Utrecht, the Netherlands, 15 February 2019

2018 Results

INVESTOR PRESENTATION

Maurice Oostendorp, CEO

Annemiek van Melick, CFO

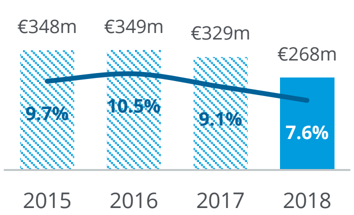
de volksbank

asn bank BLGwonen RegioBank SNS

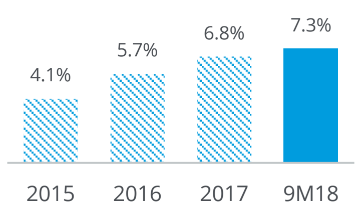
Key points 2018

- **Sustained commercial growth:**
  - **Net growth current account customers of 79,000 to 1.49 million.** Almost one in four new current accounts in the Netherlands is opened at one of our brands, well above our 8% market share on a portfolio basis
  - **Further growth retail mortgage portfolio by €1.3bn to €47.3bn**; 7% increase in new mortgage production to €5.9bn
- **Financial performance:**
  - **Net profit of €268m**; 19% decrease compared to 2017, mainly due to lower results on investments/financial instruments (exceptionally high in 2017) and a lower release of loan loss provisions
  - **RoE of 7.6%**, based on a solid capital position: CET1 ratio higher at 35.5%; leverage ratio stable at 5.5%
- **Several initiatives with respect to Banking with a human touch**
  - Personally approached approximately 150,000 interest-only mortgage customers
  - Actively brought back approximately 6,000 customer files from debt collection agencies
  - Introduction of ASN mortgage, with features to promote sustainable living

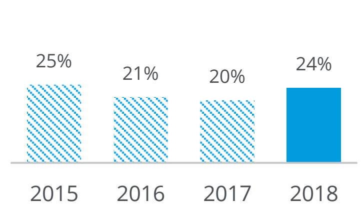
Net result and RoE



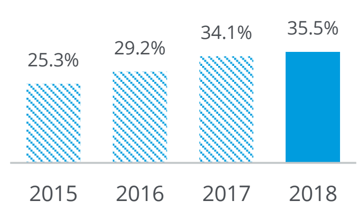
Market share
new retail mortgages



Market share
new current accounts



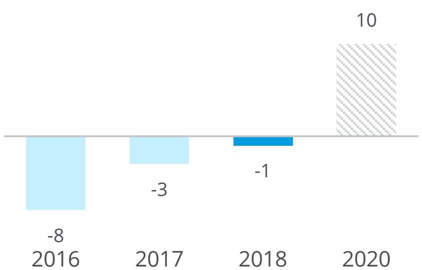
CET1 ratio



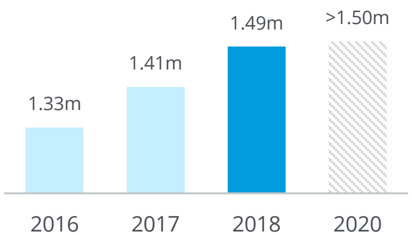
de volksbank

Update on long-term objectives

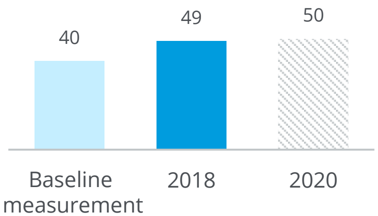
Customer-weighted average NPS



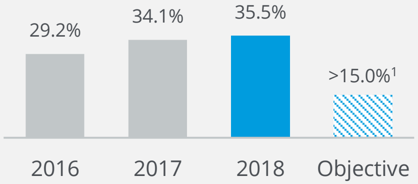
Current account customers



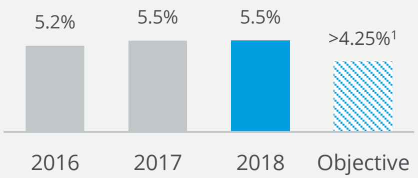
Financial Confidence Barometer



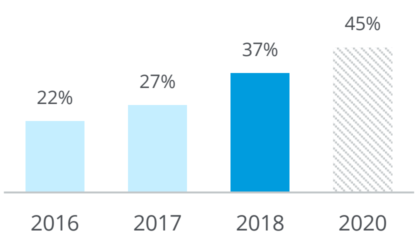
CET1 ratio



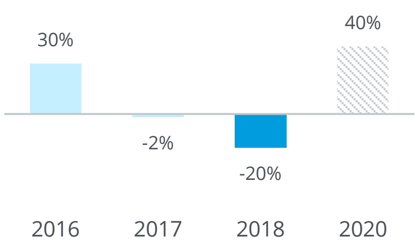
Leverage ratio



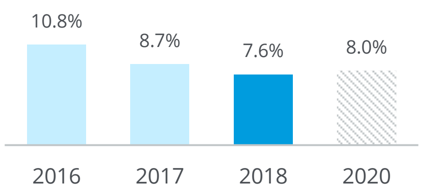
Climate neutral balance sheet



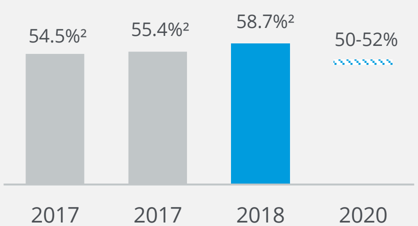
Employee NPS



Return on Equity[3]



Cost/Income ratio



We intend to provide an update of our targets in the second half of 2019

[1] Objectives for CET1 ratio and leverage ratio apply to every year [2] Excluding incidental items and regulatory levies [3] Excluding incidental items

1. Banking with a human touch

Recognition for Banking with a human touch

We are increasingly appreciated as a bank that is able to put its mission of 'Banking with a human touch' into actual practice

We received high marks for our sustainability policy

- **oekom research**
  With a B- rating (March 2018), de Volksbank is rated among the top 3 world leaders in the financial industry in the Mortgages & Public Sector
- **Sustainalytics**
  In December 2018, with a score of 90, de Volksbank has the highest rating for ESG performance among 341 global banks analysed by Sustainalytics
- **MSCI**
  In 2018, de Volksbank received a rating of A (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment
- **DZ Bank**
  De Volksbank scores 82 points in the EESG rating model of DZ Bank. This is currently the highest EESG score within the banking sector

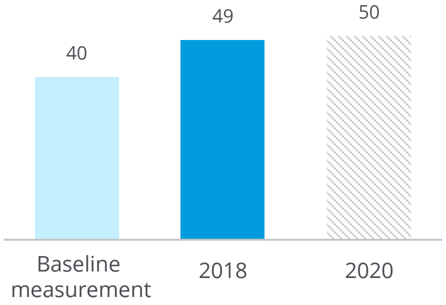
Recognition for our mission

- In September 2018, de Volksbank received the **Management Scope Corporate Impact Award**, as the company with the most positive social impact in the Netherlands
- In December 2018, the **Fair Bank Guide** proclaimed us the most sustainable bank in the Netherlands
- Our brands also won several awards, both for their mortgage services and for several websites

Contributing to the financial resilience of our customers

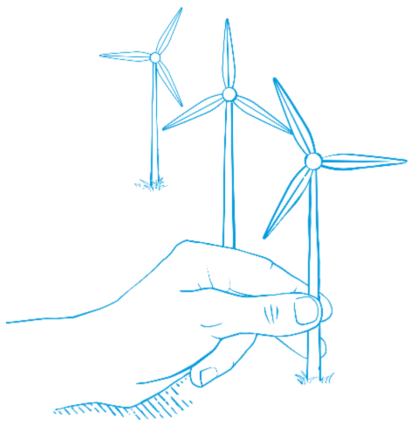
- We set up preventive management in 2018 under the BLG Wonen, RegioBank and SNS brands. Customers can contact us about expected payment problems and we also contact vulnerable customers ourselves
- We proactively contacted customers with an interest-only mortgage to encourage them to repay or build up capital. We have by now approached approximately 150,000 customers
- We retrieved approximately 6,000 customer files from debt collection agencies and now manage debt arrears ourselves
- In early 2018 we introduced a 2020 objective for financial resilience. We ask our customers whether they notice that the bank is ready to assist them in case of financial stress. The baseline measurement, taken in January 2018, resulted in a score of 40. Starting from 2Q18, we asked the same question but replaced ‘the bank’ with the names of our brands; this largely explains the improvement to 49

