

2016 Results

Investor presentation

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Highlights 2016 results (1)

Improvement in our banking franchise: 21% of new current accounts in the Netherlands opened at ASN Bank, RegioBank or SNS; higher market share new retail mortgages; stabilisation retail mortgage portfolio

Update on strategy

- SNS Bank NV renamed de Volksbank NV as from 1 January 2017, to emphasise the course the bank has set to strengthen its identity as a social, people-oriented and sustainable bank
- Focus on optimising 'shared value' for customers, society, employees and our shareholder

Banking with a human touch

- Improvement in overall customer satisfaction score: several banking industry-specific awards; successful roll-out of Mortgage term monitoring service
- Employee NPS of 30% (YE15: 34%)
- 23% climate neutral balance sheet (YE15: 20%)

Commercial developments

- De Volksbank welcomed 136,000 new current account customers: net growth of 88,000 (+7%)
- Sharp increase in new retail mortgage production to €3.7bn (+76%); market share new retail mortgages higher at 5.7% (2015: 4.1%); retail mortgage loan portfolio virtually stable at €44.9bn
- 1% decrease in retail savings balances to €36.6bn; slightly lower market share of 10.7%

Highlights 2016 results (2)

Financial performance

- Lower net profit of €329m (2015: €348m), impacted by a swing in fair value movements of former DBV mortgages and related derivatives (-€36m) and other one off items
- The 2016 net profit includes a €24m one-off provision for plans to improve operational efficiency
- Higher net profit excluding one-off items of €354m (2015: €335m), with a substantial release of loan provisions and higher investment income more than compensating for the impact of lower net interest income and higher regulatory levies
- The release of loan provisions of €68m was mainly driven by a sharp decline of loans in arrears (2015: an impairment of €37m)
- Adjusted efficiency ratio higher at 56.0% (2015: 53.4%) due to lower income; adjusted operating expenses down by 2%
- Adjusted Return on Equity of 10.3% (2015: 10.7%)
- Increase in Common Equity Tier 1 ratio to 29.2% (2015: 25.3%); Leverage ratio: 5.2% (2015: 4.7%)
- €135m dividend payment for 2016 to NLFI proposed (2015: €100m)

1. Update on strategy and objectives

Change in name and legal structure

- On 27 September 2016, SNS Bank NV announced its new name, de Volksbank, to be used as from 1 January 2017
- The new name better fits the social, people-oriented and sustainable character of the bank. A stable bank that offers simple, useful and affordable products and takes responsibility for society
- On 31 December 2016, a legal merger between SNS Bank NV, ASN Bank NV and RegioBank NV took place. The banking licenses of ASN Bank and RegioBank subsequently lapsed
- ASN Bank, BLG Wonen, RegioBank and SNS operate under the banking license of de Volksbank NV as from 1 January 2017 onwards. The four distinctive brands remain in place and will continue to have their own propositions towards customers

Previous situation

27 September 2016

31 December 2016

1 January 2017



Mission & strategic profile reaffirmed; ambition & priorities rephrased

Our Mission: Banking with a human touch

Our ambition

Optimising shared value by:



- creating benefits for customers,



- taking responsibility for society,



- providing meaning for our employees and



- achieving adequate returns for our shareholder(s).

Profile



Strategic priorities



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

Strategic priorities



Strengthen our social identity

- Focus on sustainability and financial resilience of customers
- Tighten brand positioning and continue to develop customer propositions



Further simplify and enhance the efficiency of our business operations





- In 2H16, we executed a value chain analysis that focused on customer needs and the most cost-effective way to meet them
- This analysis, involving over 250 employees, resulted in a number of initiatives aimed at improving operational efficiency, comprising straight through processing, increased digitisation, optimising support functions, further automation and optimisation of IT processes and moderation of our remuneration policy
- Current plans assume a decline in FTE of approximately 900 by 2020, in broad outline equally divided over internal and external employees. These numbers may be adjusted going forward
- A restructuring provision of €32m (€ 24m net) for the initiatives that have already resulted in specific plans was charged against the 2016 result



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

- Follow innovations in the area of core banking functions and innovate quickly with a focus on constantly improving customer service in a way that suits their needs and expectations
- We have opted for an open innovation process with multi-disciplinary external cooperation and partnering

We have translated our mission and ambition into the following long-term objectives

		2016 Realised	2020 Objectives
 <ul style="list-style-type: none"> A customer-weighted average of all brand-specific Net Promoter Scores (NPS) Number of current account customers 		-8%	10%
		1.3m	1.5m
 <ul style="list-style-type: none"> A climate neutral balance sheet (100% in 2030) We aim to contribute to an increase in the number of our customers who are financially resilient and are currently developing a metric to measure this aspect 		23%	45%
 <ul style="list-style-type: none"> Employee NPS 		30%	40%
 <ul style="list-style-type: none"> Return on equity (RoE) 		9,6%	8%
	<ul style="list-style-type: none"> Common Equity Tier 1 ratio (CET1) 	29.2%	≥15% ²
	<ul style="list-style-type: none"> Leverage ratio 	5.2%	≥ 4.25% ²
	<ul style="list-style-type: none"> Cost/Income ratio (op. expenses excl. reg. levies/total income) 	59.2%	50-52%
	<ul style="list-style-type: none"> Dividend pay-out ratio (as a % of adjusted net profit)¹ 	41%	40-60% ²

[1] Dividend pay-out based on net profit adjusted for fair value movements of former DBV mortgages and related derivatives and items, such as goodwill write-offs and profits or losses on divestments, when material [2] Objectives for CET1 ratio, leverage ratio and dividend pay-out ratio apply to every year

2. Manifesto ambitions & commercial developments

Manifesto ambitions: Initiatives in 2016



People-oriented

- SNS proactively contacted 114,000 customers with its Mortgage term monitoring service
- RegioBank and SNS introduced more sophisticated LtV buckets in their pricing policy, enabling more diversified pricing; BLG Wonen will follow this initiative in 2017
- RegioBank launched a new payment and savings account for children (JongWijs!) that combines fun and practical money tips for children as well as their parents
- BLG Wonen continued to make it easier for first-home buyers to purchase a house by offering a step-by-step guide in the mortgage application process



Social

- Our employees gave over 500 guest lessons at primary schools in the 'National Money Week'
- Over 100,000 schoolchildren in primary schools were taught how to handle money sensibly through our 'Eurowijs' programme



Sustainable

- At the end of 2016, de Volksbank's balance was 23% climate neutral (year-end 2015: 20%). The progress was mainly caused by an increase in avoided emissions of green bonds, renewable energy and energy efficiency projects
- In 2016, the average energy label of our mortgage portfolio showed a slight improvement. BLG Wonen, RegioBank and SNS started pilot projects and took initiatives to support customers in this area
- In the first quarter of 2016, SNS opened its first circular shop in Zoetermeer. SNS intends to build all new shops based on these circular principles

Improvement in overall customer satisfaction level

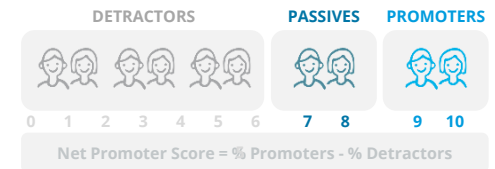
Net Promoter Score

(in %)

Brand	2010	2011	2012	2013	2014	2015	2016	Trend 2010-1H16
SNS	-67	-33	-35	-39	-28	-26	-18	
ASN Bank	+19	+34	+22	+19	+12	+19	+14	
RegioBank	-33	-18	-8	-7	-7	+5	+2	
BLG Wonen	--	--	--	-15	-14	-42	-29	
Weighted average	-41	-16	-17	-21	-16	-12	-8	

