Utrecht, the Netherlands, 11 August 2023

2023 Interim Results

Investor presentation

Martijn Gribnau, CEO

André Haag, CFO

Key points first half of 2023

Progress in our strategy to strengthen customer relationship and increase social impact

- **Strong customer relationship:** increase in the number of active multi-customers to 1,126,000 (YE22: 1,087,000); customer-weighted Net Promoter Score higher at 0 (YE22: -1)
- **Positive impact on society:** improvement of climate-neutral balance sheet to 66% (YE22: 62%), mainly due to an increase in purchased climate bonds and investments in renewable energy projects

Growth in residential mortgages, SME loans and AuM; retail savings stable

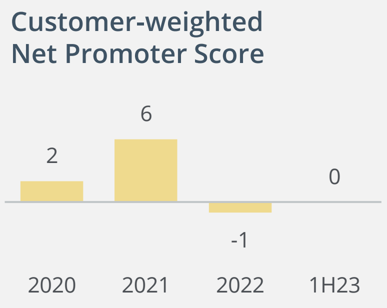
- Increase in **residential mortgage portfolio** to €48.5bn (YE22: €48.3bn). Decrease in new mortgage production to €2.2bn (1H22: €4.3bn) in a shrinking market due to higher interest rates
- Solid growth in **SME loans** of €78m (1H22: €145m) to €1,163m
- **Retail savings** stable at €44.5bn, reflecting our steady and diversified customer base
- **Assets under management** (AuM) €0.3bn higher at €4.2bn, mainly due to a rebound of stock markets

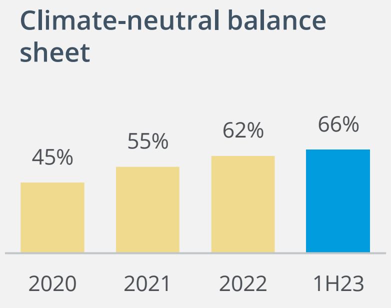
Sharp increase in net profit due to 59% higher total income in a favourable interest rate environment; capital position remains robust with capital ratios above our minimum targets

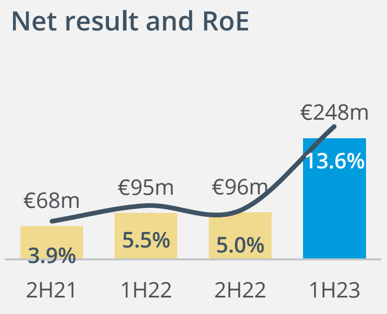
- **Net profit** more than doubled to €248m (1H22: €95m), as a sharp rise in total income outpaced an increase in operating expenses
- **CET1 capital ratio** virtually stable at 20.4% (YE22: 20.3%); **leverage ratio** of 4.8% (YE22: 4.7%)

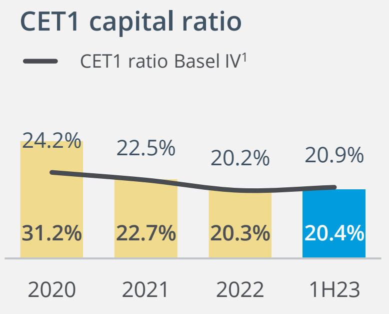
Based on a supervisory review, De Nederlandsche Bank (DNB) concluded that de Volksbank has not sufficiently identified and assessed its risks of money laundering and terrorist financing

- DNB concluded that de Volksbank is in violation of the Anti-Money Laundering and Anti-terrorism Financing Act (Wwft) and imposed an instruction to improve our Systematic Integrity Risk Analysis by 1 April 2024
- DNB also announced its intention to start a procedure for imposing an administrative fine









[1] The pro-forma CET1 ratio based on Basel IV is an estimate

1. Update on strategy

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

How we stand out: two pillars

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

Four growth priorities

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

BLGwonen
Expanding BLG Wonen by improving its distribution reach and service

Five necessary transformations

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

Capabilities — Strengthening organisational, employee and leadership capabilities

Important preconditions — Comply with laws & regulations | Continuity

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 2023
Strong customer relationship	✓ Our customer-weighted Customer Relationship Score increased with 1 percentage point to 54 and our customer-weighted NPS rose to 0, from -1 at year-end 2022 ✓ The number of active multi-customers increased further by 39,000 to 1,126 million ✓ In May 2023, for the second year in a row, ASN Bank, RegioBank and SNS ranked 1, 2 and 3 in the survey 'most customer-friendly banks' in the Netherlands
Social impact	✓ The climate-neutral balance sheet rose 4 percentage points to 66%, mainly due to an increase in purchased climate bonds and investments in renewable energy projects ✓ In the most recent survey of the Fair Bank Guide de Volksbank came out on top, with a score of nine out of ten on seven ESG themes

Progress on strategy: **four growth priorities**

Growth priority	Highlights first half of 2023
asn bank Accelerating ASN Bank's growth as a digital, sustainable bank	✓ More than 240.000 signatories for the EU citizens initiative 'fair living wage in the garment sector', launched by ASN Bank ✓ Sustainable insurance products, offered through partner a.s.r., were rated 'green choice' by Dutch Consumers' Association ✓ Platform for Biodiversity Accounting Financials (PBAF), initiated by ASN Bank, welcomed its 50th member
SNS Attracting a younger target audience and strengthening business model with fee income	✓ Started a partnership with WorldSkills Netherlands, a foundation that promotes vocational education and craftsmanship among young people ✓ Launched three new products: sustainability advice, tailor-made mortgages and life insurance for tenants ✓ SNS is appointing an Advisory Board on the Future, to involve young adults in its policy and business operations
RegioBank Strengthening local presence with broadening propositions	✓ Realised 72 initiatives that contribute to liveability in communities, in corporation with the Oranje Fonds and NLvoorElkaar ✓ Organised the third edition of the National Village Summit as an ambassador of quality of life in regional areas
BLGwonen Expanding BLG Wonen by improving its distribution reach and service	✓ BLG Wonen focuses on improving its distribution reach and service and remains committed to making the housing market more accessible by working with independent financial advisers to develop and offer suitable standard and custom mortgage solutions

Progress on strategy: **five necessary transformations**

Transformation	Highlights first half of 2023
Digital and omnichannel dialogue	✓ We started with the roll-out of a new mobile banking app for ASN Bank, RegioBank and SNS customers, featuring improved and new user options ✓ A chatbot was added as contact option in the ASN Bank app and a live chat has been added to both BLG Wonen and ASN Bank apps
Relevant product range, new propositions, small businesses as a new target market	✓ Increase in the number of independent financial advisers that use the services of our valuation platform Fitrex ✓ Together, de Volksbank brands grew the SME loan portfolio by € 78 million to € 1.2 billion
IT-based customer bank	✓ Further designed and built on a new customer administration, extending the workflow management system, improving the data platform and working on continuous integration and delivery through development pipelines
Customer focused	✓ The new organisational design and way of working has now been implemented. Still, it will take another 1 to 2 years to fully implement the agile transformation
Efficient and flexible	✓ We incorporated the intake processes for suppliers in our systems, enhancing efficiency and control ✓ To further strengthen our capital position and meet MREL requirements, we executed two issuances of green senior non-preferred (SNP) notes of € 500 million each

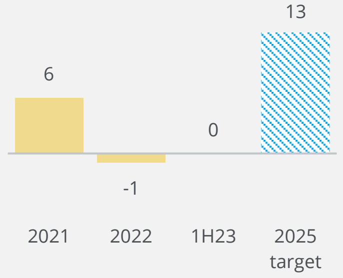
Our role as gatekeeper with regard to customer integrity

- De Volksbank gives the highest priority to its gatekeeper responsibilities with respect to customer integrity, for which purpose we closely follow updated legislation. However, despite additional investments, we experienced delays in executing an improvement plan that commenced in 2020
- Based on a new supervisory review conducted by De Nederlandsche Bank (DNB) in 2022, the latter concluded that de Volksbank did not adequately identify and assess its risks of money laundering and financing of terrorism. The results of identifying and assessing integrity risks are also not up-to-date. DNB assessed that de Volksbank does not take sufficient account of the risk factors related to the type of customer, product, service, transaction and delivery channel and to countries or geographic areas
- Therefore, DNB concluded that de Volksbank is in violation of the Anti-Money Laundering and Anti-terrorism Financing Act (Wwft) and imposed an instruction to improve our Systematic Integrity Risk Analysis by 1 April 2024. DNB also announced its intention to start a procedure to impose an administrative fine
- DNB expects that all identified shortcomings will be permanently and structurally remediated and captured in a comprehensive remediation plan. It will closely monitor the progress in this field and, depending on the progress of the remediation, may decide to proceed with additional measures. Naturally, we regret the current situation and are fully committed to remedy the shortcomings within the timeframe imposed

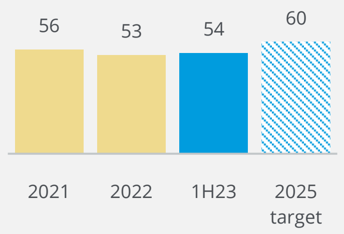
2025 long-term objectives

Customers

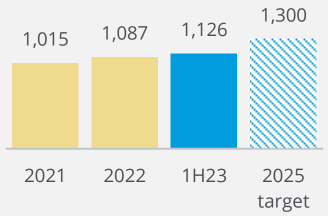
Customer-weighted average NPS



Customer Relationship Score

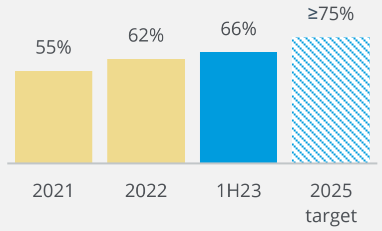


Active multi-customers
(in thousands)