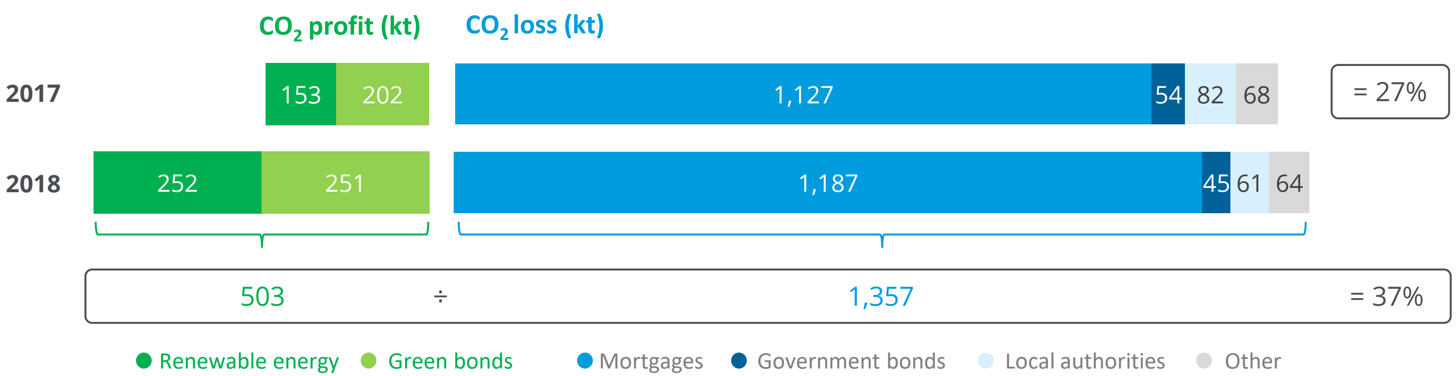
Financial Confidence Barometer



10%-point increase in our climate-neutral balance sheet to 37%

- In 2018, the climate-neutrality of our balance sheet rose by 10%-points to 37%
- The CO_2 profit increased due to an increase in renewable energy financing (+€105m to €650m), in particular in four wind parks: Nobelwind, Rentel, Northwester 2 and Merkur Offshore, and an increase in green bonds (+€101m to €541m)
- We also launched new initiatives to help customers make their homes more sustainable. A good example is the ASN mortgage, introduced in 2018, enabling customers to finance energy-saving measures
- The CO_2 loss of our mortgage portfolio remained virtually stable. A slight improvement of the average energy label of the homes we finance was offset by an increase of the mortgage portfolio
- We aim for a 45% climate-neutral balance sheet by 2020, rising to 100% by 2030





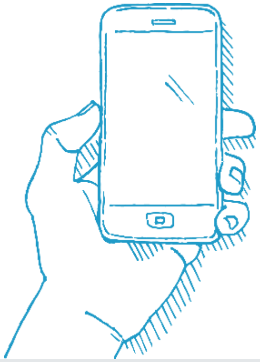
Simplifying our business operations; innovating as a smart adopter

Simplifying our business operations

- We simplified the mortgage quotation and application process
- At the end of 2016, we expressed the expectation that the number of jobs at de Volksbank would decrease by 800 to 900 up to and including 2020. Approximately half of this number relates to our permanent staff
- The number of permanent employees has now dropped by 361 to 2,993 FTEs, from 3,354 FTEs as at the end of 2016
- However, the number of external staff rose by 153 FTEs to 804 to fill temporary shortages for regulatory and compliance-related projects

Innovating as a smart adopter

- We successfully completed the pilot for the 'One-two' app. The app will be introduced to SNS customers in early 2019
- We developed 'My Budget', a functionality that provides customers with AI insight into what they have left to spend at the end of the month
- In preparation of the introduction of PSD2, we introduced a master switch for customers to switch the transfer of payment data to third parties on or off at any time
- In 2018, together with Privacy First, we took the initiative to draw up a privacy code of conduct. The further development of this code was transferred to the Dutch Payments Association in 2019



Options for the future

- In the fall of 2018, NL Financial Investments (NLFI) issued a second progress report on the privatisation of de Volksbank. One of the conclusions was that de Volksbank would at least need the full 3 year period starting mid-2016, before a decision on privatisation can be taken
- Based on the latest NLFI report, the Minister of Finance has drawn the conclusion that de Volksbank will at least need this period to elaborate the shared valued ambition and further strengthen its social identity
- As soon as de Volksbank is ready for privatisation, NLFI will advise the Minister of Finance accordingly. If this is not feasible by mid-2019, NLFI will again issue another progress report and give an indication of the timeline expected at that point in time

2. Commercial developments

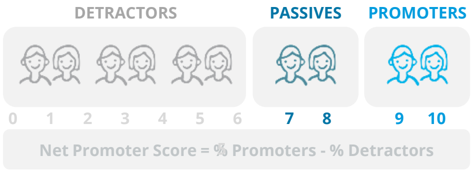
Modest improvement of our customer-weighted Net Promoter Score

Net Promoter Score

(in %)

Brand	2013	2014	2015	2016	2017	2018	Trend 2010-2018
SNS	-39	-28	-26	-18	-13	**-11**	
ASN Bank	+19	+12	+19	+14	+17	**+18**	
RegioBank	-7	-7	+5	+2	+7	**+12**	
BLG Wonen	-15	-14	-42	-29	-24	**-22**	
Weighted average	**-21**	**-16**	**-12**	**-8**	**-3**	**-1**	

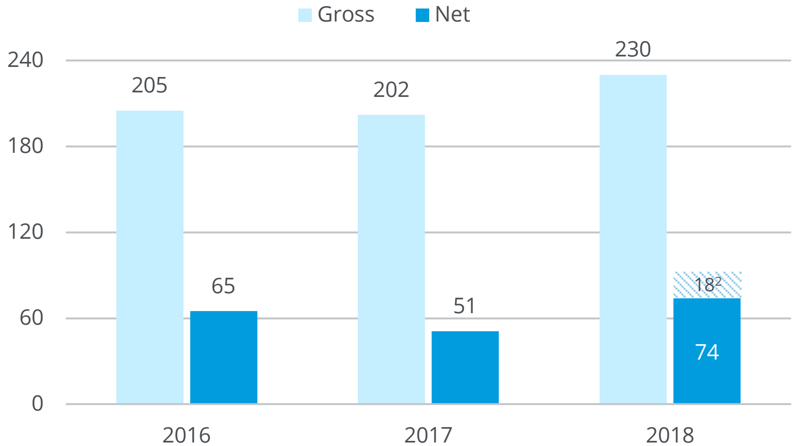
- Compared to 2017, our customer-weighted NPS improved from -3 to –1, with all brands contributing to this improvement
- ASN Bank (+18) and RegioBank (+12) remained among the select group of Dutch banks with a positive NPS



Increase in current account customers driving force behind customer growth

Development customers

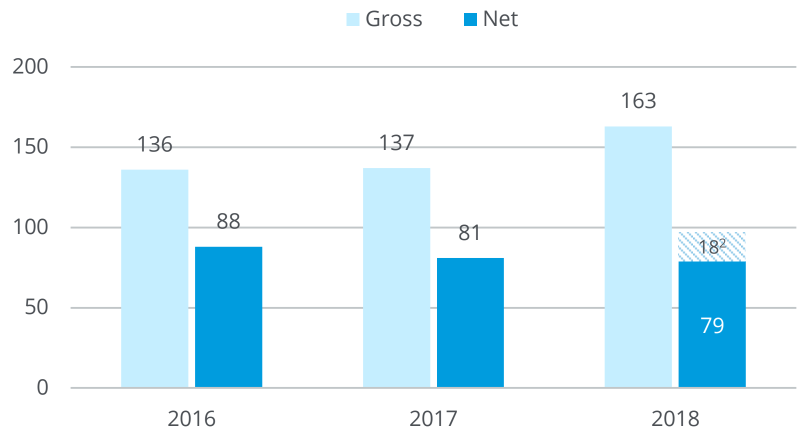
In thousands



	2016	2017	2018
# Customers	3,077[1]	3,128	3,202

Development current account customers

In thousands



	2016	2017	2018
# Customers	1,328	1,409	1,488
Market share new current accounts[3]	21%	20%	24%

- The brands of de Volksbank combined welcomed 230,000 new customers in 2018
- Net growth of 74,000 was sharply higher than in 2017, mainly due to a higher inflow of customers. In addition, 2017 included an outflow of (mono)savings customers and of customers following termination of the ZwitserlevenBank proposition

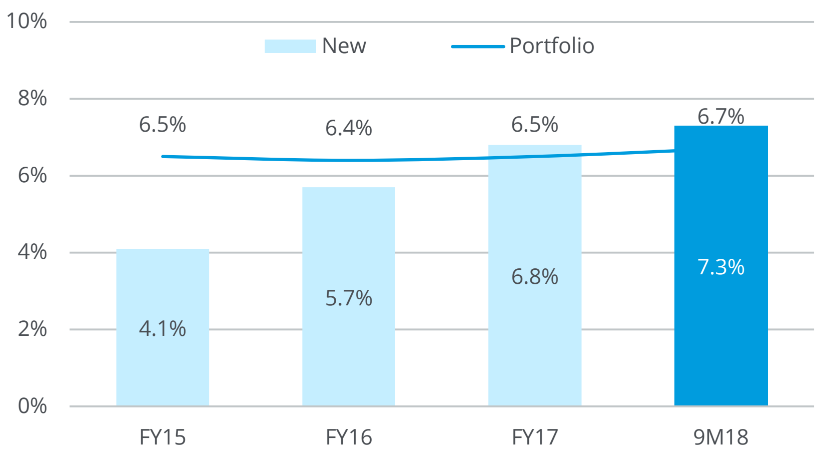
- 79,000 net new current account customers, almost equal to growth in 2017. Net growth in 2018 included an adjustment for inactive current account customers (-18,000)
- In 2018, 24% of new current accounts in the Netherlands was opened at one of our brands: ASN Bank, RegioBank and SNS
- On a total portfolio basis, our market share in current accounts in the Netherlands stood at approximately 8%

[1] Includes an adjustment (+5k) due to changes in definition [2] Adjustment for inactive current account customers [3] market research conducted by GFK, based on Moving Annual Total (MAT)

Market share new retail mortgage production higher than market share on a total portfolio basis