* BLG Wonen's measurement started in 1H13

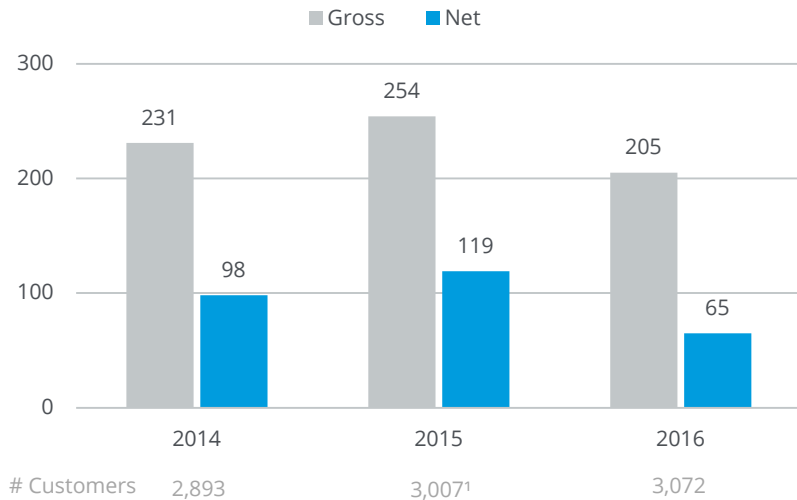
- Weighted average NPS of all brands improved to -8% from -12% at YE15
- NPS of SNS improved to the highest score ever measured
- NPS of ASN Bank decreased slightly. ASN Bank continued to have one of the highest customer satisfaction levels in the industry
- Slightly lower NPS at RegioBank
- BLG Wonen's NPS showed a strong rebound after a decrease in 2015. The sharp drop in 2015 was due to the first time inclusion of former REAAL Bancaire Diensten customers



Customer growth driven by increase in current accounts

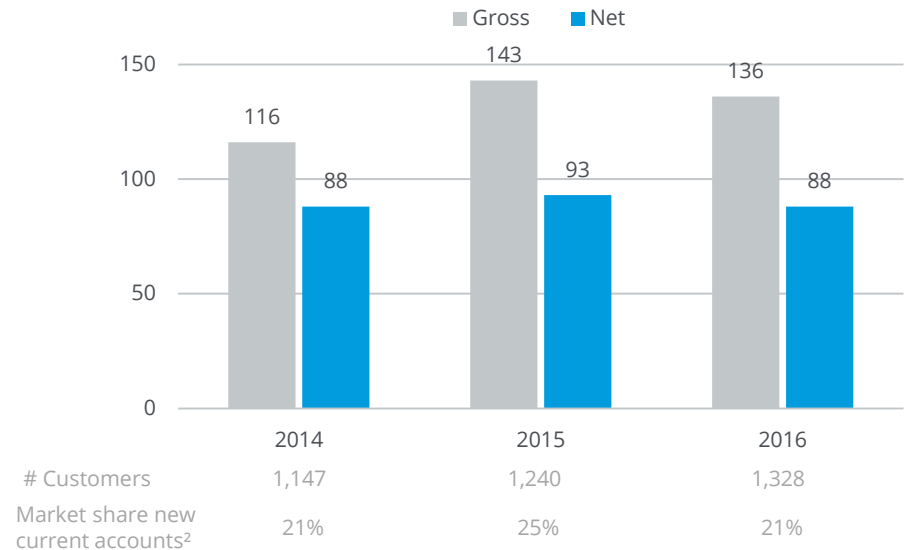
Development customers

In thousands



Development current account customers

In thousands



- Together the brands of de Volksbank welcomed 205,000 new customers in 2016 (net growth: 65,000)
- Net growth of 65,000 was lower vs 2015. This was mainly due to:
 - lower growth of savings customers, partly resulting from the termination of 'spaarloon' accounts and fewer marketing campaigns
 - a limited outflow of customers whose DGS coverage was impacted by the announced legal merger between SNS Bank N.V., ASN Bank N.V. and RegioBank N.V.
 - the phasing-out of investment propositions

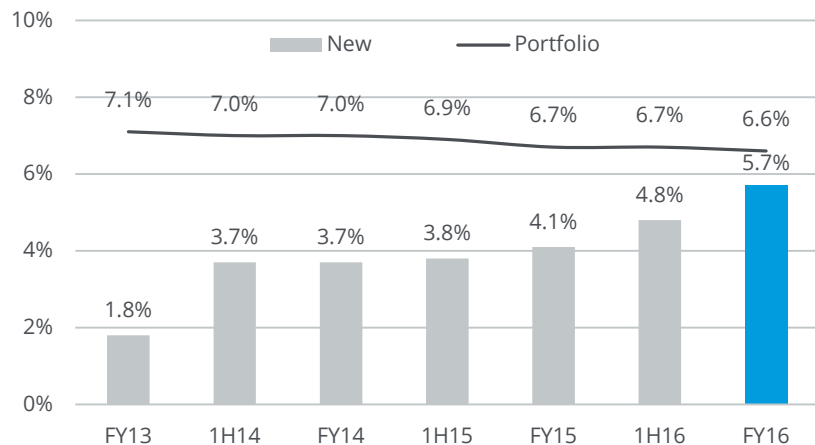
- 136,000 (88,000 net) new current account customers in 2016
- In 2016, 21% of new current accounts in the Netherlands was opened at one of our brands: ASN Bank, RegioBank and SNS
- On a total portfolio basis, market share in current accounts in the Netherlands stood at 7.5%

[1] Includes an adjustment compared to YE15 disclosed figures (-5k) due to changes in definition [2] market research GfK, based on Moving Annual Total (MAT)

Strong growth in new retail mortgage production; slightly lower market share in retail savings

Market share retail mortgage loans

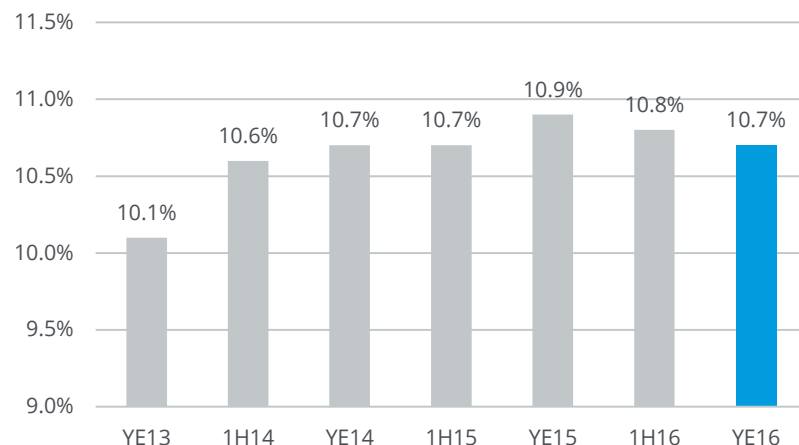
In %



- New retail mortgage production increased to €3.7bn (+76%). In a growing market, market share grew to 5.7%
- On a total portfolio basis, market share in retail mortgage loans remained virtually stable at 6.6%

Market share retail savings

In %

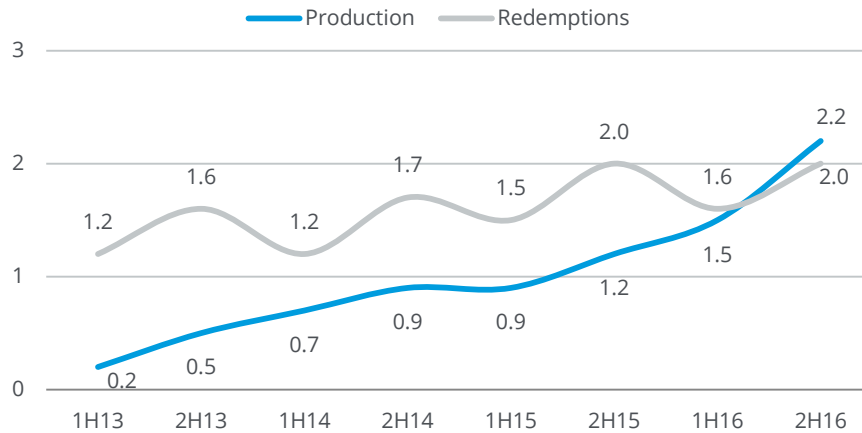


- Market share in retail savings was slightly lower at 10.7%
- Retail savings balances were slightly lower at €36.6bn vs €36.9bn at YE15
- The decrease in savings balances was partly due to a limited outflow following the announced legal merger between SNS Bank N.V., ASN Bank N.V. and RegioBank N.V., impacting DGS coverage of some customers. Also, in 2016 the brands ran fewer marketing campaigns to attract retail savings

