Utrecht, the Netherlands, 14 February 2020

2019 Results

Investor presentation

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Key points 2019

Increasing recognition of and appreciation for de Volksbank as a safe bank with safe products

- Various initiatives taken to further strengthen our social identity
- Responsibility for society: improvement in climate-neutral balance sheet; various initiatives taken to improve the financial resilience of our customers
- Broad political support for the aim to safeguard the social character of the bank following privatisation

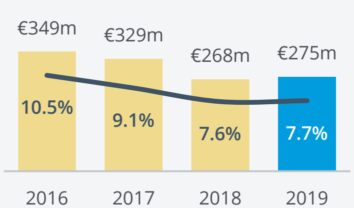
Growth in current account customers, mortgage portfolio and savings deposits

- **Net growth in number of current account customers by 80,000 to 1.57m,** 2020 target of 1.5m already achieved
- **Increase in retail mortgage portfolio by €0.9bn to €48.2bn**
- **Increase in retail savings by €1.0bn to €38.4bn**

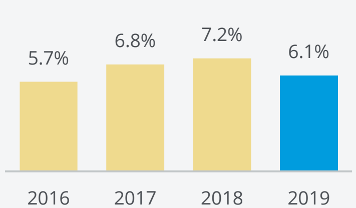
Increase in net profit, mainly driven by lower operating expenses

- **Net profit of € 275m,** a 3% increase compared with 2018. Net interest income decreased by 4%, operating expenses were 6% lower
- **Return on equity of 7.7%,** based on a strong capital position: CET1 capital ratio of 32.6% and leverage ratio of 5.1%, after capital distribution of € 250m to shareholder NLFI in December

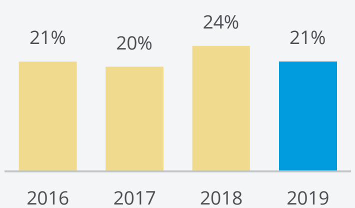
Net profit and RoE



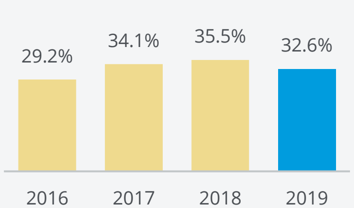
Market share new retail mortgages



Market share new current accounts



CET1 capital ratio



1. Banking with a human touch

Strengthening our social identity

Policy for savings rates

We spoke with customers about their view of the low and possibly negative savings rates. Partly on this basis, we adopted our policy for the ASN Bank, RegioBank and SNS retail savings

Our brands will continue to offer retail customers with savings balances of up to € 25,000 an interest rate of at least 0.01% in 2020, to continue to encourage the build-up and retention of a financial buffer

'Driehoek 3D Trofee'

De Volksbank was proclaimed the winner of the Driehoek 3D Trofee in December. We won this trophy for way in which the Works Council is proactively involved by the Supervisory Board and the Board of Directors in the implementation of Banking with a human touch

Green Bond issuance

In September, de Volksbank issued its first 'green senior preferred bond' in the amount of € 500 million. Interest in the issue was substantial, with investors subscribing for € 1.7 billion. The proceeds of the bond are used to fund activities that contribute to lower CO_2 emissions

Rent statement

BLG Wonen launched a pilot project in September to provide mortgages to so-called 'high-rent tenants' on the basis of a rent statement, allowing them to buy a home. Of the 1,300 applications, 160 people were invited to a free exploratory talk with an independent adviser. The pilot project will ultimately be continued with 40 customers

This pilot yielded BLG Wonen the Positive Finance Award

'Better for each other' media campaign launched in January 2020

'Better for each other'

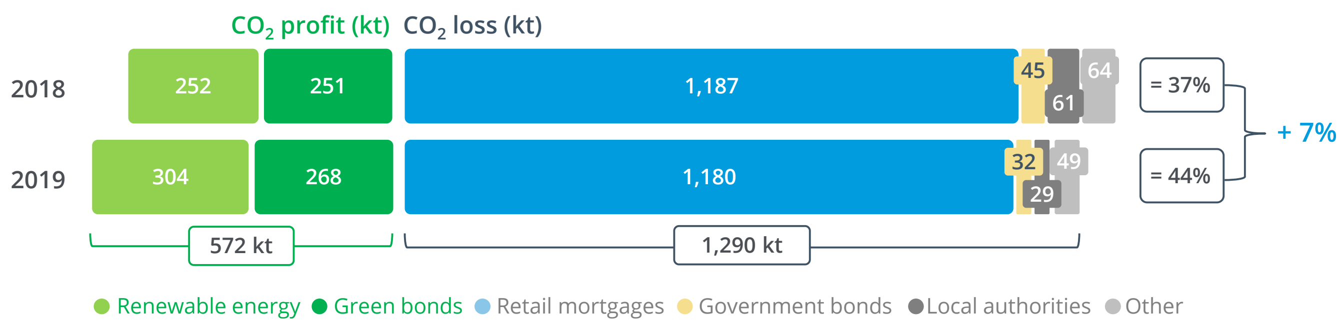
- In January, we launched a media campaign to show the Netherlands the connection between de Volksbank and its brands
- Key in this campaign is the promise 'Better for each other', an umbrella catchphrase for our mission, Banking with a human touch, and our Shared Value ambition

de volksbank
beter voor elkaar

SNS asn bank RegioBank BLGwonen

Responsibility for society

Sustainability



- Increase in CO_2 profit, primarily as a result of financing renewable energy projects and the purchase of a number of green bonds that indirectly realise renewable energy projects
- Decrease in CO_2 loss mainly due to a lower CO_2 loss from bonds of local authorities. The average energy label of the homes we finance remained unchanged
- We aim for a 45% climate-neutral balance sheet by 2020, rising to 100% by 2030

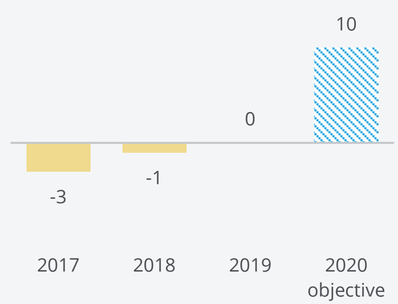
Financial resilience

- On behalf of de Volksbank, SNS participated in the Dutch Debt Support programme, aimed at preventing and solving problematic debts
- SNS organised special information sessions for customers with interest-only mortgages and participated in the nationwide campaign to stimulate people to repay their interest-only mortgage. SNS continued to send out alert messages to make customers aware of possible overinsurance and opportunities to reduce their mortgage costs (the ‘SNS Mortgage Term Monitoring Service’)

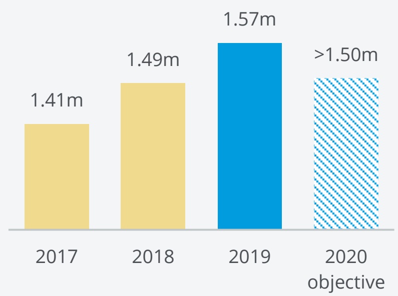
Long-term objectives

Shared value objectives: customers, society, employees, shareholder

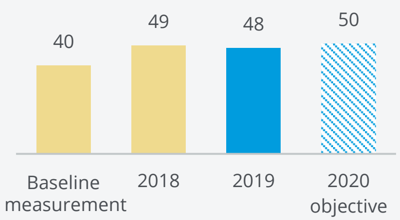
Customer-weighted average NPS



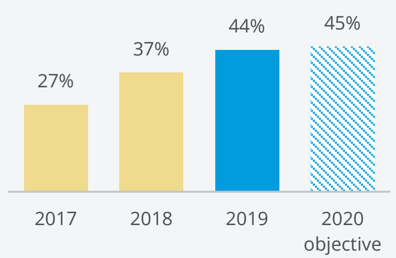
Current account customers



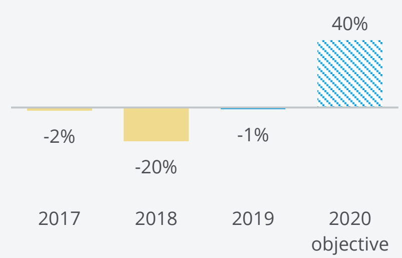
Financial Confidence Barometer



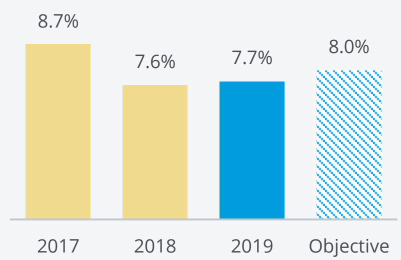
Climate-neutral balance sheet



Employee NPS

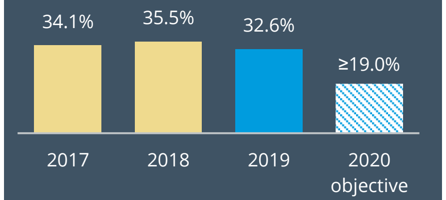


Return on Equity[1]

