Utrecht, 13 August 2021

Interim 2021 results

Investor presentation

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Key points first half 2021

De Volksbank shows progress on its shared value scores linked to the new strategy for 2021 – 2025: 'better for each other – from promise to impact'

- **Customers:** customer-weighted Net Promoter Score higher at +6 (YE20: +2); increase in the number of active multi-customers to 978,000 (YE20: 949,000)
- **Society:** climate-neutral balance sheet lower at 57%, due to 9 percentage points negative impact from first-time implementation of PCAF methodology (YE20: 59%)
- **Employees:** 'Genuine attention' KPI of 7.8 (YE20: 7.9)
- **Shareholder:** Return on Equity of 5.5% (2020: 5.1%)

Growth in current account customers, mortgages, SME loans, retail savings and assets under management

- Net growth in the number of **current account customers** by 61,000 to 1.72m
- **Residential mortgage portfolio**, excluding IFRS value adjustments, up to €46.3bn (YE20: €46.2bn). Increase in new mortgage production to €3.3bn (1H20: € 3.0 billion)
- **SME loans** up by €44m to €768m
- **Retail savings** up by €2.6bn to €44.7bn
- **Assets under management** €0.3bn higher at €4.2bn

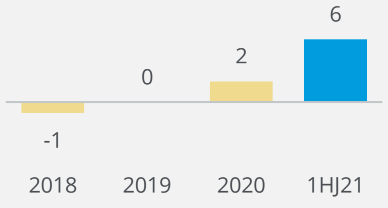
Drop in net profit driven by continued pressure on net interest income and higher operating expenses, partly offset by a reversal of impairment charges

- **Net profit** of €94m**,** a 11% decrease compared with 1H20 (€106m)

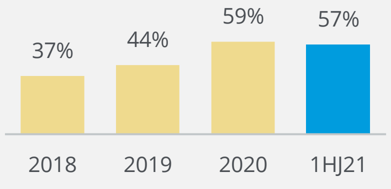
Strong capital position

- **CET1 capital ratio** of 28.3% and **leverage ratio** of 5.1%
- Intention to pay out remaining **2019 dividend and 2020 dividend** for a total amount of €249m in October 2021

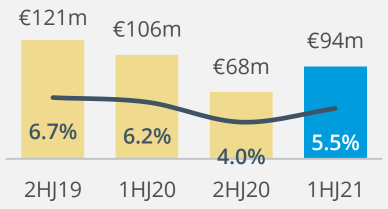
Customer-weighted Net Promoter Score



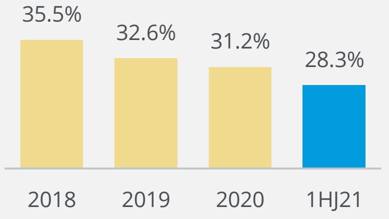
Climate-neutral balance sheet



Net result and RoE



CET1 capital ratio



1. Update on strategy

Strategy 2021-2025:
'Better for each other - from promise to impact'

How we stand out

Strong customer relationship
Personal customer approach, seamless & pleasant interaction, suitable propositions

Social impact
De Volksbank creates social impact on the climate and good housing by integrating these themes into its services

Growth priorities by brand

ASN Bank: Accelerating ASN Bank's growth as a digital, sustainable bank

SNS: Attracting a younger target audience and strengthening business model with fee income

RegioBank: Strengthening local presence with broadening propositions

BLG Wonen: Expanding BLG Wonen by improving its distribution reach and service

Necessary transformations

- Digital and omnichannel dialogue
- Relevant product range, new propositions, small businesses as a new target group
- Customer bank foundation
- Customer-focused
- Efficient and flexible

Our mission

We bank with a human touch by creating value for customers, society, employees and shareholder

We aim for optimum total value rather than maximisation of a single value

Progress on strategy: **two pillars**

How we stand out	Highlights first half of 2021
Strong customer relationship	✓ All brands contributed to the improvement of the customer-weighted Net Promoter Score to an all-time high of +6 ✓ Increase in the number of active multi-customers by 29,000 to 978,000 ✓ In response to the increase in cyber threat: introduction of an online training for customers to build cyber resilience
Social impact	✓ Climate-neutral balance sheet lower at 57%, due to 9 percentage points negative impact from first-time implementation of PCAF methodology; excluding this impact climate neutrality improved to 66% ✓ Issuance of senior non-preferred notes, totalling € 1 billion under our Green Bond Framework ✓ After setting a goal of having an overall net positive effect on biodiversity as a result of all of our loans and investments by 2030, we are preparing to report in line with the Partnership for Biodiversity Accounting Financials (PBAF) methodology on our progress and impact on biodiversity

Progress on strategy: **growth priorities by brand**

Growth priority	Highlights first half of 2021
asn bank Accelerating ASN Bank's growth as a digital, sustainable bank	✓ Solid progress in customer growth and fee and commission income from investment funds ✓ Increase in the number of investment customers ✓ Net Promoter Score of +20, highest score of all Dutch banks ✓ PBAF awarded ESG Initiative of the Year by British medium Environmental Finance
SNS Attracting a younger target audience and strengthening business model with fee income	✓ Encouraging start SNS Investment accounts; succesful webinar on investing ✓ Organisation of online event 'Future Money Talks', offering 1,100 young adults the opportunity to enter into a dialogue with each other and SNS on their future ✓ Succesful introduction of 'Monnie', with which children learn to deal with digital money in a playful way (~6,000 junior current accounts opened)
RegioBank Strengthening local presence with broadening propositions	✓ Organisation of first 'National Village Summit' as regional ambassador ✓ Maintaining our local and physical presence with 475 branches ✓ Voted 'most customer-friendly bank in the Netherland' for third time in a row
BLGwonen Expanding BLG Wonen by improving its distribution reach and service	✓ Further growth in residential mortgage production and portfolio ✓ Further expansion of distribution network ✓ Improvement of service levels to independent advisers

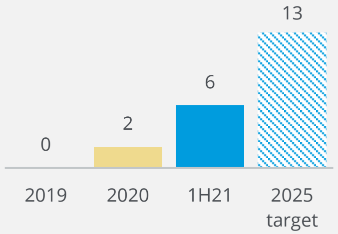
Progress on strategy: **necessary transformations**

Transformation	Highlights first half of 2021
Digital and omnichannel dialogue	✓ Omnichannel services: new digital environment for all financial advisers, personalised customer journey for mortgage and investment customers ✓ Updated and more detailed online tool to calculate the maximum mortgage for customers enabling better advice
Relevant product range, new propositions, small businesses as a new target group	✓ Broadening of product range: e.g. insurance products, investment accounts at SNS, personal loans ✓ SNS and RegioBank together managed to grow the SME loan portfolio by € 44 million
Customer bank foundation	✓ Making preparations for the implementation of a robust data processing infrastructure in the reporting chain ✓ Developing a platform to deliver new modular products
Customer-focused	✓ Uniform agile organisation structure underway ✓ Started with the formation of leadership teams and appointment of leads
Efficient and flexible	✓ Working on the realisation of the envisaged efficiency gains ✓ Determine our sourcing strategy

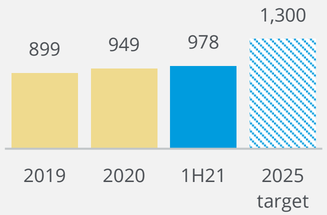
2025 long-term objectives

Customers

Customer-weighted average NPS

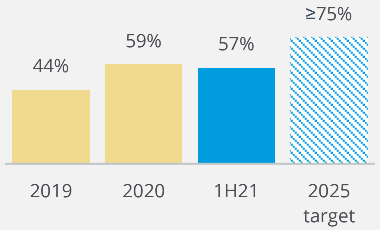


Active multi-customers
(in thousands)



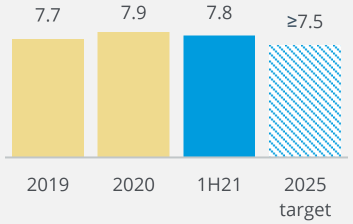
Society

Climate-neutral balance sheet[1]



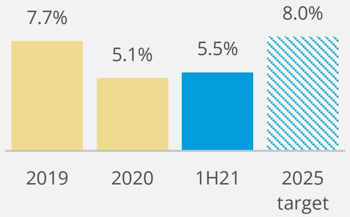
Employees

Genuine attention for employees



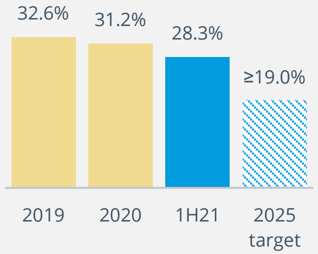
Shareholder

Return on Equity

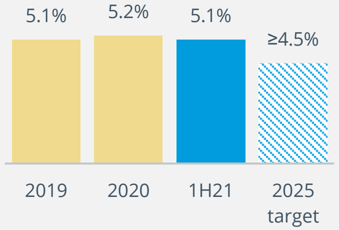


Other objectives

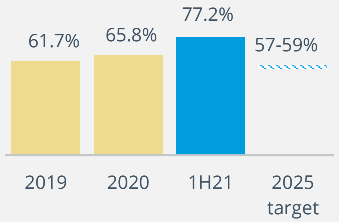
CET1 capital ratio[2]



Leverage ratio



Cost/income ratio[3]



[1] As of 2021, the climate-neutral balance sheet is calculated using the Partnership for Carbon Accounting Financials (PCAF) methodology. The comparative figures have not been adjusted