Market share retail mortgage loans

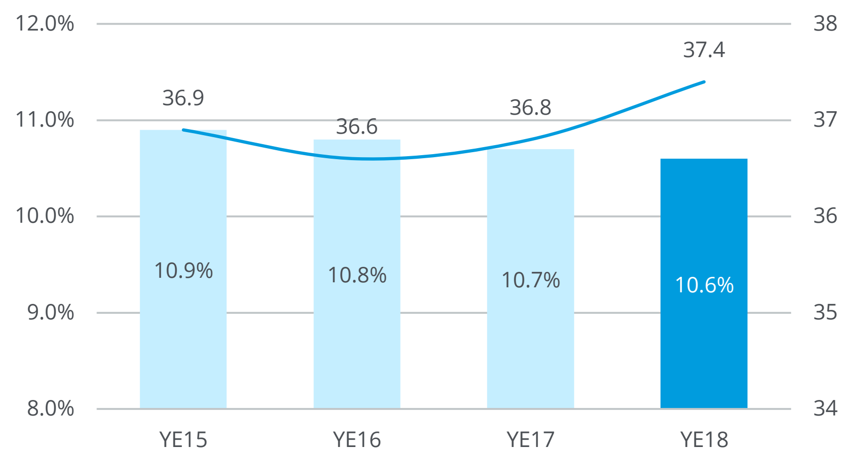
In %



- Our market share in new retail mortgage production increased to 7.3%
- On a total portfolio basis, market share in retail mortgage loans rose slightly to 6.7%
- 9M18 figures because FY 2018 market size figures are not yet available

Market share and portfolio retail savings

LHS: in % RHS: in € bn

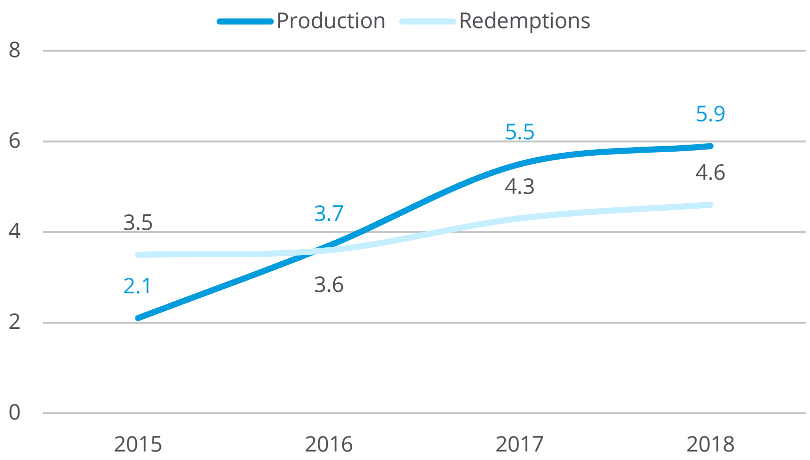


- Retail savings balances increased by €0.6bn to €37.4bn (+2%)
- The Dutch retail savings market grew to €354bn, from €341bn (+4%), as a result of both autonomous growth and a market adjustment by DNB
- Market share retail savings 2017 was adjusted by -0.1%-point to 10.7% due to the market adjustment by DNB

Steady and controlled increase retail mortgage portfolio

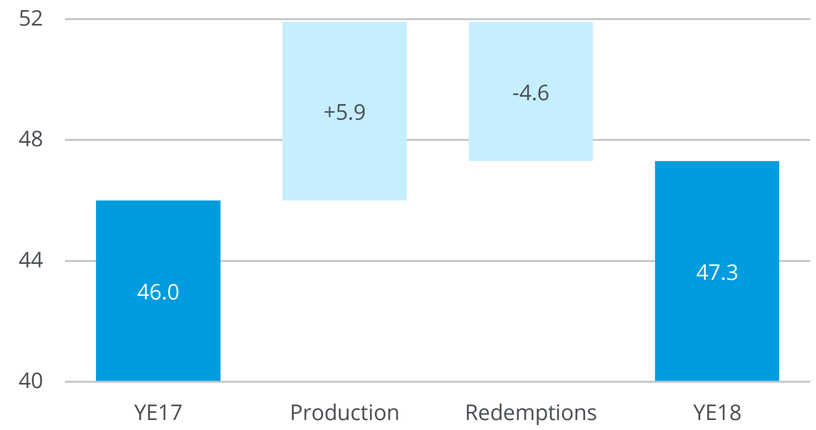
Mortgage production vs redemptions

In € billions



Development gross retail mortgage portfolio 2018[1]

In € billions



- The retail mortgage portfolio increased by €1.3bn to €47.3bn, due to the increased production (€5.9bn; +7%) and a high level of customer retention
- Total redemptions of €4.6bn were up 7% compared to 2017 (€4.3bn), despite a slight decrease in the number of people moving house. Contractual repayments gradually increased, mainly due to an increasing share of annuity mortgages in our total portfolio. In addition, bridging loan repayments also went up
- Total interest rate renewals decreased to €3.3bn (2017: €5.1bn), following high levels of (early) renewals in recent years

[1] Conversions are excluded from production and redemptions figures

3. Financial results & outlook

Lower net profit, mainly due to lower total income and a lower net release of loan provisions; 7.6% ROE, based on strong capital position

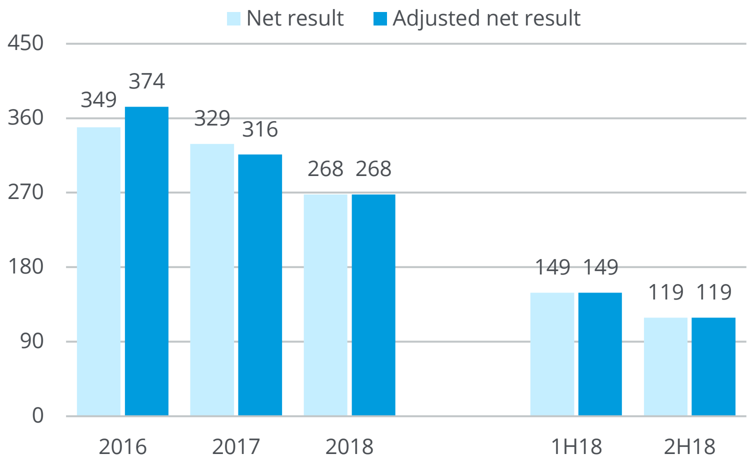
Result

In € millions

	2017	2018	1H18	2H18
Net profit	**329**	**268**	**149**	**119**
Fair value movements of mortgages/related derivatives	13	--	--	--
Total incidental items	13	--	--	--
Adjusted net profit	**316**	**268**	**149**	**119**
Return on Equity	9.1%	7.6%	8.5%	6.8%
Adjusted Return on Equity	8.7%	7.6%	8.5%	6.8%

Result

In € millions



- Net profit decreased 19% to €268m, mainly due to lower total income and a lower net release of loan loss provisions
- Return on equity was 7.6%, a decrease compared to 2017 (8.7%), driven by a lower net profit
- As from 1 January 2018, former DBV mortgages have been reclassified from fair value to amortised cost. As a result, the volatility in the income statement related to these mortgages has been fully eliminated. In 2017 however, net profit still included €13m of these positive fair value movements
- In 2H18, net profit amounted to €119m, €30m below the level of 1H18, largely driven by a swing in impairment charges. In addition, total operating expenses and the effective tax burden were higher

2018 total income 7% lower, mainly driven by lower gains on bonds, lower incidental items (DBV mortgages) and lower net interest income

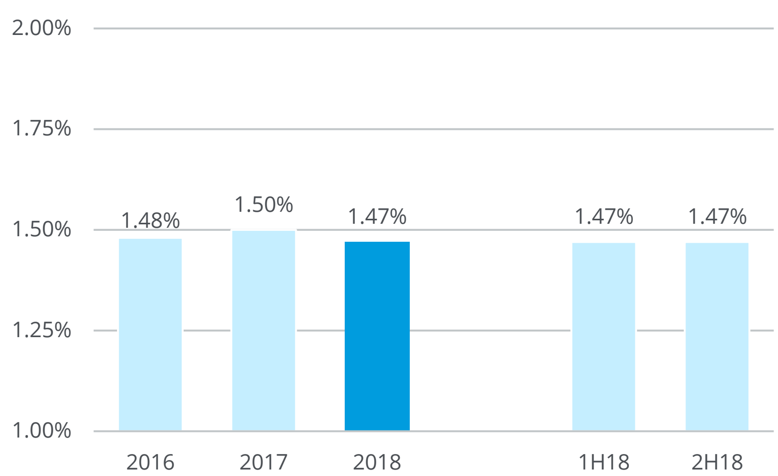
Income

In € millions

	2017	2018	1H18	2H18
Net interest income	924	908	455	453
Net fee and commission income	49	44	21	23
Investment income	26	3	-3	6
Result on financial instruments	28	2	7	-5
Other operating income	1	1	--	1
Total income	**1,028**	**958**	**480**	**478**
Incidental items	17	--	--	--
Adjusted total income	**1,011**	**958**	**480**	**478**

Net interest margin

(% of average assets)



- Net interest income decreased by €16m to €908m (-2%). Lower interest expenses on savings deposits could not fully compensate for lower interest income on mortgages and increased hedging costs
- Net interest margin was marginally lower at 147 bps (2017: 150 bps), entirely due to lower net interest income
- Net fee and commission income was €5m lower, impacted by the reclassification of fees paid by RegioBank from net interest income (-€10m). Adjusted for this, net fee and commission income was up, mostly due to higher management fees
- Investment income fell by €23m to €3m, largely due to lower realised gains on fixed-income investments, sold as part of asset and liability management and the optimisation of the investment portfolio
- Result on financial instruments decreased by €26m to €2m, due to the absence of positive fair value movements of former DBV mortgages and related derivatives, which amounted to €17m in 2017, and lower trading results
- Compared to 1H18, total income in 2H18 decreased by €2m to €478m