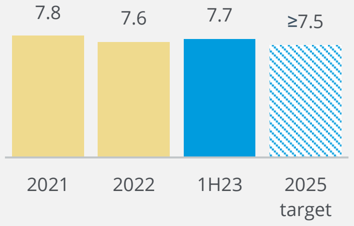
Society

Climate-neutral balance sheet



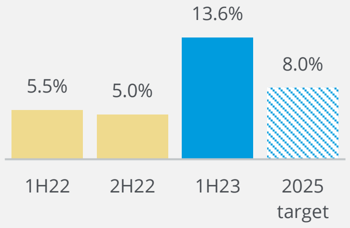
Employees

Genuine attention for employees



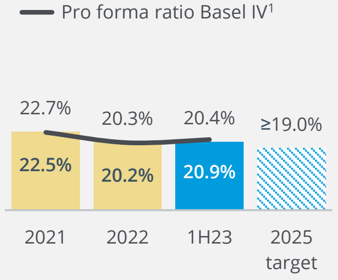
Shareholder

Return on Equity

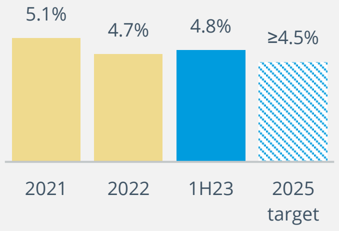


Other objectives

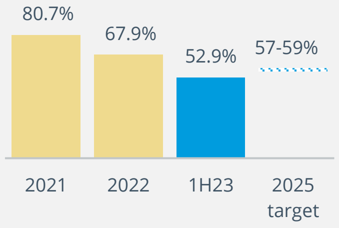
CET1 capital ratio



Leverage ratio

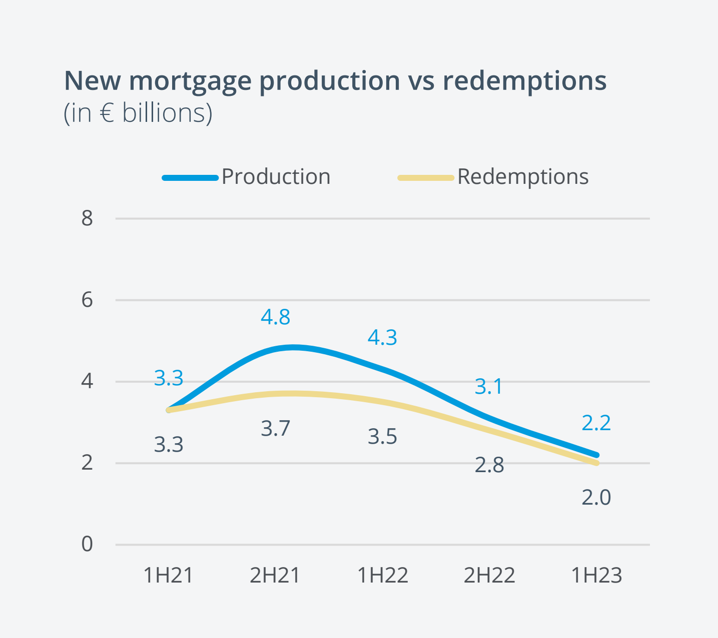


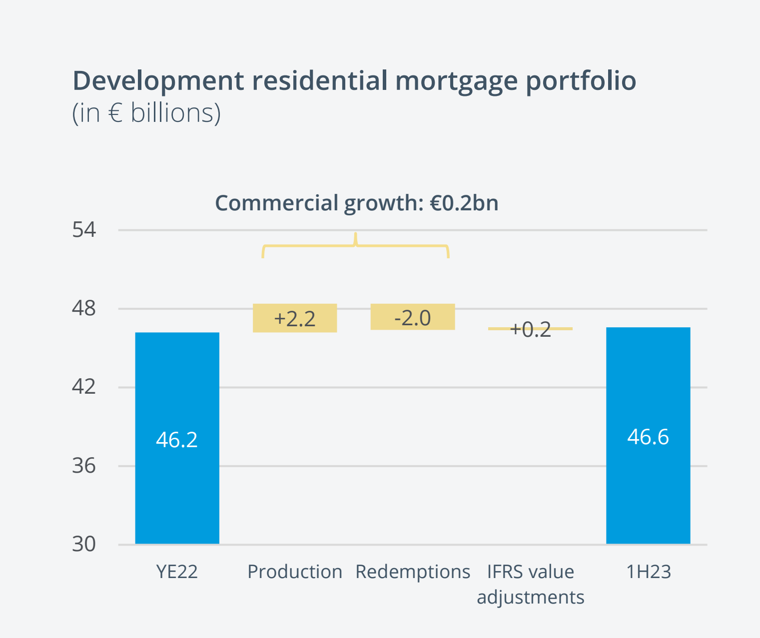
Cost/income ratio

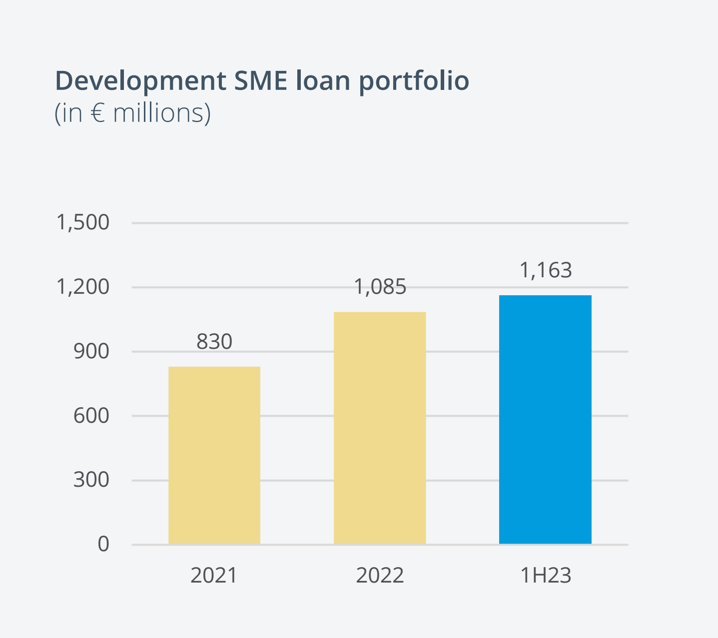


[1] The CET1 ratio based on Basel IV is an estimate

Commercial growth in residential mortgages and SME loans







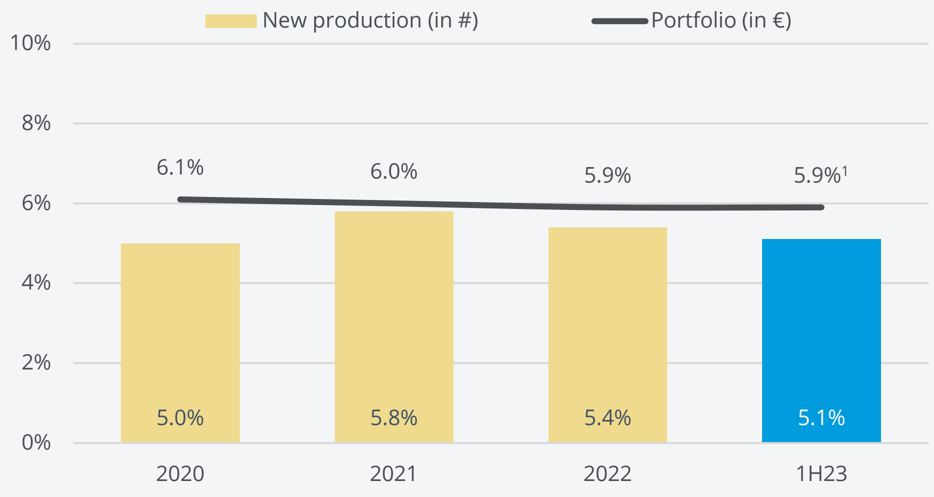
- In 1H23, new residential mortgage production declined to €2.2bn (1H22: €4.3bn), in a shrinking market due to higher interest rates
- Mortgage redemptions decreased by €1.5bn to €2.0bn, mainly due to the decreasing mortgage refinancing volumes

- The residential mortgage portfolio, including IFRS value adjustments, went up by €0.4bn to €46.6bn, reflecting €0.2bn commercial growth and a €0.2bn increase in IFRS value adjustments, due to lower long-term interest rates
- Interest rate renewals decreased to €0.4bn (1H22: €1.4bn), mainly due to lower regular renewals; the share of early renewals was ~32% (1H22: ~63%)

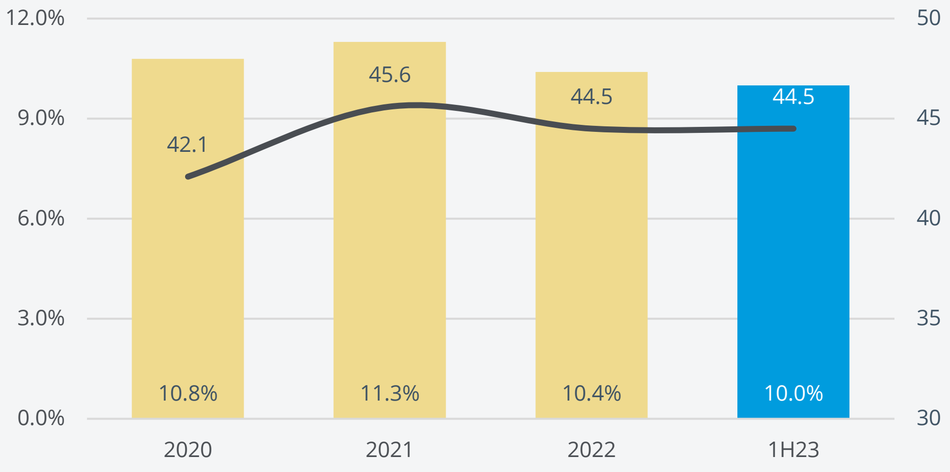
- Our SME loan portfolio grew by €78m to €1,163m
- In 1H23, we originated €105m in new SME loans, compared to €181m in 1H22

