

Utrecht, the Netherlands, 10 February 2023

2022 Results

Investor presentation

Martijn Gribnau, CEO

André Haag, CFO

Key points 2022

Focus on implementing our strategy in a dynamic and uncertain market environment

- **Strong customer relationship:** increase in the number of active multi-customers to 1,087,000 (YE21: 1,015,000); customer-weighted Net Promoter Score lower at -1 (YE21: +6), impacted by the introduction of a fixed fee for basic banking services
- **Positive impact on society:** improvement of climate-neutral balance sheet to 65% (YE21: 55%), mainly due to an increase in purchased climate bonds and investments in renewable energy projects

Growth in residential mortgages and SME loans; decrease in retail savings and AuM

- Increase in **residential mortgage portfolio** to €48.3bn (YE21: €47.2bn). Decrease in new mortgage production to €7.4bn (2021: €8.1bn)
- Solid growth in **SME loans** by €255m (2021: €106m) to €1,085m
- **Retail savings** lower at €44.5bn (YE21: €45.6bn)
- **Assets under management (AuM)** €0.8bn lower at €3.9bn, driven by stock market developments

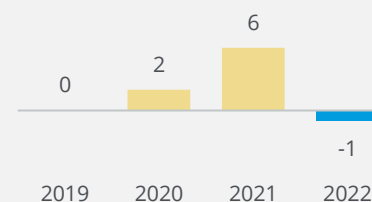
Increase in net profit due to 10% higher NII, 31% higher net fee and commission income, higher other income, and 2% lower operating expenses

- **Net profit** of €191m, a 18% increase compared to 2021 (€162m). Adjusted for incidental items¹, net profit increased by 20% to €174m

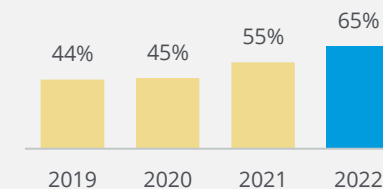
Capital position remains robust with capital ratios above our minimum objectives

- **CET1 capital ratio** lower at 20.3% (YE21: 22.7%); **leverage ratio** of 4.7% (YE21: 5.1%)
- Proposed **dividend** for 2022: €90m (50% of net profit attributable to the shareholder)

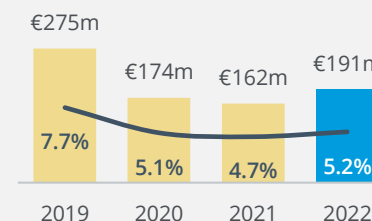
Customer-weighted Net Promoter Score



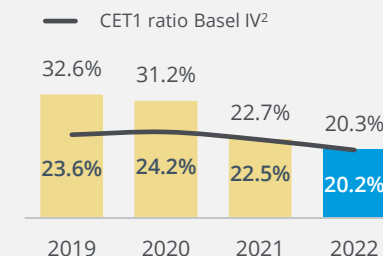
Climate-neutral balance sheet



Net result and RoE



CET1 capital ratio



[1] Incidental items: in 2022 a release of the restructuring charge of €23m (pre-tax) and in 2021 a positive impact of €22m (pre-tax) as a result of the revaluation of a previous contribution made under the Deposit Guarantee Scheme in relation to the insolvency of DSB

[2] The 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



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

RegioBank

Strengthening local presence with broadening propositions



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



Strong customer
relationship

Highlights 2022

- ✓ In a survey by MarketResponse, RegioBank was voted 'most customer-friendly bank' in the Netherlands. SNS (2) and ASN Bank (3) completed the top 3
- ✓ The number of active multi-customers continued to increase by 72,000 to 1.087 million
- ✓ After reaching an all-time high score of +6 in 2021, our customer-weighted NPS decreased to -1, impacted by the introduction of a fixed fee for basic banking services
- ✓ We introduced the Customer Relationship Score (KRS) to measure how strong the relationship is that customers experience based on their satisfaction with, trust in and brand love for their bank. Over 2022, the average score of our brands was 53



Social impact

- ✓ Our brands continued to actively engage with their customers, organising several events to discuss topics such as equal access to financial knowledge, accessibility to the housing market, regional developments and sustainable investing
- ✓ Our climate-neutral balance sheet increased by 10 percentage points to 65%, well on track to reach our 75% objective for 2025
- ✓ At the end of the year we published our first Climate Action Plan, outlining our goal to achieve a net zero balance sheet by 2050, or sooner if possible

Progress on strategy: four growth priorities

Growth priority

 asn bank

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

Highlights 2022

- ✓ Launched a European Citizens' Initiative to secure a living wage for garment makers
- ✓ Introduced online platform 'FromHere', where ASN Bank offers practical information to make sustainable living accessible to the whole of the Netherlands
- ✓ Launched three sustainable insurance products via partner a.s.r.
- ✓ Made interest rebates available for existing sustainable residential homes with an energy label A

 SNS

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

- ✓ Opened the 'Financial Anxiety Helpline' for 24 hours, for anyone who couldn't sleep from financial worries
- ✓ Organised the SNS Youth Board, to discuss the importance of equal access to financial knowledge and information
- ✓ Organised the online event Future Money Talks, offering young adults the opportunity to talk with each other and SNS on their future

RegioBank

Strengthening local presence with broadening propositions

- ✓ Presented an award to the most 'neighbourly' entrepreneur, whose efforts help keep the neighbourhood vital and move it forward
- ✓ Finalised the implementation of the full-franchise business model
- ✓ Organised the National Village Summit as an ambassador of quality of life in regional areas
- ✓ Made it possible for associations and foundations to open an account