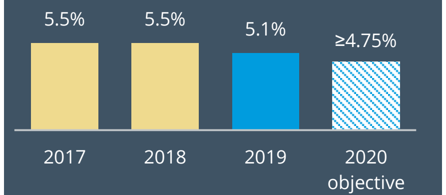


Other objectives

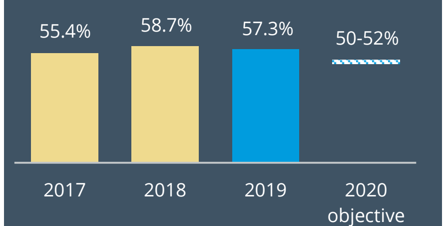
CET1 capital ratio



Leverage ratio



Cost/income ratio[2]



In 2019, the employee NPS KPI was replaced by a KPI Genuine attention for the employee. Score achieved in 2019: 7.7

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

Update on privatisation of de Volksbank

- On 14 November, de Volksbank's future was on the agenda of a general consultation between the Minister of Finance and the financial spokespersons for the political parties in the House of Representatives. The reason for the consultation was the Minister's letter to the House of Representatives about NLFI's annual report on de Volksbank. In the letter, the Minister wrote that a decision with regard to de Volksbank's future could not be made at this time based on the NLFI report and market conditions, despite the fact that the three-year period previously indicated had expired. During the consultation, the Minister expressed his intention to present a broader perspective on the diversity of the Dutch banking landscape in the next six months

- At de Volksbank, we are currently exploring ways to optimise our business model. Our aim is to ensure that the bank is and remains agile, resilient and shockproof. This includes a consideration of the options of diversifying income and cutting costs. The sustained low interest rate environment, financial and technological developments with related investments, and rising costs incurred to comply with laws and regulations make this a tough challenge. Our study should lead to a new strategic plan

- We will inform NLFI of the results of our study in the course of 2020. NLFI will prepare a new report on this basis and send it to the Minister in the autumn of 2020

- In the months ahead, the Minister will consult with NLFI and de Volksbank to explore a number of options for privatisation. The starting point is that our bank's social character should be retained in any type of privatisation

2. Commercial developments

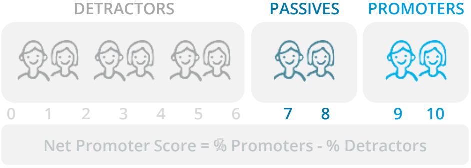
Customer-weighted NPS improved to break-even

Net Promoter Score

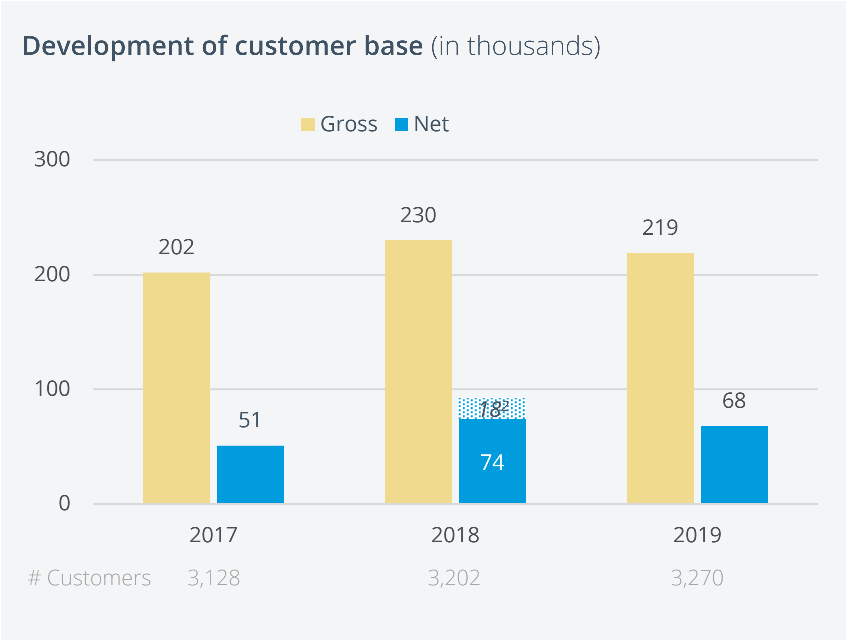
Brand	2014	2015	2016	2017	2018	2019	Trend 2010-2019
SNS	-28	-26	-18	-13	-11	**-11**	
ASN Bank	+12	+19	+14	+17	+18	**+17**	
RegioBank	-7	+5	+2	+7	+12	**+14**	
BLG Wonen	-14	-42	-29	-24	-22	**-17**	
Customer-weighted average	**-16**	**-12**	**-8**	**-3**	**-1**	**0**	

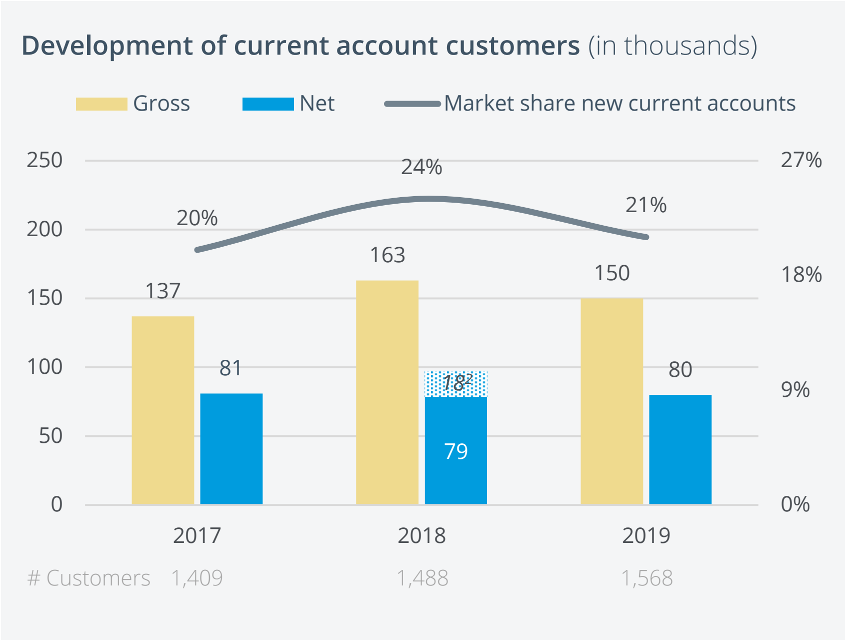
** BLG Wonen's measurement started in 1H13*

- Compared with 2018, our customer-weighted NPS improved slightly from -1 to 0, mainly due to an improvement at RegioBank and BLG Wonen
- ASN Bank (+17) and RegioBank (+14) are among the select group of Dutch banks with a positive NPS



Growth in customer base driven by an increase in new current account customers; target of 1.5m current account customers already achieved