Mortgage production vs redemptions

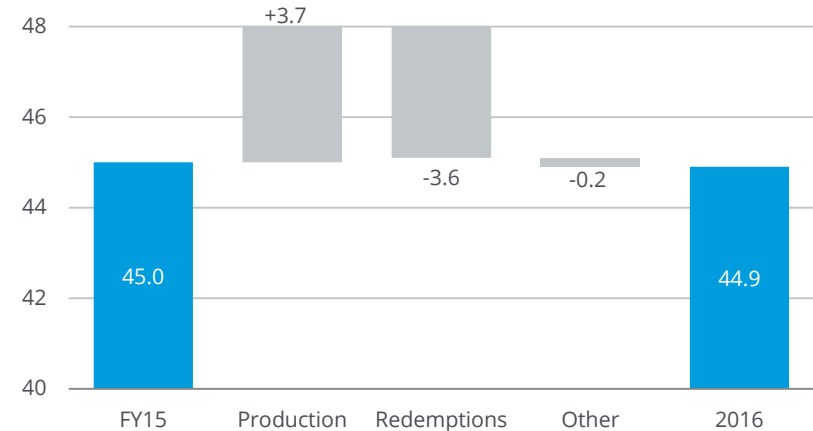
Mortgage production vs redemptions

In € billions



Development gross retail mortgage portfolio 2016¹

In € billions



- In 2H16 mortgage production exceeded redemptions; the retail mortgage portfolio remained virtually stable, supported by increased capacity at the Mortgages Service Centre and increased retention efforts, such as the Mortgage term monitoring service
- De Volksbank was able to retain many mortgage customers whose fixed rate period ended in 2016 or 2017. Volumes of mortgages up for renewal were substantial as a result of the high mortgage origination in the 2005-2007 period, which predominantly carried a 10-year fixed rate
- Taking into account the high level of renewals, the new mortgage production and mortgages with floating interest rates, in 2016 approximately one-third of the total retail mortgage loan portfolio was impacted by lower mortgage interest rates

[1] Conversions excluded from production and redemptions figures

3. 2016 results & outlook

Limited increase in 2016 adjusted net profit, supported by a substantial release of loan provisions

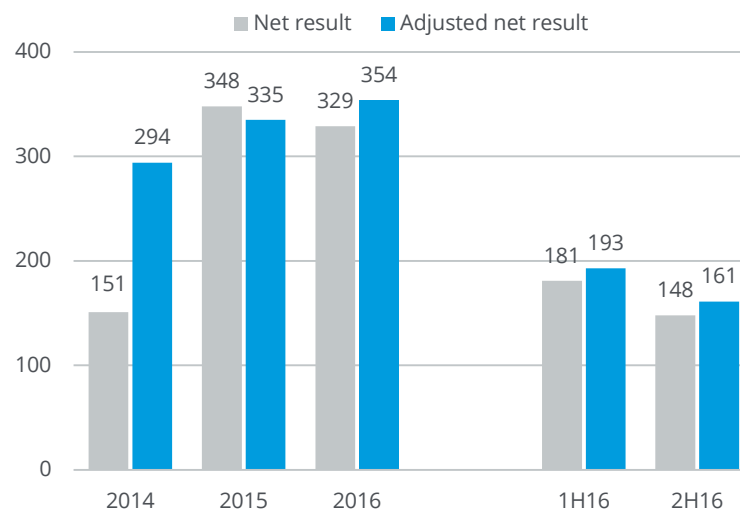
Result

In € millions

	2015	2016	1H16	2H16
Net result for the period	348	329	181	148
Book loss sale SNS Securities N.V.	-22	--	--	--
Fair value movements of mortgages/related derivatives	35	-1	-12	11
Restructuring provision	--	-24	--	-24
Total one-off items	13	-25	-12	-13
Adjusted net result for the period	335	354	193	161
Return on Equity	11.1%	9.6%	10.8%	8.4%
Adjusted Return on Equity	10.7%	10.3%	11.5%	9.2%

Result

In € millions



- Adjusted for one-off items, net profit increased by €19m to €354 million (+6%). A substantial release of loan provisions and higher investment income more than compensated for the impact of lower net interest income and higher regulatory levies
- Net profit was €19m lower at € 329m (-5%), impacted by a € 38m negative swing in one-off items
- Fair value movements of the former DBV mortgage portfolio and related derivatives showed a swing of -€36m. Furthermore, the 2016 result included a €24m net one-off restructuring provision and in 2015 there was a €22m book loss on the sale of SNS Securities
- Based on net profit excluding one-off items, ROE was 10.3% (2015: 10.7%). The decline was wholly due to a higher average level of equity
- 2H16 adjusted net profit result of €161m was €32m lower compared to 1H16, mainly due to lower net interest income and a lower release of loan loss provisions

Lower adjusted total income mainly due to lower net interest income

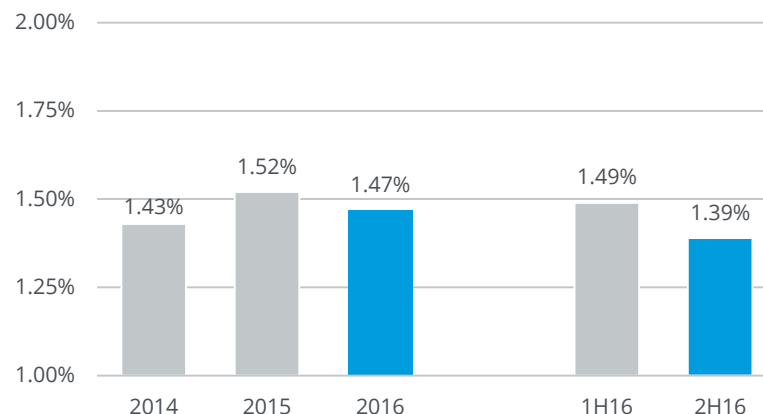
Income

In € millions

	2015	2016	1H16	2H16
Net interest income	994	911	472	439
Net fee and commission income	48	57	31	26
Investment income	42	57	37	20
Result on financial instruments	39	-20	-31	11
Other operating income	2	2	1	1
Total income	1,125	1,007	510	497
One-off items	47	-1	-16	15
Adjusted total income	1,078	1,008	526	482

Net interest margin

(% of average assets)



- Adjusted total income decreased by €70m to €1,008m, mainly due to lower net interest income
- Net interest income decreased by €83m YoY, mainly as a result of high (early) renewals at lower mortgage rates in 2015 and 2016, partly compensated by lower interest expenses on savings accounts and the impact of redemptions on wholesale funding
- Net interest income as a percentage of average assets decreased to 1.47% (2015: 1.52%)
- Net fee and commission income increased by €9m due to higher received management fees as a result of higher AuM and higher mortgage advisory fees
- Investment income was substantial in both 2016 and 2015 and increased by €15m, mainly due to a €10m gain on the sale of de Volksbank's share in VISA Europe Ltd. In 1H16. In addition, realised gains on fixed-income investments increased
- Result on financial instruments declined by €59m, of which €48m due to fair value movements of former DBV mortgages and related derivatives (one-off item) and €11m due to hedge ineffectiveness results