 BLGwonen

Expanding BLG Wonen by improving its distribution reach and service

- ✓ To keep the mid-rent segment affordable, BLG Wonen introduced the Rental Mortgage, based on the national point system that ensures a reasonable rent
- ✓ Prolonged a pilot in cooperation with National Mortgage Guarantee (NHG), to enable 'high-rent tenants' to buy a home by providing them with a mortgage based on a rent statement. In 2022, BLG Wonen provided nearly 500 mortgages to high-rent tenants

Progress on strategy: five necessary transformations

Transformation

Highlights 2022



Digital and omnichannel dialogue

- ✓ Apple Pay was rolled out to customers of ASN Bank, SNS and RegioBank
- ✓ Our brands introduced a new personal banking environment for their customers
- ✓ The website, app and personal banking environment of SNS were rebranded
- ✓ The SNS app now features live chatting and a chatbot pilot was launched



Relevant product range, new propositions, small businesses as a new target market

- ✓ ASN Bank, SNS and RegioBank introduced a basic banking package at a monthly rate
- ✓ Together, de Volksbank brands grew the SME loan portfolio by € 255 million to € 1.1 billion



IT-based customer bank

- ✓ We steadily build on our IT foundation under strict architecture
- ✓ We continued to invest in a robust data processing infrastructure for the reporting chain



Customer focused

- ✓ As from 1 March, we adopted the agile way of working throughout the organisation. Since then, we appointed all members of the new Leadership Team of de Volksbank
- ✓ On 16 May, the Executive Committee took office. Since then, all vacancies in the ExCo were filled



Efficient and flexible

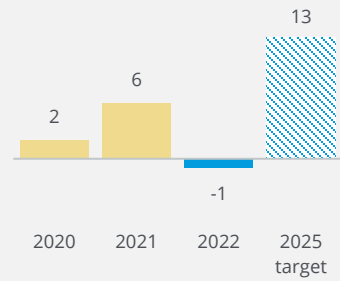
- ✓ Our sourcing strategy was determined and is now being put into practice
- ✓ The new Quantitative Risk Management (QRM) application was implemented in our interest rate and risk models

2025 long-term objectives

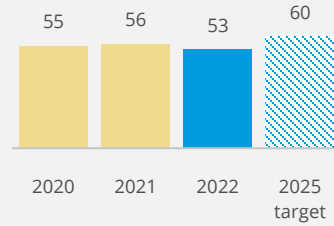
Customers



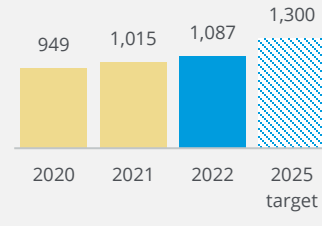
Customer-weighted average NPS



Customer Relationship Score



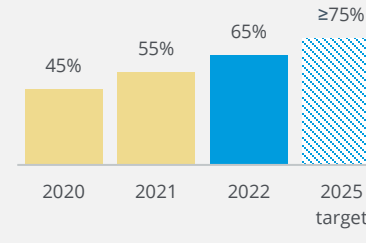
Active multi-customers (in thousands)