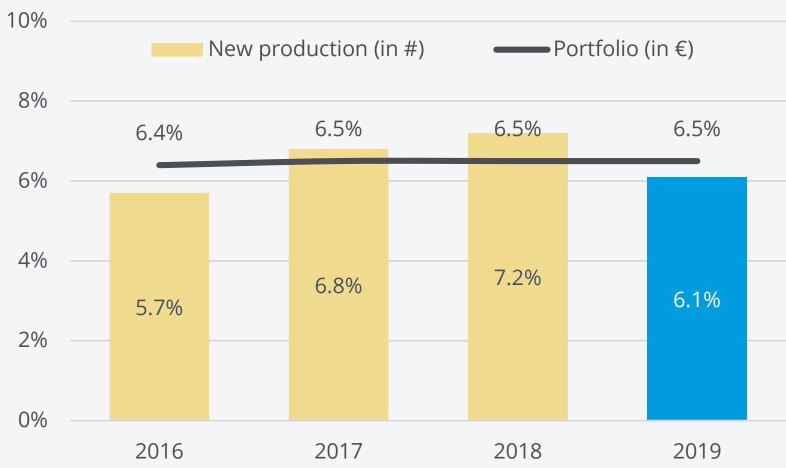
- In 2019, the brands of de Volksbank welcomed 219,000 new customers in 2019
- The net growth of 68,000 was slightly lower compared with 2018. Just like last year, this increase was largely attributable to the growth in the number of current account customers

- After achieving our target of 1.5m in 1H19, the number of current account customers continued to increase in 2H19 to 1,568m
- Net growth in 2019 (80,000) was virtually stable compared with 2018 (79,000)
- In 2019, 21% of new current accounts in the Netherlands was opened at one of our brands

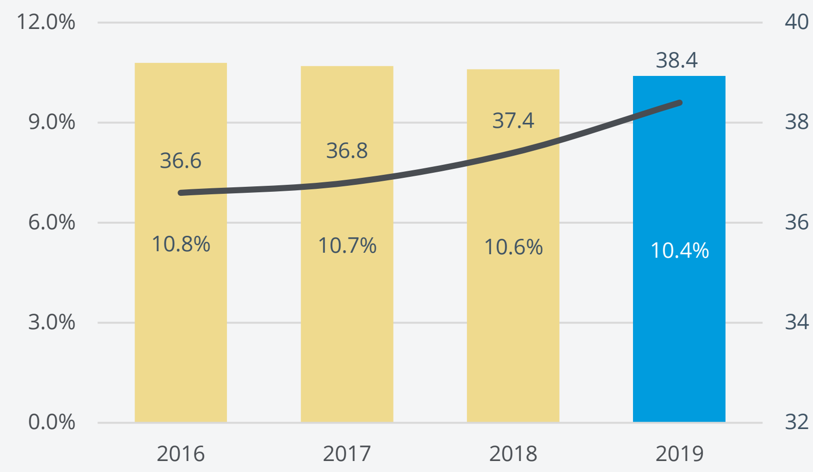
[1] Market research conducted by GFK, based on Moving Annual Total (MAT) [2] Adjustment for inactive current account customers

Decrease in market share of new retail mortgage production and retail savings

Market share of retail mortgage loans



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

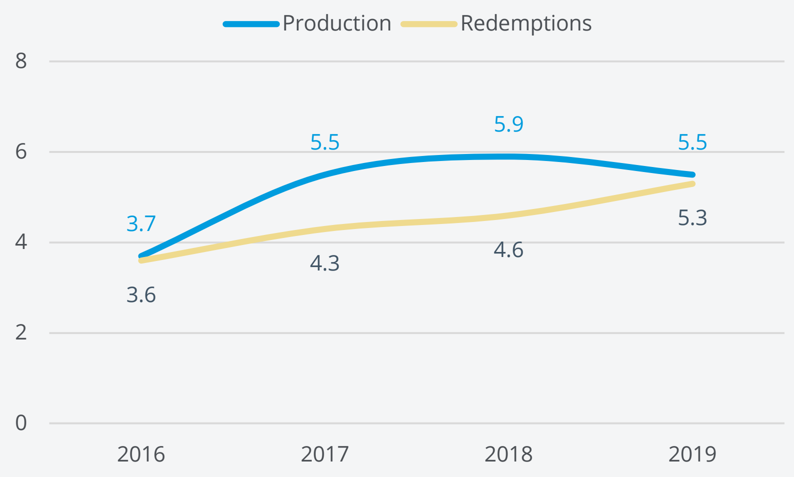


- Our market share of new retail mortgage production decreased to 6.1% (2018: 7.2%), mainly due to competition in the mortgage market and the further increased demand for mortgages with a fixed-rate term of ≥15 years
- On a total portfolio basis, market share of retail mortgage loans remained stable at 6.5%

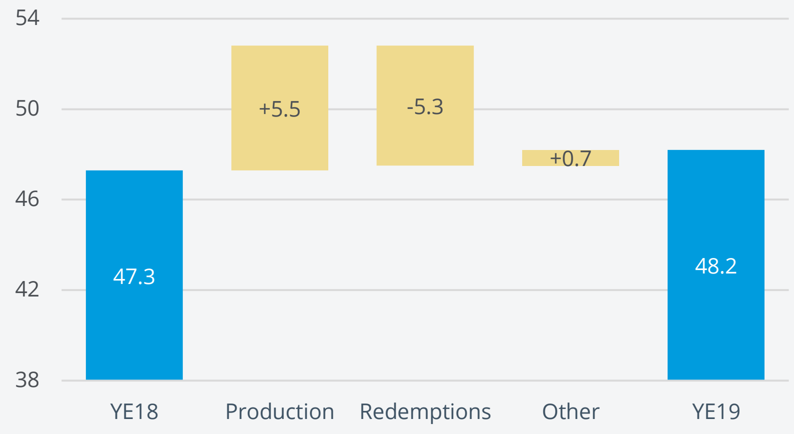
- Despite the historically low savings rates, the Dutch retail savings market grew slightly to €368bn (+4%)
- Our retail savings balances increased further to €38.4bn (+€1mrd)
- The market share of retail savings decreased slightly to 10.4%

Further growth of the retail mortgage portfolio

Mortgage production vs redemptions (in € bn)



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



- The retail mortgage portfolio increased by €0.9bn to €48.2bn, mainly as a result of €0.7bn IFRS value adjustments. Compared with 2018, the commercial growth was lower at €0.2bn (2018: €1.3bn)
- Our new retail mortgage production fell to €5.5bn (-7%). Mortgage redemptions increased by €0.7bn to €5.3bn, partly due to a growing portfolio, an increase in the number of people moving house, fierce competition in the remortgage market and an increase in the repayments of bridging loans
- Interest rate renewals decreased again and amounted to €2.8bn (2018: €3.3bn). The share of early renewals was ~20% (2018: ~25%)

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

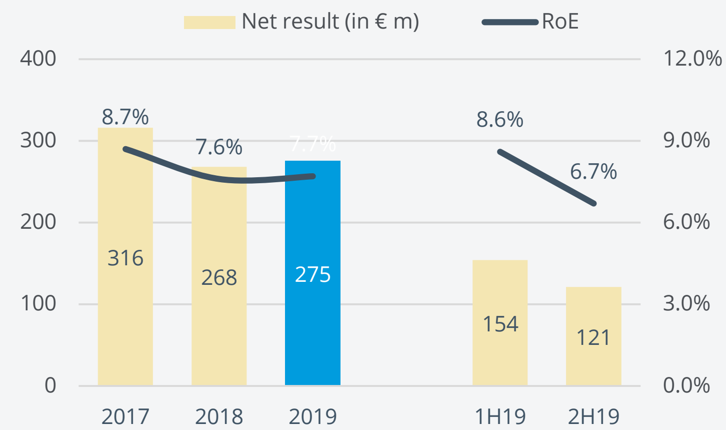
3. Financial results & outlook

Net profit higher at €275m, largely attributable to a decrease in operating expenses

Result (in € millions)

	2018	2019	Δ	1H19	2H19
Total income	958	929	-3%	471	458
Total operating expenses	609	574	-6%	278	296
Impairment charges	-12	-7	--	-13	6
Result before tax	**361**	**362**	**--**	**206**	**156**
Taxation	93	87	-6%	52	35
Net result	**268**	**275**	**+3%**	**154**	**121**
Return on equity	7.6%	7.7%		8.6%	6.7%