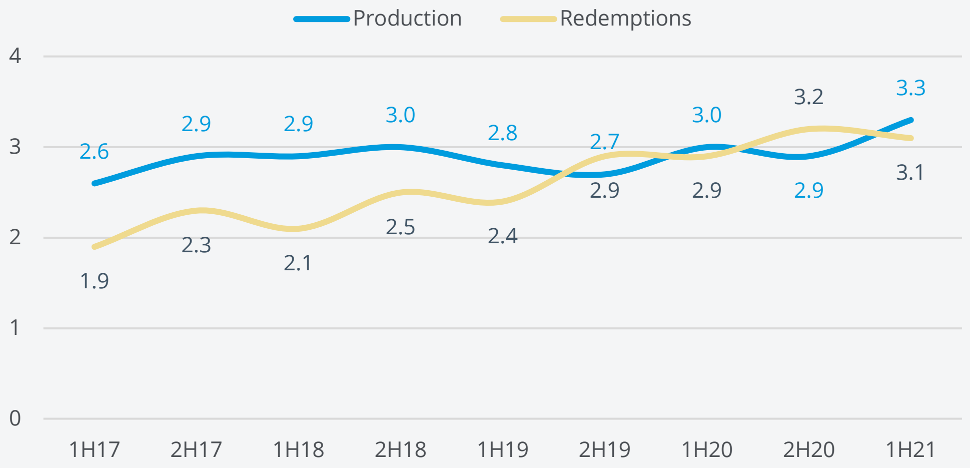
[2] Objective for CET1 capital ratio is based on Basel IV fully phased-in standards. As at the end of June 2021, we estimate that these standards would reduce our CET1 capital ratio by ~5 percentage points

[3] Including regulatory levies, excluding incidental items

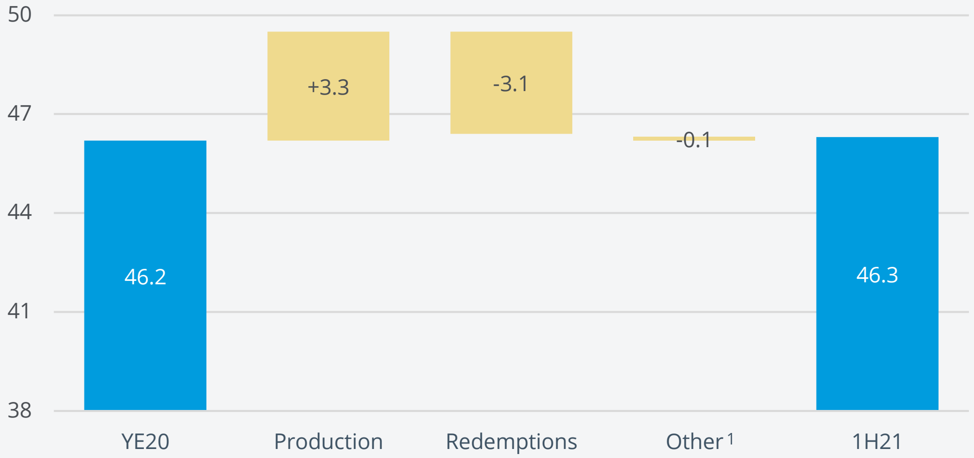
2. Financial results & outlook

Slight increase in residential mortgage portfolio

Mortgage production vs redemptions (in € bn)



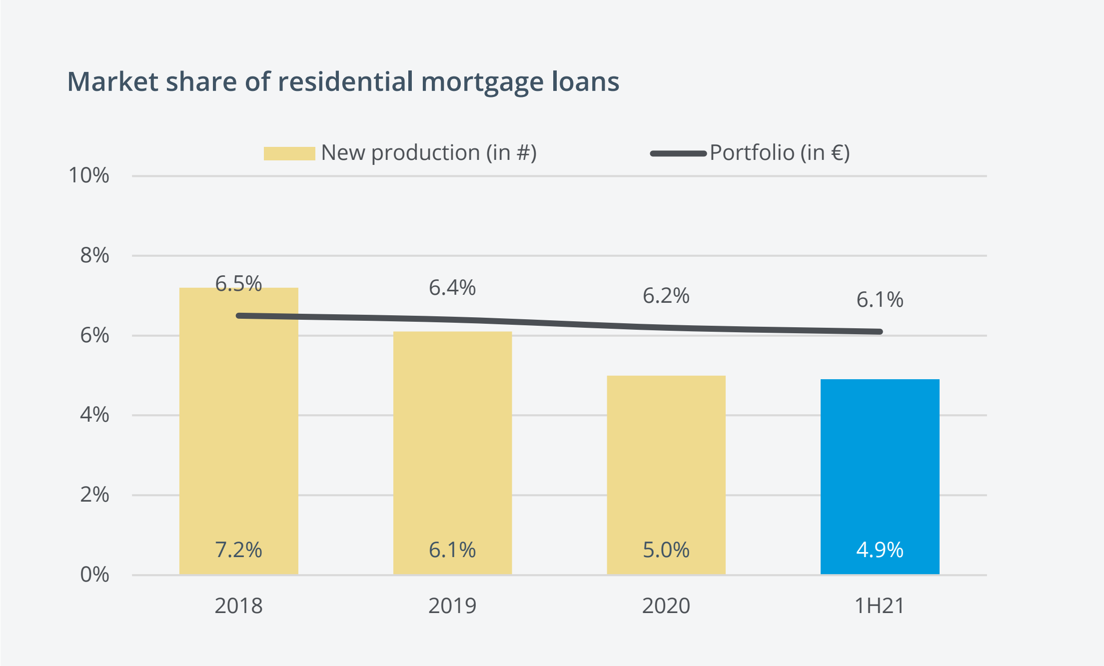
Development residential mortgage portfolio (in € bn)

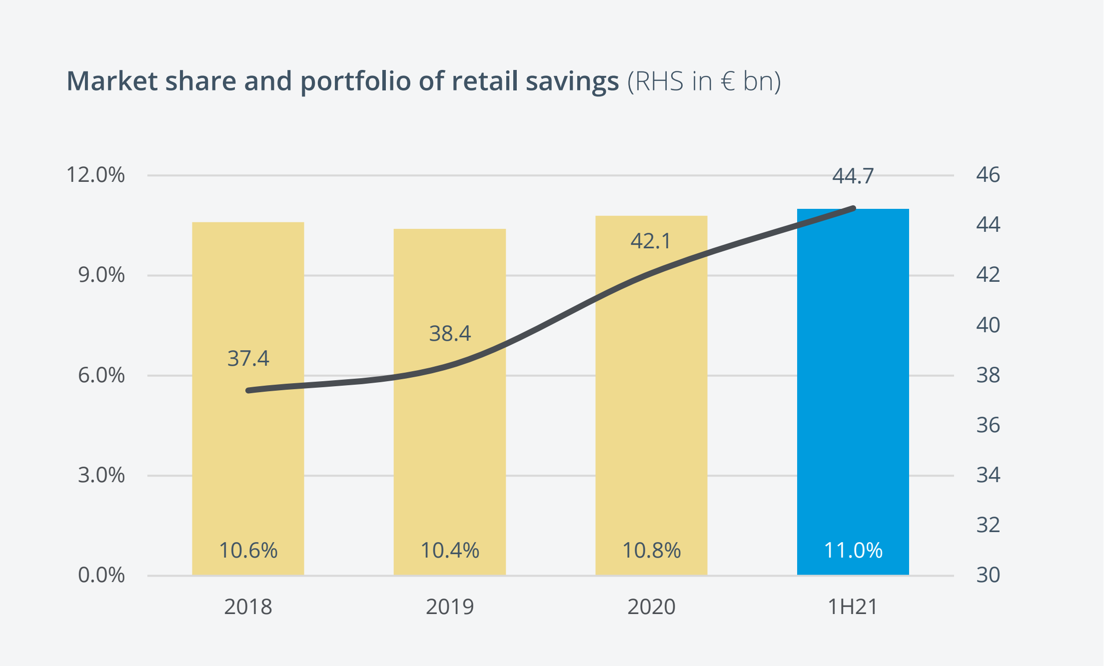


- The residential mortgage portfolio increased by €0.1bn to €46.3bn, as new mortgage production was broadly offset by redemptions and other changes
- In 1H21, our new residential mortgage production rose to €3.3bn (1H20: €3.0bn). Mortgage redemptions increased by €0.2bn to €3.1bn, mainly due to an increase 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 decreased to €1.3bn (1H20: €1.7bn), mainly driven by lower regular renewals; the share of early renewals was ~41% (1H20: ~33%)

[1] Other changes mainly consist of the impact of mortgage conversions

Market share of new residential mortgage production slightly down; market share of retail savings slightly up