Decrease in market shares of new residential mortgage production and retail savings

Market share of residential mortgage loans



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



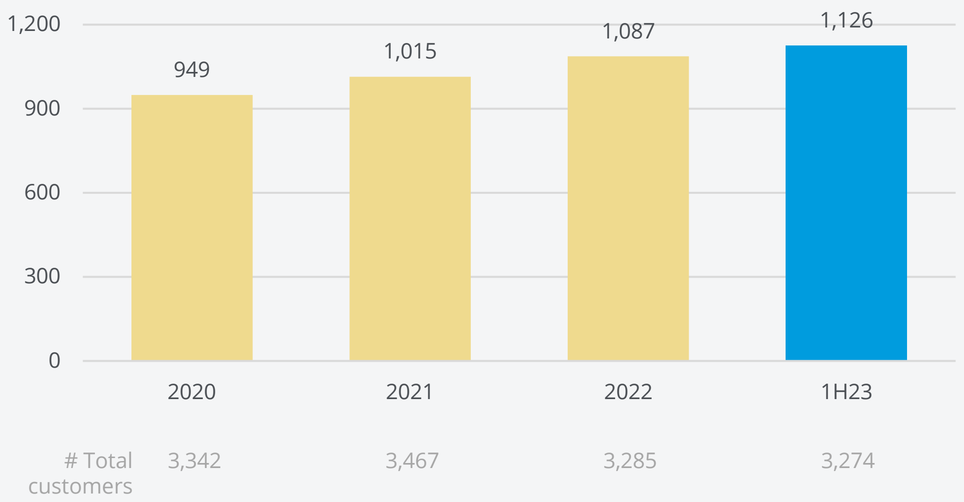
- Our market share of new residential mortgage production decreased to 5.1% (2022: 5.4%)
- Whereas mortgage rates increased sharply in 2022, on average mortgage rates stabilised in the first half of 2023. As a result of the increased rates, the shift towards 10-years fixed mortgages rates continued

- Our retail savings balances remained stable at €44.5bn, while the overall Dutch savings market increased. As a result, our market share declined to 10.0% (2022: 10.4%)

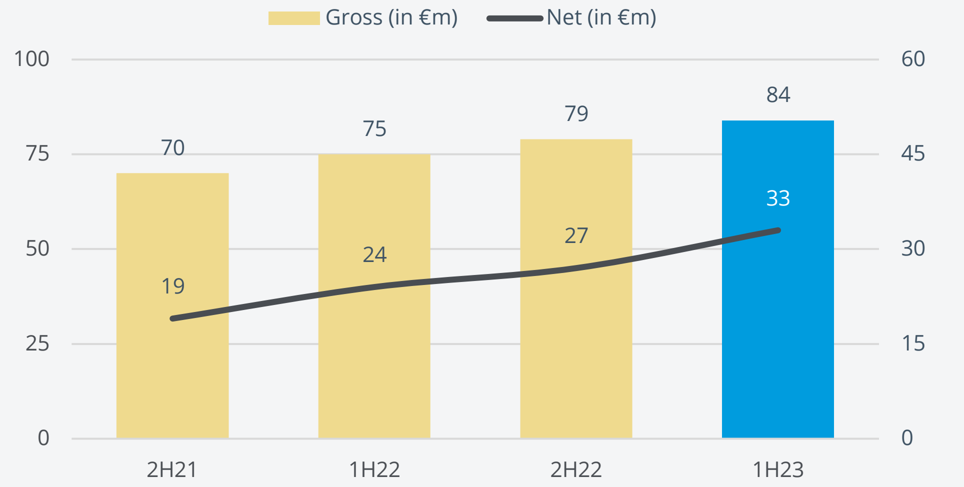
[1] Market share as per Q1, as Q2 number is not yet available

Increase in active multi-customers and fee and commission income

Number of active multi-customers (in thousands)



Gross/net fee and commission income



- In 1H23, the number of active multi-customers rose by 39,000 to 1,126,000; we are well on track to reach our target of 1.3 million by the end of 2025
- In 1H23, the total customer base decreased by 11,000, due to the outflow of mono-savings customers following the introduction of a monthly rate for basic banking services in 2022

- In 1H23, gross and net fee income and commission income increased by 11% and 38% respectively, mainly due to higher payment fees and the introduction of a monthly rate for basic banking services in 2022

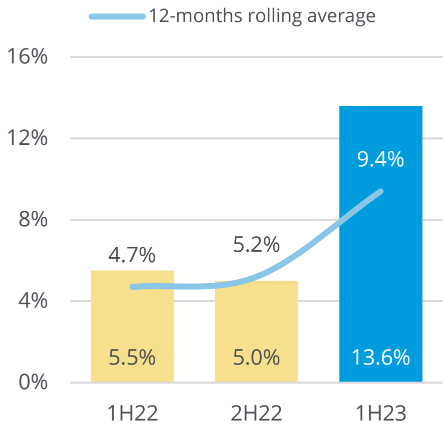
2. Financial results & outlook

Net profit sharply higher at €248m due to higher total income in a favourable interest rate environment

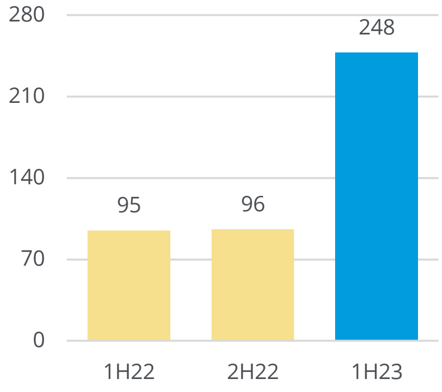
Result (in € millions)

	1H22	1H23	Δ	2H22
Total income	463	735	*+59%*	502
Total operating expenses	323	389	*+20%*	332
Impairment charges	11	8	*-27%*	41
Result before tax	**129**	**338**	***+162%***	**129**
Taxation	34	90	*+165%*	33
Net result	**95**	**248**	***+161%***	**96**
Incidental items[1]	4	--	--	13
Adjusted net result	**91**	**248**	***+173%***	**83**
Return on equity	5.5%	13.6%		5.0%
Adjusted Return on equity	5.2%	13.6%		4.3%

Return on equity



Net result
(in € millions)



- Compared to 1H22, net profit increased by €153m to €248m, attributable to €272m higher total income and €3m lower impairment charges. This was partly offset by €66m higher total operating expenses
- Return on equity stood at 13.6%, higher compared to 1H22 (5.5%), more than wholly driven by a higher net profit

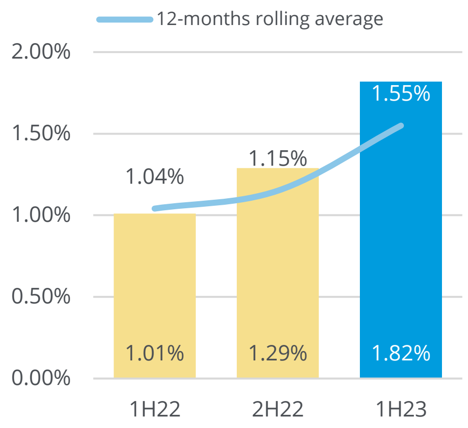
[1] Consisting of releases of the Agile restructuring provision

Total income up by 59%, driven by 78% higher net interest income benefitting from rising ECB interest rates; net fee and commission income up 38%

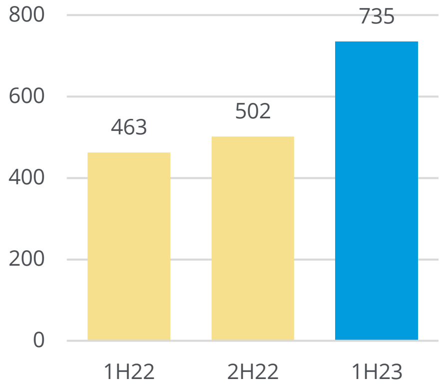
Income (in € millions)

	1H22	1H23	Δ	2H22
Net interest income	372	662	*+78%*	479
Net fee and commission income	24	33	*+38%*	27
Investment income	-2	-5	--	-6
Other results on financial instruments	69	44	*-36%*	1
Other operating income	--	1	--	1
Total income	**463**	**735**	***+59%***	**502**

Net interest margin
(as a % of average assets)



Total income
(in € millions)