(Adjusted) net result and Return on equity



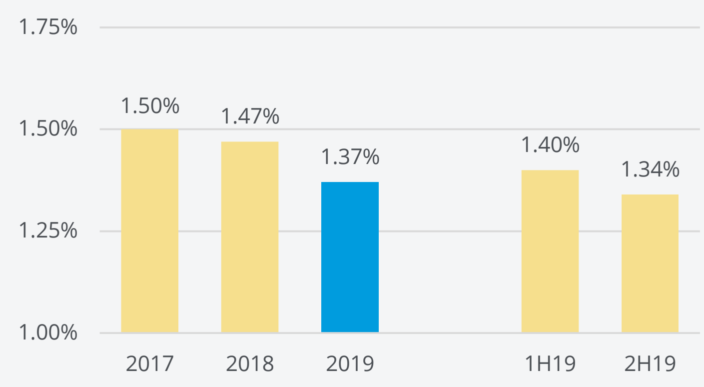
- Net profit increased by 3% to €275m, largely attributable to €35m lower total operating expenses and a slightly lower tax rate than for 2018. These positive factors were partly offset by €29m lower total income and a €5m lower reversal of expected credit losses of financial assets
- Return on equity amounted to 7.7%, slightly up compared with 2018 (7.6%), driven by a higher net profit, partly offset by higher average equity
- In 2H19, the net profit amounted to €121m, €33m lower compared with 1H19. This decrease is due to lower total income, higher operating expenses and a swing in impairment charges

Total income 3% lower, mainly as a result of lower net interest income

Income (in € millions)

	2018	2019	Δ	1H19	2H19
Net interest income	908	875	-4%	442	433
Net fee and commission income	44	51	+16%	25	26
Investment income	3	12	--	8	4
Results on financial instruments	2	-10	--	-5	-5
Other operating income	1	1	--	1	--
Total income	**958**	**929**	**-3%**	**471**	**458**

Net interest margin (as a % of average assets)



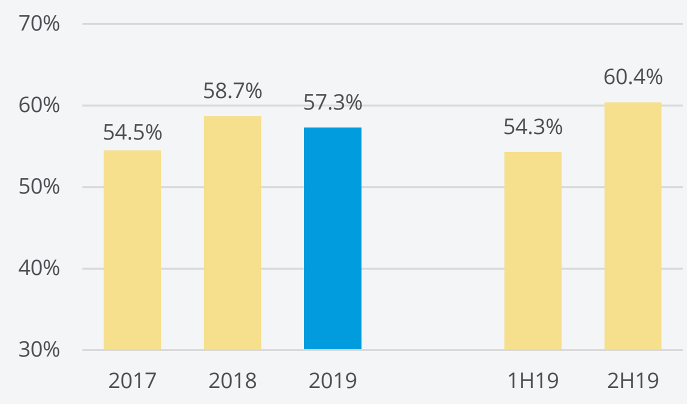
- Net interest income declined by €33m to €875m (-4%). Lower interest income from mortgages was partly compensated by lower interest expenses related to the use of derivatives to manage the interest rate risk and reductions in interest rates on savings accounts
- The net interest margin dropped from 1.47% to 1.37%, driven by both lower net interest income and higher average assets
- Net fee and commission income showed a €7m increase, mainly driven by higher fees for payment transactions and mortgage advice
- Investment income rose by €9m to €12m, largely due to higher realised results on fixed-income investments, sold as part of asset and liability management and optimisation of the investment portfolio
- Result on financial instruments showed a swing from €2m in 2018, to -€10m, largely attributable to a lower result due to hedge ineffectiveness of derivatives in relation to the IFRS value adjustments for mortgages
- Compared with 1H19, total income decreased by €13m to €458m in 2H19, due to lower net interest income and lower investment income

Operating expenses 6% lower, mainly due to lower staff costs

Operating expenses (in € millions)

	2018	2019	Δ	1H19	2H19
Total operating expenses	**609**	**574**	**-6%**	**278**	**296**
Regulatory levies	47	41	-13%	23	18
Adj. operating expenses	**562**	**533**	**-5%**	**255**	**278**
Total number of FTEs	**3,797**	**3,648**	**-4%**	**3,693**	**3,648**
Number of internal FTEs	2,993	2,991	--	3,015	2,991
Number of external FTEs	804	657	-18%	678	657

Cost/income ratio adjusted for regulatory levies



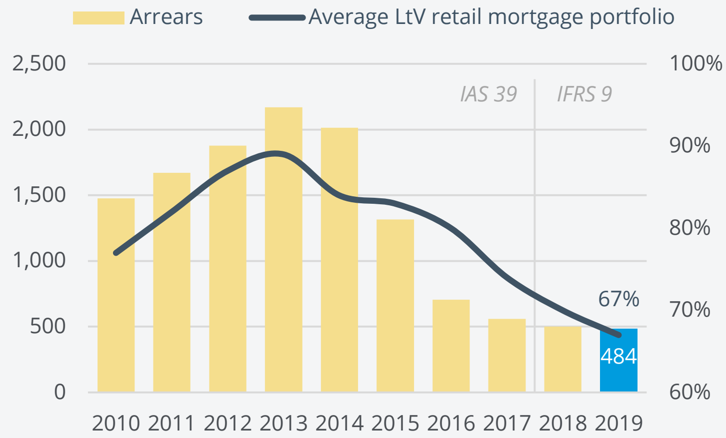
- Operating expenses fell by €35m to €574m (-6%)
- Adjusted operating expenses decreased by €29m to €533m (-5%), primarily as a result of a €29m reduction in staff costs. Restructuring charges were lower and a decrease in the number of FTEs (-149) also contributed to the staff cost reduction
- Operating expenses included a positive revaluation of €7m related to a previous contribution to the DGS in relation to the insolvency of DSB and €8m lower external consultancy costs. In 2018, operating expenses comprised a reversal of expected credit losses in the amount of €11m, mainly related to the Uniform Recovery Framework pertaining to SME Interest rate Derivatives
- Regulatory levies were €6m lower at €41m, reflecting a €8m lower contribution to the resolution fund (€7m). The ex-ante contribution to the Deposit Guarantee Scheme (DGS) was up €2m (€34m), particularly driven by the growth in covered deposits
- Compared with 1H19, adjusted operating expenses were up €23m in 2H19, largely driven by the positive revaluation in 1H19 of €7m related to a previous contribution to the DGS in relation to the insolvency of DSB and higher marketing costs in 2H19

Lower reversal of expected credit losses; continued improvement quality mortgage portfolio

Loan impairments (in € millions)

	2018	2019	1H19	2H19
Retail mortgage loans	-8	2	-8	10
SME loans	-5	-8	-3	-5
Retail other loans	-1	-2	--	-2
Other	2	1	-2	3
Total loan impairment charges	**-12**	**-7**	**-13**	**6**
Cost of risk retail mortgages	-0.02%	0.00%	-0.03%	0.04%
Cost of risk total loans	-0.04%	-0.01%	-0.05%	0.01%

Retail mortgages in arrears; average LtV

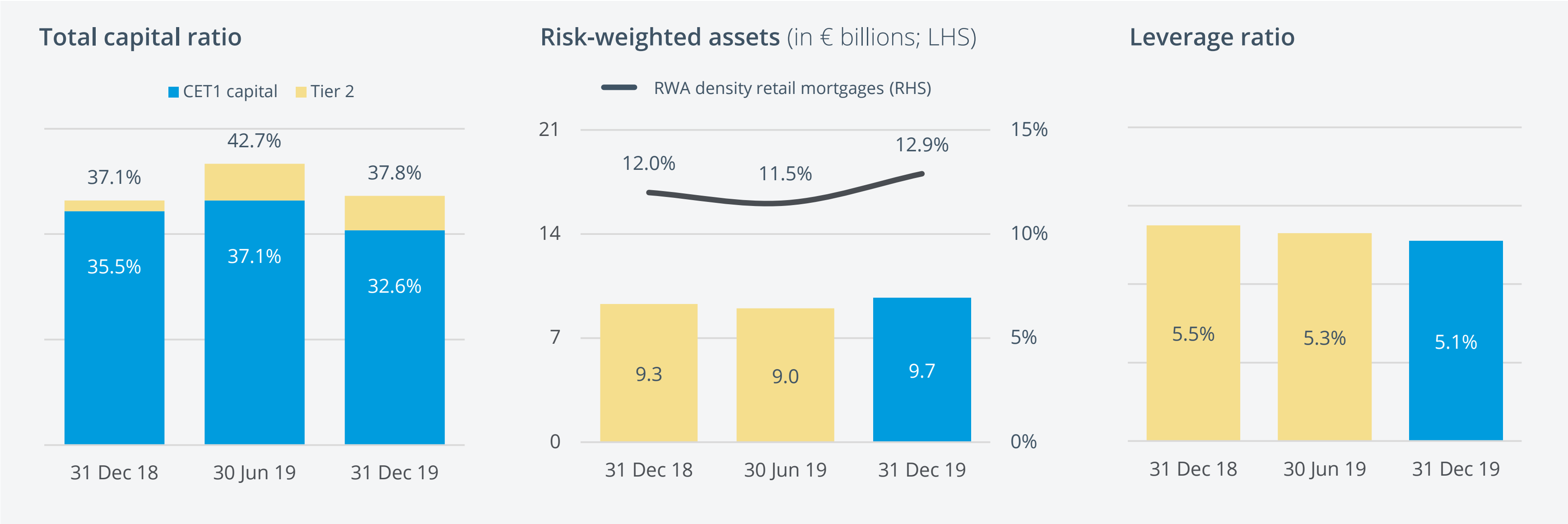


Breakdown of retail mortgage loans (in € millions)