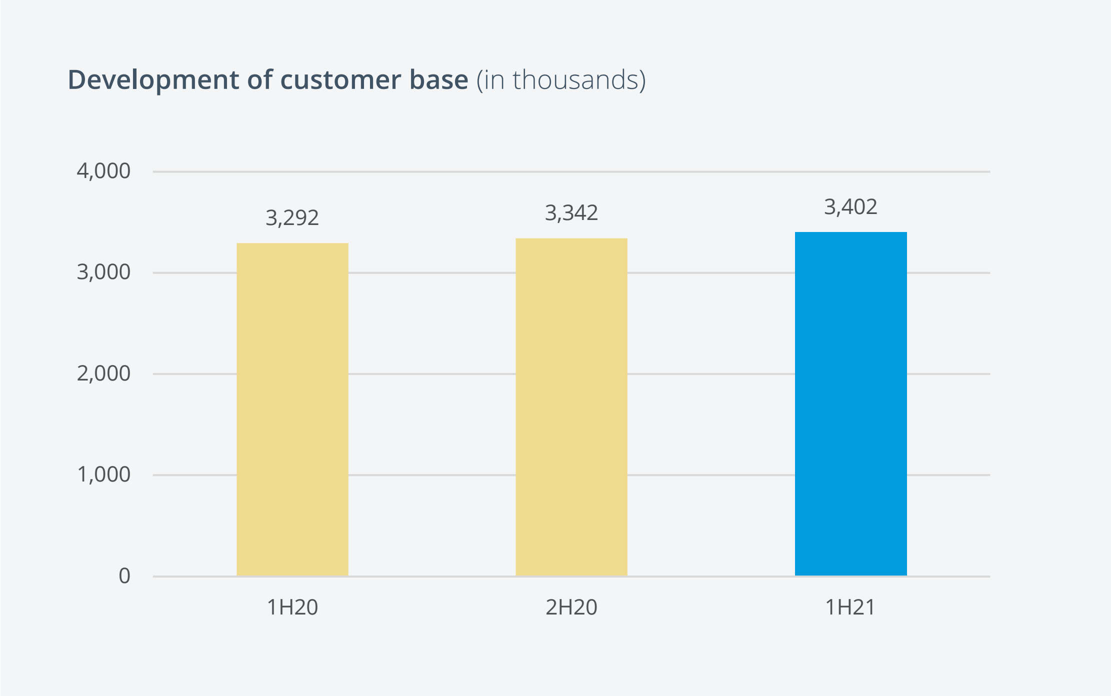


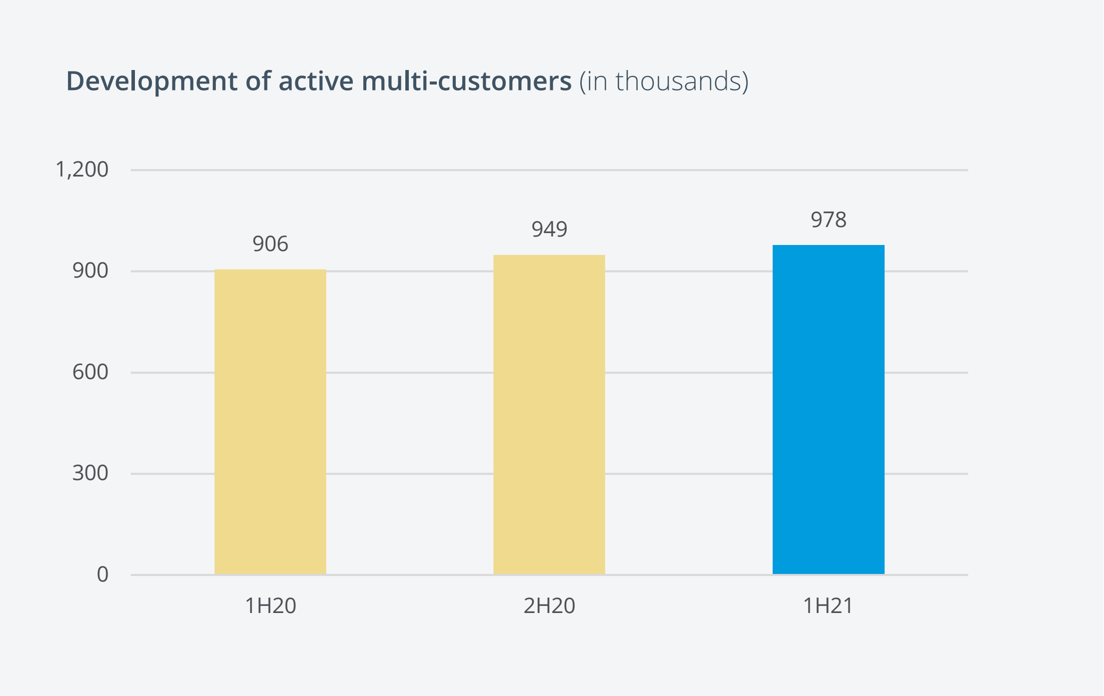


- In a market in which volumes have grown strongly, our market share of new residential mortgage production decreased to 4.9% (2020: 5.0%), mainly driven by competition and the ever increasing demand for mortgages with a fixed-rate term of ≥15 years
- Compared with 2H20, our market share of new residential mortgage production was slightly higher; 4.9% vs. 4.6%
- On a total portfolio basis, our market share of residential mortgages was marginally lower at 6.1%

- Our retail savings balances increased further to €44.7bn (+€2.6bn)
- The market share of retail savings was slightly higher at 11.0%
- As from 1 July 2021, both private and business customers with deposits in excess of €100,000 are charged 0.5% interest. This will affect around € 6 billion in deposits, equating to approximately 11% of total deposits and approximately 4% of our savings customers

Increase in active multi-customers of 29.000 to 978.000 (+3%)





- In 1H21, the brands of de Volksbank welcomed 133,000 new customers, an increase compared with previous periods
- The net growth of 60,000 was higher compared with 1H20 (22,000), due to a stronger growth in customers with current accounts and savings deposits and due to an outflow of savings customers (-15,000) as a result of the termination of savings deposits at BLG Wonen in 1H20

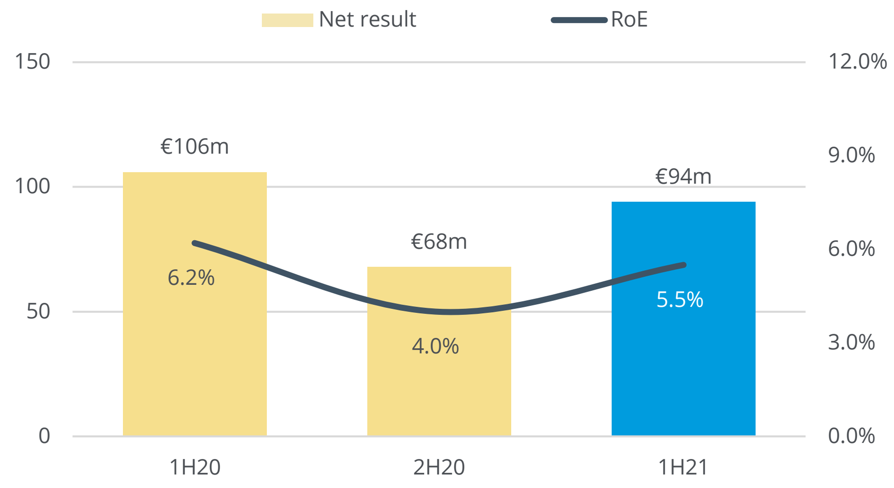
- As from 2021, one of the indicators to measure our customer relationship is the number of active multi-customers
- The target for YE25 is set at 1.3m. In 1H21, the number of active multi-customers rose by 29,000 to 978,000

Drop in net profit to €94m driven by continued pressure on net interest income and higher operating expenses, partly offset by a reversal of impairment charges

Result (in € millions)

	1H20	2H20	1H21	1H21/ 1H20	1H21/ 2H20
Total income	480	443	417	*-13%*	*-6%*
Total operating expenses	292	360	322	*+10%*	*-11%*
Impairment charges	45	-7	-31		
Result before tax	**143**	**90**	**126**	*-12%*	*+40%*
Taxation	37	22	32		
Net result	**106**	**68**	**94**	*-11%*	*+38%*
Incidental items	--	-34	--		
Adjusted net result	**106**	**102**	**94**	*-11%*	*-8%*
Return on equity	6.2%	4.0%	5.5%		
Adjusted Return on equity	6.2%	5.9%	5.5%		

Net result and Return on Equity



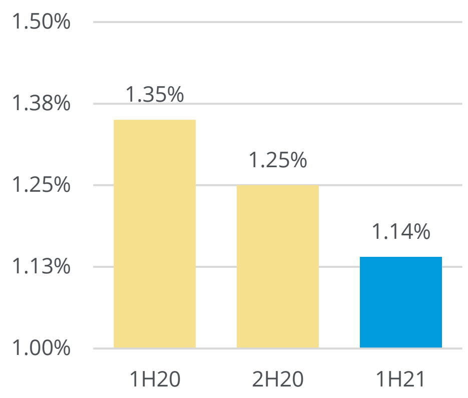
- Compared to 1H20, net profit decreased by €12m to €94m, due to to €63m lower total income and €30m higher total operating expenses. This was partly compensated by a €76m swing in impairment charges
- Compared to 2H20, net profit increased by €26m as 2H20 included a restructuring charge of €34m (€45m pre-tax). Adjusted for this incidental item, 1H21 net profit was €8m lower, mainly attributable to €26m lower total income and €7m higher operating expenses. This was partly compensated by a €24m higher release of impairment charges
- Return on equity was lower at 5.5% (1H20: 6.2%), as a result of a lower net profit

Total income down by 13%, mainly due to pressure on net interest income

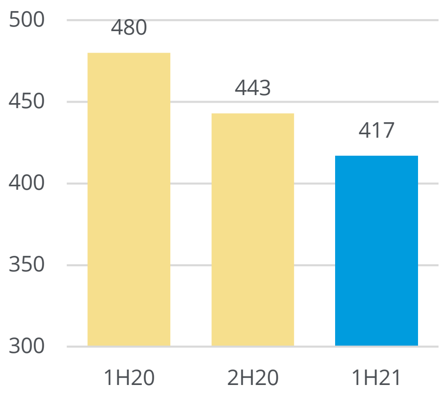
Income (in € millions)

	1H20	2H20	1H21	1H21/ 1H20	1H21/ 2H20
Net interest income	436	414	392	*-10%*	*-5%*
Net fee and commission income	29	17	20	*-31%*	*+18%*
Investment income	8	9	-2		
Results on financial instruments	7	2	7		
Other income	--	1	--		
Total income	**480**	**443**	**417**	*-13%*	*-6%*

Net interest margin
(as a % of average assets)



Total income
(in € millions)



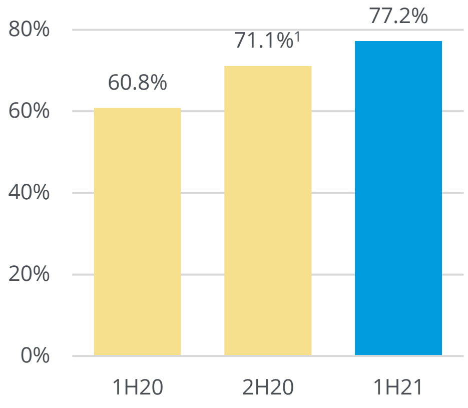
- Net interest income declined by €44m to €392m (-10%) mainly as a result of lower income from mortgages, reflecting a high number of (early) renewals at lower rates. In addition, the interest paid on liquidities deposited with financial institutions, such as the ECB, rose. These elements were only partially compensated by higher compensation for loss of interest on account of early repayments (€38m; 1H20: €30m), lower interest expenses on savings and the reclassification of franchise fees paid by RegioBank (impact +€13m in 1H21)
- The net interest margin dropped from 1.35% to 1.14%, mainly driven by lower net interest income
- Net fee and commission income showed a €9m decrease to €20m, due to the reclassification of franchise fees paid by RegioBank. Excluding this reclassification, net fee and commission income rose by €4m, driven by higher assets under management, which amounted to €4.2bn (YE20: €3.9bn)
- Investment income showed a swing from €8m to -€2m, driven by lower realised results on fixed-income investments, sold as part of asset and liability management and optimisation of the investment portfolio
- Results on financial instruments were stable at €7m; lower treasury results were compensated by higher results due to hedge ineffectiveness of derivatives, partly related to mortgages