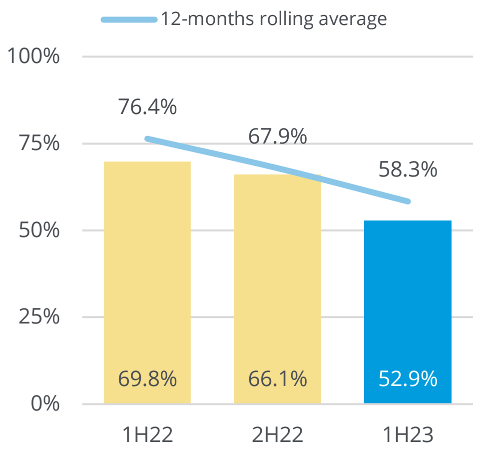
- Net interest income increased by €290m to €662m (+78%), supported by a strong increase in margins on savings and current account balances. This was only partly offset by slightly lower margins on mortgages and lower compensation for loss of interest on account of early repayments
- Net fee and commission income showed a €9m increase to €33m (+38%), mainly due to higher payment fees and the introduction of a monthly rate for the basic banking package in 2022. Management fees were broadly in line with 1H22
- Investment income amounted to €5m negative (1H22: -€2m), and consisted of realised results on fixed-income investments, sold as part of asset and liability management and optimisation of the investment portfolio
- Other results on financial instruments decreased to €44m (1H22: €69m), mainly ensuing from lower results on interest rate swaptions used for hedging purpose; where 1H23 included a loss of €8m, 1H22 included a €51m gain due to the sharp rise in interest rates combined with high market volatility at that time. In addition, results on hedge accounting ineffectiveness of mortgages declined. These elements were partly offset by higher treasury results, due to a shift from net interest income

Operating expenses 20% higher, mainly driven by investments in customer integrity, banking regulations and the IT foundation

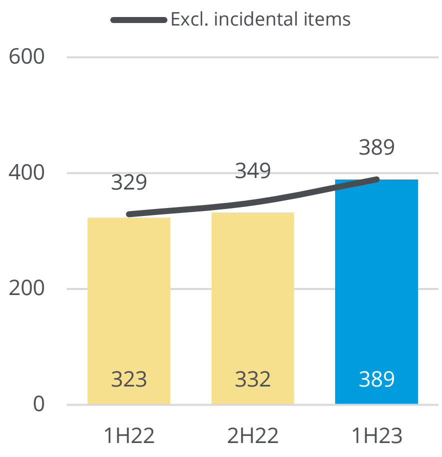
Operating expenses (in € millions)

	1H22	1H23	Δ	2H22
Total operating expenses	**323**	**389**	***+20%***	**332**
Restructuring charge	-6	--	--	-17
Adjusted operating expenses	**329**	**389**	***+18%***	**349**
- of which regulatory levies	*41*	*24*	*-41%*	*28*
Total FTEs	**3,923**	**4,166**	***+6%***	**3,887**
Internal FTEs	3,162	3,262	*+3%*	3,123
External FTEs	761	904	*+19%*	764

Cost/income ratio



Operating expenses (in € millions)



- Total operating expenses increased by €66m to €389m (+20%), mainly driven by higher IT and consultancy costs, reflecting investments in customer integrity, banking regulations and the IT foundation, supporting our objective to become a more robust and resilient organisation. Staff costs were also higher, reflecting an increase in FTEs and wage inflation
- Regulatory levies were €17m lower at €24m, reflecting a €13m lower ex-ante contribution to the DGS (€14m), driven by a lower growth in covered deposits, a refinement of the calculation basis and a partial reversal of last year's contribution. The contribution to the resolution fund was €4m lower at €10m
- Compared to YE22, the total number of FTEs was up by 279 to 4,166, consisting of an increase of 139 internal FTEs to 3,262 and of 140 external FTEs to 904. The increase mainly reflected initiatives in the domains of IT, customer integrity and risk

Impairment charges were lower at €8m; credit quality of our loan portfolio remained sound

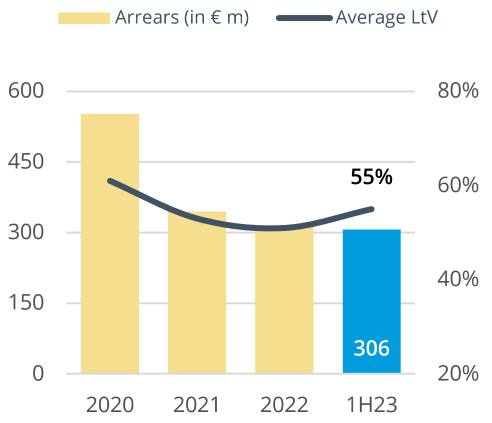
Impairment charges of financial assets (in € millions)

	1H22	1H23	2H22
Residential mortgages	-2	9	19
SME loans	-2	-2	4
Consumer loans	-2	-1	-1
Other corporate and government loans	14	6	9
Loans and advances to banks	--	-3	5
Investments	3	-1	5
Total impairment charges	**11**	**8**	**41**
Cost of risk residential mortgages	-0.01%	0.04%	0.08%
Cost of risk total loans	0.03%	0.05%	0.12%

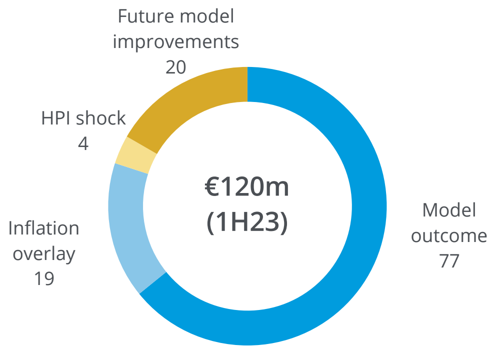
Base scenario macroeconomic parameters

Scenarios as at	31 December 2022		30 June 2023	
	2023	2024	2023	2024
Relative change in house price index (HPI)	-5.6%	4.1%	-3.7%	-3.8%
Unemployment rate	4.6%	4.2%	3.6%	4.0%
Number of bankruptcies (monthly)	396	459	261	406

Residential mortgages in arrears; average LtV



Loan loss provision residential mortgages[1] (in € millions)

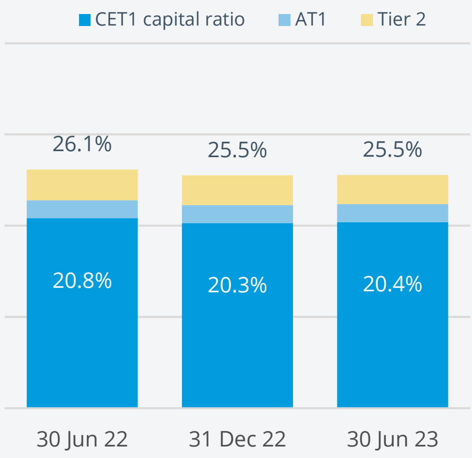


- Impairment charges amounted to €8m and mainly consisted of a charge reflecting the deteriorated macroeconomic parameters used in our loan loss provisioning models and increased credit risk on a few individual corporate loans
- Impairment charges on residential mortgages amounted to €9m; the impact of a less positive outlook for the house price development was partly compensated by a €4m release of the management overlay covering the risk of high inflation
- The average LtV of residential mortgages increased to 55% (YE22: 51%) as a result of declining house prices

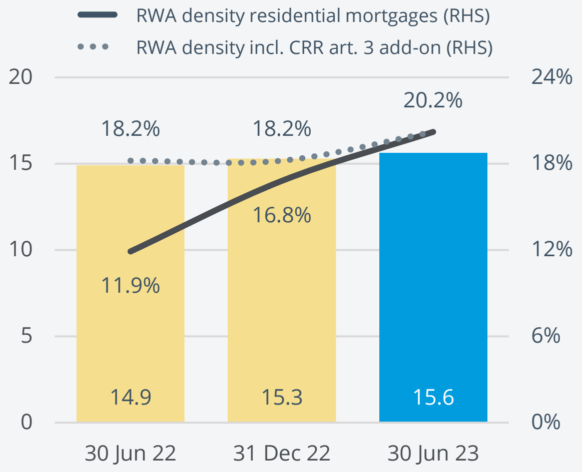
[1] Including provision for off-balance sheet items

Capital position remains robust with capital ratios above our minimum targets

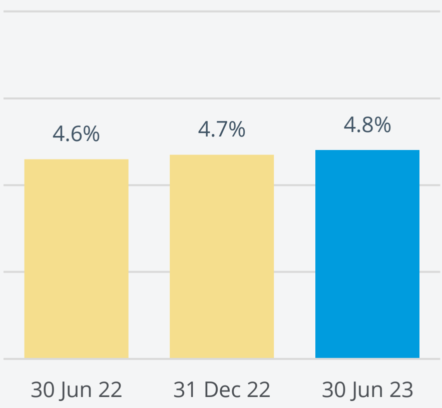
Total capital ratio



Risk-weighted assets (in € billions; LHS)



Leverage ratio



- In 1H23, the CET1 capital ratio increased to 20.4% (YE22: 20.3%) due to an increase in CET1 capital, partly offset by an increase in risk weighted assets (RWA)
  - CET1 capital up by €66m, due to 2022 net profit retention (adjusted for dividend pay-out) and a €10m increase in the revaluation reserve, partly offset by a €7m decrease from smaller effects
  - RWA increased by €0.25bn, mainly due to a €1.0bn increase in RWA related to residential mortgages, partly offset by a €0.7bn decrease in RWA for exposures to financial institutions. Within RWA, the remaining CRR Art. 3 add-on per YE22 has been translated into a multiplier adding additional conservatism to the calculation of IRB RWA, after an exchange of views with our supervisor. RWA also increased due to the impact of a slight deterioration of our customers' average credit quality given the worsened macroeconomic circumstances. The average risk-weighting of our residential mortgage portfolio amounted to 20.2% (YE22: 16.8% *excluding* and 18.2% *including* CRR Art. 3 add-on)
- Compared to YE22, the leverage ratio increased to 4.8%, due to an increase in CET1 capital
- In order to strengthen our MREL position, we issued €500m of green senior non-preferred (SNP) notes in February 2023 and an additional €500m in May 2023
- As at 30 June 2023, we estimate that our RWA according to fully phased-in Basel IV standards would be lower than total RWA under current regulations, mainly due to the removal of the effect of the multiplier in the determination of RWA related to residential mortgages under the IRB approach. The pro-forma Basel IV CET1 ratio stood at 20.9%