Slight decline in adjusted operating expenses

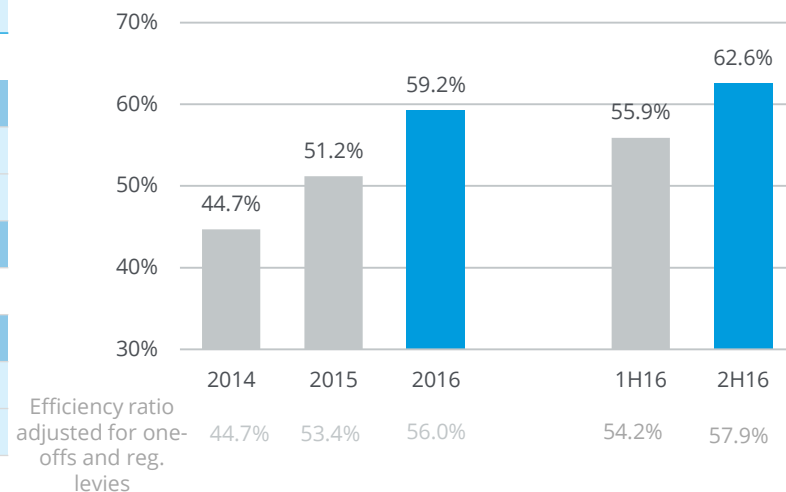
Operating expenses

In € millions

	2015	2016	1H16	2H16
Total operating expenses	590	642	312	330
Regulatory levies	15	46	27	19
Restructuring charge	--	32	--	32
Adjusted operating expenses	575	564	285	279
Total FTE	4,198	4,005	4,188	4,005
Internal FTE	3,340	3,354	3,413	3,354
External FTE	858	651	775	651

Efficiency ratio adjusted for regulatory levies

In %



- Adjusted for regulatory levies and the restructuring charge, operating expenses were €11m lower at €564m (-2%). The decline was mainly due to the absence of the SNS Securities cost base as of the second half of 2016, lower temporary staff costs and lower additions to non-credit related provisions. Staff costs to facilitate the increased mortgage activities and pension costs increased
- 2016 adjusted operating expenses included €23m provisioning charges related to the expected compensation under the Recovery Framework pertaining to SME interest rate derivatives. However, the impact was largely compensated by a release of other non-credit risk related provisions
- Regulatory levies rose sharply to €46m, of which €8m related to the resolution fund contribution and €38m to the full year ex-ante DGS contribution
- Total operating expenses increased by €52m to €642m (+9%), more than wholly due to higher regulatory levies and the restructuring charge

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

Loan impairment charges

In € millions

	2015	2016	1H16	2H16
Retail mortgage loans	34	-65	-40	-25
SME loans	-3	-2	-2	1
Other	6	-1	-3	1
Total loan impairment charges	37	-68	-45	-23
Impairments on retail mortgages as % of gross outstanding retail mortgages	0.07%	-0.14%	-0.18%	-0.11%
Total loan impairments as % of gross outstanding loans	0.07%	0.14%	-0.18%	-0.10%

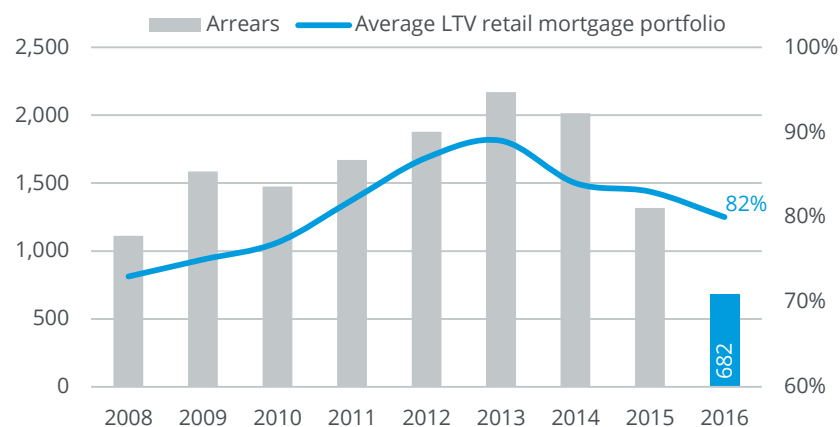
Retail mortgage loans

Ratios

	2015	1H16	2016
Loans in arrears % gross loans	2.9%	2.0%	1.5%
Impaired ratio	2.0%	1.4%	0.9%
Loan loss reserves % gross loans	0.57%	0.39%	0.25%
Coverage ratio	22.5%	21.4%	19.0%
Average LTV	83%	82%	80%

Retail mortgages in arrears, average LTV

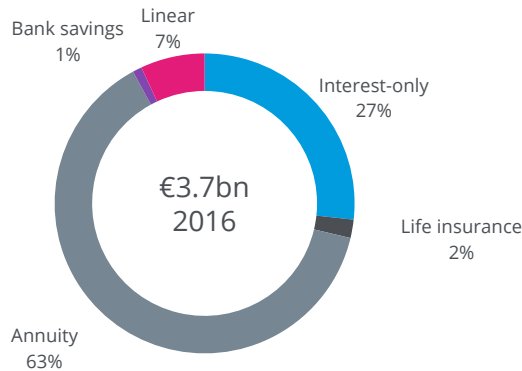
(in €m LHS; LTV RHS)



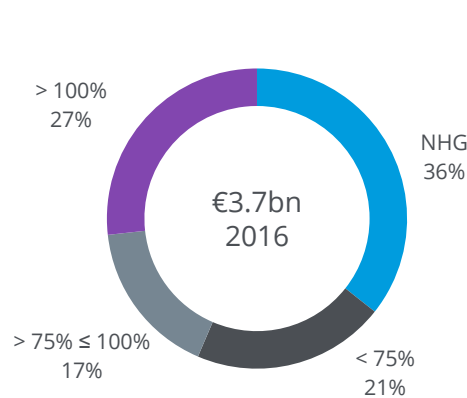
- Sharp improvement in impairments on retail mortgages, resulting in a € 68m release of loan provisions, positively impacted by a decrease in impaired default loans due to:
 - a high level of recoveries and a low inflow
 - positive macroeconomic developments
 - improvements in arrears management
 - rising residential house prices contributing to a surplus on foreclosures
- Decrease in retail mortgages in arrears (from 1 day overdue) from €1.3bn to €0.7bn, 1.5% of gross loans. Impaired default loans decreased from €0.9bn to €0.4bn, 0.9% of gross loans (impaired ratio)

Retail mortgage production

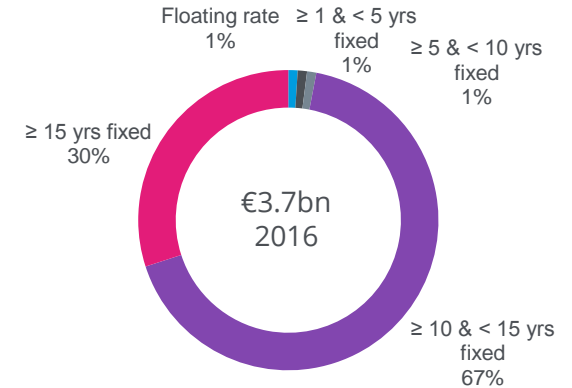
Retail mortgage production by redemption type



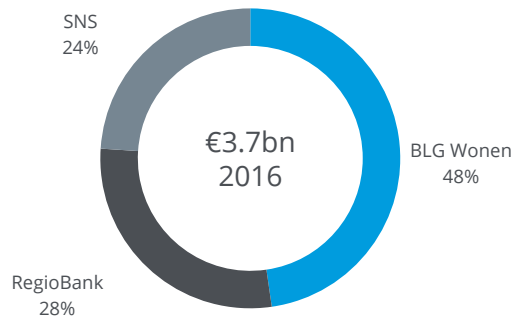
Retail mortgage production by LtV bucket



Retail mortgage production by interest type



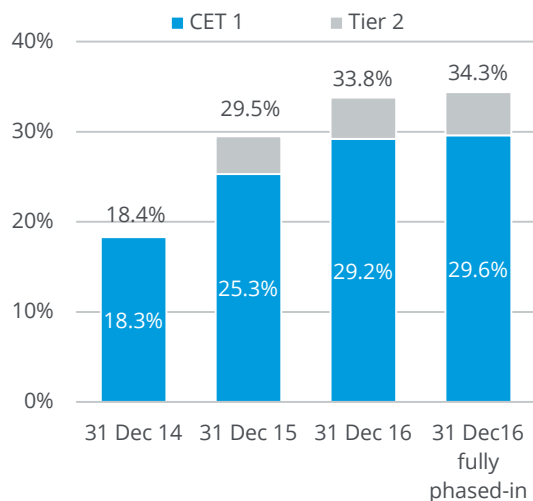
Retail mortgage production by brand on own book