Operating expenses up 10% due to increase in regulatory levies and staff expenses

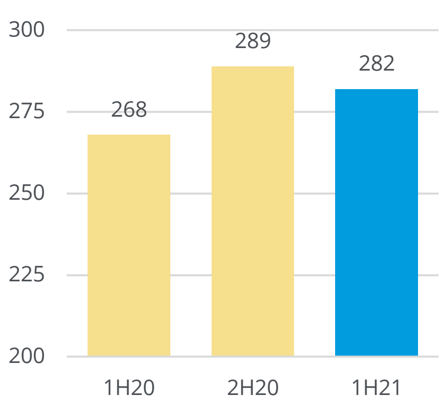
Operating expenses (in € millions)

	1H20	2H20	1H21	1H21/ 1H20	1H21/ 2H20
Total operating expenses	**292**	**360**	**322**	*+10%*	*-10%*
Regulatory levies	24	26	40	*+67%*	*+54%*
Restructuring charge	--	45	--		
Adj. operating expenses	**268**	**289**	**282**	*+5%*	*-2%*
Total FTEs	**3,660**	**3,819**	**3,994**	*+9%*	*+5%*
Internal FTEs	3,051	3,171	3,228	*+6%*	*+2%*
External FTEs	609	648	766	*+26%*	*+18%*

Cost/income ratio



Adjusted operating expenses
(in € millions)



- Total operating expenses rose by €30m to €322m (+10%), of which €16m related to higher regulatory levies
- Adjusted for regulatory levies, operating expenses increased by €14m to €282m (+5%), driven by higher staff expenses, reflecting an increase in the number of FTEs related to the execution of the strategic plan, partly compensated by a positive revaluation of €8m for a previous contribution made under the Deposit Guarantee Scheme (DGS) in relation to the insolvency of DSB
- Regulatory levies were €16m higher at €40m, largely reflecting a €13m higher ex-ante contribution to the DGS (€29m), due to the growth in covered deposits. The contribution to the resolution fund was €3m higher at €11m
- Compared to YE20 the number of internal employees rose by 57 to 3,228 FTEs and the number of external employees by 118 to 766 FTEs. The increase in the total number of FTEs was mainly caused by the implementation of the strategic plan in the areas of IT, support in the transition to a new way of working and the SME finance proposition. Furthermore, total FTEs related to customer integrity and at Service Center Mortgages increased

[1] Excluding restructuring charge of €45m

€31m reversal in loan impairment charges as a result of a more positive economic outlook

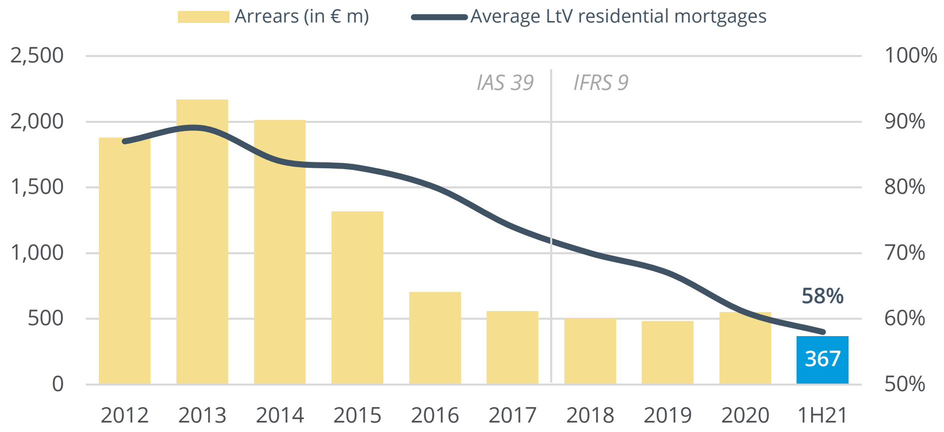
Loan impairments (in € millions)

	1H20	2H20	1H21
Residential mortgages	33	-4	-21
SME loans	5	3	-7
Consumer loans	1	-2	-1
Other	6	-4	-2
Total loan impairment charges	**45**	**-7**	**-31**
Cost of risk residential mortgages	0.14%	-0.02%	-0.09%
Cost of risk total loans	0.18%	-0.04%	-0.13%

Base scenario macroeconomic parameters

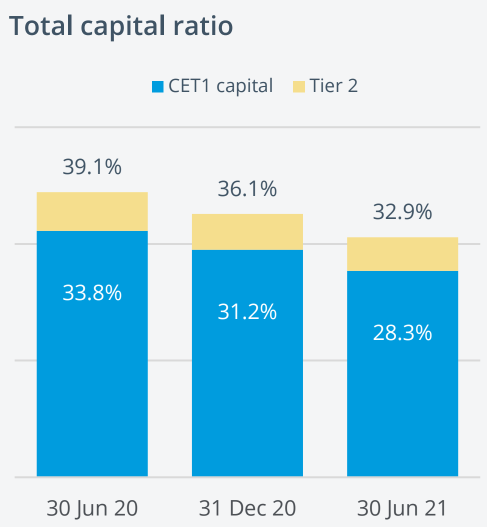
Scenarios as at	31 December 2020		30 June 2021	
	2021	2022	HY 2022	HY 2023
Relative change in house price index	-1.8%	3.2%	3.2%	3.1%
Unemployment rate	5.8%	5.0%	4.4%	4.3%
Number of bankruptcies (monthly)	386	472	306	373

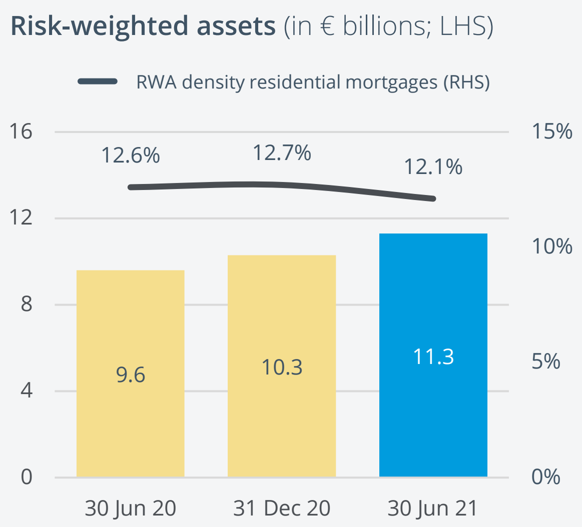
Residential mortgages in arrears; average LtV

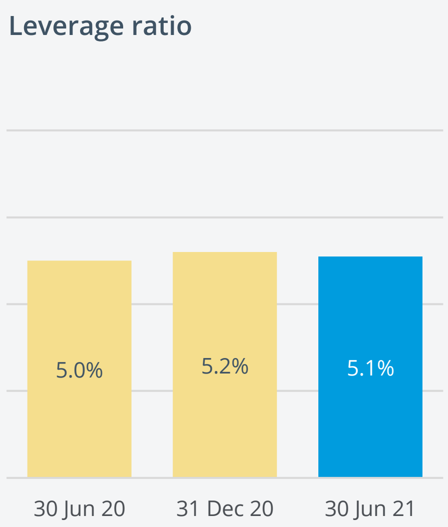


- 1H21 reversal in loan impairment charges amounted to €31m, largely reflecting the more positive macroeconomic outlook
- Reversal in impairment charges on residential mortgage loans amounted to €21m, following from an improved economic outlook, most notably higher house prices. This was partly offset by the application of a higher expert overlay, as the uncertainty around the impact of the Covid-19 pandemic remains high
- The average LtV of residential mortgages declined further to 58% (YE20: 61%)

