2 as a % of gross loans	16.3%	13.7%	13.3%	11.6%	9.5%	13.9%
Stage 2 coverage ratio[1]	9.8%	7.8%	7.1%	7.1%	7.5%	9.4%
Stage 3 as a % of gross loans	14.6%	12.9%	11.6%	11.0%	10.1%	12.8%
Stage 3 coverage ratio[1]	32.7%	32.0%	38.4%	38.8%	35.2%	29.2%
Total net loans	**742**	**713**	**702**	**692**	**669**	**654**
Irrevocable loan commitments and financial guarantee contracts	38	36	36	38	40	46
Provision off-balance sheet items	0.3	0.3	0.3	0.3	0.0	0.0
Coverage ratio off-balance sheet items	0.8%	0.8%	0.8%	0.8%	0.0%	0.0%
Total gross on and off-balance sheet exposure	**829**	**789**	**779**	**768**	**744**	**740**
Impairment charges	--	-7	-5	-3	-8	5
Provision as a % of gross loans	6.2%	5.3%	5.5%	5.2%	4.4%	5.2%
Cost of risk[2]	--	-1.98%	-0.75%	-0.69%	-1.05%	1.56%

[1] Stage 2/3 loan loss provision as a % of gross exposure stage 2/3 [2] Impairment charges as % of average gross exposure -/- IFRS adjustments

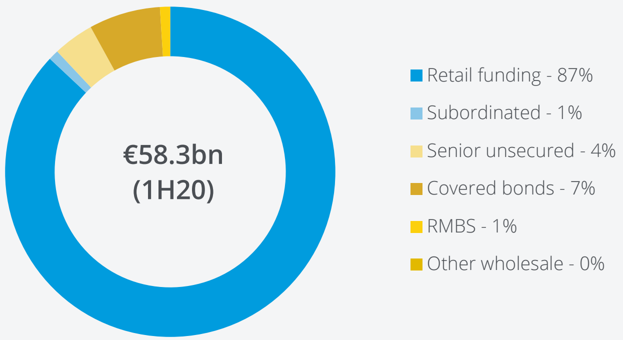
Quality of retail other loans

in € millions	1 Jan 18	30 Jun 2018	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020
Gross loans	**143**	**123**	**110**	**90**	**87**	**70**
- of which stage 1	92	82	74	64	62	49
- of which stage 2	17	13	14	11	12	9
- of which stage 3	34	28	22	15	13	12
Loan loss provisions	**34**	**28**	**24**	**15**	**14**	**13**
- of which stage 1	0	0	0	0	0	0
- of which stage 2	2	1	2	1	1	1
- of which stage 3	32	27	22	14	13	12
Stage 2 as a % of gross loans	13.8%	10.6%	12.7%	12.2%	13.8%	12.9%
Stage 2 coverage ratio[1]	11.8%	7.7%	14.3%	9.1%	8.3%	11.1%
Stage 3 as a % of gross loans	27.6%	22.8%	20.0%	16.7%	14.9%	17.1%
Stage 3 coverage ratio[1]	94.1%	96.4%	100.0%	93.3%	100.0%	100.0%
Total net loans	**109**	**95**	**86**	**75**	**73**	**58**
Irrevocable loan commitments and financial guarantee contracts	576	582	464	461	453	440
Provision off-balance sheet items	7	5	4	3	3	4
Coverage ratio off-balance sheet items	1.2%	0.9%	0.9%	0.7%	0.7%	0.9%
Total gross on and off-balance sheet exposure	**719**	**705**	**574**	**551**	**540**	**510**
Impairment charges	--	-2	-1	--	-2	1
Provision as a % of gross loans	23.8%	22.8%	21.8%	16.7%	16.1%	18.6%
Cost of risk[2]	--	-0.45%	-0.18%	-0.1%	-0.5%	0.60%

[1] Stage 2/3 loan loss provision as a % of gross exposure stage 2/3 [2] Impairment charges as % of average gross exposure -/- IFRS adjustments

Funding & liquidity

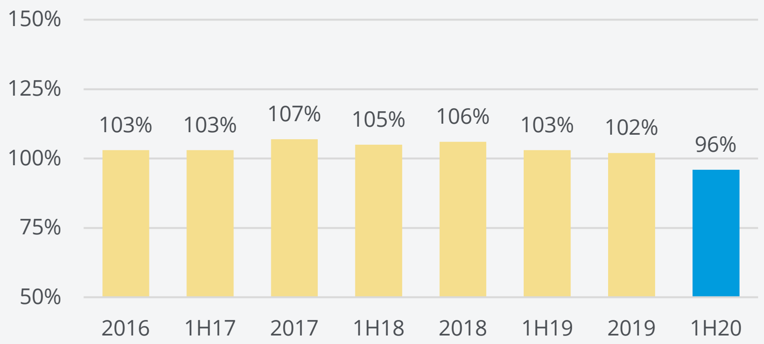
Funding mix



Liquidity buffer (in € millions)