Outlook

- In the second half of 2023, we expect net interest income to continue to benefit from the current favourable interest rate environment, although it is highly dependent on the ECB interest rate policy. We expect margins on deposits to be lower and margins on mortgages to be in line with the first half of 2023. In all, we expect total income in the second half to be lower compared to the first half of 2023. For 2023 as whole, we expect total income to be considerably up compared with the 2022 level

- Operating expenses in the second half of 2023 are expected to be in line with the first half of 2023 as we will continue to invest in our IT foundation and projects related to banking regulations and customer integrity, supporting our objective to become a more robust and resilient organisation. Correspondingly, for 2023 as a whole, operating expenses are projected to be higher compared with 2022, despite lower expected regulatory levies

- The impact of macroeconomic forecasts on our customers and their financial resilience is highly uncertain. Consequently, this may impact our loan loss provisioning levels. Based on the current economic outlook and due to the sound credit quality of our loan portfolio, we expect the level of additional impairment charges on loans and advances to be low in the second half of 2023. For 2023 as a whole, we expect impairment charges to be lower compared with 2022

- Taking into account the factors described above, we expect net profit for 2023 to be substantially above that of 2022

Questions & answers

Appendix

Summary P&L

In € millions	2021	2022	1H19	2H19	1H20	2H20	1H21	2H21	1H22	2H22	1H23
Net interest income	775	851	442	433	436	414	392	383	372	479	662
Net fee and commission income	39	51	25	26	29	17	20	19	24	27	33
Other income	13	63	4	-1	15	12	5	8	67	-4	40
Total income	**827**	**965**	**471**	**458**	**480**	**443**	**417**	**410**	**463**	**502**	**735**
Total operating expenses	667	655	278	296	292	360	322	345	323	332	389
Impairment charges	-58	52	-13	6	45	-7	-31	-27	11	41	8
Total expenses	**609**	**707**	**265**	**302**	**337**	**353**	**291**	**318**	**334**	**373**	**397**
Result before tax	**218**	**258**	**206**	**156**	**143**	**90**	**126**	**92**	**129**	**129**	**338**
Taxation	56	67	52	35	37	22	32	24	34	33	90
Net result	**162**	**191**	**154**	**121**	**106**	**68**	**94**	**68**	**95**	**96**	**248**
Incidental items	17	17	--	--	--	34	6	11	4	13	--
Adjusted net result	**145**	**174**	**154**	**121**	**106**	**102**	**88**	**57**	**91**	**83**	**248**
Attributable to owners of the parent company	145	180	154	121	106	102	88	57	94	86	238
Attributable to holders of AT1 notes	--	11	--	--	--	--	--	--	1	10	10
Ratios											
Cost/income ratio	80.7%	67.9%	59.0%	64.6%	60.8%	81.3%	77.2%	84.1%	69.8%	66.1%	52.9%
Adjusted cost/income ratio	83.3%	70.3%	59.0%	64.6%	60.8%	71.1%	79.1%	87.6%	71.1%	69.5%	52.9%
Cost/asset ratio	0.84%	0.79%	0.81%	0.86%	0.83%	1.01%	0.82%	0.86%	0.77%	0.82%	1.00%
Net interest margin	1.11%	1.15%	1.40%	1.34%	1.35%	1.25%	1.14%	1.07%	1.01%	1.29%	1.82%
Cost of risk residential mortgages	-0.10%	0.04%	-0.03%	0.04%	0.14%	-0.02%	-0.09%	-0.11%	-0.01%	0.08%	0.04%
RoE	4.7%	5.2%	8.6%	6.7%	6.2%	4.0%	5.5%	3.9%	5.5%	5.0%	13.6%
Adjusted RoE	4.2%	4.7%	8.6%	6.7%	6.2%	5.9%	5.1%	3.3%	5.2%	4.3%	13.6%

Summary balance sheet

In € millions	31-12-2019	30-06-2020	31-12-2020	30-06-2021	31-12-2021	30-06-2022	31-12-2022	30-06-2023
Total assets	**62,841**	**65,378**	**67,484**	**70,473**	**72,081**	**74,857**	**73,168**	**73,028**
Cash and cash equivalents	2,026	1,079	4,672	8,036	10,305	9,111	8,011	10,291
Loans and advances to banks	3,791	6,817	5,990	5,759	4,527	7,444	6,884	3,872
Loans and advances to customers	50,461	50,867	50,542	50,127	50,570	49,363	48,966	49,419
Derivatives	718	702	864	588	591	2,839	3,302	3,118
Investments	5,350	5,469	5,114	5,494	5,638	5,427	5,591	5,916
Tangible and intangible assets	128	114	110	90	93	87	85	85
Tax assets	99	64	42	64	39	82	80	63
Other assets	268	266	150	314	318	504	249	264
Total liabilities and equity	**62,841**	**65,378**	**67,484**	**70,473**	**72,081**	**74,857**	**73,168**	**73,028**
Savings	*38,404*	*40,521*	*42,111*	*44,689*	*45,646*	*45,744*	*44,501*	*44,507*
Other amounts due to customers	*10,641*	*11,073*	*11,541*	*11,757*	*12,482*	*12,978*	*12,649*	*12,083*
Amounts due to customers	**48,664**	**51,594**	**53,652**	**56,446**	**58,128**	**58,722**	**57,150**	**56,590**
Amounts due to banks	541	246	945	1,175	1,059	2,711	2,805	2,669
Debt certificates	6,906	6,545	6,119	6,885	7,402	7,588	7,544	8,019
Derivatives	1,841	2,188	2,163	1,256	1,013	1,037	924	951
Tax liabilities	15	16	17	12	9	7	19	41
Other liabilities	492	852	558	694	382	529	452	334
Other provisions	64	45	80	77	102	84	66	56
Participation certificates and subordinated debt	502	510	500	504	500	504	500	504
Shareholders' equity	3,435	3,382	3,450	3,424	3,486	3,675	3,708	3,864

Key balance sheet items

Key balance sheet items (in € millions)

	31 Dec 22	30 Jun 23	Δ YoY
Total assets	**73,168**	**73,028**	*-0%*
Cash and cash equivalents	8,011	10,291	*+28%*
Loans and advances to customers	**48,966**	**49,419**	*+1%*
- of which residential mortgages	46,134	46,496	*+3%*
- of which consumer loans	45	49	*+9%*
- of which SME loans	1,061	1,141	*+8%*
- of which other, including (semi-) public sector loans	1,726	1,760	*+2%*
Loans and advances to banks	6,884	3,872	*-44%*
Investments	5,591	5,916	*+6%*
Amounts due to customers	**57,150**	**56,590**	*-1%*
- of which retail savings	44,501	44,507	*+0%*
- of which other amounts due to customers	12,649	12,083	*-4%*
Amounts due to banks	2,805	2,669	*+-5%*
Debt certificates	7,544	8,019	*+6%*
Shareholders' equity	3,708	3,864	*+4%*

Comments

- In 1H23, the balance sheet total remained virtually stable at €73.0bn
- Cash and cash equivalents rose by €2.3bn, driven by a shift from cash deposited at financial institutions to central bank reserves. This was also reflected in €3.0bn lower loans and advances to banks
- Investments were €0.3bn higher, reflecting both new purchases and an increase of the market value as a result of decreased long-term interest rates
- Loans and advances to customers increased by €0.5bn, of which €156m driven by an increase in IFRS value adjustments, due to the decrease in long-term interest rates. In addition, the residential mortgage portfolio and SME portfolio showed commercial growth of €195m and €78m respectively
- The €0.6bn decline in amounts due to customers reflects an outflow of SME savings and current account balances
- Debt certificates increased by €0.5bn, due to the issuance of €1.0bn green senior non-preferred notes to support our MREL position, partly offset by the redemption of €500m senior preferred notes
- Shareholders' equity rose by €156m to ~€3.9bn, due to net profit retention (€248m) and an increase in the fair value reserve (€10m) as a result of the decreased interest rates, partly offset by the 2022 dividend payment (€90m) and the semi-annual interest payment on AT1 notes (€11m)