Decrease in CET1 capital ratio mainly due to an increase in risk-weighted assets



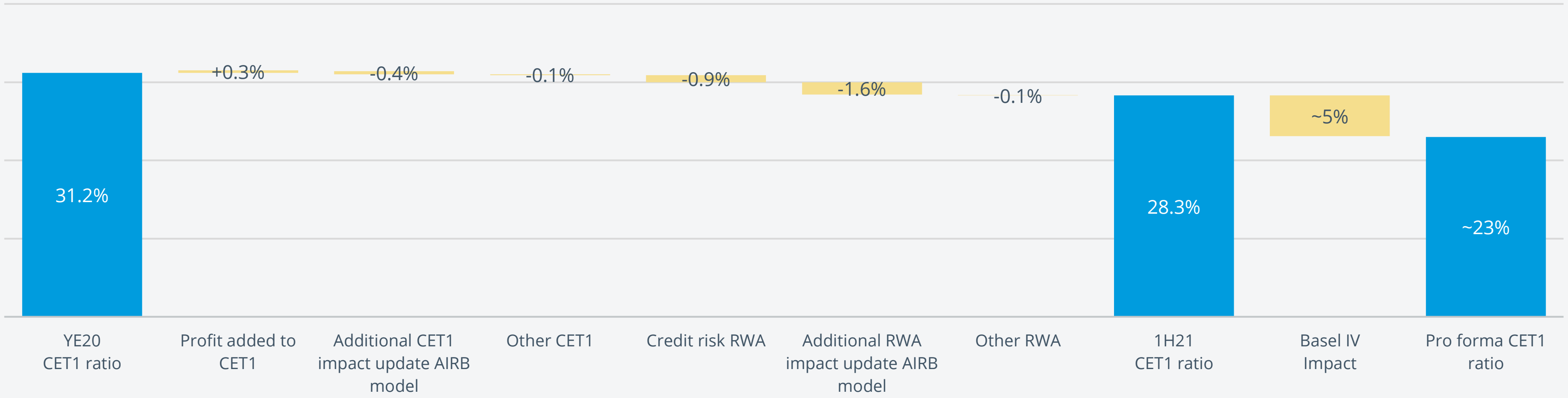




- In 1H21, the CET1 capital ratio decreased to 28.3%, mainly due to an increase in risk-weighted assets (RWA)
  - CET1 capital decreased by €29m; the addition of 2H20 net profit (adjusted for 60% regular dividend pay-out ratio) was more than offset by the estimated impact of the EBA guidelines on Definition of Default and by the most recent impact estimate of the update of the Advanced Internal Ratings Based (AIRB) model for our residential mortgages
  - RWA increased by €948m, largely due to the estimated impact of the update of our AIRB model for residential mortgages. This estimated impact amounted to €1.2bn as at 1H21, compared to €0.6bn at YE20. Of this increase, €439m has been taken into account based on the most recent impact estimate of the updated AIRB model and €175m was due to the estimated impact of the EBA guidelines on Definition of Default
- In 1H21, the leverage ratio decreased to 5.1%, due to a decrease in CET1 capital and a limited increase of the leverage ratio exposure measure. In June 2021, the ECB prolonged its temporary Covid-19 relief measure to exclude certain central bank exposures from the leverage ratio calculation until 31 March 2022
- Following the ECB statement of 23 July 2021 to not extend its dividend recommendation to exercise extreme prudency beyond September 2021, de Volksbank intends to pay out the remaining 2019 dividend and the 2020 dividend for a total amount of €249m in October 2021

Development CET1 ratio in 1H21; pro forma impact of Basel IV

Development of CET1 capital ratio



- Based on the balance sheet position as at 30 June 2021, we estimate that as a result of fully phased-in Basel IV standards our RWA would increase by approximately 22.5% and that this would consequently reduce our CET1 capital ratio by approximately 5 percentage points. In response to the Covid-19 pandemic, the Basel IV implementation has been postponed by one year, to 1 January 2023
- In anticipation of the implementation of Basel IV, DNB announced in October 2019 that it would increase the minimum floor on the risk weighting of the mortgage loan portfolios of Dutch banks using internal risk models, with the exception of mortgages (partially) covered by the National Mortgage Guarantee (NHG) scheme. In May 2021, DNB announced that the measure will take effect from 1 January 2022. Final arrangements regarding duration and possible extensions are expected in the course of the third quarter of 2021. The impact of this measure on de Volksbank's capital position will be determined after implementation of the current AIRB model update

Outlook

- We expect the decline in net interest income to continue in the course of 2021 as a result of lower interest income on mortgages in the sustained low interest rate environment. The pressure on net interest income will be partly absorbed by increased charging of negative interest rates. In all, net interest income in 2021 is expected to be lower than in 2020

- Operating expenses in the second half of 2021 are expected to be higher compared with the first half of 2021, mainly driven by increasing expenses related to our new strategy. As a result, operating expenses, excluding the one-off restructuring charge in 2020, are expected to be higher in 2021 compared with the 2020 level

- Economic developments in the Netherlands and the consequences for the financial resilience of customers, whose incomes have been cut by the crisis, are highly uncertain. This may impact our credit loss provisions. However, given our low risk profile, impairment charges on loans and advances are projected to be substantially lower in 2021 compared with 2020

- All things considered, we expect the net profit for 2021 as a whole to be lower compared with 2020

Questions & answers

Appendix

Summary P&L

In € millions	2019	2020	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20	1H21
Net interest income	875	850	476	448	455	453	442	433	436	414	392
Net fee and commission income	51	46	26	23	21	23	25	26	29	17	20
Other income	3	27	27	28	4	2	4	-1	15	12	5
Total income	**929**	**923**	**529**	**499**	**480**	**478**	**471**	**458**	**480**	**443**	**417**
Total operating expenses	574	652	299	304	301	308	278	296	292	360	322
Impairment charges	(7)	38	(20)	(4)	(16)	4	(13)	6	45	-7	-31
Total expenses	**567**	**690**	**279**	**300**	**285**	**312**	**265**	**302**	**337**	**353**	**291**
Result before tax	**362**	**233**	**250**	**199**	**195**	**166**	**206**	**156**	**143**	**90**	**126**
Taxation	87	59	63	57	46	47	52	35	37	22	32
Net result	**275**	**174**	**187**	**142**	**149**	**119**	**154**	**121**	**106**	**68**	**94**
Incidental items	--	(34)	(1)	14	--	--	--	--	--	(34)	--
Adjusted net result	**275**	**208**	**188**	**128**	**149**	**119**	**154**	**121**	**106**	**102**	**94**
Ratios											
Cost/income ratio (excl. regulatory levies)	57.3%	65.2%	51.3%	57.9%	56.7%	60.8%	54.3%	60.4%	55.8%	75.4%	67.6%
Cost/asset ratio	0.83%	0.92%	0.88%	0.94%	0.88%	0.94%	0.81%	0.86%	0.83%	1.01%	0.82%
Net interest margin	1.37%	1.30%	1.55%	1.46%	1.47%	1.47%	1.40%	1.34%	1.35%	1.25%	1.14%
Cost of risk residential mortgages	0.00%	0.06%	-0.08%	-0.02%	-0.03%	0.01%	-0.03%	0.04%	0.14%	-0.02%	-0.09%
RoE	7.7%	5.1%	10.5%	7.8%	8.5%	6.8%	8.6%	6.7%	6.2%	4.0%	5.5%
Adjusted RoE	7.7%	6.1%	10.5%	7.0%	8.5%	6.8%	8.6%	6.7%	6.2%	5.9%	5.5%

Summary balance sheet

In € millions	31-12-2017	30-06-2018	31-12-2018	30-06-2019	31-12-2019	30-06-2020	31-12-2020	30-06-2021
Total assets	**60,892**	**62,534**	**60,948**	**63,941**	**62,841**	**65,378**	**67,484**	**70,473**
Cash and cash equivalents	2,180	3,114	815	1,948	2,026	1,079	4,672	8,036
Loans and advances to banks	2,643	2,373	3,589	4,208	3,791	6,817	5,990	5,759
Loans and advances to customers	49,459	50,197	50,536	51,551	50,461	50,867	50,542	50,129
Derivatives	1,075	898	732	705	718	702	864	588
Investments	5,094	5,331	4,782	4,914	5,350	5,469	5,114	5,493
Tangible and intangible assets	81	76	69	139	128	114	110	90
Tax assets	132	214	133	133	99	64	42	64
Other assets	228	331	292	342	268	266	150	314
Total liabilities and equity	**60,892**	**62,534**	**60,948**	**63,941**	**62,841**	**65,378**	**67,484**	**70,473**
Savings	*36,756*	*37,674*	*37,376*	*38,475*	*38,404*	*40,521*	*42,111*	*44,689*
Other amounts due to customers	*10,306*	*10,835*	*10,841*	*11,298*	*10,641*	*11,073*	*11,541*	*11,757*
Amounts due to customers	**47,062**	**48,509**	**48,217**	**49,773**	**48,664**	**51,594**	**53,652**	**56,446**
Amounts due to banks	2,683	2,859	1,116	891	541	246	945	1,175
Debt certificates	4,920	5,378	5,822	6,490	6,906	6,545	6,119	6,885
Derivatives	1,252	1,091	1,120	1,926	1,841	2,188	2,163	1,256
Tax liabilities	45	20	15	15	15	16	17	12
Other liabilities	590	598	487	679	492	852	558	694
Other provisions	125	112	98	72	64	45	80	77
Participation certificates and subordinated debt	501	511	502	512	502	510	500	504
Shareholders' equity	3,714	3,456	3,571	3,578	3,435	3,382	3,450	3,424

Key items balance sheet

Key items balance sheet (in € millions)

	31 Dec 20	30 Jun 21	Δ YoY
Total assets	**67,484**	**70,473**	+4%
Cash and cash equivalents	4,672	8,036	+72%
Loans and advances to customers	**50,542**	**50,129**	-1%
- of which residential mortgages	47,697	47,279	-1%
- of which retail other loans	51	44	-14%
- of which SME loans	686	739	+8%
- of which other, including (semi-) public sector loans	2,108	2,067	-2%
Loans and advances to banks	5,990	5,759	-4%
Investments	5,114	5,493	+7%
Amounts due to customers	**53,652**	**56,446**	+5%
- of which retail savings	42,111	44,689	+6%
- of which other amounts due to customers	11,541	11,757	+2%
Amounts due to banks	945	1,175	+24%
Debt certificates	6,119	6,885	+13%
Shareholders' equity	3,450	3,424	-1%

Comments

- In 1H21, the balance sheet total increased by €3.0bn to €70.5bn, mainly due to a €2.8bn rise in amounts due to customers. On the asset side, this was reflected in an increase in cash and cash equivalents by €3.4bn
- Loans and advances to customers dropped by €0.4bn, mainly due to a decrease in IFRS value adjustments (-€0.5bn), reflected in a decline in residential mortgages by €0.4bn
- Excluding IFRS value adjustments, residential mortgages grew by €0.1bn, as the new production slightly exceeded redemptions
- Debt certificates increased by €0.8bn due to the issuance of senior non-preferred notes totalling €1.0bn
- Shareholders' equity decreased by €26m to ~€3.4bn, mainly due to the reclassification of the 2020 dividend payment to other liabilities (€104m) and a decline in the fair value reserve (€13m), partly offset by 1H21 net profit retention (€94m)