Adjusted operating expenses virtually stable, despite progress on efficiency measures

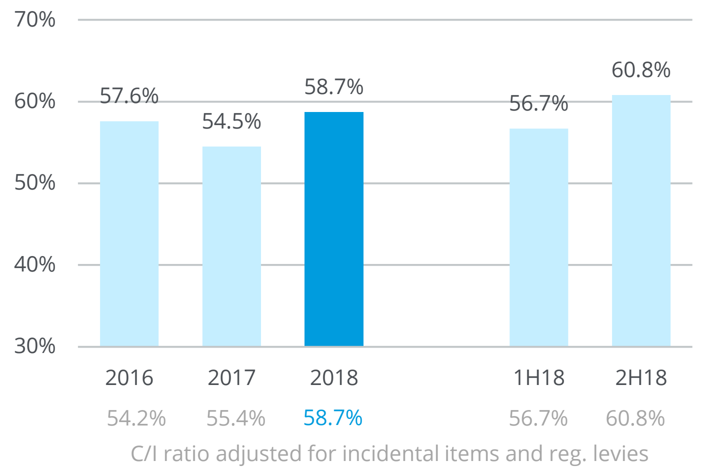
Operating expenses

In € millions

	2017	2018	1H18	2H18
Total operating expenses	603	609	301	308
Regulatory levies	43	47	29	18
Adjusted operating expenses	560	562	272	290
Total FTE	3,945	3.797	3,926	3.797
Internal FTE	3,231	2,993	3,155	2,993
External FTE	714	804	771	804

Cost/Income ratio adjusted for regulatory levies

In %



- Adjusted operating expenses were virtually flat at €562m. The impact of efficiency measures and lower non-credit risk related provisions was offset by higher expenses related to regulatory and compliance-related projects and wage inflation
- Efficiency measures led to a decrease of 238 internal FTEs. However, external FTEs increased by 90 to fill temporary shortages
- Non-credit risk related provisions fell by €9m to €11m
- Regulatory levies were €4m higher at €47m, driven by a €5m higher contribution to the resolution fund (€15m). The ex-ante DGS contribution was virtually stable at €32m
- Adjusted operating expenses in 2H18 were higher compared to 1H18, impacted by a swing in non-credit risk related provisions. In addition, marketing and consulting expenses were higher

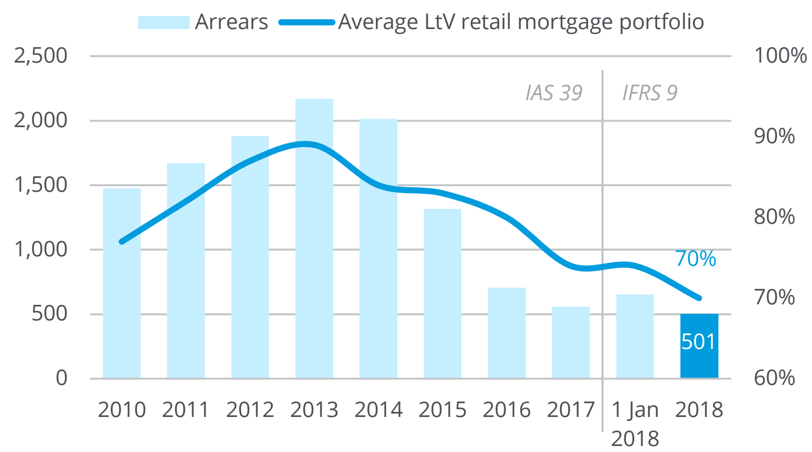
Lower net release of loan provisions; strong decline in mortgages in arrears

Impairment charges[1]

In € millions

	2017	2018	1H18	2H18
Retail mortgage loans	-21	-8	-8	-
SME loans	-9	-5	-7	2
Retail other loans	6	-1	-2	1
Other	0	2	1	1
Total impairment charges	**-24**	**-12**	**-16**	**4**
Cost of risk retail mortgages	-0.05%	-0.02%	-0.03%	0.00%
Cost of risk total loans	-0.05%	-0.04%	-0.07%	0.01%

Retail mortgages in arrears; average LtV



Breakdown retail mortgage loans

In € millions

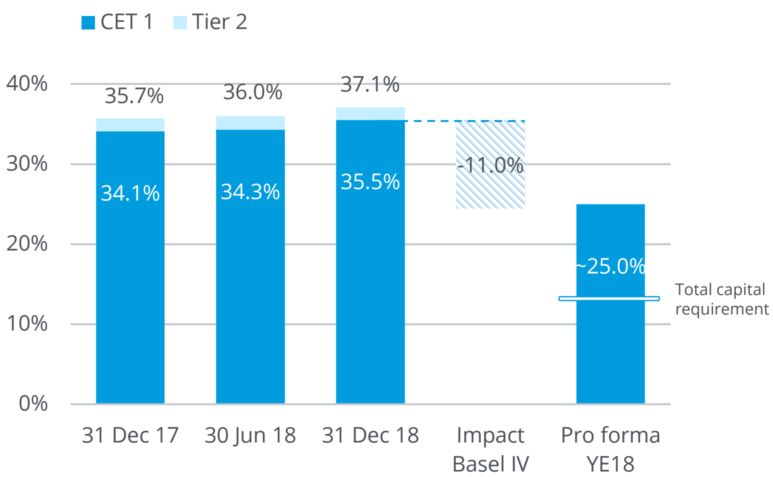
	1 Jan 18	1H18	2018	% of total
Gross loans	45,551	46,370	46,824	100%
- of which stage 1	42,366	43,706	44,236	94.5%
- of which stage 2	2,467	2,030	2,039	4.4%
- of which stage 3	718	634	549	1.2%

- Improving macro-economic conditions and a further increase in house prices continued to have a positive effect on impairment charges, resulting in a net release of €12m
- 2H18 included a €10m charge related to additional provisioning for long defaults (>5Y), of which €6m at retail mortgage loans and €4m at SME loans
- Decrease in retail mortgages in arrears (from 1 day overdue) from €0.7bn to €0.5bn, 1.1% of gross loans
- Further decline in stage 2 and 3 loans; stage 3 coverage ratio improved to 8.6 (1 Jan 18: 7.4%)
- Average LtV retail mortgage loans lower at 70% (2017: 74%)

[1] The 2017 figures are presented under IAS39

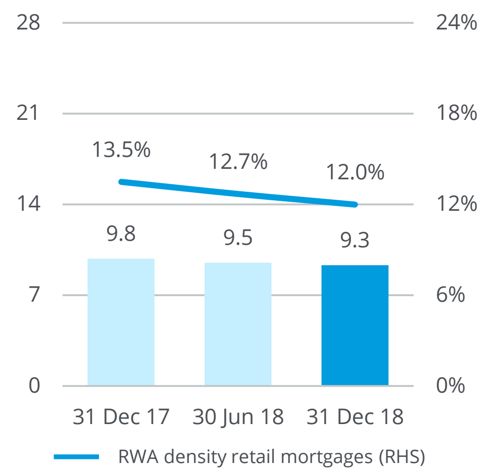
Further improvement in CET1 ratio driven by lower RWA; stable leverage ratio

Total capital ratio

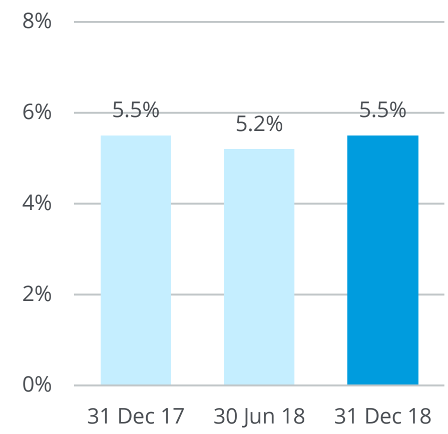


Risk-weighted assets

(in € billions; LHS)