Breakdown of loans and advances to customers

in € millions	30 June 2022			31 December 2022			30 June 2023		
	Gross amount	Loan loss provision	Coverage ratio	Gross amount	Loan loss provision	Coverage ratio	Gross amount	Loan loss provision	Coverage ratio
Stage 1	**46,861**	**47**	**0.1%**	**48,119**	**45**	**0.1%**	**47,979**	**41**	**0.1%**
- of which residential mortgages	46,105	43	0.1%	45,499	38	0.1%	45,213	33	0.1%
- of which consumer loans	24	--	0.0%	22	--	0.0%	20	--	0.0%
- of which SME loans	838	3	0.4%	933	6	0.6%	1,017	6	0.6%
- of which other commercial loans and loans to public sector	1,714	1	0.1%	1,665	1	0.1%	1,729	2	0.1%
Stage 2	**1,631**	**23**	**1.4%**	**2,492**	**39**	**1.6%**	**2,941**	**46**	**1.6%**
- of which residential mortgages	1,462	16	1.1%	2,320	31	1.3%	2,785	39	1.4%
- of which consumer loans	19	1	5.3%	23	1	4.3%	28	--	0.0%
- of which SME loans	90	6	6.7%	106	7	6.6%	105	7	6.7%
- of which other commercial loans and loans to public sector	60	--	0.0%	43	--	0.0%	23	--	0.0%
Stage 3	**523**	**49**	**9.4%**	**549**	**70**	**1.1%**	**557**	**87**	**15.6%**
- of which residential mortgages	424	14	3.3%	453	29	0.9%	469	42	9.0%
- of which consumer loans	9	9	100.0%	9	8	16.7%	9	8	88.9%
- of which SME loans	47	12	25.5%	46	11	4.2%	41	9	22.0%
- of which other commercial loans and loans to public sector	43	14	32.6%	41	22	2.3%	38	28	73.7%
Total stage 1, 2, 3	**50,835**	**119**	**0.2%**	**51,160**	**154**	**0.3%**	**51,477**	**174**	**0.3%**
- of which residential mortgages	47,991	73	0.2%	48,272	98	0.2%	48,467	114	0.2%
- of which consumer loans	52	10	19.2%	54	9	16.7%	57	8	14.0%
- of which SME loans[1]	975	21	2.2%	1,085	24	2.2%	1,163	22	1.9%
- of which other commercial loans and loans to public sector	1,817	15	0.8%	1,749	23	1.3%	1,790	30	1.7%
IFRS value adjustments[2]	-1,353	--	--	-2,040	--	--	-1,884	--	--
Total loans and advances to customers	**49,482**	**119**	**0.2%**	**49,120**	**154**	**0.3%**	**49,593**	**174**	**0.4%**
Off-balance sheet items[3]	3,118	13	0.4%	2,998	14	0.5%	2,837	11	0.4%
Total on and off-balance sheet	**52,600**	**132**	**0.3%**	**52,118**	**168**	**0.3%**	**52,430**	**185**	**0.4%**

[1] Gross SME loans include mortgage-backed loans for a gross amount of € 1,130 million
[2] Consisting of fair value adjustments from hedge accounting and amortisations
[3] Off-balance sheet: liabilities from irrevocable facilities, guarantees and repurchase commitments

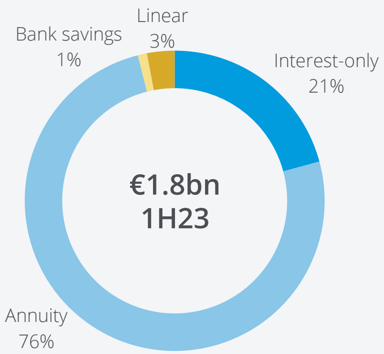
Quality of residential mortgages

in € millions	30 Jun 2019	31 Dec 2019	30 Jun 2020	31 Dec 2020	30 Jun 2021	31 Dec 2021	30 Jun 2022	31 Dec 2022	30 Jun 23
Gross loans	**47,162**	**46,963**	**46,664**	**46,236**	**46,278**	**47,208**	**47,991**	**48,272**	**48,467**
- of which stage 1	45,005	43,977	43,166	43,154	43,638	45,102	46,105	45,499	45,213
- of which stage 2	1,657	2,446	2,949	2,539	2,149	1,575	1,462	2,320	2,785
- of which stage 3	500	540	549	543	491	531	424	453	469
Loan loss provisions	**53**	**71**	**110**	**111**	**97**	**73**	**73**	**98**	**114**
- of which stage 1	2	6	24	24	30	32	43	38	33
- of which stage 2	9	22	35	52	30	24	16	31	39
- of which stage 3	42	43	51	35	37	17	14	29	42
Stage 2 as a % of gross loans	3.5%	5.2%	6.3%	5.5%	4.6%	3.3%	3.0%	4.8%	5.7%
Stage 2 coverage ratio[1]	0.5%	0.9%	1.2%	2.0%	1.4%	1.5%	1.1%	1.3%	1.4%
Stage 3 as a % of gross loans	1.1%	1.1%	1.2%	1.2%	1.1%	1.1%	0.9%	0.9%	1.0%
Stage 3 coverage ratio[1]	8.4%	8.0%	9.3%	6.4%	7.5%	3.2%	3.3%	6.4%	9.0%
Net loans excluding IFRS adjustments	**47,109**	**46,892**	**46,554**	**46,125**	**46,181**	**47,135**	**47,918**	**48,174**	**48,353**
IFRS adjustments	1,293	1,198	1,597	1,572	1,098	810	-1.353	-2,040	-1,884
Total net loans	**48,401**	**48,090**	**48,151**	**47,697**	**47,279**	**47,945**	**46,565**	**46,134**	**46,469**
Irrevocable loan commitments and financial guarantee contracts	1,692	1,598	2,021	1,924	2,293	2,329	2,059	1,940	1,826
Provision off-balance sheet items	1	1	1	1	1	7	8	8	6
Coverage ratio off-balance sheet items	0.0%	0.1%	0.0%	0.1%	0.0%	0.3%	0.4%	0.4%	0.3%
Total gross on and off-balance sheet exposure	**48,854**	**48,561**	**48,685**	**48,160**	**48,571**	**49,537**	**50,050**	**50,212**	**50,293**
Impairment charges	-8	2	33	29	-21	-58	-2	17	9
Provision as a % of gross loans	0.11%	0.15%	0.24%	0.24%	0.21%	0.15%	0.15%	0.20%	0.24%
Cost of risk[2]	-0.03%	0.00%	0.14%	0.06%	-0.09%	-0.10%	-0.01%	0.04%	0.04%

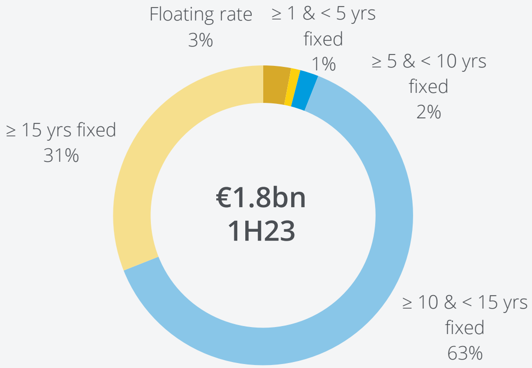
[1] Stage 2/3 loan loss provision as a % of gross exposure to stage 2/3
[2] Impairment charges as a % of average gross exposure -/- IFRS adjustments

Residential mortgage production

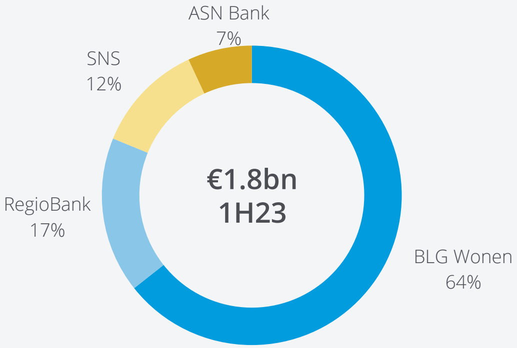
Residential mortgage production by redemption type[1]



Residential mortgage production by interest type[1]



Residential mortgage production by brand on own book[1]

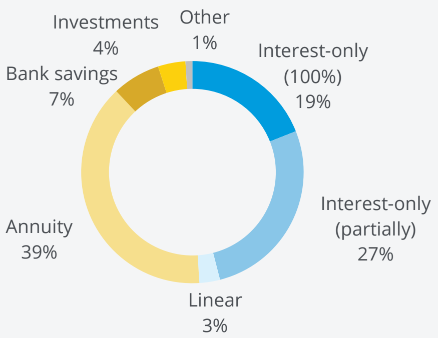


[1] Excluding bridge loans, and '*extra ruimte*' mortgages

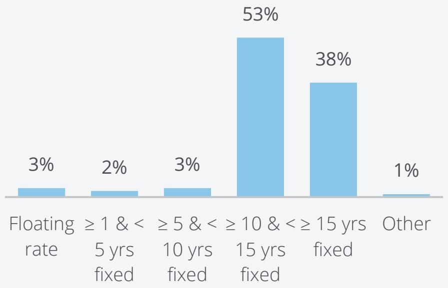
- The share of interest-only mortgages of the new residential mortgage production declined to 21% (2022: 40%), mainly as a result of decreased mortgage refinancing volumes, which largely consisted of interest-only mortgages originated before 2013
- 76% of new residential mortgages production consisted of annuity mortgages. Only new annuity or linear mortgages benefit from tax deductibility
- The shift towards 10-years fixed mortgages rates continued in 1H23, driven by rising mortgage rates. As a result, the share of new mortgages with a 15-year fixed interest rate or longer declined to 31%, compared to 60% in 2022

Residential mortgage portfolio

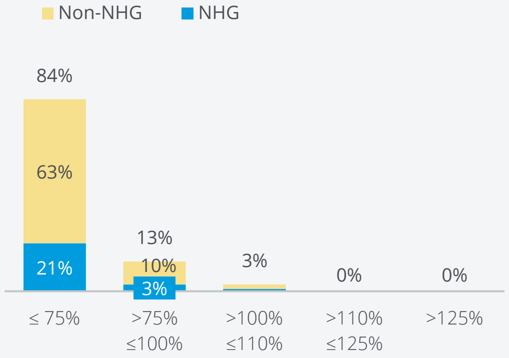
Residential mortgages by redemption type