Breakdown of loans and advances to customers

in € millions	30 June 2020 Gross amount	30 June 2020 Loan loss provision	30 June 2020 Coverage ratio	31 December 2020 Gross amount	31 December 2020 Loan loss provision	31 December 2020 Coverage ratio	30 June 2021 Gross amount	30 June 2021 Loan loss provision	30 June 2021 Coverage ratio
Stage 1	**45,538**	**26**	**0.1%**	**45,659**	**31**	**0.1%**	**46,167**	**38**	**0.1%**
- of which residential mortgages	43,166	24	0.1%	43,154	24	0.1%	43,638	30	0.1%
- of which consumer loans	49	0	0.0%	38	--	0.0%	32	--	0.0%
- of which SME loans	506	1	0.2%	558	6	1.1%	600	7	1.2%
- of which other commercial loans and loans to public sector	1,817	1	0.1%	1,916	1	0.1%	1,897	1	0.1%
Stage 2	**3,208**	**46**	**1.4%**	**2,796**	**58**	**2.1%**	**2,436**	**36**	**1.5%**
- of which residential mortgages	2,949	35	1.2%	2,539	52	2.0%	2,149	30	1.4%
- of which consumer loans	9	1	11.1%	13	1	7.7%	12	1	8.3%
- of which SME loans	96	9	9.4%	86	5	5.8%	104	4	3.8%
- of which other commercial loans and loans to public sector	155	1	0.6%	154	--	0.0%	171	1	0.6%
Stage 3	**688**	**92**	**13.4%**	**681**	**77**	**11.3%**	**566**	**64**	**11.3%**
- of which residential mortgages	549	51	9.3%	543	35	6.4%	491	37	7.5%
- of which consumer loans	12	12	100.0%	12	11	91.7%	10	9	90.0%
- of which SME loans	89	26	29.2%	80	27	33.8%	64	18	28.1%
- of which other commercial loans and loans to public sector	38	3	7.9%	43	4	9.3%	1	--	0.0%
Total stage 1, 2, 3	**49,434**	**164**	**0.3%**	**49,136**	**166**	**0.3%**	**49,169**	**138**	**0.3%**
- of which residential mortgages	46,664	110	0.2%	46,236	111	0.2%	46,278	97	0.2%
- of which consumer loans	70	13	18.6%	63	12	19.0%	54	10	18.5%
- of which SME loans[1]	690	36	5.2%	724	38	5.2%	768	29	3.8%
- of which other commercial loans and loans to public sector	2,010	5	0.2%	2,113	5	0.2%	2,069	2	0.1%
IFRS value adjustments[2]	1,597	--	--	1,572	--	--	1,098	--	--
Reclassification construction deposits	-392	--	--	--	--	--	--	--	--
Total loans and advances to customers	**51,031**	**164**	**0.3%**	**50,708**	**166**	**0.3%**	**50,267**	**138**	**0.3%**
Off-balance sheet items[3]	2,890	6	0.2%	2,814	5	0.2%	3,236	4	0.1%
Total on and off-balance sheet	**53,921**	**170**	**0.3%**	**53,522**	**171**	**0.3%**	**53,503**	**142**	**0.3%**

[1] Gross SME loans include mortgage-backed loans for a gross amount of € 724 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 residential mortgages

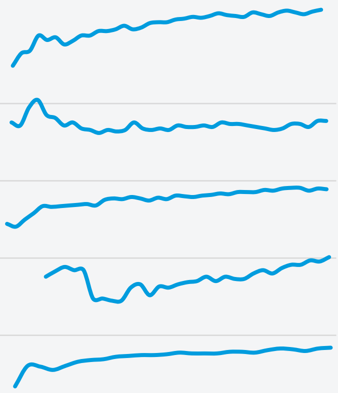
in € millions	1 Jan 18	30 Jun 2018	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020	31 Dec 2020	30 Jun 2021
Gross loans	**45,551**	**46,370**	**46,824**	**47,162**	**46,963**	**46,664**	**46,236**	**46,278**
- of which stage 1	42,366	43,706	44,236	45,005	43,977	43,166	43,154	43,638
- of which stage 2	2,467	2,030	2,039	1,657	2,446	2,949	2,539	2,149
- of which stage 3	718	634	549	500	540	549	543	491
Loan loss provisions	**74**	**61**	**58**	**53**	**71**	**110**	**111**	**97**
- of which stage 1	3	2	2	2	6	24	24	30
- of which stage 2	17	11	10	9	22	35	52	30
- of which stage 3	53	48	46	42	43	51	35	37
Stage 2 as a % of gross loans	5.3%	4.4%	4.4%	3.5%	5.2%	6.3%	5.5%	4.6%
Stage 2 coverage ratio[1]	0.7%	0.5%	0.5%	0.5%	0.9%	1.2%	2.0%	1.4%
Stage 3 as a % of gross loans	1.5%	1.4%	1.2%	1.1%	1.1%	1.2%	1.2%	1.1%
Stage 3 coverage ratio[1]	7.4%	7.6%	8.4%	8.4%	8.0%	9.3%	6.4%	7.5%
Net loans excluding IFRS adjustments	**45,477**	**46,309**	**46,766**	**47,109**	**46,892**	**46,554**	**46,125**	**46,181**
IFRS adjustments	295	356	496	1,293	1,198	1,597	1,572	1,098
Total net loans	**45,772**	**46,665**	**47,262**	**48,401**	**48,090**	**48,151**	**47,697**	**47,279**
Irrevocable loan commitments and financial guarantee contracts[2]	1,967	1,769	1,796	1,692	1,598	2,021	1,924	2,293
Provision off-balance sheet items	1	1	0	1	1	1	1	1
Coverage ratio off-balance sheet items	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%
Total gross on and off-balance sheet exposure	**47,518**	**48,339**	**48,620**	**48,854**	**48,561**	**48,685**	**48,160**	**48,571**
Impairment charges	--	-8	-8	-8	2	33	29	-21
Provision as a % of gross loans	0.16%	0.13%	0.12%	0.11%	0.15%	0.24%	0.24%	0.21%
Cost of risk[3]	--	-0.03%	-0.02%	-0.03%	0.00%	0.14%	0.06%	-0.09%

[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 €420m conditionally revocable), guarantees and repurchase commitments
[3] Impairment charges as a % of average gross exposure -/- IFRS adjustments

Customer-weighted NPS improved to +6, an all-time high

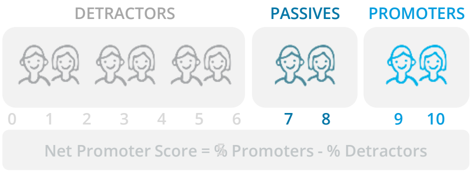
Net Promoter Score

Brand	2015	2016	2017	2018	2019	2020	1H21	Trend 2010-1H21*
SNS	-26	-18	-13	-11	-11	-9	**-4**	
ASN Bank	+19	+14	+17	+18	+17	+16	**+20**	
RegioBank	+5	+2	+7	+12	+14	+14	**+16**	
BLG Wonen	-42	-29	-24	-22	-17	-5	**-2**	
Customer-weighted average	**-12**	**-8**	**-3**	**-1**	**0**	**+2**	**+6**	



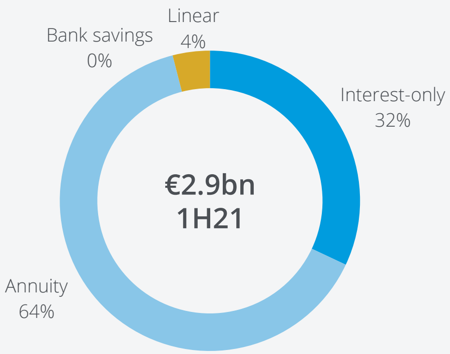
** BLG Wonen's measurement started in 1H13*

- The customer-weighted NPS reached a new all-time high score and improved to +6, compared with +2 at YE20. All brands contributed this improvement
- ASN Bank and RegioBank remain among the select group of Dutch banks with a positive NPS

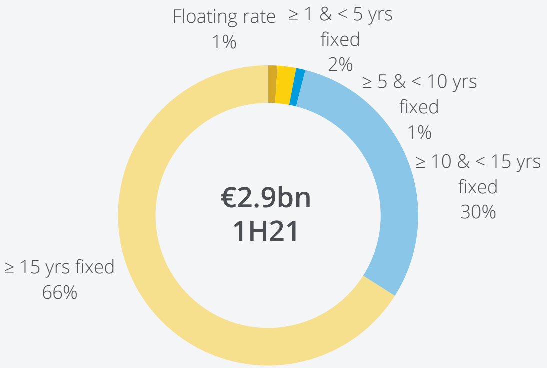


Residential mortgage production

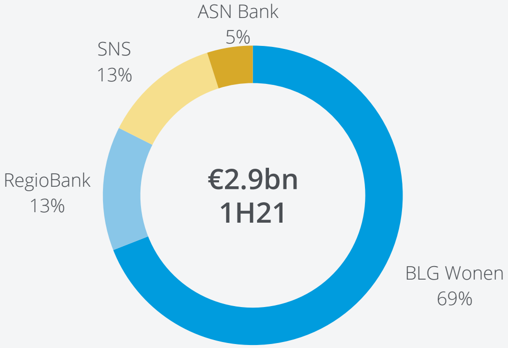
Residential mortgage production by redemption type[1]



Residential mortgage production by interest type[1]



Residential mortgage production by brand on own book[1]

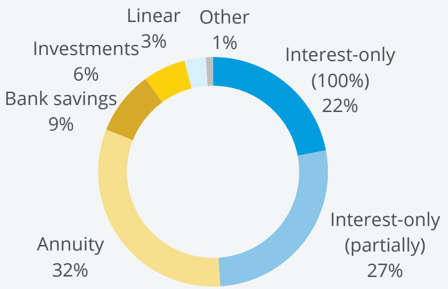


[1] Excluding mortgages that have been executed but have not yet been processed in the system, bridge loans, and 'extra ruimte' mortgages

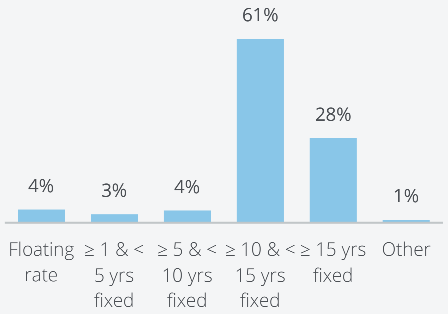
- 64% of new residential mortgages consists of annuity mortgages. Only new annuity or linear mortgages benefit from tax deductibility
- 32% of the residential mortgage production consists of interest-only mortgages due to the refinancing/conversion of loans originated before 2013
- In 1H21, there was a continued strong demand for mortgages with longer term fixed-rate terms. In 2020, 54% of new residential mortgage production had a fixed-term rate of ≥ 15 years, in 1H21 this share increased to 66%