Leverage ratio

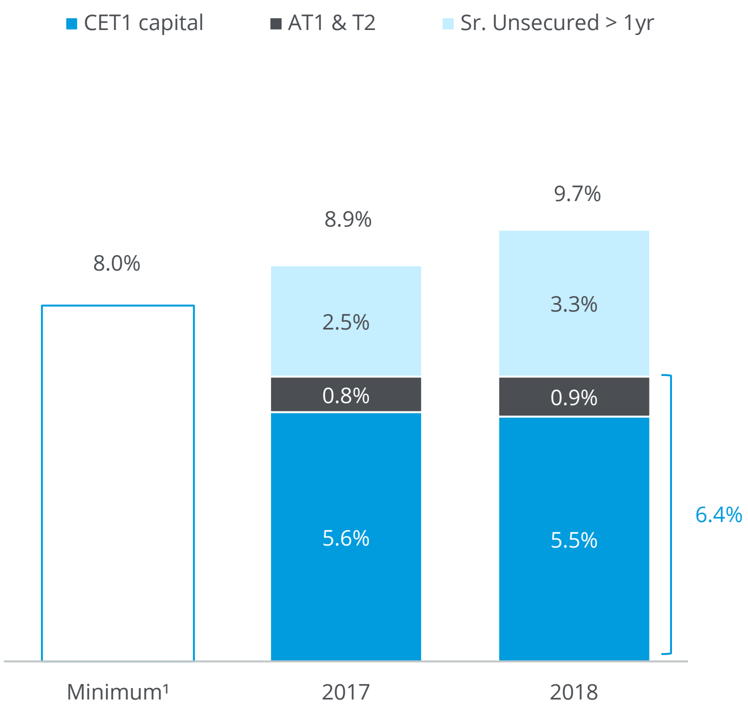


- Compared to year-end 2017, the CET1 ratio rose by 1.2%-points to 35.5% due to lower RWA, despite a negative impact of IFRS 9 of 2.1%-point
- RWA decreased to €9.3bn (YE17: €9.8bn). The RWA density of retail mortgages declined to 12.0%
- The leverage ratio remained stable at 5.5% vs YE17, despite a negative impact of IFRS 9 of 0.3%-points
- We intend to merge de Volksbank NV with Volksholding BV. When finalised, Tier 2 notes and Tier 1 notes (to be issued in the future) will be fully included in the total capital ratio. Full inclusion of outstanding Tier 2 notes would imply a YE18 total capital ratio of 40.8%
- Proposed dividend of €161m, corresponding to a pay-out ratio of 60% (2017: €190m; 60%)
- Following from the SREP, with effect from 1 January 2019, de Volksbank is required to meet a minimum total capital ratio of 14.0%[1] (Overall Capital Requirement, OCR), of which 10.5% CET1 capital
- We intend to provide an update of our capital targets in 2H19 (currently: CET1 ratio: >15% and leverage ratio: >4.25%)

[1] SREP OCR 2019 consists of: Pillar 1 Requirement: 8.0%, Pillar 2 Requirement: 2.5%, Capital Conservation Buffer: 2.5%, O-SII Buffer: 1.0%

De Volksbank is well positioned to meet the MREL requirement

MREL ratio



- In February 2017, the SRB informed us that it supports the designation of de Volksbank N.V. as the resolution entity
- On 6 June 2018, the SRB set the non-risk weighted MREL for de Volksbank at 8.0% of total liabilities and own funds
- De Volksbank must comply with the MREL on 1 January 2020
- 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 9.7% at YE18
- The BRRD and the SRB's 2018 MREL policy lead us to expect that the MREL for de Volksbank – as an Other Systemically Important Institution (O-SII) – must, for at least 17.5% of RWA, consist of subordinated instruments
- The risk-weighted MREL ratio including only eligible liabilities subordinated to unsecured liabilities amounts to 40.8% at YE18
- Based on our current view on possible regulatory developments, the basic assumption in de Volksbank's capital planning is that the minimum non-risk-weighted MREL requirement of 8% must fully consist of subordinated instruments (Tier 1 and Tier 2 capital, and senior non-preferred (SNP) notes) as on 1 January 2024
- Given this point of departure and based on our current capital position, we expect to issue SNP notes totalling €1.0-1.5bn in the coming years

Outlook

- As a result of international trade tensions, the Brexit and downward adjusted macroeconomic expectations for a number of European countries, including Germany, economic growth in the Netherlands is expected to slow down in 2019. Unemployment will not be able to fall much further, while the price rise in the housing market will level off and the number of transactions will decrease further. Given the weaker macroeconomic outlook, we expect the current low interest rate climate in Europe to continue in the short to medium term. As a result, net interest income is projected to be slightly lower than in 2018

- The projected reduction in total operating expenses in 2019 is not expected to fully compensate lower interest income

- On the basis of the revised macroeconomic forecasts, we expect that loan impairments will no longer show a release, but will remain limited

- All things considered, we expect the net result for 2019 to be slightly lower compared with 2018

Questions & answers

Appendix

Summary P&L

In € millions	2017	2018	1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18
Net interest income	924	908	491	533	515	479	486	452	476	448	455	453
Net fee and commission income	49	44	24	20	24	24	31	26	26	23	21	23
Other income	55	6	23	8	96	(12)	7	32	27	28	4	2
Total income	1,028	**958**	538	561	635	490	524	510	529	499	480	**478**
Total operating expenses	603	609	241	250	266	324	312	330	299	304	301	308
Other expenses	--	--	51	32	--	22	1	--	--	--	--	--
Impairment charges	(24)	(12)	81	126	44	(7)	(45)	(23)	(20)	(4)	(16)	4
Impairment charges goodwill	--	--	--	67	--	--	--	--	--		--	--
Total expenses	579	**597**	373	475	310	339	268	307	279	300	285	**312**
Result before tax	449	**361**	165	86	325	151	256	203	250	199	195	**166**
Taxation	120	93	54	46	81	47	65	45	63	57	46	47
Net result	**329**	**268**	**111**	**40**	**244**	**104**	**192**	**157**	**187**	**142**	**149**	**119**
Incidental items	13	--	(43)	(100)	47	(34)	(12)	(13)	(1)	14	--	--
Adjusted net result	**316**	**268**	**154**	**140**	**197**	**138**	**204**	**170**	**188**	**128**	**149**	**119**

Ratios

Ratios	2017	2018	1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17	1H18	2H18
Cost/Income ratio	54.5%	58.7%	44.8%	44.6%	42.0%	62.9%	54.4%	61.0%	51.3%	57.9%	56.7%	60.8%
Cost/Asset ratio	0.91%	0.91%	0.67%	0.75%	0.80%	0.96%	0.90%	0.99%	0.88%	0.94%	0.88%	0.94%
Net interest margin	1.50%	1.47%	1.37%	1.56%	1.54%	1.49%	1.52%	1.43%	1.55%	1.46%	1.47%	1.47%
Cost of risk retail mortgages	-0.05%	-0.01%	0.29%	0.35%	0.15%	0.00%	-0.18%	-0.11%	-0.08%	-0.02%	-0.03%	0.01%
RoE	9.1%	7.6%	8.2%	2.8%	15.7%	6.4%	11.4%	8.9%	10.5%	7.8%	8.5%	6.8%
Adjusted RoE	8.7%	7.6%	11.4%	9.6%	12.7%	8.5%	12.1%	9.7%	10.5%	7.0%	8.5%	6.8%

Summary balance sheet

In € millions	30-6-2015	31-12-2015	30-06-2016	31-12-2016	30-06-2017	31-12-2017	30-06-2018	31-12-2018
Total assets	**65,327**	**62,690**	**64,408**	**61,588**	**60,986**	**60,892**	**62,534**	**60,948**
Cash and cash equivalents	3,913	2,259	3,110	1,911	2,742	2,180	3,114	815
Loans and advances to banks	2,402	2,081	3,333	2,918	2,125	2,643	2,373	3,589
Loans and advances to customers	49,705	49,217	48,697	48,620	48,813	49,459	50,197	50,536
Derivatives	2,198	1,993	1,864	1,533	1,340	1,075	898	732
Investments	6,055	6,376	6,646	5,970	5,337	5,094	5,331	4,782
Property and equipment	80	77	74	73	71	67	65	63
Intangible assets	12	15	14	15	14	14	11	7
Deferred tax assets	309	284	367	137	122	110	94	70
Corporate income tax	36	--	--	--	32	22	120	64
Other assets	430	278	303	411	390	228	331	291
Assets held for sale	187	110	--	--	--	--	--	--
Total liabilities and equity	**65,327**	**62,690**	**64,408**	**61,588**	**60,986**	**60,892**	**62,534**	**60,948**
Savings	*37,277*	*36,860*	*37,666*	*36,593*	*37,373*	*36,756*	*37,674*	*37,376*
Other amounts due to customers	*10,344*	*10,580*	*11,482*	*10,835*	*10,658*	*10,306*	*10,835*	*10,841*
Amounts due to customers	**47,621**	**47,440**	**49,148**	**47,428**	**48,031**	**47,062**	**48,509**	**48,217**
Amounts due to banks	1,587	1,000	1,522	1,446	1,064	2,683	2,859	1,116
Debt certificates	9,027	6,941	6,008	5,696	5,564	4,920	5,378	5,822
Derivatives	2,507	2,189	2,536	1,861	1,450	1,252	1,091	1,120
Deferred tax liabilities	217	216	282	59	46	45	20	31
Corporate income tax	--	--	90	25	--	--	--	--
Other liabilities	1,074	11	808	891	645	590	598	464
Other provisions	71	978	77	120	115	125	112	104
Participation certificates and subordinated debt	--	493	505	501	498	501	511	502
Liabilities held for sale	75	37	--	--	--	--	--	--
Shareholders' equity	3,148	3,302	3,432	3,561	3,573	3.714	3,456	3,571

The interest accrued on assets and liabilities was previously reported under the item Other assets or Other liabilities. These have been reclassified to the corresponding asset or liability with effect from 2018. The comparative figures have been adjusted accordingly

Key items balance sheet

Key items balance sheet

In € millions

	31 Dec 17	31 Dec 18	Δ YoY
Total assets	**60,892**	**60,948**	**0%**
Cash and cash equivalents	2,180	815	-63%
Loans and advances to customers	**49,459**	**50,536**	**+2%**
- of which retail mortgage loans	45,934	47,262	+3%
- of which retail other loans	114	85	-25%
- of which SME loans	737	703	-5%
- of which other, including (semi-) public sector loans	2,674	2,486	-7%
Loans and advances to banks	2,643	3,589	+36%
Investments	5,094	4,782	-6%
Amounts due to customers	**47,062**	**48,217**	**+2%**
- of which retail savings	36,756	37,376	+2%
- of which other amounts due to customers	10,306	10,841	+5%
Amounts due to banks	2,683	1,116	-58%
Debt certificates	4,920	5,822	+18%
Shareholders' equity	3,714	3,571	-4%