Society



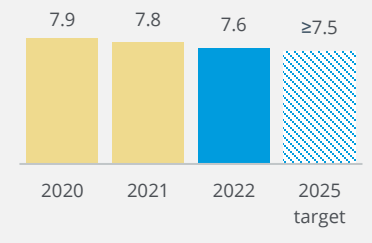
Climate-neutral balance sheet



Employees



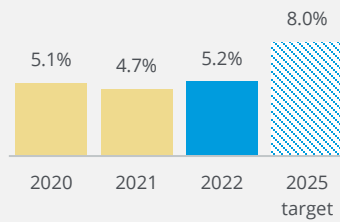
Genuine attention for employees



Shareholder



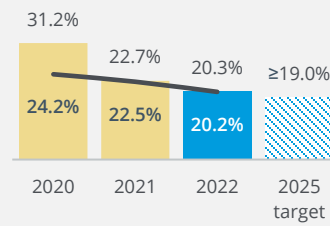
Return on Equity



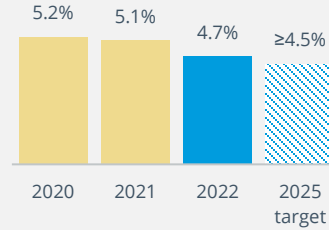
Other objectives

CET1 capital ratio

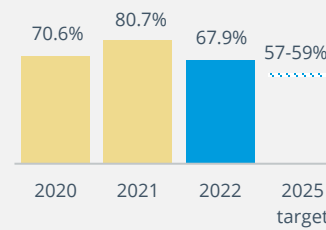
— Pro forma ratio Basel IV¹



Leverage ratio



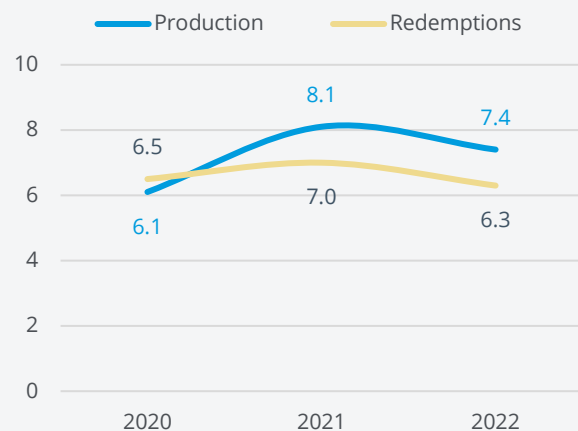
Cost/income ratio



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

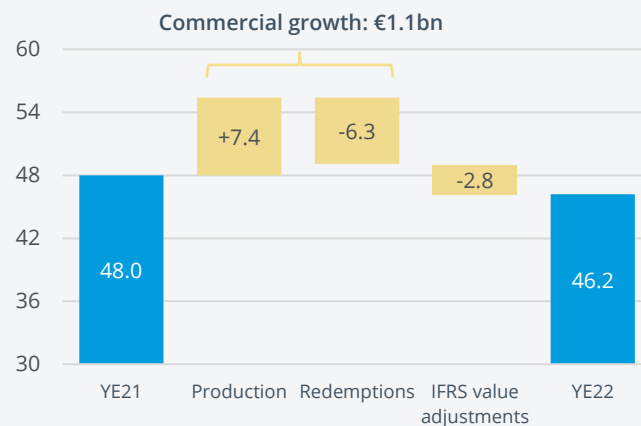
Commercial growth in both residential mortgages and SME loans

New mortgage production vs redemptions¹
(in € billions)



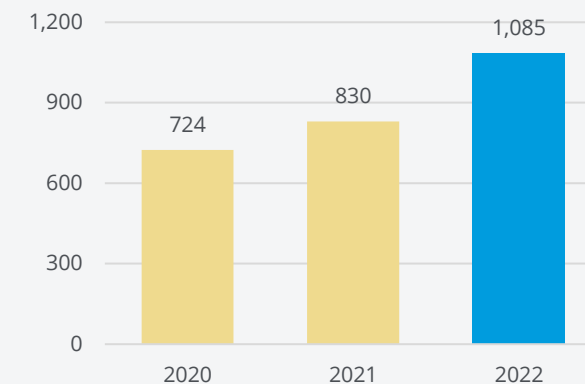
- In 2022, new residential mortgage production declined to €7.4bn (2021: €8.1bn), mainly due to a decreasing market for new mortgages
- Mortgage redemptions decreased by €0.7bn to €6.3bn, mainly due to the decreasing mortgage refinancing volumes

Development residential mortgage portfolio
(in € billions)



- The residential mortgage portfolio, including IFRS value adjustments, decreased by €1.8bn to €46.2bn, as commercial growth (€1.1bn) was more than offset by a €2.8bn decrease in IFRS value adjustments, due to the increase in interest rates
- Interest rate renewals decreased to €1.9bn (2021: €2.4bn), mainly due to lower regular renewals; the share of early renewals was ~59% (2021: ~46%)

Development SME loan portfolio
(in € millions)

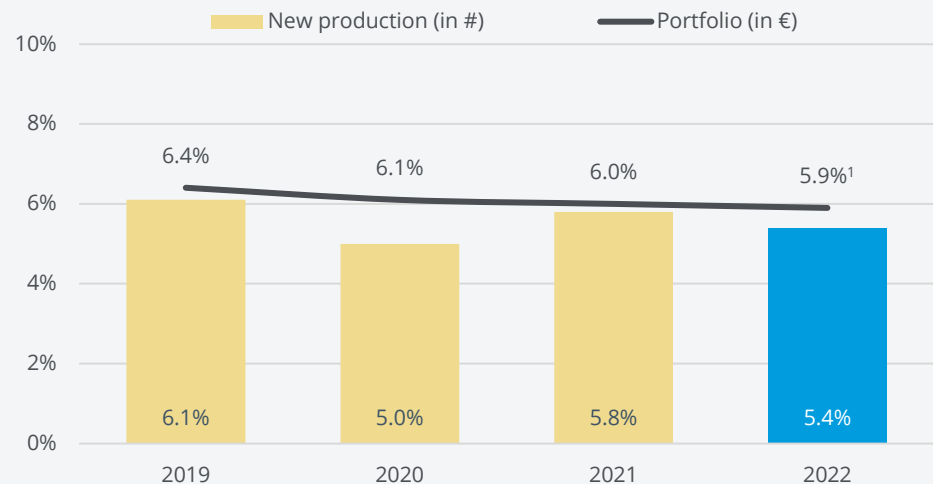


- Our SME loan portfolio grew by €255m to €1,085m
- In 2022, we originated €321m in new SME loans

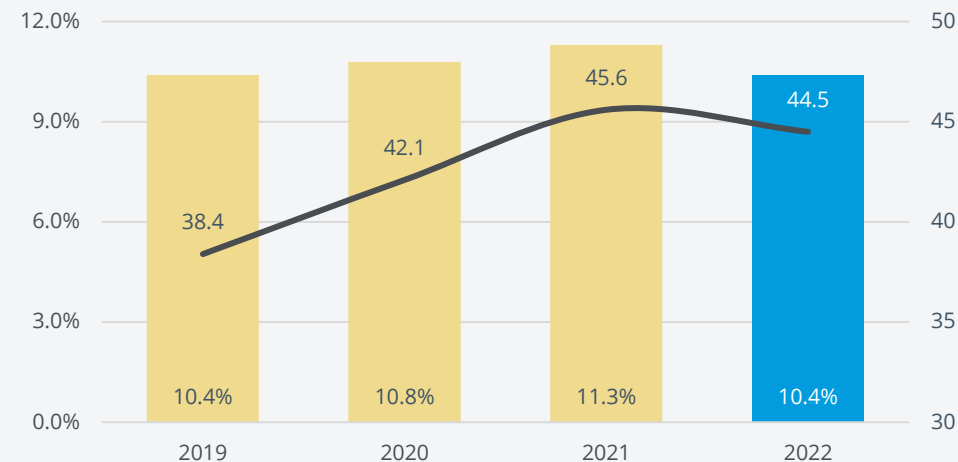
[1] As of 2021, mortgage conversions are included in production and redemption figures, comparative figures have been adjusted