- 63% of new retail mortgages are annuity mortgages, mainly driven by a change in fiscal treatment. Only new mortgages which are annuity or linear, benefit from tax deductibility of the interest paid
- 27% of retail mortgage production are interest-only mortgages due to refinancing of loans originated before 2013
- 36% of retail mortgage production is covered by NHG (National Mortgage Guarantee)
- Strong demand for longer fixed-rate period mortgages
- All brands contributed to increase in new retail mortgages. 52% of new mortgages was distributed through our own franchise/shops

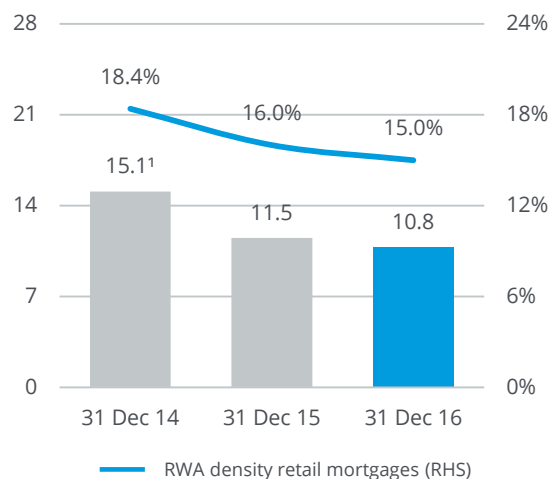
Further improvement in capital ratios in 2016

Total capital ratio

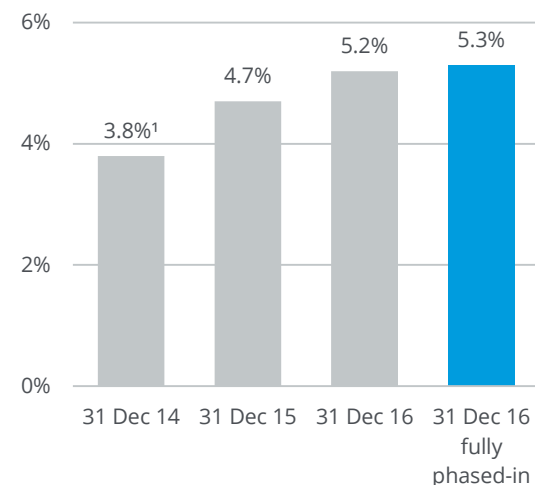


Risk weighted assets

(in € billions; LHS)



Leverage ratio

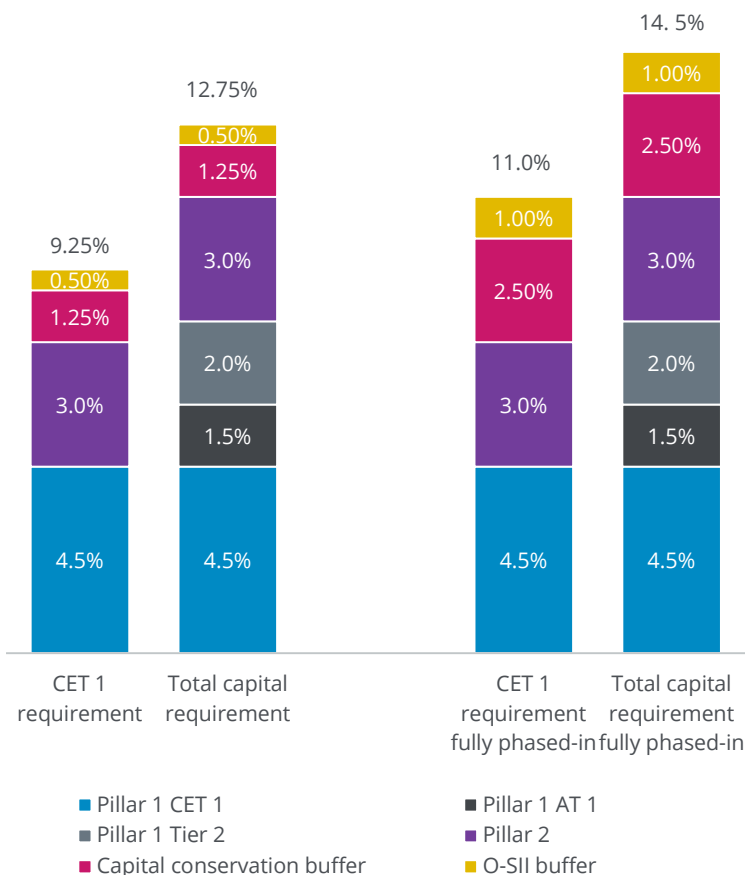


- The CET 1 ratio improved to 29.2% mainly due to profit retention, an increase in the AFS revaluation reserve and the termination of a credit facility provided to SRH NV in 1Q16
- RWA decreased to €10.8bn compared to €11.5bn at year-end 2015, mainly driven by decreasing PD's and LGD's as a result of improved economic circumstances, partly offset by the impact of an update of the IRB model and the call of the Hermes XII securitisation
- The increase of the leverage ratio to 5.2% was mainly driven by an increase of Tier 1 capital and a slight decrease of the balance sheet
- De Volksbank's risk weighted capital ratios offer a substantial buffer against the estimated impact of developments in capital regulation (Basel IV)

[1] Stand-alone

De Volksbank amply meets its 2017 capital requirements following from the SREP

2017 Capital requirements following from the SREP



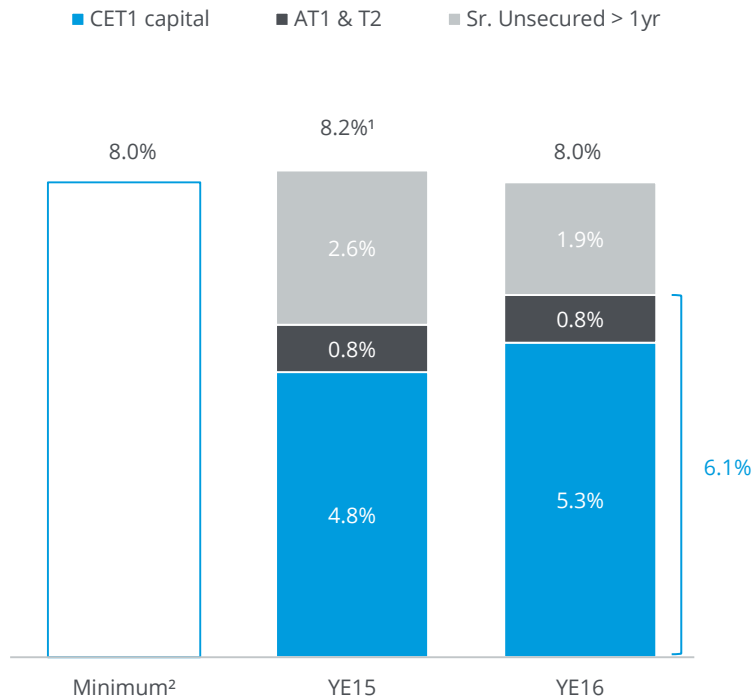
- Following from the SREP, with effect from 1 January 2017 de Volksbank is required to meet a minimum Total Capital ratio of 12.75% (Overall Capital Requirement, OCR), of which 9.25% CET 1 capital
- The OCR serves as the Maximum Distributable Amount trigger level, below which no coupon or dividend payments are allowed
- Fully phased-in (as per 1 January 2019), the OCR for de Volksbank is equal to 14.5%, of which 11.0% CET1 capital
- De Volksbank's own objective of a CET 1 ratio of more than 15% is higher than the OCR from the SREP

With a CET1 ratio of 29.2% and a total capital ratio of 33.8%, de Volksbank amply meets the SREP requirements