	YE18	1H19	2019	% of total
Gross loans	**46,824**	**47,162**	**46,963**	**100%**
- of which stage 1	44,236	45,005	43.977	93.6%
- of which stage 2	2,039	1,657	2.446	5.2%
- of which stage 3	549	500	540	1.1%
Stage 3 coverage ratio	8.4%	8.4%	8.0%	

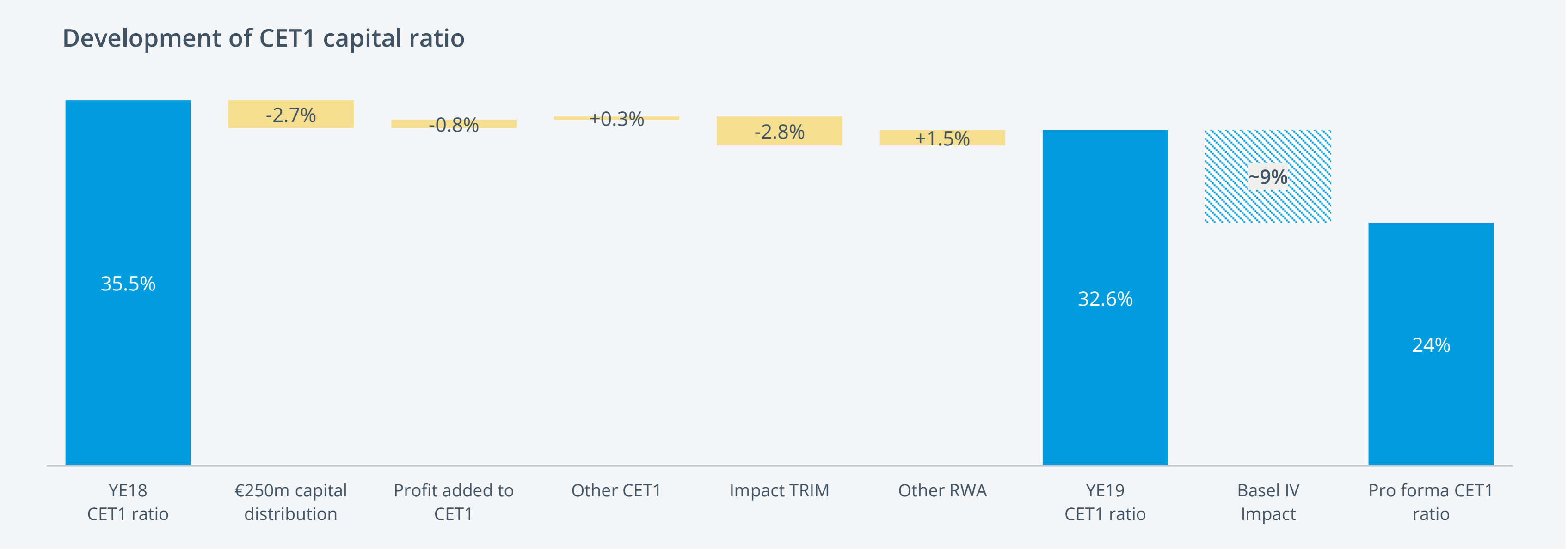
- In 2019, we saw a reversal of expected credit losses of €7m, after a reversal of €12m in 2018
- Impairment charges on retail mortgage loans showed a swing to €2m (2018: -€8m). In 2H19, adjustments in the provisioning methodology for interest-only mortgages and in the provisioning model resulted in an increase in stage 2 retail mortgage loans and related provisions. As a result of a correction to the classification of non-performing forborne mortgages, stage 3 retail mortgages showed an increase in 2H19
- Retail mortgages in arrears (more than 1 day) declined from €502m to €484m, 1.0% of total gross loans
- The average LtV of retail mortgage loans declined further to 67% (YE18: 70%)

Lower CET1 capital ratio after capital distribution to NLFI



- In 2019, the CET1 capital ratio dropped to 32.6%, due to both a decline in CET1 capital and an increase in RWA
  - CET1 capital decreased by €157m, mainly as a result of the €250m capital distribution to NLFI in December 2019 and the 2018 dividend pay-out of €161m, partly compensated by 2019 net profit retention
  - RWA increased by €0.4bn. Additional temporary obligations imposed by the TRIM resulted in an RWA increase of €0.8bn. This was partly offset by a reduction related to the credit risk of the retail mortgage portfolio driven by improved economic conditions
- In 2019, the leverage ratio dropped to 5.1%, caused by both a decrease in CET1 capital and growth in balance sheet total

Development CET1 ratio in 2019; pro forma impact of Basel IV



- Based on the balance sheet position as at 31 December 2019, we estimate our CET1 capital ratio to decrease by approximately 9 percentage-points, as a result of the full phase-in of Basel IV
- In anticipation of the implementation of Basel IV, DNB announced in October 2019 to introduce a minimum floor for risk weighting of non-NHG mortgage portfolios of Dutch banks. As a result, we expect the YE19 risk weighting of our mortgage portfolio to rise from 12.9% to pro forma 15%. As a result, RWA are expected to rise by €1.0bn, resulting in a 3%-points decline compared with our CET1 capital ratio at year-end 2019
- The risk weight floor announced by DNB is expected to become effective in the second half of 2020, for at least two years. The DNB measure is not expected to affect Basel IV end-state RWA, since the fully phased-in Basel IV output floor is constraining

Outlook

- Net interest income is expected to be lower than in 2019, especially as a result of lower interest income on mortgages in the sustained low interest rate environment. Given our interest rate policy for savings rates for 2020, lower interest expenses on savings will not be able to compensate for this drop
- For 2020, we do not expect a further reduction in the total operating expenses excluding regulatory levies
- Given the macroeconomic outlook, we expect impairments on loans and advances to remain low
- All things considered, we are expecting the net profit for 2020 to be lower compared with 2019

Questions & answers

Appendix

Summary P&L

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

Summary balance sheet

In € millions	31-12-2016	30-06-2017	31-12-2017	30-06-2018	31-12-2018	30-06-2019	31-12-2019
Total assets	**61,588**	**60,986**	**60,892**	**62,534**	**60,948**	**63,941**	**62,841**
Cash and cash equivalents	1,911	2,742	2,180	3,114	815	1,948	2,026
Loans and advances to banks	2,918	2,125	2,643	2,373	3,589	4,208	3,791
Loans and advances to customers	48,620	48,813	49,459	50,197	50,536	51,551	50,461
Derivatives	1,533	1,340	1,075	898	732	705	718
Investments	5,970	5,337	5,094	5,331	4,782	4,914	5,350
Tangible and intangible assets	88	85	81	76	69	139	128
Tax assets	137	154	132	214	133	133	99
Other assets	411	390	228	331	292	342	268
Total liabilities and equity	**61,588**	**60,986**	**60,892**	**62,534**	**60,948**	**63,941**	**62,841**
Savings	*36,593*	*37,373*	*36,756*	*37,674*	*37,376*	*38,475*	*38,404*
Other amounts due to customers	*10,835*	*10,658*	*10,306*	*10,835*	*10,841*	*11,298*	*10,641*
Amounts due to customers	**47,428**	**48,031**	**47,062**	**48,509**	**48,217**	**49,773**	**49,045**
Amounts due to banks	1,446	1,064	2,683	2,859	1,116	891	541
Debt certificates	5,696	5,564	4,920	5,378	5,822	6,490	6,906
Derivatives	1,861	1,450	1,252	1,091	1,120	1,926	1,841
Tax liabilities	83	46	45	20	15	15	15
Other liabilities	891	644	590	598	487	679	492
Other provisions	120	116	125	112	98	72	64
Participation certificates and subordinated debt	501	498	501	511	502	512	502
Shareholders' equity	3,561	3,573	3.714	3,456	3,571	3,578	3,435