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

Market share of residential mortgage loans



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

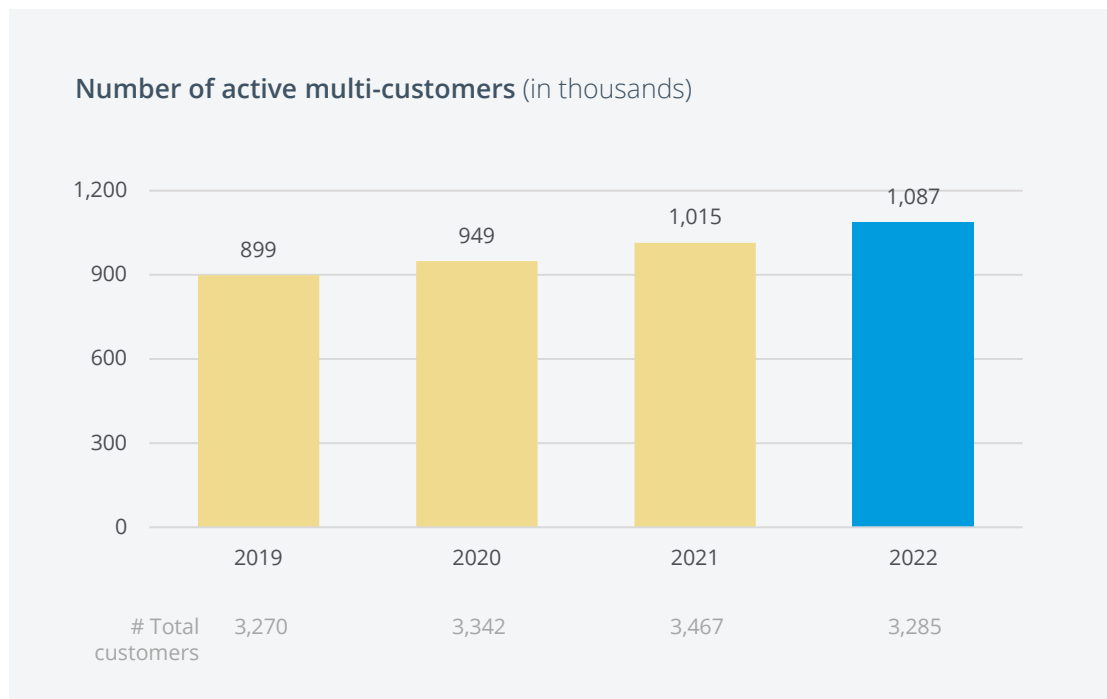


- Our market share of new residential mortgage production decreased to 5.4% (2021: 5.8%), in a rapidly changing housing market environment
- Mortgage rates increased sharply: in early 2022, a 10-year mortgage was still available at a rate of 1.1%, but at the end of December this rate had risen to 4.4%

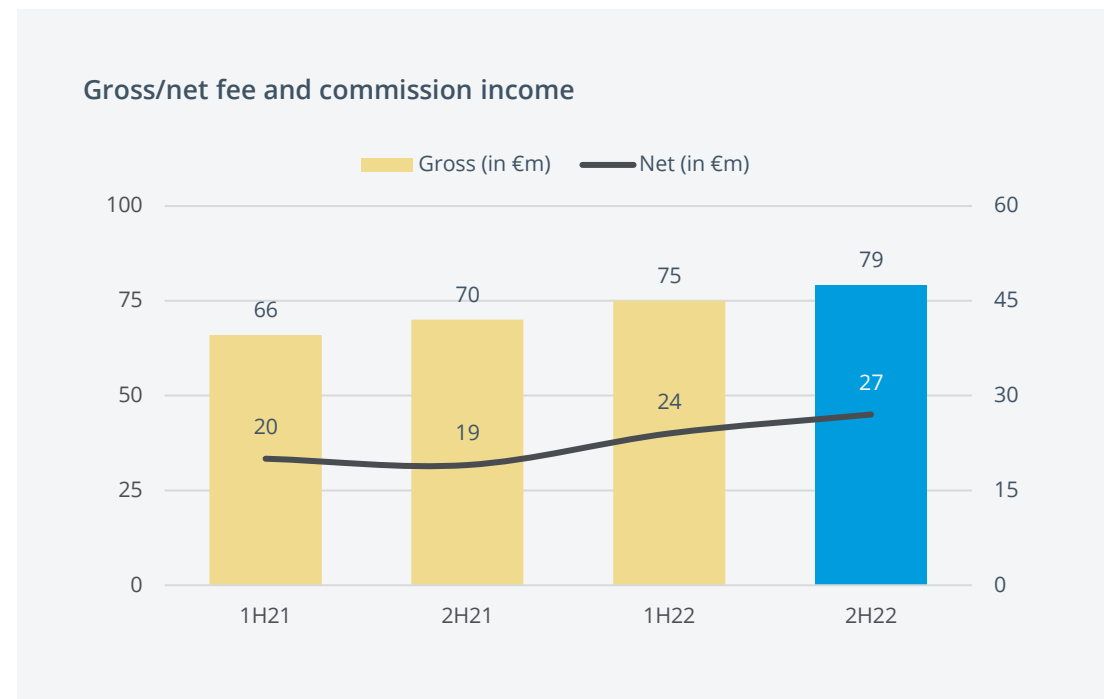
- Our retail savings balances decreased by €1.1bn to €44.5bn, mainly driven by the introduction of a monthly fee for basic banking services
- The market share of retail savings declined to 10.4% (2021: 11.3%)
- On 1 October 2022, negative interest rates were removed and as from 1 December 2022, de Volksbank brands started offering a positive savings rate