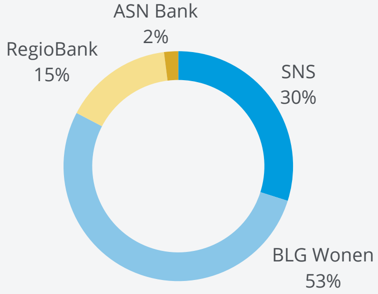
Residential mortgages by fixed-term maturity



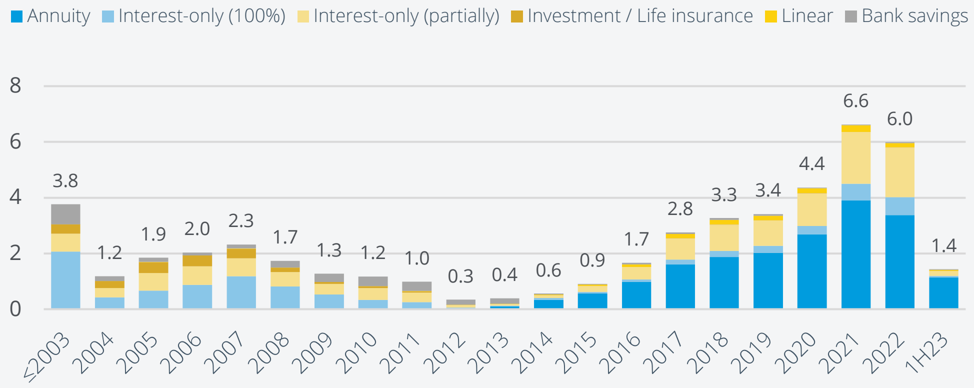
Residential mortgages by LtV bucket



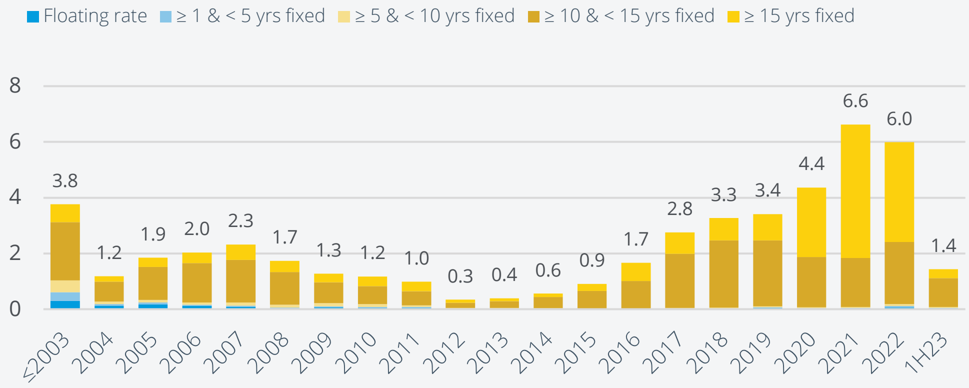
Residential mortgages by brand



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	30 Jun 2019	31 Dec 2019	30 Jun 2020	31 Dec 2020	30 Jun 2021	31 Dec 2021	30 Jun 2022	31 Dec 2022	30 Jun 2023
Gross loans	**730**	**704**	**690**	**724**	**768**	**841**	**975**	**1,085**	**1,163**
- *of which stage 1*	565	566	506	558	600	663	838	933	1,017
- *of which stage 2*	85	67	96	86	104	112	90	106	105
- *of which stage 3*	80	71	89	80	64	66	47	46	41
Loan loss provisions	**38**	**31**	**36**	**38**	**29**	**23**	**21**	**24**	**22**
- *of which stage 1*	1	1	1	6	7	6	3	6	6
- *of which stage 2*	6	5	9	5	4	4	6	7	7
- *of which stage 3*	31	25	26	27	18	13	12	11	9
Stage 2 as a % of gross loans	11.6%	9.5%	13.9%	11.9%	13.5%	13.3%	9.2%	9.8%	9.0%
Stage 2 coverage ratio[1]	7.1%	7.5%	9.4%	5.8%	3.8%	3.6%	6.7%	6.6%	6.7%
Stage 3 as a % of gross loans	11.0%	10.1%	12.8%	11.0%	8.3%	7.8%	4.8%	4.2%	3.5%
Stage 3 coverage ratio[1]	38.8%	35.2%	29.2%	33.8%	28.1%	19.7%	25.5%	23.9%	22.0%
Total net loans	**692**	**669**	**654**	**686**	**739**	**818**	**954**	**1,061**	**1.141**
Irrevocable loan commitments and financial guarantee contracts	38	40	46	45	85	123	126	139	120
Provision off-balance sheet items	0	0	0	1	1	1	1	1	1
Coverage ratio off-balance sheet items	0.8%	0.0%	0.0%	2.2%	1.2%	0.8%	0.8%	0.7%	0.8%
Total gross on and off-balance sheet exposure	**768**	**744**	**740**	**769**	**853**	**864**	**1,101**	**1,224**	**1,283**
Impairment charges	-3	-8	5	8	-7	-12	-2	2	-2
Provision as a % of gross loans	5.2%	4.4%	5.2%	5.2%	3.8%	2.7%	2.2%	2.2%	1.9%
Cost of risk[2]	-0.69%	-1.05%	1.56%	1.16%	-1.98%	-1.56%	-0.32%	0.21%	-0.41%

[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

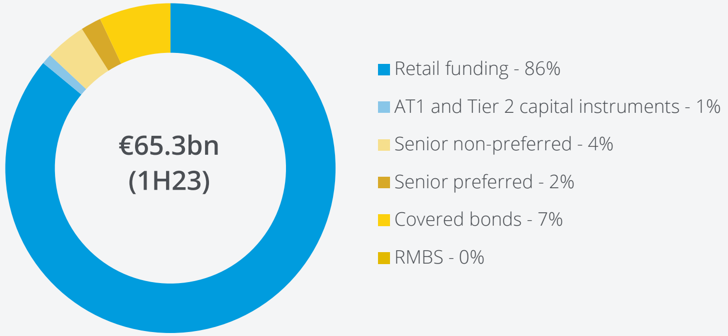
Quality of consumer loans

in € millions	30 Jun 2019	31 Dec 2019	30 Jun 2020	31 Dec 2020	30 Jun 2021	31 Dec 2021	30 Jun 2022	31 Dec 2022	30 Jun 2023
Gross loans	**90**	**87**	**70**	**63**	**54**	**52**	**52**	**54**	**57**
- of which stage 1	64	62	49	38	32	28	24	22	20
- of which stage 2	11	12	9	13	12	14	19	23	28
- of which stage 3	15	13	12	12	10	10	9	9	9
Loan loss provisions	**15**	**14**	**13**	**13**	**10**	**10**	**10**	**9**	**8**
- of which stage 1	0	0	0	0	0	0	0	0	0
- of which stage 2	1	1	1	1	1	0	1	1	0
- of which stage 3	14	13	12	12	9	10	9	8	8
Stage 2 as a % of gross loans	12.2%	13.8%	12.9%	20.6%	22.2.%	26.9%	36.5%	42.6%	49.1%
Stage 2 coverage ratio[1]	9.1%	8.3%	11.1%	7.7%	8.3%	0.0%	5.3%	4.3%	0.0%
Stage 3 as a % of gross loans	16.7%	14.9%	17.1%	19.0%	18.5%	19.2%	17.3%	16.7%	15.8%
Stage 3 coverage ratio[1]	93.3%	100.0%	100.0%	91.7%	90.0%	100.0%	100.0%	88.9%	88.9%
Total net loans	**75**	**73**	**58**	**51**	**44**	**42**	**42**	**45**	**49**
Irrevocable loan commitments and financial guarantee contracts	461	453	440	431	430	415	408	398	386
Provision off-balance sheet items	3	3	4	2	2	5	4	5	4
Coverage ratio off-balance sheet items	0.7%	0.7%	0.9%	0.5%	0.5%	1.2%	1.0%	1.3%	1.0%
Total gross on and off-balance sheet exposure	**551**	**540**	**510**	**494**	**484**	**467**	**460**	**452**	**443**
Impairment charges	--	-2	1	-1	-1	3	-2	-3	-1
Provision as a % of gross loans	16.7%	16.1%	18.6%	19.0%	18.5%	19.7%	19.2%	16.7%	14.0%
Cost of risk[2]	-0.1%	-0.5%	0.60%	-0.16%	-0.36%	0.65%	-0.85%	-0.65%	-0.45%

[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

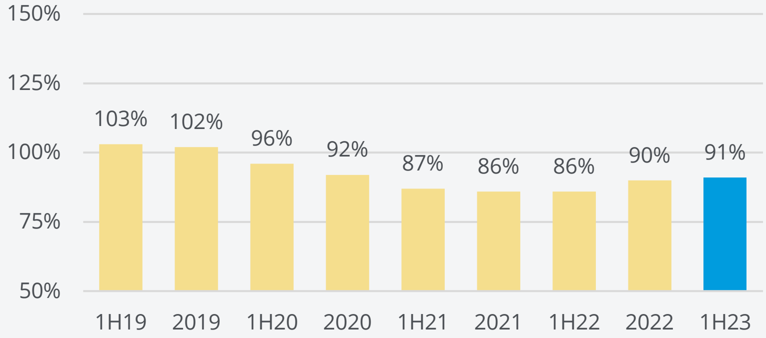
Funding mix



Liquidity position (in € millions)

	1H22	2022	1H23
Central bank reserves	9,502	8,309	10,730
Sovereigns	671	324	724
Regional/local governments & Supranationals	1,631	1,641	1,727
Other liquid assets	850	1,215	1,219
Eligible retained RMBS	5,857	5,719	7,231
Total liquidity position	**18,511**	**17,208**	**21,630**