	1H19	2019	1H20
Cash position	3,570	3,836	3,754
Sovereigns	2,149	2,805	2,830
Regional/local governments & supranationals	871	1,091	1,152
Other liquid assets	431	263	327
Eligible retained RMBS	8,932	8,902	9,500
Total liquidity buffer	**15,953**	**16,897**	**17,563**

Loan-to-Deposit ratio[1]



- Retail funding was marginally up to 87% (YE19: 86%)
- Loan-to-Deposit ratio decreased to 96% as a result of limited loan growth and a substantial increase in deposits
- Liquidity buffer increased by €0.7bn to €17.6bn
- LCR and NSFR well above 100%

[1] The Loan-to-Deposit ratio is calculated by dividing retail loans by retail funding. As from June 2017, retail loans are adjusted for fair value adjustments from hedge accounting. Comparative figures have been adjusted accordingly

Investment portfolio

Breakdown by sector (in € billions)

	2019	%	1H20	%
Sovereigns	3.7	70%	3.7	69%
Financials	1.1	21%	1.3	24%
Corporates	0.5	9%	0.4	7%
Other	0.0	0%	0.0	0%
Total	**5.3**	**100%**	**5.4**	**100%**

Breakdown by maturity (in € billions)

	2019	%	1H20	%
< 3 months	0.4	8%	0.4	7%
< 1 year	0.2	4%	0.2	4%
< 3 years	0.9	17%	1.0	19%
< 5 years	1.3	25%	1.2	22%
< 10 years	2.2	42%	2.3	43%
< 15 years	0.2	4%	0.2	4%
> 15 years	0.1	2%	0.1	2%
Total	**5.3**	**100%**	**5.4**	**100%**

Breakdown by rating (in € billions)

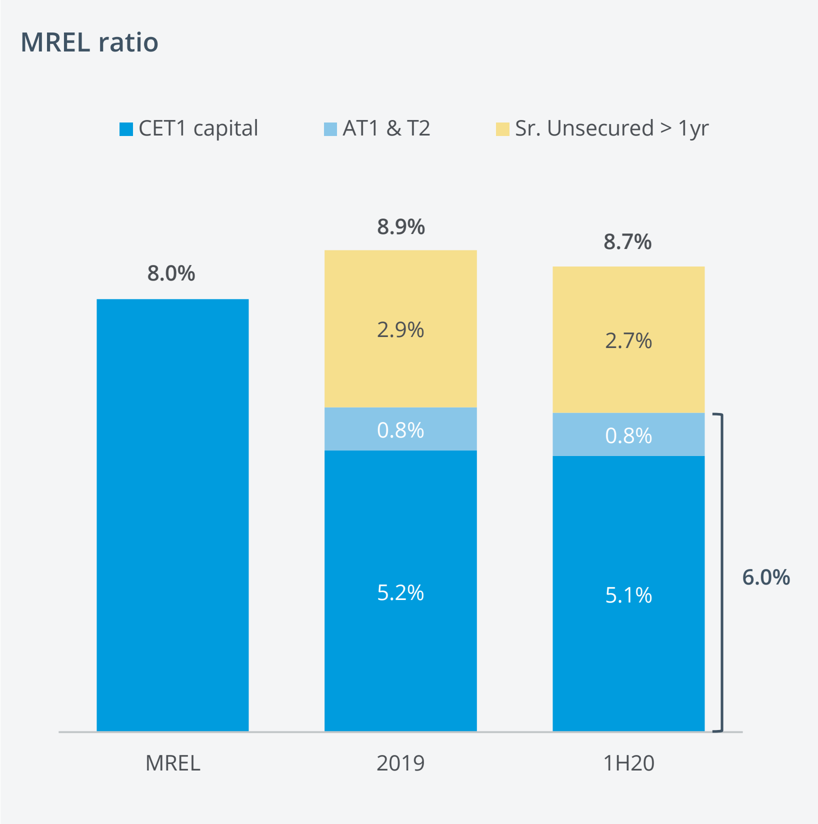
	2019	%	1H20	%
AAA	2.9	55%	3.0	56%
AA	1.7	32%	1.7	31%
A	0.7	13%	0.6	11%
BBB	0.0	0%	0.1	2%
< BBB	0.0	0%	0.0	0%
No rating	0.0	0%	0.0	0%
Total	**5.3**	**100%**	**5.4**	**100%**

Breakdown by country (in € millions)

	2019	%	1H20	%
Netherlands	1,144	21%	1,202	22%
Germany	1,539	29%	1,675	31%
Other[1]	1,051	20%	946	17%
France	693	13%	690	13%
Belgium	498	9%	523	10%
Austria	256	5%	265	5%
Ireland	160	3%	159	3%
Total	**5,341**	**100%**	**5,460**	**100%**