[1] Market share as per Q3, as Q4 number is not yet available

Increase in active multi-customers and fee and commission income



- In 2022, the number of active multi-customers rose by 72,000 to 1,087,000. Our target for YE25 has been set at 1.3m
- In 2022, the total customer base decreased by 182,000, due to the outflow of mono-savings customers following the introduction of a monthly rate for basic banking services



- In 2022, gross and net fee income and commission income increased by 13% and 31% respectively, mainly due to higher fees for mortgage advisory, the contribution of property valuation from the platform Fitrex and the introduction of a monthly rate for basic banking services



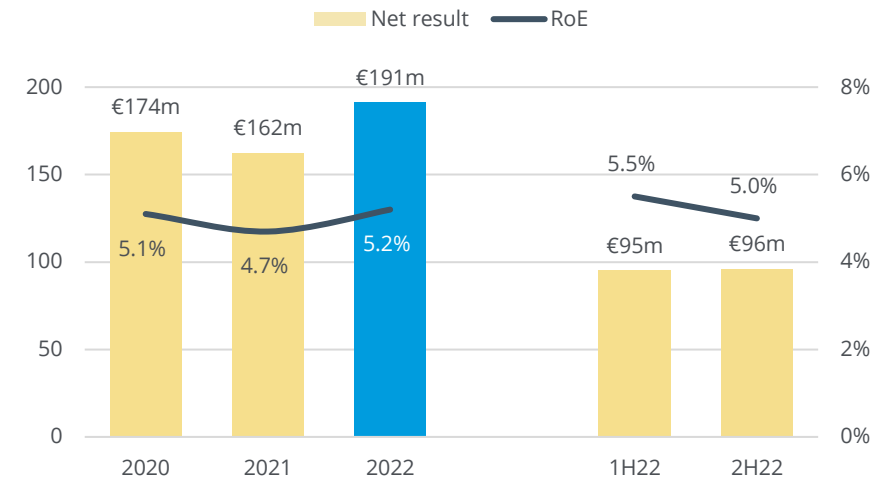
2. Financial results & outlook

Net profit higher at €191m driven by higher total income and lower operating expenses

Result (in € millions)

	2021	2022	Δ	1H22	2H22
Total income	827	965	+17%	463	502
Total operating expenses	667	655	-2%	323	332
Impairment charges	-58	52	--	11	41
Result before tax	218	258	+18%	129	129
Taxation	56	67	+20%	34	33
Net result	162	191	+18%	95	96
Incidental items	17	17	--	4	13
Adjusted net result	145	174	+20%	91	83
Return on equity	4.7%	5.2%		5.5%	5.0%
Adjusted Return on equity	4.2%	4.7%		5.2%	4.3%

Net result and Return on Equity



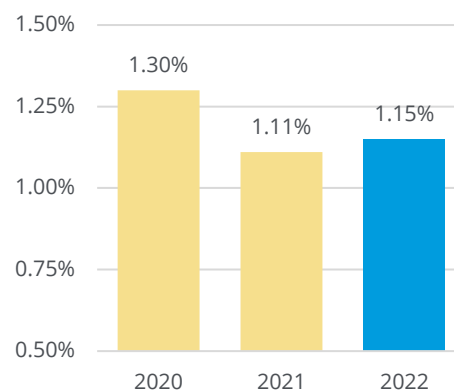
- Compared to 2021, net profit increased by €29m to €191m, attributable to €138m higher total income and €12m lower total operating expenses, partly offset by a €110m swing in impairment charges
- Both years included positive incidental items of €17m after tax; in 2022, net profit included a release of €23m before tax of the restructuring provision in relation to the agile way or working, and in 2021 a positive revaluation of a previous contribution made under the DGS related to the insolvency of DSB
- Return on equity stood at 5.2%, higher compared to 2021 (4.7%), driven by a higher net profit. Adjusted for incidental items, return on equity amounted to 4.7% (2021: 4.2%)

Total income up by 17%, driven by higher NII (+10%), higher net fee and commission income (+31%) and higher results on financial instruments

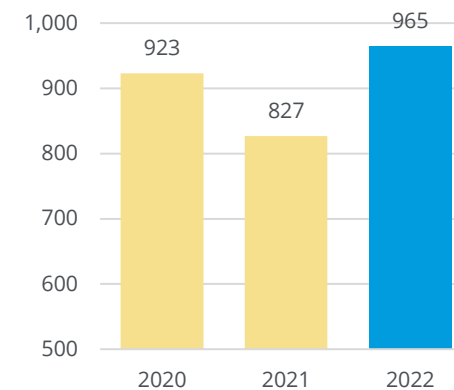
Income (in € millions)

	2021	2022	Δ	1H22	2H22
Net interest income	775	851	+10%	372	479
Net fee and commission income	39	51	+31%	24	27
Investment income	3	-8	--	-2	-6
Other results on financial instruments	10	70	>100%	69	1
Other income	--	1	--	--	1
Total income	827	965	+17%	463	502

Net interest margin (as a % of average assets)



Total income (in € millions)