The Overall Capital Requirement consists of a Pillar 1 own funds requirement of 8.0%, a Pillar 2 CET1 requirement of 3.0% and a Combined Buffer Requirement (CBR) of 1.75%. The CBR to be held in CET1 capital consists of a capital conservation buffer, a buffer for Other Systemically Important Institutions ('O-SII buffer') and a countercyclical capital buffer. The capital conservation buffer is equal to 1.25% per 1 January 2017 and increases with 0.625% per annum until 2.5% per 1 January 2019. The O-SII buffer for de Volksbank is equal to 0.5% per 1 January 2017 and increases by 0.25% per annum, up to 1% in 2019. The countercyclical capital buffer for the Netherlands is currently set at 0%

De Volksbank is well positioned to meet the MREL requirement

MREL ratio

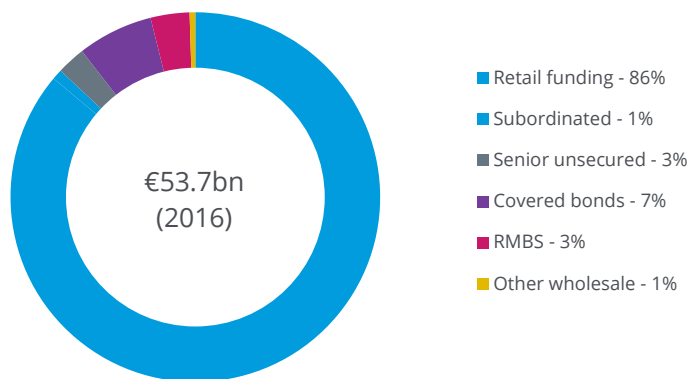


- Including all MREL-eligible liabilities, the non-risk weighted MREL ratio amounts to 8.0%
- The non-risk weighted MREL ratio including only eligible liabilities subordinated to unsecured liabilities amounts to 6.1%
- In February 2017, the SRB confirmed that it supports the designation of de Volksbank N.V. as the resolution entity (OpCo funding model)
- De Volksbank monitors developments closely and plans to strengthen and diversify its capital structure accordingly
- De Volksbank intends to issue senior resolution notes (non-preferred senior debt) that are junior to other senior notes, but have priority over Tier 2 notes

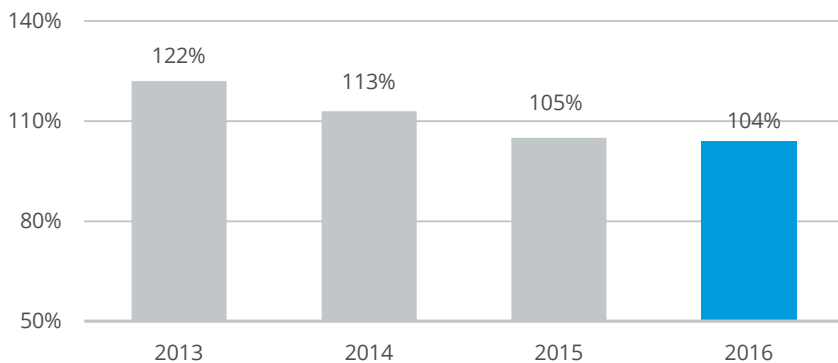
[1] As per June 2016, the calculation of the numerator of the MREL ratio changed (comparative figures as of YE15 have also been restated, resulting in a decrease by 0.5% from 8.7% to 8.2%)
 [2] The bank-specific MREL requirement is expected to be set by the resolution authorities in coming years and is closely interlinked with the resolution strategy for each bank

Funding & liquidity

Funding mix



Loan-to-Deposit ratio



Liquidity position

In € millions

	2014	2015	2016
Cash	2,948	2,447	2,816
Sovereigns	4,034	3,762	2,713
Regional/local governments & supranationals	540	702	755
Other liquid assets	215	413	351
Eligible retained RMBS	6,220	4,812	3,898
Total liquidity position	13,956	12,136	10,533

- Further increase in retail funding in 2016 (84% YE15)
- Further decrease in Loan-to-Deposit ratio to 104%
- Liquidity position remained high
- LCR and NSFR well above 100%

Outlook for 2017

- Pressure on interest income is expected to continue, although somewhat less than in 2016. Lower funding expenses are expected to mitigate the impact of pressure on interest income
- In 2017, total operating expenses excluding regulatory levies and restructuring charges, are expected to be slightly lower compared to the 2016 level. Additional restructuring charges are expected to be limited
- In 2017, we expect the number of defaults to continue to decline, but at a significantly lower pace compared to 2016. We expect a net charge from loan impairments for 2017 as a whole
- In all, we expect the net result in 2017 to be lower compared to the level of 2016

We will press ahead with the translation of our vision on banking with a human touch into practical initiatives, optimising our value for all stakeholders by strengthening our social identity, improving our operational efficiency and implementing targeted and timely technological innovations

Questions & answers

Appendix

Profile de Volksbank

4th

bank in the Netherlands with
over 3 million customers

de volksbank

asn bank

BLGwonen

RegioBank

SNS



Mortgages

€45_{bn}

market share
6,6%



Savings

€37_{bn}

market share
10,7%



Payments

1.1_m

current accounts

market share
7,5%

A financially sound bank with a solid capital base

€329_m

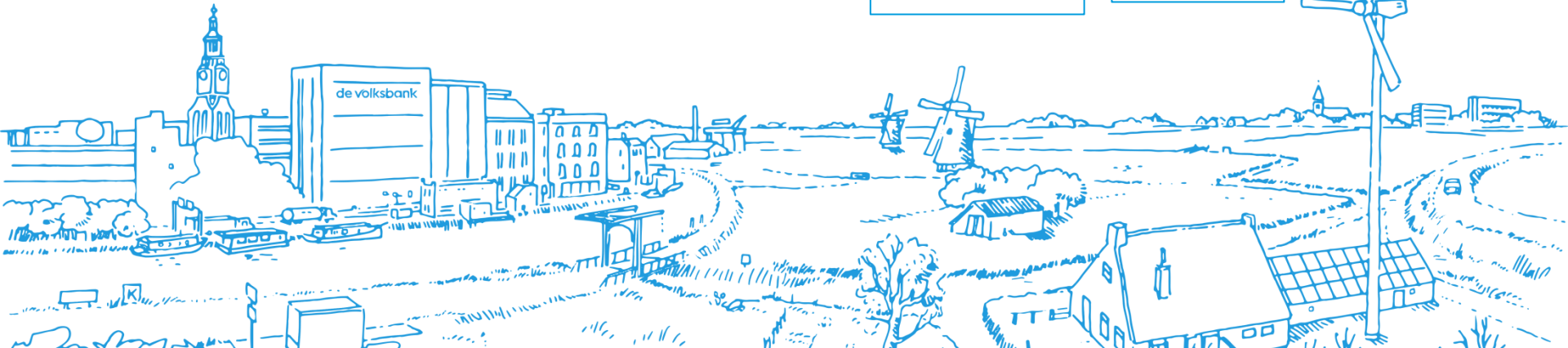
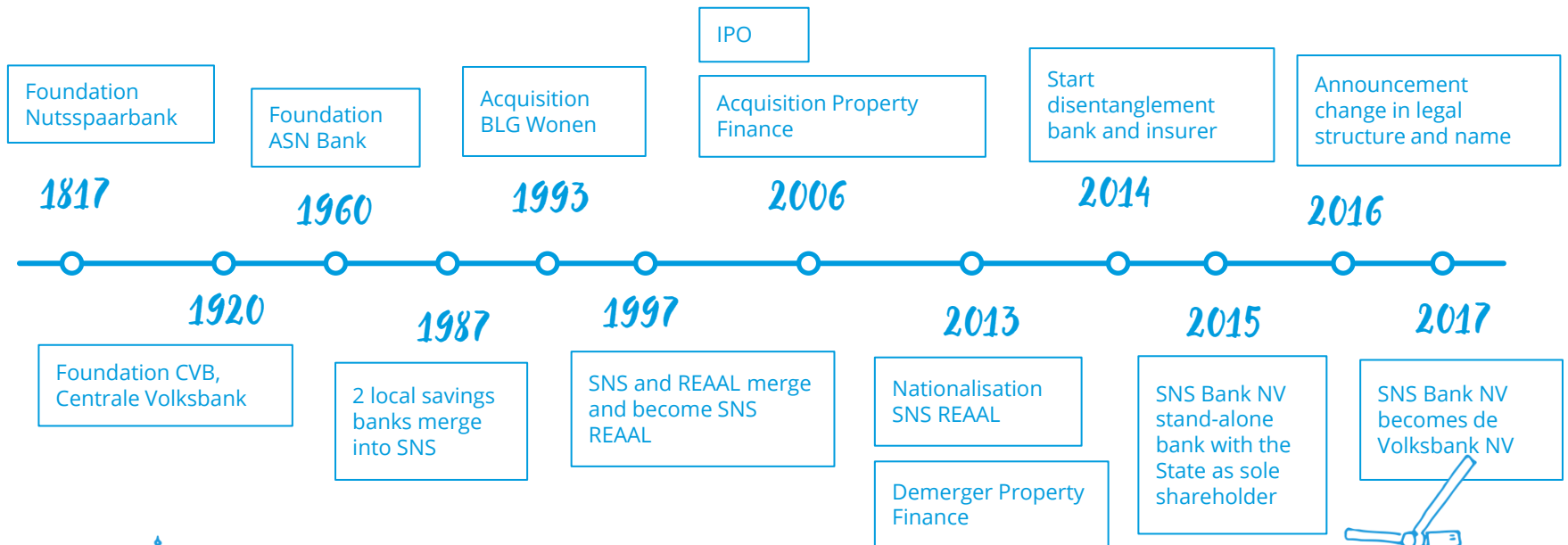
2016 net profit