Key items balance sheet

Key items balance sheet (in € millions)

	31 Dec 18	31 Dec 19	Δ YoY
Total assets	**60,948**	**62,841**	+3%
Cash and cash equivalents	815	2,026	+149%
Loans and advances to customers	**50,536**	**50,461**	0%
- of which retail mortgage loans	47,262	48,090	+2%
- of which retail other loans	86	73	-15%
- of which SME loans	702	673	-4%
- of which other, including (semi-) public sector loans	2,486	1,625	-35%
Loans and advances to banks	3,589	3,791	+6%
Investments	4,782	5,350	+12%
Amounts due to customers	**48,217**	**49,045**	+2%
- of which retail savings	37,376	38,404	+3%
- of which other amounts due to customers	10,841	10,641	-2%
Amounts due to banks	1,116	541	-52%
Debt certificates	5,822	6,906	+19%
Shareholders' equity	3,571	3,435	-4%

Comments

- In 2019, the balance sheet total increased by €1.9bn to €62.8bn, on the asset side mainly reflected in higher cash and cash equivalents (+€1.2bn) and investments (+€0.6bn), on the liability side reflected in a growth in retail savings (+€1.0bn) and debt certificates (+€1.1bn)
- Retail mortgage loans increased by €0.9bn, of which €0.7bn related to IFRS value adjustments and €0.2bn due to organic growth, as new production exceeded redemptions. The IFRS value adjustments resulted in a similar increase of derivatives on the liabilities side
- Debt certificates increased by €1.1bn, driven by the issuance of covered bonds (+€0.8bn) and a preferred senior green bond (+€0.5bn)
- Shareholders' equity dropped by €139m to ~€3.4bn, as net profit retention (€275m) was more than offset by the excess equity distribution (€250m) and the dividend payout over 2018 (€161m)

Breakdown of loans and advances to customers

in € millions	31 December 2018 Gross amount	31 December 2018 Loan loss provision	31 December 2018 Coverage ratio	30 June 2019 Gross amount	30 June 2019 Loan loss provision	30 June 2019 Coverage ratio	31 December 2019 Gross amount	31 December 2019 Loan loss provision	31 December 2019 Coverage ratio
Stage 1	**47,149**	**4**	**0.0%**	**47,926**	**4**	**0.0%**	**46,075**	**7**	**0.0%**
- of which retail mortgage loans	44,236	2	0.0%	45,005	2	0.0%	43,977	6	0.0%
- of which retail other loans	74	--	0.0%	64	--	0.0%	62	0	0.0%
- of which SME loans	558	1	0.2%	565	1	0.2%	566	1	0.2%
- of which other commercial loans and loans to public sector	2,281	1	0.0%	2,292	1	0.0%	1,470	--	0.0%
Stage 2	**2,360**	**21**	**0.9%**	**1,844**	**17**	**0.9%**	**2,662**	**29**	**1.1%**
- of which retail mortgage loans	2,039	10	0.5%	1,657	9	0.5%	2,446	22	0.9%
- of which retail other loans	14	2	14.3%	11	1	9.1%	12	1	8.3%
- of which SME loans	99	7	7.1%	85	6	7.1%	67	5	7.5%
- of which other commercial loans and loans to public sector	208	2	1.0%	91	1	1.1%	137	1	0.7%
Stage 3	**657**	**101**	**15.5%**	**595**	**87**	**14.6%**	**645**	**83**	**12.9%**
- of which retail mortgage loans	549	46	8.4%	500	42	8.4%	540	43	8.0%
- of which retail other loans	22	22	100%	15	14	93.3%	13	13	100.0%
- of which SME loans[1]	86	33	38.4%	80	31	38.8%	71	25	35.2%
- of which other commercial loans and loans to public sector	--	--	--	--	--	--	21	2	9.5%
Total stage 1, 2, 3	**50,166**	**126**	**0.3%**	**50,365**	**108**	**0.2%**	**49,382**	**119**	**0.2%**
- of which retail mortgage loans	46,824	58	0.1%	47,109	53	0.1%	46,963	71	0.2%
- of which retail other loans	110	24	21.8%	75	15	16.7%	87	14	16.1%
- of which SME loans	743	41	5.5%	692	38	5.2%	704	31	4.4%
- of which other commercial loans and loans to public sector	2,489	3	0.1%	2,381	2	0.1%	1,628	3	0.2%
IFRS value adjustments[2]	496	--	--	1,293	--	--	1,198	--	--
Total loans and advances to customers	**50,662**	**126**	**0.2%**	**51,658**	**108**	**0.2%**	**50,580**	**119**	**0.2%**
Off-balance sheet items[3]	2,444	5	0.2%	2,191	4	0.2%	2,548	6	0.2%
Total on and off-balance sheet	**53,106**	**131**	**0.2%**	**53,849**	**112**	**0.2%**	**53,128**	**125**	**0.2%**

[1] Gross SME loans include mortgage-backed loans for a gross amount of € 638 million
[2] Consisting of fair value adjustments from hedge accounting and amortisations
[3] Off-balance sheet: liabilities from irrevocable facilities, guarantees and repurchase commitments

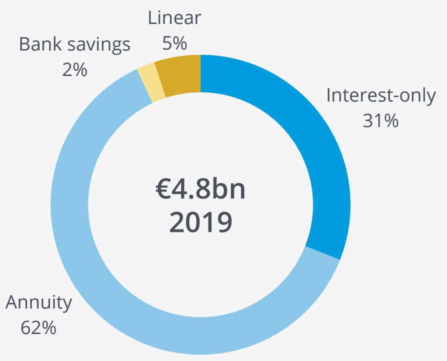
Quality of retail mortgage loans

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

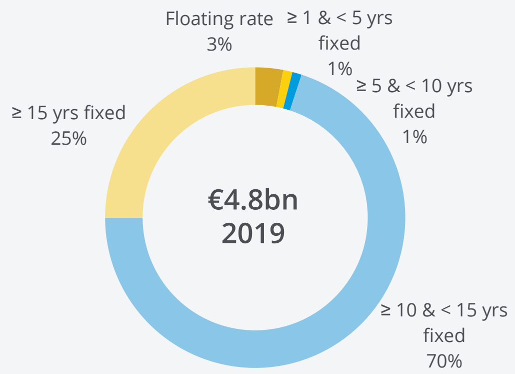
[1] Stage 2/3 loan loss provision as a % of gross exposure to stage 2/3 [2] Includes €760m repurchase commitments of mortgages related to structured finance transactions (31 Dec 2018: €868m) [3] Impairment charges as a % of average gross exposure -/- IFRS adjustments

Retail mortgage production

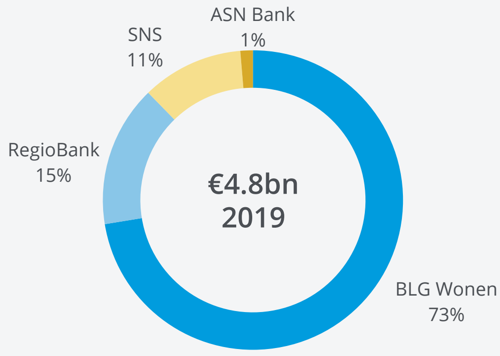
Retail mortgage production by redemption type[1]



Retail mortgage production by interest type[1]



Retail mortgage production by brand on own book[1]