Residential mortgage portfolio

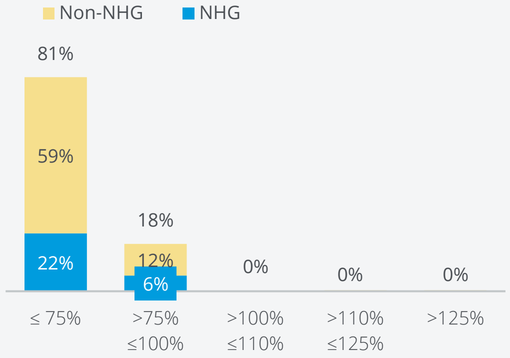
Residential mortgages by redemption type



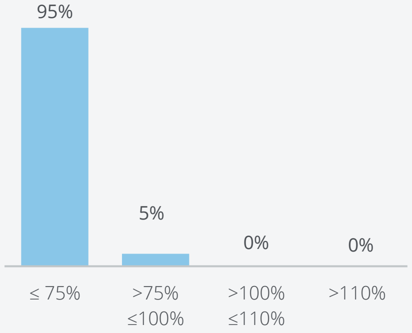
Residential mortgages by fixed-term maturity



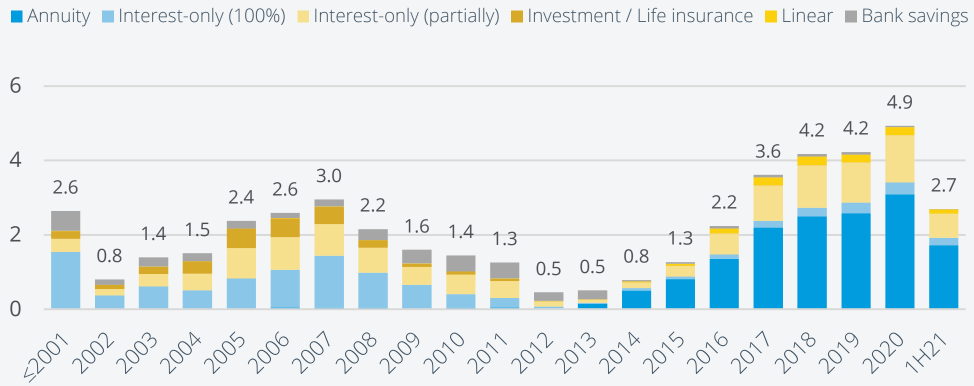
Residential mortgages by LtV bucket



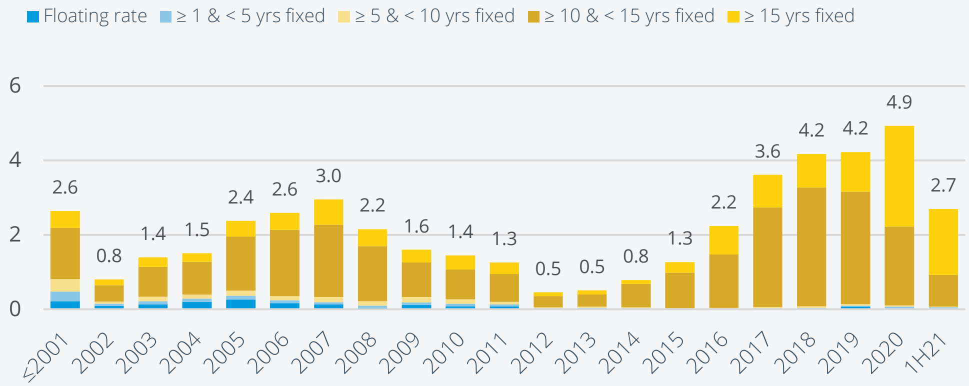
Interest-only (100%) mortgages by LtV bucket



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



Residential 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	31 Dec 2020	30 Jun 2021
Gross loans	**791**	**753**	**743**	**730**	**704**	**690**	**724**	**768**
- of which stage 1	558	553	558	565	566	506	558	600
- of which stage 2	123	103	99	85	67	96	86	104
- of which stage 3	110	97	86	80	71	89	80	64
Loan loss provisions	**49**	**40**	**41**	**38**	**31**	**36**	**38**	**29**
- of which stage 1	1	1	1	1	1	1	6	7
- of which stage 2	12	8	7	6	5	9	5	4
- of which stage 3	36	31	33	31	25	26	27	18
Stage 2 as a % of gross loans	16.3%	13.7%	13.3%	11.6%	9.5%	13.9%	11.9%	13.5%
Stage 2 coverage ratio[1]	9.8%	7.8%	7.1%	7.1%	7.5%	9.4%	5.8%	3.8%
Stage 3 as a % of gross loans	14.6%	12.9%	11.6%	11.0%	10.1%	12.8%	11.0%	8.3%
Stage 3 coverage ratio[1]	32.7%	32.0%	38.4%	38.8%	35.2%	29.2%	33.8%	28.1%
Total net loans	**742**	**713**	**702**	**692**	**669**	**654**	**686**	**739**
Irrevocable loan commitments and financial guarantee contracts	38	36	36	38	40	46	45	85
Provision off-balance sheet items	0	0	0	0	0	0	1	1
Coverage ratio off-balance sheet items	0.8%	0.8%	0.8%	0.8%	0.0%	0.0%	2.2%	1.2%
Total gross on and off-balance sheet exposure	**829**	**789**	**779**	**768**	**744**	**740**	**769**	**853**
Impairment charges	--	-7	-5	-3	-8	5	8	-7
Provision as a % of gross loans	6.2%	5.3%	5.5%	5.2%	4.4%	5.2%	5.2%	3.8%
Cost of risk[2]	--	-1.98%	-0.75%	-0.69%	-1.05%	1.56%	1.16%	-1.98%

[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

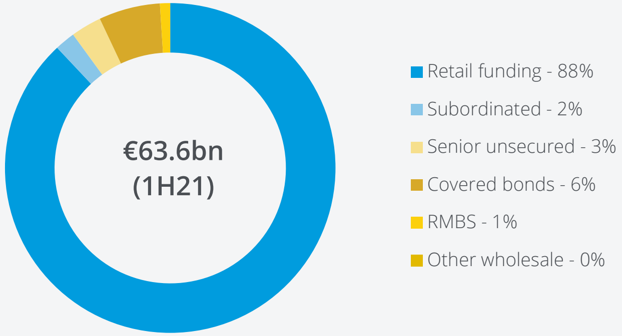
Quality of consumer loans

in € millions	1 Jan 18	30 Jun 2018	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020	31 Dec 2020	30 Jun 2021
Gross loans	**143**	**123**	**110**	**90**	**87**	**70**	**63**	**54**
- *of which stage 1*	92	82	74	64	62	49	38	32
- *of which stage 2*	17	13	14	11	12	9	13	12
- *of which stage 3*	34	28	22	15	13	12	12	10
Loan loss provisions	**34**	**28**	**24**	**15**	**14**	**13**	**13**	**10**
- *of which stage 1*	0	0	0	0	0	0	0	0
- *of which stage 2*	2	1	2	1	1	1	1	1
- *of which stage 3*	32	27	22	14	13	12	12	9
Stage 2 as a % of gross loans	13.8%	10.6%	12.7%	12.2%	13.8%	12.9%	20.6%	22.2.%
Stage 2 coverage ratio[1]	11.8%	7.7%	14.3%	9.1%	8.3%	11.1%	7.7%	8.3%
Stage 3 as a % of gross loans	27.6%	22.8%	20.0%	16.7%	14.9%	17.1%	19.0%	18.5%
Stage 3 coverage ratio[1]	94.1%	96.4%	100.0%	93.3%	100.0%	100.0%	91.7%	90.0%
Total net loans	**109**	**95**	**86**	**75**	**73**	**58**	**51**	**44**
Irrevocable loan commitments and financial guarantee contracts	576	582	464	461	453	440	431	430
Provision off-balance sheet items	7	5	4	3	3	4	2	2
Coverage ratio off-balance sheet items	1.2%	0.9%	0.9%	0.7%	0.7%	0.9%	0.5%	0.5%
Total gross on and off-balance sheet exposure	**719**	**705**	**574**	**551**	**540**	**510**	**494**	**484**
Impairment charges	--	-2	-1	--	-2	1	-1	-1
Provision as a % of gross loans	23.8%	22.8%	21.8%	16.7%	16.1%	18.6%	19.0%	18.5%
Cost of risk[2]	--	-0.45%	-0.18%	-0.1%	-0.5%	0.60%	-0.16%	-0.36%

[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

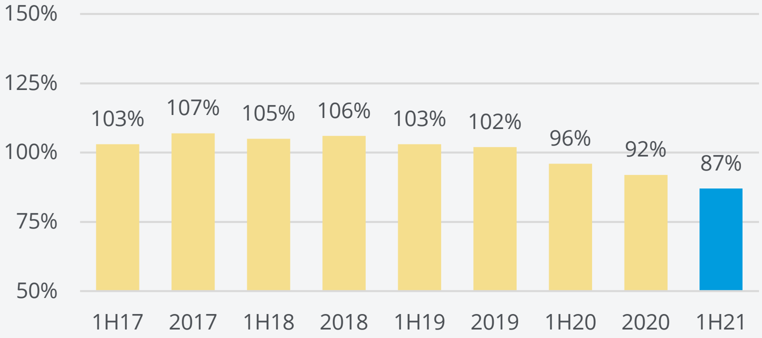
Funding mix



Liquidity buffer (in € millions)

	1H20	2020	1H21
Cash position	3,754	5,925	8,426
Sovereigns	2,830	2,778	2,703
Regional/local governments & supranationals	1,152	1,252	1,541
Other liquid assets	327	337	551
Eligible retained RMBS	9,500	8,829	8,544
Total liquidity buffer	**17,563**	**19,121**	**21,765**