29.2%

YE16 CET 1 ratio



Embedded in Dutch society



Summary P&L

In € millions	2014	2015	2016
Net interest income	1,024	994	911
Net fee and commission income	44	48	57
Other income	31	84	39
Total income	1,099	1,125	1,007
Total operating expenses	491	590	642
Other expenses	83	22	1
Impairment charges	207	37	(68)
Impairment charges goodwill	67	--	--
Total expenses	848	649	575
Result before tax	251	475	432
Taxation	100	128	103
Net result	151	348	329
One-off items	(143)	(13)	(25)
Adjusted net result	294	335	354

Ratios

Efficiency ratio	44.7%	51.2%	59.2%
Operating expenses / average assets	0.69%	0.88%	0.96%
NII/ average assets	1.43%	1.52%	1.47%
Retail impairments / retail mortgages	0.31%	0.07%	-0.14%
RoE	5.4%	11.1%	9.6%
Adjusted RoE	10.6%	10.7%	10.3%

1H13	2H13	1H14	2H14	1H15	2H15	1H16	2H16
460	497	491	533	515	479	472	439
28	22	24	20	24	24	31	26
156	(114)	23	8	96	(12)	7	32
644	399	538	561	635	490	510	497
267	255	241	250	266	324	312	330
--	8	51	32	--	22	1	--
94	130	81	126	44	(7)	(45)	-23
--	--	--	67	--	--	--	--
361	393	373	475	310	339	268	307
283	6	165	86	325	151	242	190
68	37	54	46	81	47	61	42
215	(31)	111	40	244	104	181	148
20	(99)	(43)	(100)	47	(34)	(12)	(13)
195	68	154	140	197	138	193	161

41.5%	63.9%	44.8%	44.6%	42.0%	62.9%	55.9%	62.6%
0.67%	0.67%	0.67%	0.73%	0.80%	0.96%	0.90%	0.99%
1.16%	1.30%	1.37%	1.56%	1.54%	1.50%	1.49%	1.39%
0.29%	0.43%	0.28%	0.34%	0.15%	0.00%	-0.18%	-0.11%
20.7%	-2.5%	8.0%	2.7%	16.0%	6.5%	10.8%	8.4%
18.8%	5.6%	11.4%	9.7%	12.9%	8.6%	11.5%	9.2%

Summary balance sheet

In € millions	31-12-2013	30-6-2014	31-12-2014	30-6-2015	31-12-2015	30-06-2016	31-12-2016
Total assets	74,537	68,633	68,159	65,327	62,690	64,408	61,561
Cash and cash equivalents	5,528	2,693	1,968	3,913	2,259	3,110	2,297
Loans and advances to banks	6,063	2,537	2,604	2,402	2,081	3,333	2,532
Loans and advances to customers	53,405	53,550	52,834	49,705	49,217	48,697	48,593
Derivatives	2,484	2,661	2,702	2,198	1,993	1,864	1,533
Investments	5,657	5,888	7,001	6,055	6,376	6,646	5,970
Property and equipment	52	54	86	80	77	74	73
Intangible assets	89	84	15	12	15	14	15
Deferred tax assets	507	412	450	309	284	367	137
Corporate income tax	208	275	66	36	--	--	--
Other assets	544	479	284	430	278	303	411
Assets held for sale	--	--	149	187	110	--	--
Total liabilities and equity	74,537	68,633	68,159	65,327	62,690	64,408	61,561
<i>Savings</i>	33,276	36,269	35,666	37,277	36,860	37,666	36,593
<i>Other amounts due to customers</i>	10,628	10,249	10,542	10,344	10,580	11,482	10,835
Amounts due to customers	43,904	46,518	46,208	47,621	47,440	49,148	47,428
Amounts due to banks	7,457	2,915	2,099	1,587	1,000	1,522	1,446
Debt certificates	16,439	12,077	11,252	9,027	6,941	6,008	5,696
Derivatives	2,670	3,080	3,266	2,507	2,189	2,536	1,861
Deferred tax liabilities	174	239	287	217	216	282	59
Corporate income tax	--	--	--	--	--	90	18
Other liabilities	1,205	884	1,971	1,074	11	808	891
Other provisions	66	58	55	54	955	53	103
Provision for employee benefits	--	--	--	17	23	24	17
Participation certificates and subordinated debt	40	40	40	--	493	505	501
Liabilities held for sale	--	--	18	75	37	--	--
Shareholders' equity	2,582	2,822	2,963	3,148	3,302	3,432	3,541

Key items balance sheet

Key items balance sheet

In € millions

	31 Dec 15	31 Dec 16	Δ YoY
Total assets	62,690	61,561	-2%
Loans and advances to customers	49,217	48,593	-1%
- of which retail mortgage loans	44,787	44,797	0%
- of which retail other loans	184	165	-10%
- of which SME loans	990	835	-16%
- of which other, including (semi-) public sector loans	3,256	2,796	-14%
Loans and advances to banks	2,081	2,532	+22%
Investments	6,376	5,970	-6%
Amounts due to customers	47,440	47,428	0%
- of which retail savings	36,860	36,593	-1%
- of which other amounts due to customers	10,580	10,835	+2%
Amounts due to banks	1,000	1,446	+45%
Debt certificates	6,941	5,696	-18%
Shareholders' equity	3,302	3,541	+7%

Comments

- Balance sheet total decreased by €1.1bn to €61.6bn vs YE15
- Loans to (semi-) public sector decreased (- €0.5bn) mainly due to liquidity management
- Loans and advances to banks increased by €0.5bn to €2.5bn due to higher cash loans as part of liquidity management and an increase in cash collateral
- Investments decreased slightly by €0.4bn to €6.0bn
- Savings decreased slightly by €0.3bn to € 36.6bn
- Amounts due to banks increased by €0.4bn to € 1.4bn due to repo transactions for cash management purposes
- Debt certificates decreased by €1.2bn to €5.7bn mainly due to redemption of debt certificates issued under the Hermes XII and Pearl 2 securitisations
- Shareholders' equity increased by €239m to €3.5bn due to net profit retention (€329m), an increase of the fair value reserve of the fixed-income portfolio and an increase of the revaluation reserve, partly offset by a €100m dividend payment