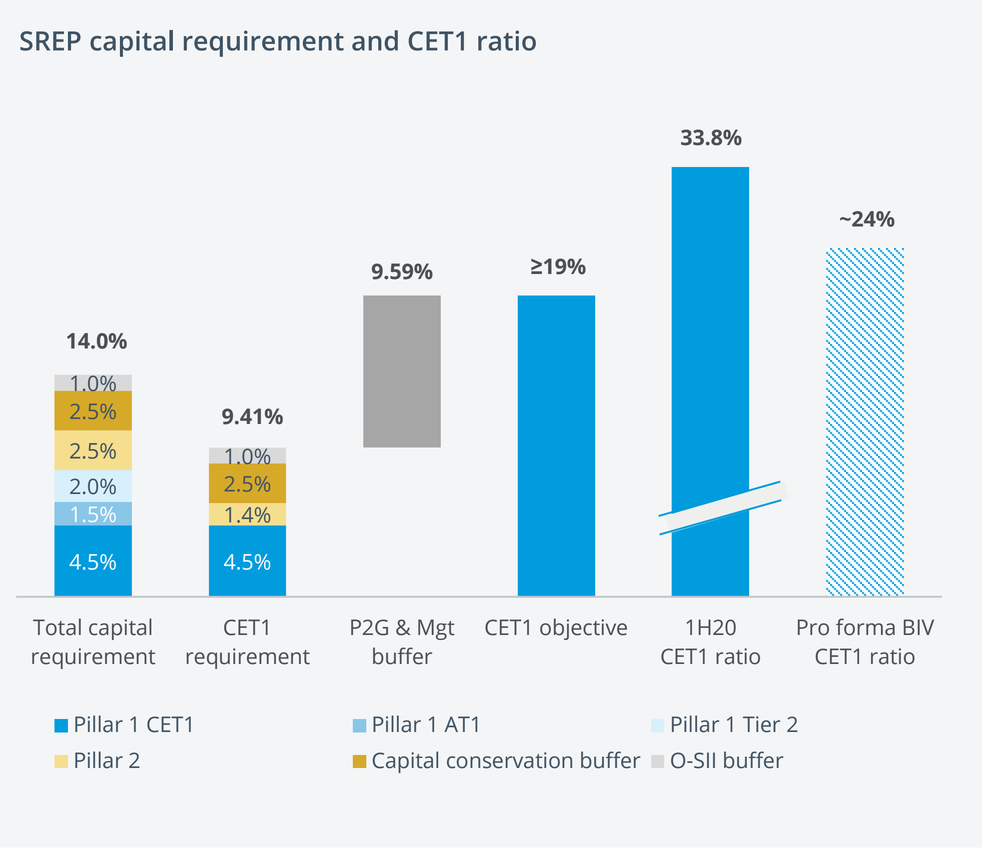
[1] Other mainly consists of Finland, Switzerland and Luxembourg

De Volksbank meets its current MREL requirement



- In its capital planning, de Volksbank starts from the assumption that the minimum non-risk weighted MREL requirement of 8% must be fully composed of subordinated liabilities on 1 January 2024
- This assumption is based on the bank's current views on the future MREL subordination requirement regulations
- Based on its current capital position, de Volksbank expects to issue Senior Non-Preferred (SNP) notes totalling €1.5 to €2.0bn up to 2024
- Including total capital and all other unsecured liabilities that are MREL eligible according to the current BRRD, the non-risk-weighted MREL ratio amounts to 8.7% as per 1H20
- De Volksbank is closely monitoring the developments concerning a potential MREL subordination requirement. We will adjust our capital planning if necessary

De Volksbank amply meets its SREP capital requirements



- With effect from 12 March 2020, de Volksbank is required to meet a minimum total capital ratio of 14.0% (Overall Capital Requirement, OCR), of which at least 9.41% CET1 capital (previously 10.5%)
- The decrease in CET1 requirement is the result of a measure from the ECB to support banks' capital positions in response to the Covid-19 crisis. The ECB announced that, as from 12 March 2020, the Pillar 2 requirement need not be entirely composed of CET1 capital, but may partially be supplemented with AT1 and Tier 2 capital, thus bringing forward article 104(a) of the CRD V, which was scheduled to come into effect in January 2021
- The OCR serves as the Maximum Distributable Amount trigger level, below which coupon or dividend payments are restricted
- De Volksbank aims at a CET1 ratio of at least 19%, based on the fully phased-in Basel IV rules

Visiting address
Hojel City Center
A Building
Croeselaan 1
3521 BJ Utrecht

Postal address
PO Box 8444
3503 RK Utrecht