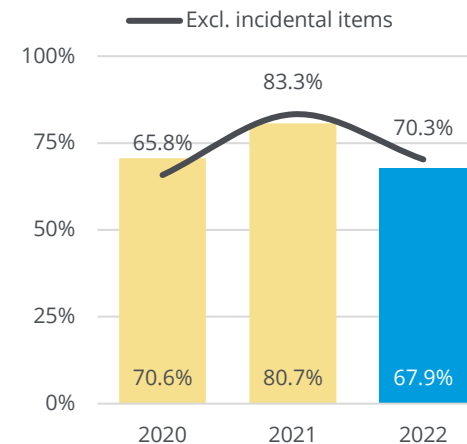
- Net interest income increased by €76m to €851m (+10%). As a result of rising interest rates, interest on liquidities deposited with financial institutions, such as the ECB, was higher, showing a swing from interest paid to interest received. In addition, interest income on our investment portfolio increased and hedging costs were lower. These elements were partly offset by lower income from mortgages, higher wholesale funding expenses and lower compensation for loss of interest on account of early repayments
- Net fee and commission income showed a €12m increase to €51m (+31%), due to higher mortgage advisory and payment fees, the contribution of property valuation platform Fitrex and the introduction of a monthly fee for basic banking services. Management fees decreased as assets under management dropped as a result of negative stock market developments
- Investment income amounted to €8m negative (2021: €3m), driven by lower 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 amounted to €70m. This high level was driven by extraordinary circumstances on financial markets, as evidenced in a sharp increase in interest rates and high volatility. Of these results, €46m is attributable to results on swaptions used to protect our long-term interest income against sharply rising interest rates. In addition, trading results and hedge accounting results on investments were higher

Operating expenses 2% lower, mainly driven by lower regulatory levies and staff expenses

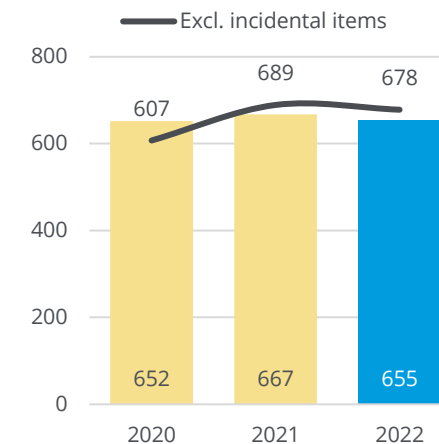
Operating expenses (in € millions)

	2021	2022	Δ	1H22	2H22
Total operating expenses	667	655	-2%	323	332
Restructuring charge	--	-23	--	-6	-17
Gain related to DGS/DSB loan	-22	--	--	--	--
Adjusted operating expenses	689	678	-2%	329	349
- of which regulatory levies	79	69	-13%	41	28
Total FTEs	3,961	3,887	-2%	3,923	3,887
Internal FTEs	3,178	3,123	-2%	3,162	3,123
External FTEs	783	764	-2%	761	764

Cost/income ratio



Operating expenses (in € millions)



- Total operating expenses decreased by €12m to €655m (-2%) and included a €23m release of the agile restructuring provision, while in 2021 operating expenses were positively impacted by a €22m revaluation of a previous contribution made under the Deposit Guarantee Scheme (DGS) in relation to the insolvency of DSB
- Regulatory levies were €10m lower at €69m, reflecting a €13m lower ex-ante contribution to the DGS (€55m), due to a decrease in covered deposits. The contribution to the resolution fund was €3m higher at €14m
- Excluding incidental items and regulatory levies, operating expenses were €1m lower at €609m, due to €8m lower staff expenses, partly due to a decrease in total FTEs as a result of the roll-out of the agile way of working, and lower marketing costs. This was largely offset by higher IT and consultancy costs for investments, such as in KYC-related projects
- Compared to YE21, the total number of FTEs dropped by 74 to 3,887, involving a reduction of 55 internal FTEs to 3,123 and 19 external FTEs to 764. The decrease was partly related to the transition to an agile way of working, implemented as from 1 March 2022

Impairment charges of €52m, driven by a deteriorated macroeconomic outlook; actual defaults of residential mortgages and SME loans remained very low

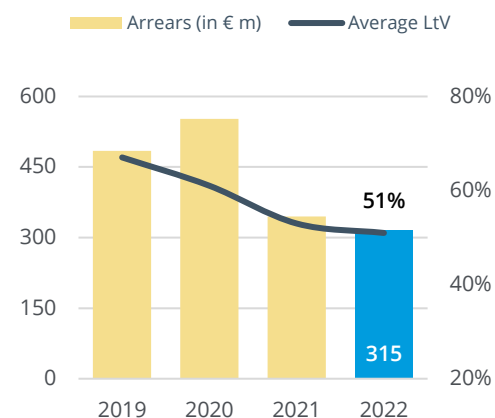
Impairment charges of financial assets (in € millions)

	2021	2022	1H22	2H22
Residential mortgages	-46	17	-2	19
SME loans	-12	2	-2	4
Consumer loans	3	-3	-2	-1
Other corporate and government loans	-4	23	14	9
Loans and advances to banks	--	5	--	5
Investments	1	8	3	5
Total impairment charges	-58	52	11	41
Cost of risk residential mortgages	-0.10%	0.04%	-0.01%	0.08%
Cost of risk total loans	-0.12%	0.08%	0.03%	0.12%

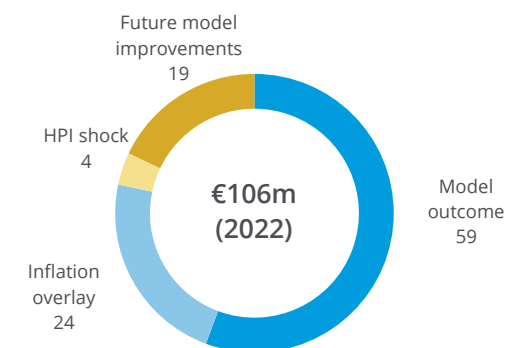
Base scenario macroeconomic parameters

Scenarios as at	31 December 2021		31 December 2022	
	2022	2023	2023	2024
Relative change in house price index (HPI)	5.3%	4.4%	-5.6%	4.1%
Unemployment rate	2.9%	2.6%	4.6%	4.2%
Number of bankruptcies (monthly)	239	241	396	459