Comments

- Balance sheet total remained virtually stable at €60.9bn; growth in retail mortgages was predominantly compensated for by impact from cash management transactions
- Cash management transactions resulted in lower cash and cash equivalents (-€1.4bn), lower loans to (semi-) public sector (-€0.2bn), lower investments (-€0.3bn) and an increase in debt certificates (+€0.9bn)
- Debt certificates increased by €0.9bn to ~€5.8bn as redemptions of €0.9bn were more than compensated by covered bond transactions (€0.9bn) and senior unsecured issuance (€0.9bn)
- Amounts due to banks decreased by €1.6bn, mainly driven by a reduction in repos (€0.8bn) and a USD tender (€0.6bn)
- Shareholders' equity decreased by €143m to ~€3.6bn, mainly due to the implementation of IFRS 9 as per 1 January 2018 (€-214m), and dividend payout over 2017 (€-190m), for a large part compensated by profit retention in 2018 (€268m)

Breakdown of loans and advances to customers (IFRS 9)

in € millions	1 January 2018			30 June 2018			31 December 2018		
	Gross amount	Loan loss provision	Coverage ratio	Gross amount	Loan loss provision	Coverage ratio	Gross amount	Loan loss provision	Coverage ratio
Stage 1	**45,410**	**4**	**0.0%**	**46,865**	**4**	**0.0%**	**47,149**	**4**	**0.0%**
- of which retail mortgage loans	42,366	3	0.0%	43,706	2	0.0%	44,236	2	0.0%
- of which retail other loans	92	--	0.0%	82	--	0.0%	74	--	0.0%
- of which SME loans	558	1	0.2%	553	1	0.2%	558	1	0.2%
- of which other commercial loans and loans to public sector	2,394	--	0.0%	2,524	1	0.0%	2,281	1	0.0%
Stage 2	**2,880**	**33**	**1.1%**	**2,348**	**21**	**0.9%**	**2,360**	**21**	**0.9%**
- of which retail mortgage loans	2,467	18	0.7%	2,030	11	0.5%	2,039	10	0.5%
- of which retail other loans	17	2	11.8%	13	1	7.7%	14	2	14.3%
- of which SME loans	123	12	9.8%	103	8	7.8%	99	7	7.1%
- of which other commercial loans and loans to public sector	273	1	0.4%	202	1	0.5%	208	2	1.0%
Stage 3	**862**	**121**	**14.0%**	**759**	**106**	**14.0%**	**657**	**101**	**15.5%**
- of which retail mortgage loans	718	53	7.4%	634	48	7.6%	549	46	8.4%
- of which retail other loans	34	32	94.1%	28	27	96.4%	22	22	100%
- of which SME loans[1]	110	36	32.7%	97	31	32.0%	86	33	38.4%
- of which other commercial loans and loans to public sector	--	--	--	--	--	--	--	--	--
Total stage 1, 2, 3	**49,152**	**158**	**0.3%**	**49,972**	**131**	**0.3%**	**50,166**	**126**	**0.3%**
- of which retail mortgage loans	45,551	74	0.2%	46,370	61	0.1%	46,824	58	0.1%
- of which retail other loans	143	34	23.8%	123	28	22.8%	110	24	21.8%
- of which SME loans	791	49	6.2%	753	40	5.3%	743	41	5.5%
- of which other commercial loans and loans to public sector	2,667	1	0.0%	2,726	2	0.1%	2,489	3	0.1%
IFRS value adjustments[2]	295	--	--	356	--	--	496	--	--
Total loans and advances to customers	**49,447**	**158**	**0.3%**	**50,328**	**129**	**0.3%**	**50,662**	**126**	**0.2%**
Off-balance sheet items[3]	2,615	8	0.3%	2,425	6	0.2%	2,444	5	0.2%
Total on and off-balance sheet	**52,062**	**166**	**0.3%**	**52,753**	**136**	**0.3%**	**53,106**	**131**	**0.2%**

[1] Gross SME loans include mortgage-backed loans for a gross amount of € 614 million
[2] Consisting of fair value adjustments from hedge accounting and amortisations
[3] Off-balance sheet: liabilities from irrevocable facilities, guarantees and repurchase commitments

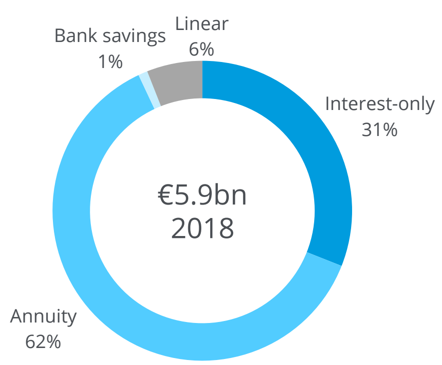
Quality of retail mortgage loans

in € millions	1 Jan 18	30 Jun 2018	31 Dec 2018
Gross loans	45,551	46,370	46,824
- of which stage 1	42,366	43,706	44,236
- of which stage 2	2,467	2,030	2,039
- of which stage 3	718	634	549
Loan loss provisions	74	61	58
- of which stage 1	3	2	2
- of which stage 2	17	11	10
- of which stage 3	53	48	46
Stage 2 as a % of gross loans	5.3%	4.4%	4.4%
Stage 2 coverage ratio[1]	0.7%	0.5%	0.5%
Stage 3 as a % of gross loans	1.5%	1.4%	1.2%
Stage 3 coverage ratio[1]	7.4%	7.6%	8.4%
Net loans excluding IFRS adjustments	45,477	46,309	46,766
IFRS adjustments	295	356	496
Total net loans	45,772	46,665	47,262
Irrevocable loan commitments and financial guarantee contracts[2]	1,967	1,769	1,796
Provision off-balance sheet items	1.0	1.0	0.0
Coverage ratio off-balance sheet items	0.1%	0.1%	0.0%
Total gross on- and off-balance sheet exposure	47,518	48,339	48,620
Impairment charges	--	-8	-8
Provision as a % of gross loans	0.16%	0.13%	0.12%
Cost of risk[3]	--	-0.03%	-0.02%

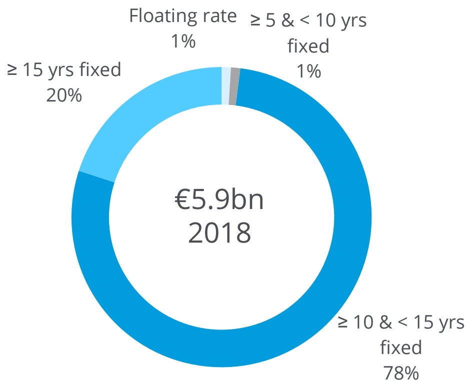
[1] Loan loss provision stage 2/3 as a % of gross exposure stage 2/3 [2] Includes €989m (1 Jan 2018: €1,020m) repurchase commitments of mortgages related to structured finance transactions
[3] Impairment charges as a % of average gross exposure -/- IFRS adjustments

Retail mortgage production

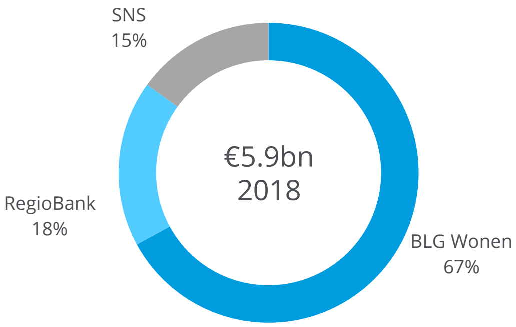
Retail mortgage production by redemption type



Retail mortgage production by interest type



Retail mortgage production by brand on own book

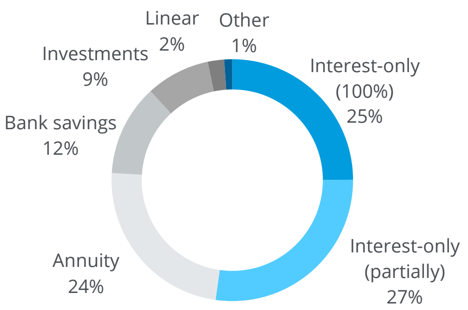


- The distribution of 2018 retail mortgage production by redemption type and interest type is similar to that of 2017
- 62% of new retail mortgages are annuity mortgages, mainly driven by a change in fiscal treatment. Only new annuity or linear mortgages benefit from tax deductibility of the mortgage interest paid
- 31% of retail mortgage production are interest-only mortgages due to the refinancing/conversion of loans originated before 2013
- Strong demand for longer term fixed-rate period mortgages
- All brands contributed to the increase in new retail mortgages

Retail mortgage portfolio

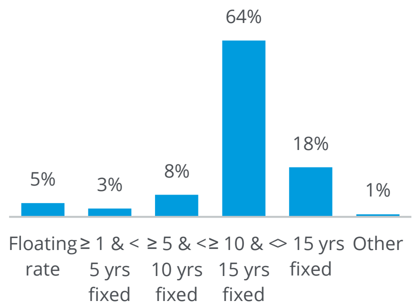
Retail mortgages by redemption type

2018: €46.7bn[1]



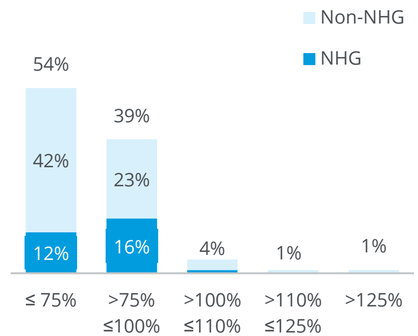
Retail mortgages by fixed-rate period

2018: €46.7bn[1]