Loan-to-Deposit ratio[1]



Key liquidity indicators

	1H20	2020	1H21
LCR	182%	233%	261%
NSFR	>100%	>100%	155%
Loan-to-deposit ratio	96%	92%	87%

- Retail funding was marginally down to 88% (YE20: 89%)
- Loan-to-Deposit ratio decreased further to 87% as a result of limited loan growth and a substantial increase in deposits
- Liquidity buffer increased by €2.6bn to €21.8bn
- 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)

	2020	%	1H21	%
Sovereigns	3.3	66%	3.4	61%
Financials	1.3	25%	1.4	26%
Corporates	0.5	10%	0.7	13%
Other	0.0	0%	0.0	0%
Total	**5.1**	**100%**	**5.5**	**100%**

Breakdown by maturity (in € billions)

	2020	%	1H21	%
< 3 months	0.0	0%	0.1	2%
< 1 year	0.1	2%	0.2	4%
< 3 years	1.3	25%	1.3	24%
< 5 years	1.2	24%	1.2	22%
< 10 years	2.1	41%	2.3	41%
< 15 years	0.3	6%	0.3	6%
> 15 years	0.1	2%	0.1	2%
Total	**5.1**	**100%**	**5.5**	**100%**

Breakdown by rating (in € billions)

	2020	%	1H21	%
AAA	2.8	55%	3.0	55%
AA	1.8	36%	1.9	35%
A	0.3	6%	0.4	7%
BBB	0.1	2%	0.2	3%
< BBB	0.0	0%	0.0	0%
No rating	0.0	0%	0.0	0%
Total	**5.1**	**100%**	**5.5**	**100%**

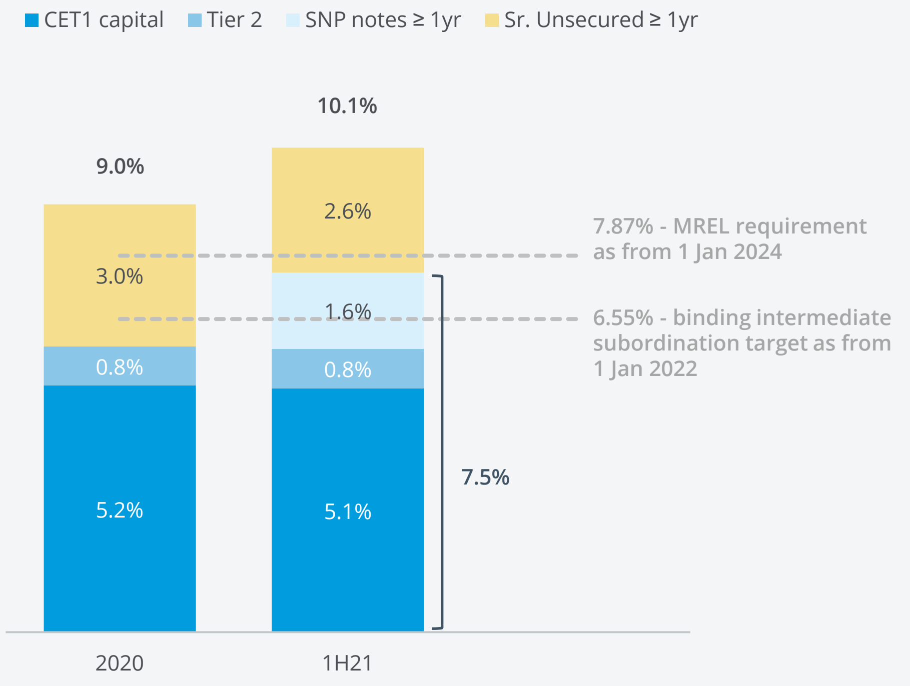
Breakdown by country (in € millions)

	2020	%	1H21	%
Netherlands	1,175	23%	1,304	24%
Germany	1,511	30%	1,533	28%
France	763	15%	835	15%
Belgium	520	10%	546	10%
Other[1]	439	9%	588	11%
Austria	277	5%	282	5%
Spain	257	5%	240	4%
Ireland	160	3%	155	3%
Total	**5,102**	**100%**	**5,483**	**100%**

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

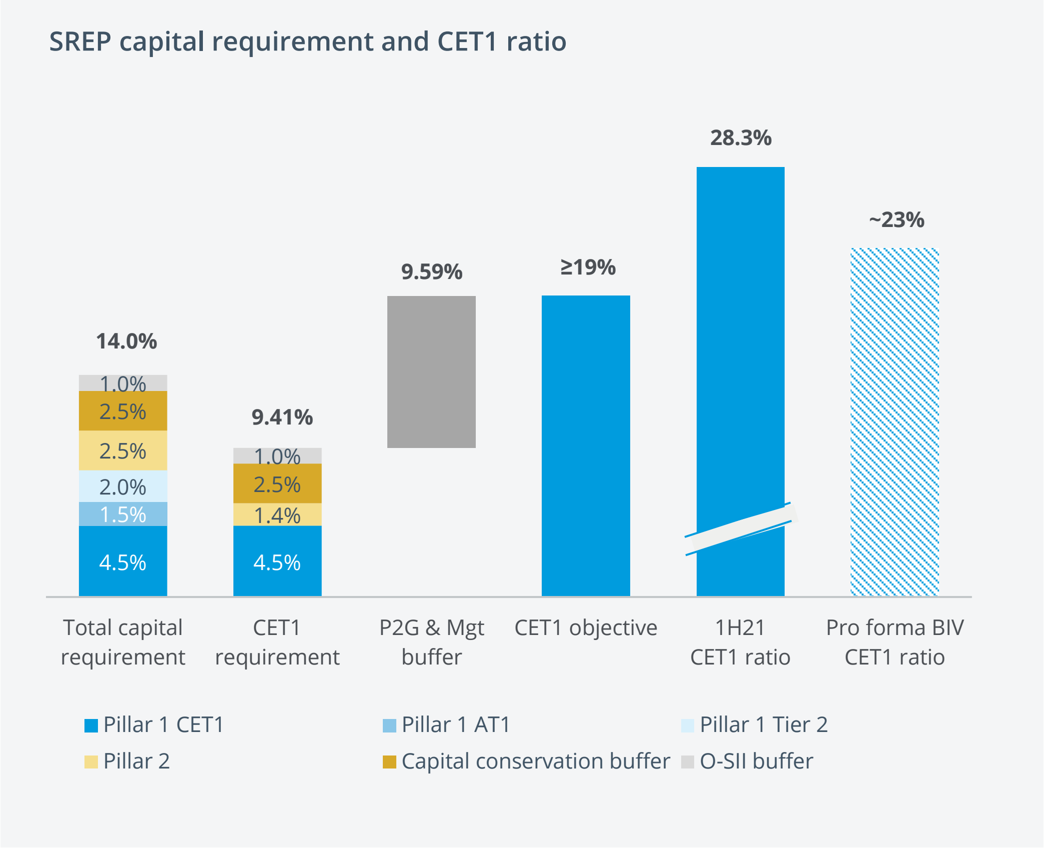
De Volksbank already meets its MREL requirements that will apply as from 1 January 2022

MREL ratio (as a % of leverage ratio exposure; LRE)



- On 10 May 2021, DNB – as the national resolution authority – set the MREL requirements for de Volksbank, to be met as from 1 January 2022 and 1 January 2024
- As from 1 January 2022, de Volksbank has to meet a MREL of 7.87% of the leverage ratio exposure (LRE) and as from 1 January 2024, the 7.87% has to be fully met with subordinated instruments (Tier 1 capital, Tier 2 capital and senior non-preferred (SNP) notes)
- As a binding intermediate target, de Volksbank has to meet a MREL of 6.55% of the LRE with subordinated instruments as from 1 January 2022
- For de Volksbank, the non-risk-weighted MREL requirements are more restrictive than the risk-weighted MREL requirements
- Based on its current capital position, de Volksbank expects to issue Senior Non-Preferred (SNP) notes totaling €1.2bn to €1.7bn up to 2024, in addition to €1.0bn SNP notes issued in the first half of 2021
- Including total capital and all other unsecured liabilities that are MREL eligible according to the current BRRD, the non-risk-weighted MREL ratio as per 1H21 amounts to 10.1%
- As per 1H21, the non-risk-weighted MREL ratio based on the LRE was equal to 10.1% (YE20: 9.0%). Including only total capital and eligible SNP liabilities, the non-risk-weighted MREL ratio based on the LRE equalled 7.5% (YE20: 6.0%)

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% needs to be composed of CET1 capital. This obligation stems from the Supervisory Review and Evaluation Process (SREP) as performed by the ECB in 2019, and the SREP decision applicable with effect from 1 January 2020. The ECB did not issue a SREP decision for 2020
- As a measure to support banks' capital position 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 Additional Tier 1 and Tier 2 capital. In doing so, it brought 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

2025 long-term objectives

Customer

2025 objectives

Net Promoter Score

+13

 # Active multi-customers[1]

1,3 million

Society[2]

2025 objectives

Climate-neutral balance sheet

>75%
2030: 100%

Employee

Objectives

Genuine attention

≥ 7.5

Shareholder

Objectives

Return on equity[3]

2025: 8%

Dividend pay-out ratio

40-60% of net profit

Other objectives

CET1 ratio

≥ 19%

Basel IV fully phased-in

Leverage ratio

≥ 4.5%

Cost/Income ratio[4]

2025: 57-59%

Including regulatory levies

[1] Active multi-customer: a customer with a current account and at least one product from another product group, who has made at least ten customer-initiated transactions on his or her current account for three months in a row

[2] We want to make a positive contribution to society on four themes: sustainability, financial resilience, quality of life in the region and good housing for everyone. KPIs will be defined for all themes in due course

[3] For the next few years, we expect that the return on equity will be less than 8% based on the current outlook. Implementing the strategy, de Volksbank will make substantial investments in the years ahead to allow later growth to an RoE of 8% 2025

[4] We expect that the cost/income ratio will exceed this range in the next few years as the strategic initiatives are intended to produce an effect over the course of the years, both at the level of income and at the level of operating expenses

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