Residential mortgages in arrears; average LtV

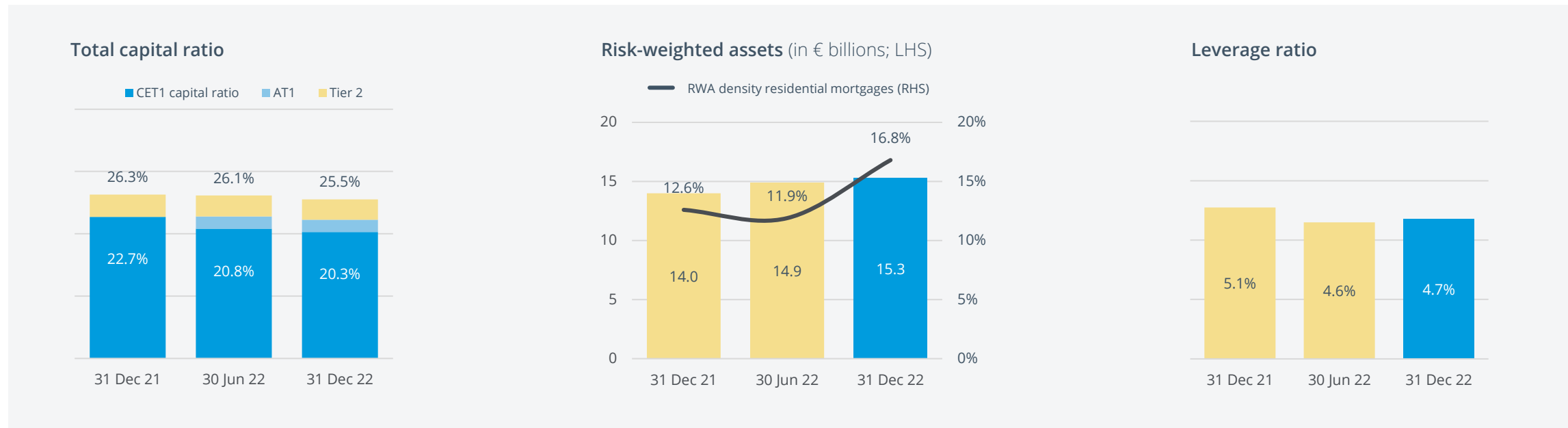


Loan loss provision residential mortgages (in € millions)



- impairment charges amounted to €52m, mainly reflecting deteriorated macroeconomic parameters used in our loan loss provisioning models and increased credit risk on corporate loans
- Impairment charges on residential mortgage loans amounted to €17m; the impact of a less positive macroeconomic outlook was partly compensated by a release of the Covid-19 related management overlay. In addition, we have now included a management overlay to reflect the risk of high inflation that may affect our customers' payment capacity, in the amount of €24m
- The average LtV of residential mortgages declined further to 51% (YE21: 53%)

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



- In 2022, the CET1 capital ratio decreased to 20.3% (YE21: 22.7%), primarily due to an increase in risk-weighted assets (RWA)
 - CET1 capital decreased by €81m, as net profit retention (adjusted for dividend pay-out) was more than offset by a €157m decrease in the fair value reserve
 - RWA increased by €1.3bn, largely due to the increased short-term exposures to other financial institutions and exposures to corporates, used to optimise the return on excess liquidity. Within RWA, a shift was made from a large part of additional conservatism applied through the CRR Article 3 add-on to additional conservatism applied in the calculation of AIRB model-based RWA. As a result, the average risk-weighting of our residential mortgage portfolio rose to 16.8% (YE21: 12.6%)
- In 2022, the leverage ratio decreased to 4.7%, as a result of the expiration of the ECB's temporary relief measure on 1 April 2022 to exclude certain central bank exposures from the leverage ratio exposure
- To strengthen and diversify our capital and MREL position, we issued €500m in green senior non-preferred (SNP) notes in April 2022, and €300m in green Additional Tier 1 notes in June 2022
- As at year-end 2022, we estimate that our RWA according to fully phased-in Basel IV standards would be similar to our total RWA under current regulations. The pro-forma Basel IV CET1 ratio stood at 20.2%

Outlook

- In the first two years of the strategic period 2021-2025 we focussed on increasing our multi-customer base, increasing fee income and changing our organisation towards a more agile way of working, as well as installing a new leadership team. Making our operations more robust is a necessary condition for creating the impact we want to make, both at customer and social level. In the years to come, the challenge is to increasingly move from 'promise' to 'impact', while making additional investments to improve IT systems, data quality and meet regulatory requirements, especially in the field of KYC
- We expect net interest income in 2023 to continue to improve, benefitting from the changing interest rate environment. We expect interest income on mortgages and other assets to improve gradually and hedging costs to decline, partially offset by an increase in funding costs. Net fee and commission income is expected to increase, reflecting the progress of our growth initiatives. Other results on financial instruments are expected to return to a lower level as the financial year 2022 was positively impacted by a gain on swaptions used for hedging purposes. In all, we expect total income to be higher compared to the 2022 level
- We also expect operating expenses to be higher, mainly driven by IT security investments and projects related to banking regulations and customer compliance supporting our aspiration to be a more robust and resilient organisation
- The impact of geopolitical developments, such as the war in Ukraine, and of the macroeconomic forecasts on our customers and their financial resilience, is highly uncertain. Consequently, this may impact our loan loss provisioning levels. We expect to increase these levels in line with our outlook for moderate loan growth
- Taking into account the factors described above, we expect net profit for 2023 to be above that of 2022