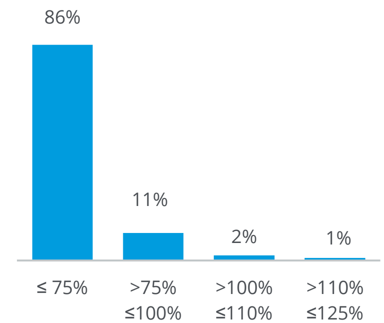


Retail mortgages by LtV bucket

2018: €44.6bn[2]

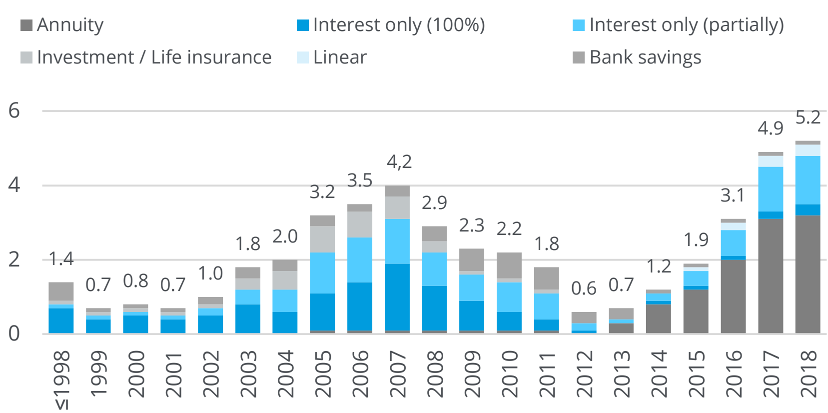


Interest-only (100%) mortgages by LtV bucket



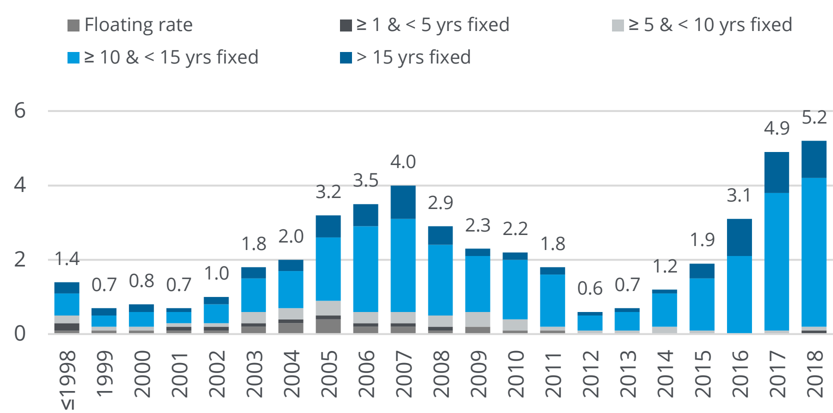
Retail mortgages by year of origination and redemption type

In € billions



Retail mortgages by year of origination and fixed-rate period

In € billions



de volksbank

[1] Total net retail mortgage loans (€47.3bn) +/+ provision (€0.1) -/- accrued interest (€0.1bn) -/- IFRS value adjustments (€0.5bn) [2] Total net retail mortgage loans (€47.3bn) +/+ provision (€0.1m) -/- IFRS value adjustments (€0.5bn), accrued interest (€0.1bn), savings parts (€2.1bn)

Quality of SME loans

in € millions	1 Jan 18	30 Jun 2018	31 Dec 2018
Gross loans	791	753	743
- of which stage 1	558	553	558
- of which stage 2	123	103	99
- of which stage 3	110	97	86
Loan loss provisions	49	40	41
- of which stage 1	1	1	1
- of which stage 2	12	8	7
- of which stage 3	36	31	33
Stage 2 as a % of gross loans	16.3%	13.7%	13.3%
Stage 2 coverage ratio[1]	9.8%	7.8%	7.1%
Stage 3 as a % of gross loans	14.6%	12.9%	11.6%
Stage 3 coverage ratio[1]	32.7%	32.0%	38.4%
Net loans excluding IFRS adjustments	742	713	702
IFRS adjustments	--	--	--
Total net loans	742	713	702
Irrevocable loan commitments and financial guarantee contracts	38	36	36
Provision off-balance sheet items	0.3	0.3	0.3
Coverage ratio off-balance sheet items	0.8%	0.8%	0.8%
Total gross on and off-balance sheet exposure	829	789	779
Impairment charges	--	-7	-5
Provision as a % of gross loans	6.2%	5.3%	5.5%
Cost of risk[2]	--	-1.98%	-0.75%

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

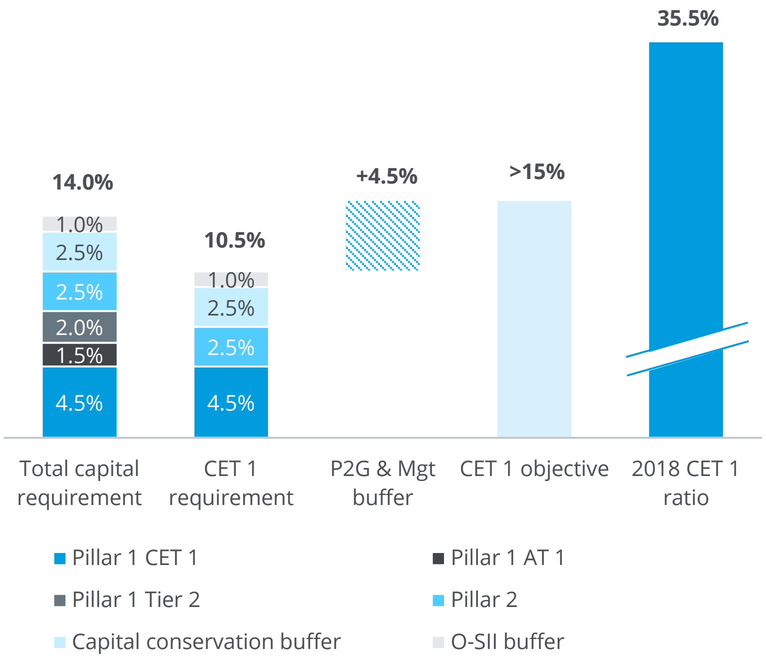
Quality of retail other loans

in € millions	1 Jan 18	30 Jun 2018	31 Dec 2018
Gross loans	143	123	110
- of which stage 1	92	82	74
- of which stage 2	17	13	14
- of which stage 3	34	28	22
Loan loss provisions	34	28	24
- of which stage 1	0	0	0
- of which stage 2	2	1	2
- of which stage 3	32	27	22
Stage 2 as a % of gross loans	13.8%	10.6%	12.7%
Stage 2 coverage ratio[1]	11.8%	7.7%	14.3%
Stage 3 as a % of gross loans	27.6%	22.8%	20.0%
Stage 3 coverage ratio[1]	94.1%	96.4%	100.0%
Net loans excluding IFRS adjustments	109	95	86
IFRS adjustments	--	--	--
Total net loans	109	95	86
Irrevocable loan commitments and financial guarantee contracts	576	582	464
Provision off-balance sheet items	7	5	4
Coverage ratio off-balance sheet items	1.2%	0.9%	0.9%
Total gross on and off-balance sheet exposure	719	705	574
Impairment charges	--	-2	-1
Provision as a % of gross loans	23.8%	22.8%	21.8%
Cost of risk[2]	--	-0.45%	-0.18%

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

De Volksbank amply meets its capital requirements following from the 2019 SREP

SREP capital requirement



Comments

- Based on the final SREP and the full phase-in of both the O-SII buffer (from 0.75% in 2018 to 1.0% in 2019) and the capital conservation buffer (from 1.88% in 2018 to 2.5% in 2019), the Overall Capital Requirement (OCR) expressed in own funds increased from 13.13% in 2018 to 14.0% in 2019. Of our OCR at least 10.5% must consist of CET1 capital
- The OCR serves as the Maximum Distributable Amount trigger level, below which no coupon or dividend payments are allowed
- De Volksbank's aims at a CET1 ratio of more than 15%. This objective includes a Pillar 2 Guidance and management buffer of 4.5%
- We intend to provide an update of our capital targets in 2H19 (currently: CET1 ratio: >15% and leverage ratio: >4.25%)