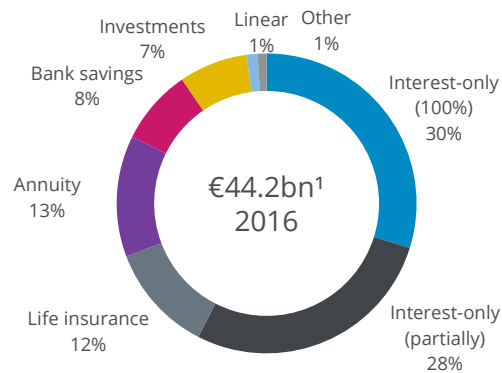
Quality of retail mortgage loans

in € millions	2014	2015	2016
Gross loans	46,556	45,044	44,911
Loans in arrears	2,014	1,317	682
Non-default loans	657	396	260
Impaired default loans	1,357	921	422
Specific provision	266	207	80
IBNR provision	60	50	34
Total provision	326	257	114
Impairment charges	146	34	-65
Additions	179	97	35
Write-offs	102	108	82
Loans in arrears (%)	4.3%	2.9%	1.5%
Impaired ratio	2.9%	2.0%	0.9%
Coverage ratio ¹	19.6%	22.5%	19.0%
Total provision as a % of loans in arrears	16.2%	19.5%	16.7%
Total provision as a % of gross loans	0.70%	0.57%	0.25%
Impairment charges as a % of avg. gross loans	0.31%	0.08%	-0.14%

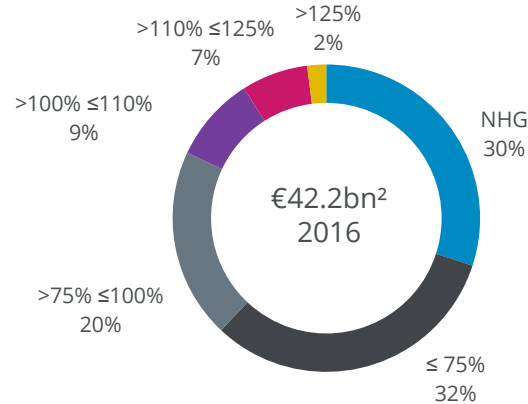
[1] Specific provision as a % of impaired default loans

Retail mortgage portfolio

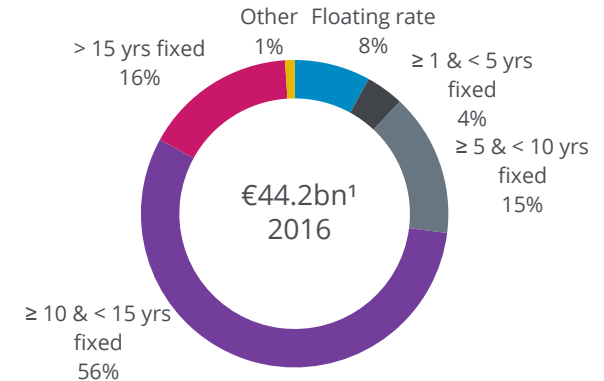
Retail mortgages by redemption type



Retail mortgages by LtV bucket

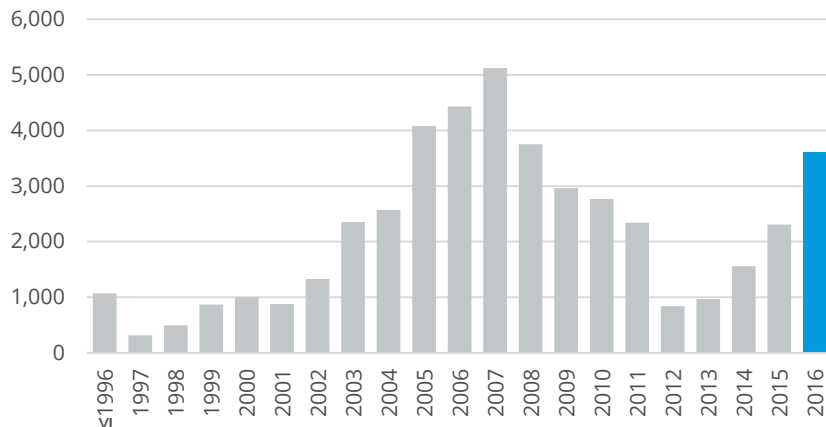


Retail mortgages by interest type



Retail mortgages by year of origination

In € millions



- Approximately half of the total interest-only mortgages portfolio consists of 100% interest-only mortgages (30% of the total mortgage portfolio)
- 30% of the total mortgage portfolio is covered by NHG (National Mortgage Guarantee)
- The origination of de Volksbank's mortgage portfolio is tilted towards the period 2005-2008
- In 2016, origination is at the same level as in 2008

[1] Total net retail mortgage loans (€44.8bn) +/- provision (€0.1) -/- IFRS value adjustments (€0.7bn)
 [2] Total net retail mortgage loans (€44.8bn) +/- provision (€0.1m) -/- IFRS value adjustments (€0.7bn), savings parts (€2.1bn)

Quality of SME loans

in € millions	2014	2015	2016
Gross loans	1,164	1,089	909
Loans in arrears	204	178	146
Non-default loans	-	-	-
Impaired default loans	204	178	146
Specific provision	123	95	70
IBNR provision	6	4	4
Total provision	129	99	74
Impairment charges	44	-3	-2
Additions	59	24	12
Write-offs	15	27	26
Loans in arrears (%)	17.5%	16.3%	16.1%
Impaired ratio	17.5%	16.3%	16.1%
Coverage ratio ¹	60.3%	53.4%	47.9%
Total provision as a % of loans in arrears	63.2%	55.6%	50.7%
Total provision as a % of gross loans	11.1%	9.1%	8.1%
Impairment charges as a % of avg. gross loans	3.65%	-0.28%	-0.27%

[1] Specific provision as a % of impaired default loans

Quality of retail other loans

in € millions	2014	2015	2016
Gross loans	268	219	191
Loans in arrears	85	61	44
Non-default loans	15	13	4
Impaired default loans	70	48	40
Specific provision	52	33	25
IBNR provision	3	2	1
Total provision	55	35	26
Impairment charges	16	4	-1
Additions	17	8	3
Write-offs	7	24	9
Loans in arrears (%)	31.7%	27.9%	23.0%
Impaired ratio	26.1%	21.9%	20.9%
Coverage ratio ¹	74.3%	68.8%	62.5%
Total provision as a % of loans in arrears	31.7%	57.4%	59.1%
Total provision as a % of gross loans	20.5%	16.0%	13.6%
Impairment charges as a % of avg. gross loans	5.7%	1.8%	-0.28%

Retail other loans is a non-selling portfolio

[1] Specific provision as a % of impaired default loans

Investment portfolio

Breakdown by sector

In € billions

	2015	%	2016	%
Sovereigns	5.0	78%	4.7	79%
Financials	0.9	15%	0.7	12%
Corporates	0.5	7%	0.5	9%
Other	0.0	0%	0.0	0%
Total	6.4¹	100%	5.9	100%
- of which liquidity portfolio	5.6		5.0	
- of which deposits	0.7		0.9	
- of which trading portfolio	0.1		0.0	

Breakdown by rating

In € billions

	2015	%	2016	%
AAA	3.3	51%	2.7	45%
AA	2.4	37%	2.2	37%
A	0.6	10%	1.0	17%
BBB	0.1	2%	0.1	1%
< BBB	0.0	0%	0.0	0%
No rating	0.0	0%	0.0	0%
Total	6.4¹	100%	5.9	100%

[1] Includes SNS Securities investment portfolio (included in assets held for sale) [2] Other mainly consists of Japan, Switzerland, Czech Republic, Austria and Luxembourg

Breakdown by maturity

In € billions

	2015	%	2016	%
< 3 months	0.6	10%	0.9	16%
< 1 year	0.3	5%	0.1	1%
< 3 years	0.9	13%	0.8	13%
< 5 years	1.1	17%	0.6	11%
< 10 years	2.8	44%	3.0	51%
< 15 years	0.2	3%	0.2	4%
>15 years	0.5	8%	0.3	4%
Total	6.4¹	100%	5.9	100%

Breakdown by country

In € millions

	2015	%	2016	%
Netherlands	1,684	26%	1,294	22%
Germany	1,504	23%	1,350	23%
Other ²	1,347	18%	1,544	25%
France	1,098	17%	945	16%
Belgium	596	11%	665	11%
Italy	113	4%	30	1%
Ireland	97	2%	120	2%
Spain	2	0%	0	0%
Total	6,441¹	100%	5,948	100%

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