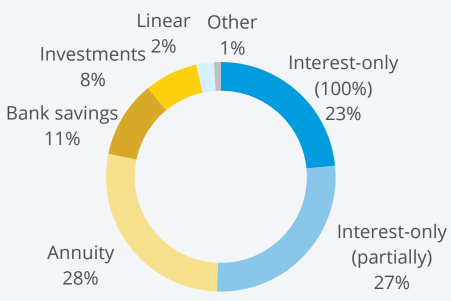


- 62% of new retail mortgages consists of annuity mortgages. Only new annuity or linear mortgages benefit from tax deductibility
- 31% of the retail mortgage production consists of interest-only mortgages due to the refinancing/conversion of loans originated before 2013
- Continued strong demand for mortgages with longer term fixed-rate terms

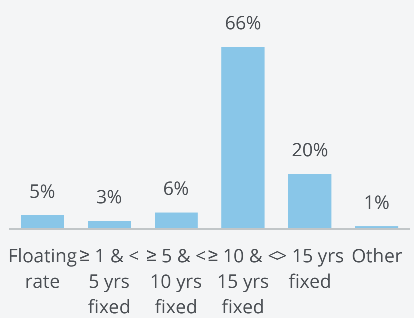
[1] Excluding bridging loans

Retail mortgage portfolio

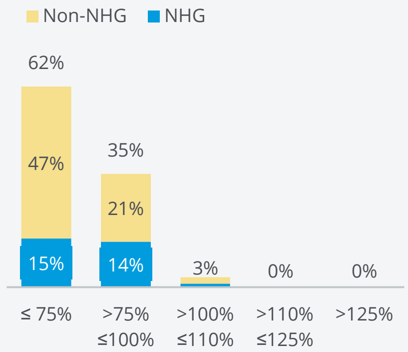
Retail mortgages by redemption type 2019: €46.9bn[1]



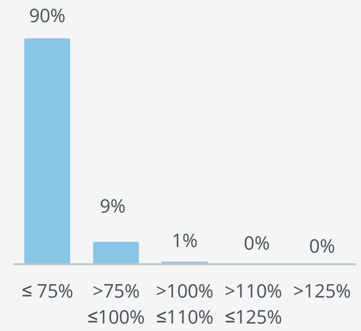
Retail mortgages by fixed-rate period 2019: €46.9bn[1]



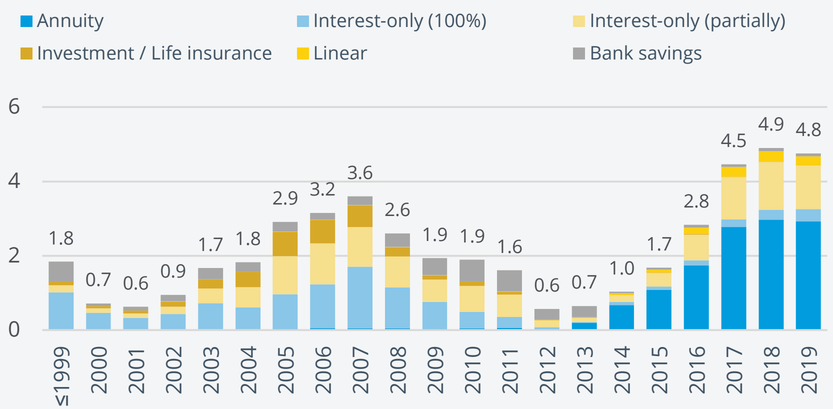
Retail mortgages by LtV bucket 2019: €44.9bn[2]



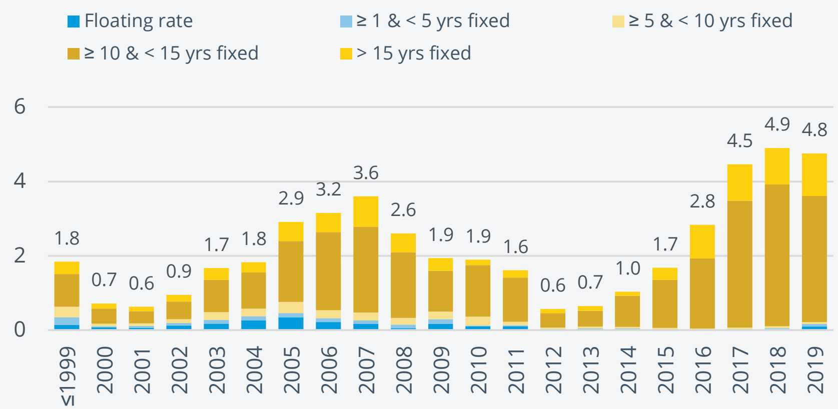
Interest-only (100%) mortgages by LtV bucket



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



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



de volksbank

[1] Total net retail mortgage loans (€48.1bn) +/+ provision (€0.1bn) -/- accrued interest (€0.1bn) -/- IFRS value adjustments (€1.2bn)
[2] Total net retail mortgage loans (€48.1bn) +/+ provision (€0.1bn) -/- IFRS value adjustments (€1.2bn), accrued interest (€0.1bn), savings parts (€2.0bn)

Quality of SME loans

in € millions	1 Jan 18	30 Jun 2018	31 Dec 2018	30 Jun 2019	31 Dec 2019
Gross loans	**791**	**753**	**743**	**730**	**704**
- *of which stage 1*	558	553	558	565	566
- *of which stage 2*	123	103	99	85	67
- *of which stage 3*	110	97	86	80	71
Loan loss provisions	**49**	**40**	**41**	**38**	**31**
- *of which stage 1*	1	1	1	1	1
- *of which stage 2*	12	8	7	6	5
- *of which stage 3*	36	31	33	31	25
Stage 2 as a % of gross loans	16.3%	13.7%	13.3%	11.6%	9.5%
Stage 2 coverage ratio[1]	9.8%	7.8%	7.1%	7.1%	7.5%
Stage 3 as a % of gross loans	14.6%	12.9%	11.6%	11.0%	10.1%
Stage 3 coverage ratio[1]	32.7%	32.0%	38.4%	38.8%	35.2%
Total net loans	**742**	**713**	**702**	**692**	**672**
Irrevocable loan commitments and financial guarantee contracts	38	36	36	38	40
Provision off-balance sheet items	0.3	0.3	0.3	0.3	0.0
Coverage ratio off-balance sheet items	0.8%	0.8%	0.8%	0.8%	0.0%
Total gross on and off-balance sheet exposure	**829**	**789**	**779**	**768**	**744**
Impairment charges	--	-7	-5	-3	-8
Provision as a % of gross loans	6.2%	5.3%	5.5%	5.2%	4.4%
Cost of risk[2]	--	-1.98%	-0.75%	-0.69%	-1.05%

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

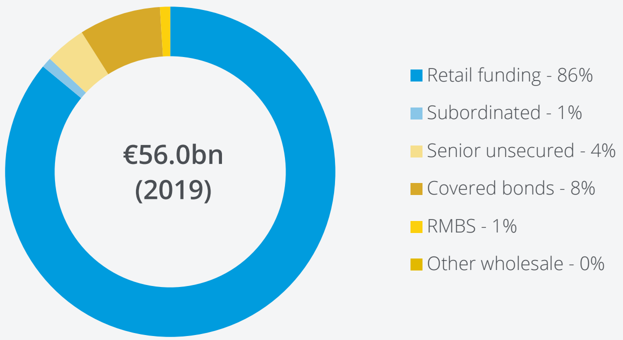
Quality of retail other loans

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

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

Funding & liquidity

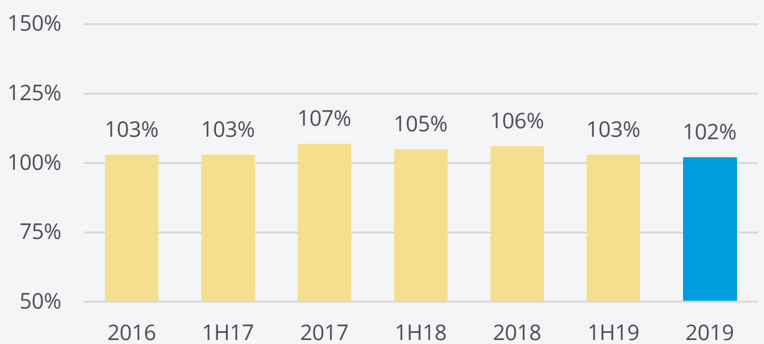
Funding mix



Liquidity buffer (in € millions)