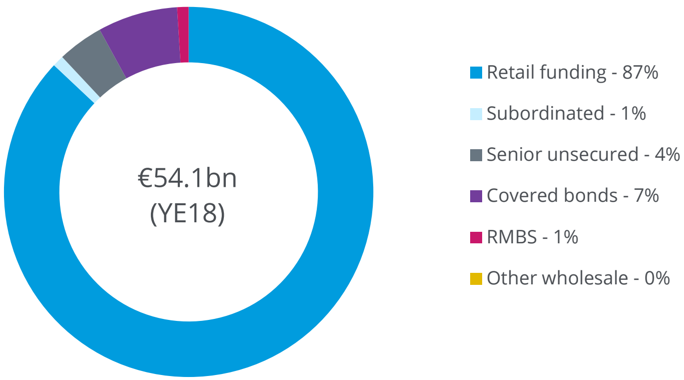
Impact IFRS 9 and Basel IV

Development CET1 ratio

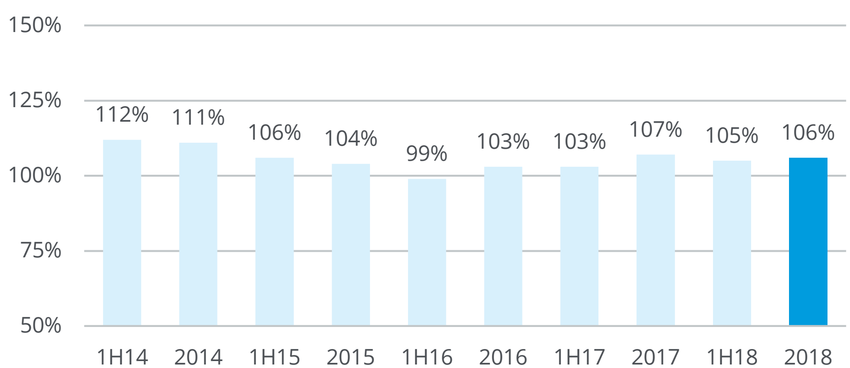
- Impact of IFRS 9 on CET1 ratio of -2.1%-points due to:
  - alignment classification former DBV mortgages from 'fair value' to 'amortised cost' (-1.2%),
  - reassessment valuation standard of part of the liquidity portfolio from 'available for sale' (fair value) to 'hold to collect' (amortised cost) (-0.8%)
  - and an increase in loan loss provisions (-0.1%)
- Based on the balance sheet position at YE18, we estimate that RWA, due to Basel IV, will increase by approximately 45% (estimate at YE17: 35%). This estimate is based on the following assumptions: 1) the application of loan splitting for retail mortgages, 2) the application of NHG as a credit risk mitigating measure, and 3) the assumption that 90% the retail mortgage loans complies with the documentation requirements
- An increase of 45% in RWA corresponds to a decrease of our CET1 ratio by approximately 11%-points
- The 2018 pro forma CET1 ratio including the impact of Basel IV of approximately 25% is still well above our internal objective of at least 15%

Funding & liquidity

Funding mix



Loan-to-Deposit ratio[1]



Liquidity position

In € millions

	31 Dec '17	30 Jun '18	31 Dec '18
Cash	3,753	4,240	2,447
Sovereigns	1,759	1,046	2,393
Regional/local governments & supranationals	850	819	975
Other liquid assets	421	426	437
Eligible retained RMBS	3,968	8,812	8,900
Total liquidity position	**10,751**	**15,343**	**15,152**

- Retail funding decreased slightly to 87% (89% YE17)
- Loan-to-Deposit ratio remained stable at 107%
- Liquidity position remained high
- LCR and NSFR well above 100%
- Upgrade of credit ratings for senior unsecured debt to A- at S&P and Fitch

[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

De Volksbank capital market transactions

Tier 2 (2015)

Issue Rating:	BBB- (S&P), Baa3 (Moody's), BBB (Fitch)
Coupon:	3.750%
Maturity:	10 years (10NC5)
Maturity date:	5 November 2025
Size	€ 500,000,000
Spread:	Mid-swaps + 365bps

Covered bond (2016)

Issue Rating:	Aaa (Moody's), AAA (Fitch)
Coupon:	0.750%
Maturity:	15 years
Maturity date:	24 October 2031
Size	€ 500,000,000
Spread:	Mid-swaps + 9bps

Covered bond (2017)

Issue Rating:	Aaa (Moody's), AAA (Fitch)
Coupon:	0.750%
Maturity:	10 years
Maturity date:	18 May 2027
Size	€ 500,000,000
Spread:	Mid-swaps + 3bps

Senior unsecured (2017)

Issue Rating:	A- (S&P), Baa1 (Moody's), A- (Fitch)
Coupon:	0.125%
Maturity:	3 years
Maturity date:	28 September 2020
Size	€ 500,000,000
Spread:	Mid-swaps + 23bps

Covered bond (2018)

Issue Rating:	Aaa (Moody's), AAA (Fitch)
Coupon:	1.000%
Maturity:	10 years
Maturity date:	8 March 2028
Total size	€ 500,000,000
Spread:	Mid-swaps + 1bps

Several privately placed covered bonds ('17/'18/'19)

Issue Rating:	Aaa (Moody's), AAA (Fitch)
Coupon:	-
Maturity:	16 – 20 years
Maturity date:	-
Total size	€ 943,000,000
Spread:	-

Senior unsecured (2018)

Issue Rating:	A- (S&P), A3 (Moody's), A- (Fitch)
Coupon:	0.750%
Maturity:	5 years
Maturity date:	25 June 2023
Total size	€ 500,000,000
Spread:	Mid-swaps + 50bps

Investment portfolio

Breakdown by sector

In € billions

	2017	%	2018	%
Sovereigns	3.7	74%	3,4	70%
Financials	0.8	15%	0.9	19%
Corporates	0.6	11%	0.5	11%
Total	**5.1**	**100%**	**4.8**	**100%**

Breakdown by maturity

In € billions

	2017	%	2018	%
< 3 months	0.1	2%	0.0	0%
< 1 year	0.4	8%	0.4	8%
< 3 years	0.5	11%	0.5	11%
< 5 years	1.0	20%	1.3	28%
< 10 years	2.7	53%	2.3	49%
< 15 years	0.3	5%	0.2	4%
> 15 years	0.1	1%	0.1	2%
Total	**5.1**	**100%**	**4.8**	**100%**

Breakdown by rating

In € billions

	2017	%	2018	%
AAA	2.7	53%	2.8	58%
AA	2.0	38%	1.7	36%
A	0.4	8%	0.3	6%
BBB	0.0	1%	0.0	0%
< BBB	0.0	0%	0.0	0%
No rating	0.0	0%	0.0	0%
Total	**5.1**	**100%**	**4.8**	**100%**

Breakdown by country

In € millions

	2017	%	2018	%
Netherlands	1,157	23%	1,141	24%
Germany	1,493	29%	1,411	30%
Other[1]	624	12%	547	11%
France	699	14%	545	11%
Belgium	577	11%	627	13%
Austria	396	8%	362	8%
Ireland	118	2%	148	3%
Italy	30	1%	0	0%
Total	**5,094**	**100%**	**4,782**	**100%**

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

Profile

Profile of de Volksbank

Dutch retail bank in the Netherlands with over 3 million customers and 3 core services: mortgages, savings and payments

de volksbank

asn bank | BLGwonen | RegioBank | SNS

Mortgages

€47bn

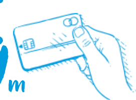
market share 7%

Savings

€37bn

market share 11%

Payments



1.49m

current accounts customers

market share 8%

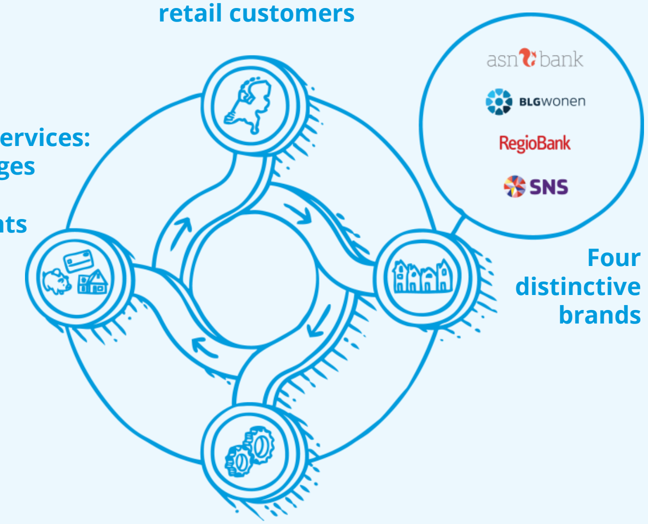
A financially sound bank with a solid capital base

€268m
2018 net profit

35.5%
2018 CET1 ratio

Focus on Dutch retail customers

3 core services:
mortgages
savings
payments



Four distinctive brands

Single back office, strong IT organisation and central staff organisation

Our mission: Banking with a human touch

Our ambition

Optimising shared value by:

creating benefits for customers,

taking responsibility for society,

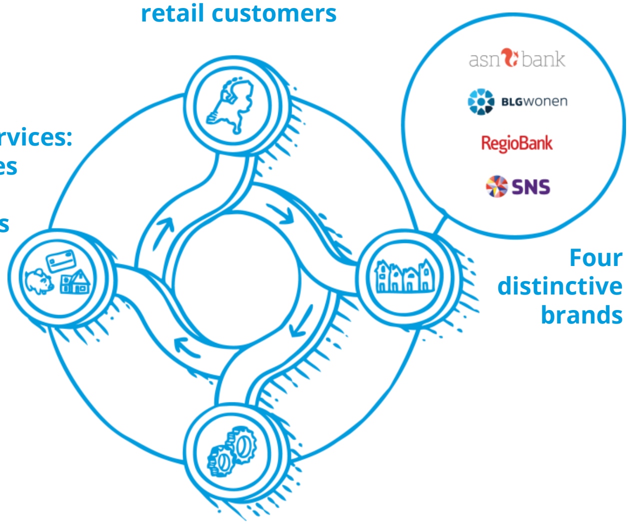
giving genuine attention our employees and

achieving adequate returns for our shareholder(s).

Profile

Focus on Dutch retail customers

3 core services:
mortgages
savings
payments



Four distinctive brands

Single back office, strong IT organisation and central staff organisation

Strategic pillars

Strengthen our social identity

Further simplify and enhance the efficiency of our business operations

Continue to develop towards a flexible organisation that innovates as a smart adopter de volksbank

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