Loan-to-Deposit ratio



Key liquidity indicators

	1H22	2022	1H23
LCR	359%	233%	297%
NSFR	179%	174%	180%
Loan-to-deposit ratio	86%	90%	91%

- The share of retail funding was marginally down to 86% (YE22: 87%)
- The Loan-to-Deposit ratio increased to 91% as a result of growth of the loan portfolio and a decrease in deposits, mainly current account balances and SME savings
- The liquidity position increased to €21.6bn
  - Although cash outflows were somewhat higher than cash inflows in 1H23, central bank reserves increased from €8.3bn to €10.7bn as we invested less in the money market
  - The liquidity value of eligible retained RMBS increased to €7.2bn (YE22: €5.7bn) as the Lowland 5 transaction was replaced by the Lowland 7 transaction of significantly greater size
- The LCR and NSFR remained well above 100%

Investment portfolio

Breakdown by sector (in € billions)

	2022	%	1H23	%
Sovereigns	2.6	47%	2.8	48%
Financials	1.9	35%	2.1	35%
Corporates	1.0	18%	1.0	18%
Other	0.0	0%	0.0	0%
Total	**5.6**	**100%**	**5.9**	**100%**

Breakdown by maturity (in € billions)

	2022	%	1H23	%
< 3 months	0.2	4%	0.3	5%
< 1 year	0.6	11%	0.5	8%
< 3 years	0.9	16%	1.0	17%
< 5 years	1.5	27%	1.5	25%
< 10 years	2.2	39%	2.3	39%
< 15 years	0.1	2%	0.2	3%
> 15 years	0.1	2%	0.1	2%
Total	**5.6**	**100%**	**5.9**	**100%**

Breakdown by rating (in € billions)

	2022	%	1H23	%
AAA	3.0	55%	3.2	54%
AA	1.8	31%	1.9	31%
A	0.4	7%	0.4	7%
BBB	0.4	6%	0.4	6%
< BBB	0.0	0%	0.0	0%
No rating	0.0	0%	0.0	0%
Total	**5.6**	**100%**	**5.9**	**100%**

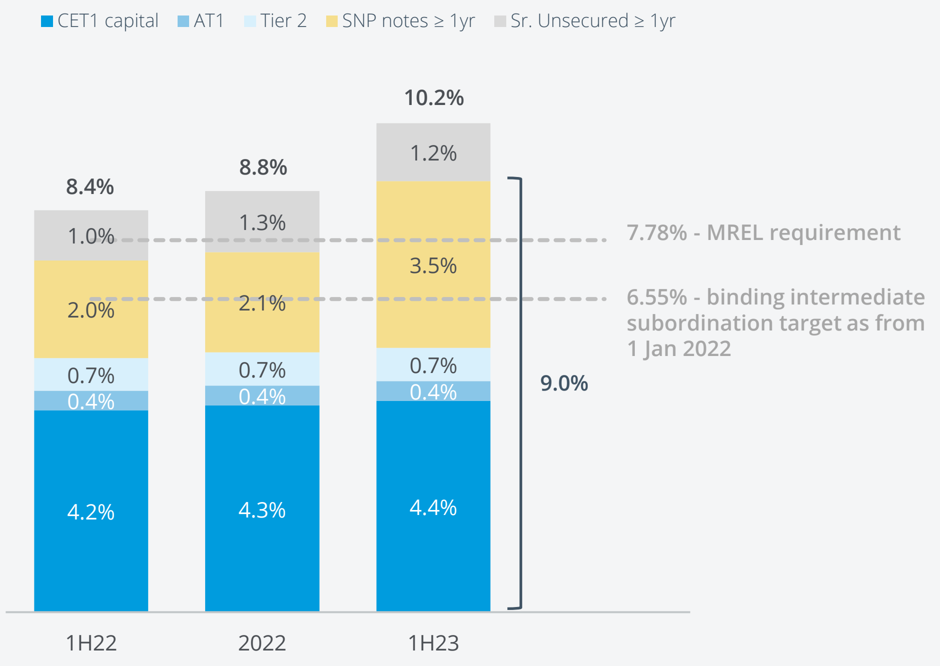
Breakdown by country (in € millions)

	2022	%	1H23	%
Netherlands	1,424	26%	1,468	25%
Germany	1,467	26%	1,502	25%
Other[1]	880	16%	929	16%
France	808	14%	766	13%
Belgium	533	10%	616	10%
Austria	219	4%	282	5%
Spain	203	4%	262	4%
Ireland	28	1%	58	1%
Italy	16	0%	20	0%
Total	**5,578**	**100%**	**5,903**	**100%**

[1] Other mainly consists of Finland, Luxembourg, Norway and Canada

De Volksbank meets its MREL requirements

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



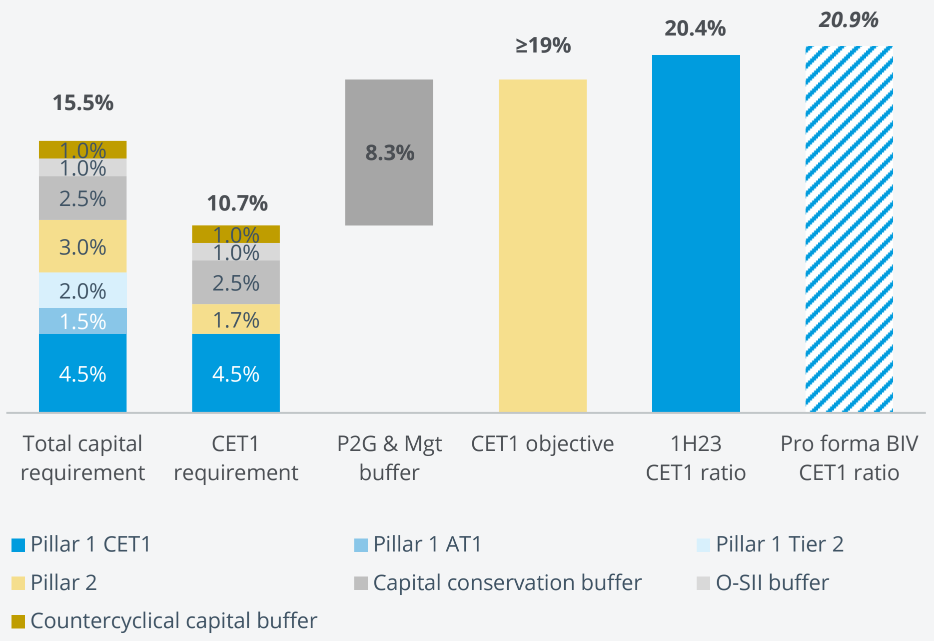
- On 5 April 2023, DNB – the national resolution authority – set the MREL requirement for de Volksbank at 7.78% of the leverage ratio exposure (LRE) as from 1 January 2022
- The MREL requirement based on RWA amounts to 20.41% and is set at 21.81% as of 1 January 2024, both excluding the Combined Buffer Requirement.
- As of 1 January 2024, the MREL requirements based on the LRE and on RWA are to be fully met with subordinated instruments (Tier 1 capital, Tier 2 capital and SNP notes)
- As a binding intermediate subordination target, de Volksbank has to meet at least 6.55% of the LRE with subordinated instruments as from 1 January 2022
- The non-risk-weighted MREL requirements are more restrictive for de Volksbank than the risk-weighted MREL requirements

- In 1H23, de Volksbank successfully executed two SNP transactions to strengthen its MREL position:
  - €0.5bn in green SNP debt with a 7-year maturity
  - €0.5bn in green SNP debt with a 4.5-year maturity
- With these two issuances on top of €1.5bn SNP debt instruments already issued, de Volksbank expects to meet the binding MREL subordination requirement as from January 2024

- In 1H23, driven by the SNP transactions, total capital and MREL-eligible liabilities rose by €1.0bn to €7.3bn, while the LRE remained unchanged at €71.7 billion
- In effect, the MREL-LRE ratio increased to 10.2% as at 30 June 2023 (YE22: 8.8%)
- Including only total capital and eligible SNP liabilities, the MREL-LRE ratio equalled 9.0% (YE22: 7.5%)

De Volksbank meets its SREP capital requirements

SREP capital requirement and CET1 ratio



- De Volksbank is currently required to meet a minimum total capital ratio of 15.5% (Overall Capital Requirement, OCR), of which at least 10.7% is required to be composed of CET1 capital. This obligation stems from the Supervisory Review and Evaluation Process (SREP) as performed by the ECB in 2022 and the currently applicable countercyclical capital buffer (CCyB)
  - On 29 March 2023, DNB confirmed the earlier announced increase in the CCyB in the Netherlands from 0% to 1%, applicable as from 25 May 2023
- The OCR serves as the Maximum Distributable Amount trigger level, below which coupon or dividend payments are restricted
- As at 30 June 2023, de Volksbank's CET1 ratio stood at 20.4% and we estimate that our Basel IV fully phased-in CET1 capital ratio amounts to 20.9%
- On 31 May 2023, DNB announced that the current risk picture gives reason to further increase the CCyB in the Netherlands to 2% as from 31 May 2024. The purpose of the CCyB is to increase banks' resilience when cyclical risks build up, and to release the buffer as soon as these risks materialise
- On 31 May 2023, DNB further announced a reduction of de Volksbank's O-SII buffer from 1.0% to 0.25% as from 31 May 2024

2025 long-term objectives

Customer

2025 objectives

Net Promoter Score

+13

Active multi-customers[1]

1,3 million

Customer Relationship Score

60

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

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