	2018	1H19	2019
Cash position	2,447	3,570	3,836
Sovereigns	2,393	2,149	2,805
Regional/local governments & supranationals	975	871	1,091
Other liquid assets	437	431	263
Eligible retained RMBS	8,900	8,932	8,902
Total liquidity buffer	**15,152**	**15,953**	**16,897**

Loan-to-Deposit ratio[1]



- Retail funding marginally lower in 2019, at 86%
- Loan-to-Deposit ratio marginally lower at 102%
- Liquidity buffer increased by €1.7bn
- LCR and NSFR well above 100%

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

Investment portfolio

Breakdown by sector (in € billions)

	1H19	%	2019	%
Sovereigns	3.4	69%	3.7	70%
Financials	1.0	21%	1.1	21%
Corporates	0.5	10%	0.5	9%
Other	0.0	0%	0.0	0%
Total	**4.9**	**100%**	**5.3**	**100%**

Breakdown by maturity (in € billions)

	1H19	%	2019	%
< 3 months	0.2	4%	0.4	8%
< 1 year	0.2	3%	0.2	4%
< 3 years	0.6	13%	0.9	17%
< 5 years	1.4	28%	1.3	25%
< 10 years	2.2	44%	2.2	42%
< 15 years	0.3	6%	0.2	4%
> 15 years	0.1	2%	0.1	2%
Total	**4.9**	**100%**	**5.3**	**100%**

Breakdown by rating (in € billions)

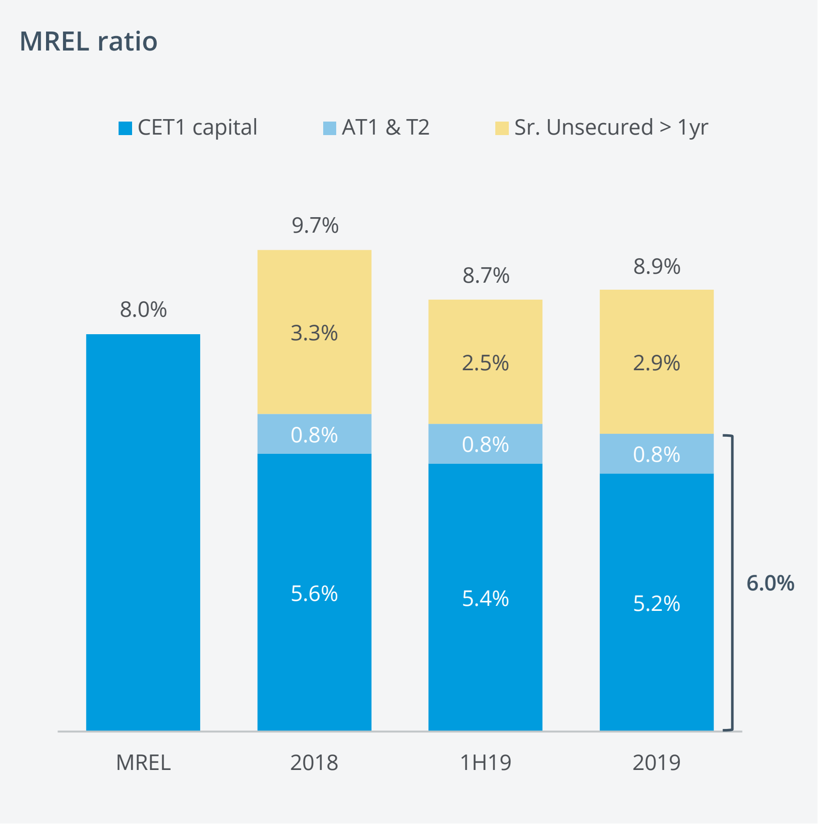
	1H19	%	2019	%
AAA	2.8	56%	2.9	55%
AA	1.9	38%	1.7	32%
A	0.3	6%	0.7	13%
BBB	0.0	0%	0.0	0%
< BBB	0.0	0%	0.0	0%
No rating	0.0	0%	0.0	0%
Total	**4.9**	**100%**	**5.3**	**100%**

Breakdown by country (in € millions)

	1H19	%	2019	%
Netherlands	1,106	23%	1,144	21%
Germany	1,451	30%	1,539	29%
Other[1]	488	11%	1,051	20%
France	634	11%	693	13%
Belgium	722	13%	498	9%
Austria	343	8%	256	5%
Ireland	160	3%	160	3%
Total	**4,905**	**100%**	**5,341**	**100%**

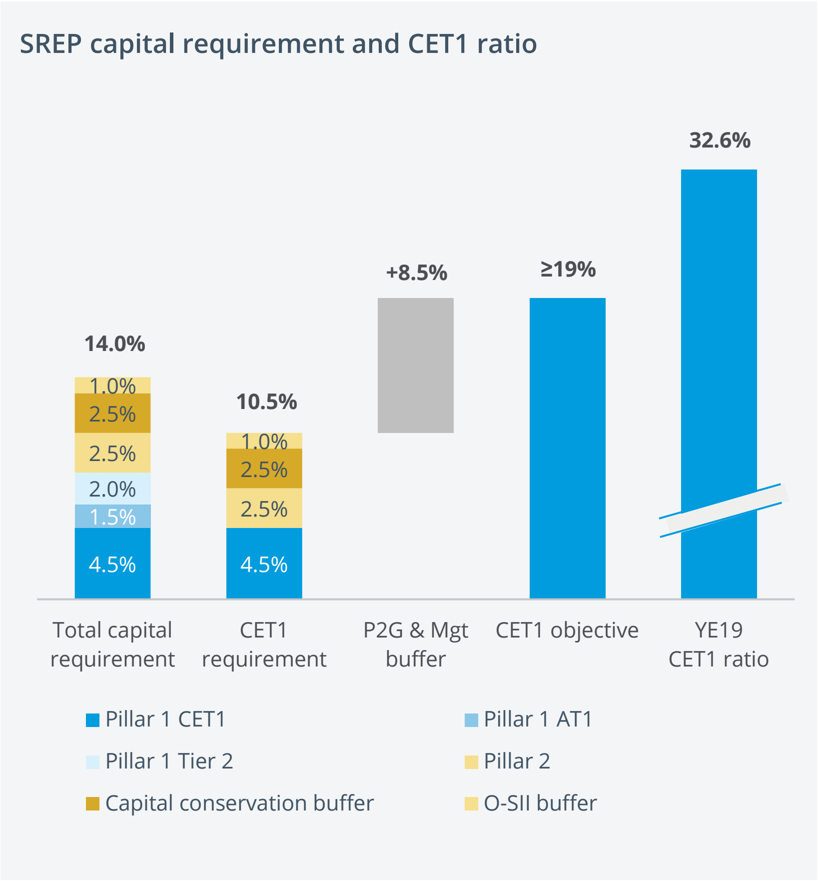
[1] Other mainly consists of Finland, Switzerland and Luxembourg

De Volksbank meets its current MREL requirement



- On 6 June 2018, the SRB set the non-risk weighted MREL for de Volksbank at 8.0% of total liabilities and own funds. The SRB confirmed this on 27 May 2019
- Since de Volksbank already complies with this requirement, the SRB decided the transitional period ceased to apply
- Including total capital and all other unsecured liabilities that are MREL eligible according to the current BRRD, the non-risk-weighted MREL ratio amounts to 8.9% as per YE19
- 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 eligible liabilities subordinated to unsecured liabilities only amounts to 37.8% at YE19
- 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 from 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 next five years
- De Volksbank is closely monitoring the developments concerning a potential MREL subordination requirement. We will adjust our capital planning if necessary

De Volksbank amply meets its SREP capital requirements



- With effect from 1 January 2020, de Volksbank is required to meet a minimum total capital ratio of 14.0% (Overall Capital Requirement, OCR), of which at least 10.5% CET1 capital
- The OCR serves as the Maximum Distributable Amount trigger level, below which coupon or dividend payments are restricted
- De Volksbank aims at a CET1 ratio of at least 19%, based on the fully phased-in Basel IV rules. This objective includes Pillar 2 Guidance and a management buffer of 8.5%

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