Questions & answers



Appendix

Summary P&L

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

Summary balance sheet

In € millions	30-06-2019	31-12-2019	30-06-2020	31-12-2020	30-06-2021	31-12-2021	30-06-2022	31-12-2022
Total assets	63,941	62,841	65,378	67,484	70,473	72,081	74,857	73,155
Cash and cash equivalents	1,948	2,026	1,079	4,672	8,036	10,305	9,111	8,011
Loans and advances to banks	4,208	3,791	6,817	5,990	5,759	4,527	7,444	6,884
Loans and advances to customers	51,551	50,461	50,867	50,542	50,127	50,570	49,363	48,966
Derivatives	705	718	702	864	588	591	2,839	3,302
Investments	4,914	5,350	5,469	5,114	5,494	5,638	5,427	5,591
Tangible and intangible assets	139	128	114	110	90	93	87	85
Tax assets	133	99	64	42	64	39	82	67
Other assets	342	268	266	150	314	318	504	249
Total liabilities and equity	63,941	62,841	65,378	67,484	70,473	72,081	74,857	73,155
<i>Savings</i>	<i>38,475</i>	<i>38,404</i>	<i>40,521</i>	<i>42,111</i>	<i>44,689</i>	<i>45,646</i>	<i>45,744</i>	<i>44,501</i>
<i>Other amounts due to customers</i>	<i>11,298</i>	<i>10,641</i>	<i>11,073</i>	<i>11,541</i>	<i>11,757</i>	<i>12,482</i>	<i>12,978</i>	<i>12,649</i>
Amounts due to customers	49,773	48,664	51,594	53,652	56,446	58,128	58,722	57,150
Amounts due to banks	891	541	246	945	1,175	1,059	2,711	2,805
Debt certificates	6,490	6,906	6,545	6,119	6,885	7,402	7,588	7,544
Derivatives	1,926	1,841	2,188	2,163	1,256	1,013	1,037	924
Tax liabilities	15	15	16	17	12	9	7	6
Other liabilities	679	492	852	558	694	382	529	452
Other provisions	72	64	45	80	77	102	84	66
Participation certificates and subordinated debt	512	502	510	500	504	500	504	500
Shareholders' equity	3,578	3,435	3,382	3,450	3,424	3,486	3,675	3,708

Key items balance sheet

Key items balance sheet (in € millions)

	31 Dec 21	31 Dec 22	Δ YoY
Total assets	72,081	73,155	+1%
Cash and cash equivalents	10,296	8,011	-22%
Loans and advances to customers	50,570	48,966	-3%
- of which residential mortgages	47,945	46,134	-4%
- of which consumer loans	42	45	+7%
- of which SME loans	807	1,061	+31%
- of which other, including (semi-) public sector loans	1,776	1,726	-3%
Loans and advances to banks	4,527	6,884	+52%
Investments	5,638	5,591	-1%
Amounts due to customers	58,128	57,150	-2%
- of which retail savings	45,646	44,501	-3%
- of which other amounts due to customers	12,482	12,649	+1%
Amounts due to banks	1,059	2,805	+165%
Debt certificates	7,402	7,544	+2%
Shareholders' equity	3,486	3,708	+6%

Comments

- In 2022, the balance sheet total increased by €1.1bn to €73.2bn, mainly due to a rise in amounts due to banks and shareholders' equity. On the asset side, this was mainly reflected in an increase in loans and advances to banks
- Loans and advances to banks increased due to higher short-term exposures to other financial institutions, used for optimising the return on excess liquidity
- Loans and advances to customers decreased by €1.6bn, driven by a €2.8bn decrease in IFRS value adjustments, due to the increase in interest rates. Excluding this effect, loans and advances to customers increased by €1.3bn, driven by:
 - Commercial growth of residential mortgages amounted to €1.1bn
 - SME loans increased by €255m to €1,034m
- Amounts due to customers decreased by €1.0bn, as a result of an outflow of mono savings customers following the introduction of a monthly rate for basic banking services
- Amounts due to banks increased by €1.7bn, as the redemption of the TLTRO funding from the ECB was exceeded by an increase in received collateral as a result of increased interest rates
- Debt certificates increased by €142m, due to the issuance of green senior non-preferred notes totalling €500m and €200m senior preferred, to support our MREL position, partly offset by the redemption of green senior preferred notes and green bonds
- Shareholders' equity rose by €222m to ~€3.7bn, due to the issuance of €300m green Additional Tier 1 notes and the 2022 net profit (€191m), partly offset by the 2021 dividend payment (€97m), a decrease in the fair value reserve (€157m) as a result of the increased interest rates and the cashflow hedge reserve (€2m), and the AT1 coupon payment (€11m)

Breakdown of loans and advances to customers

in € millions	31 December 2021			30 June 2022			31 December 2022		
	Gross amount	Loan loss provision	Coverage ratio	Gross amount	Loan loss provision	Coverage ratio	Gross amount	Loan loss provision	Coverage ratio
Stage 1	47,435	39	0.1%	46,861	47	0.1%	48,119	45	0.1%
- of which residential mortgages	45,102	32	0.1%	46,105	43	0.1%	45,499	38	0.1%
- of which consumer loans	28	--	0.0%	24	--	0.0%	22	--	0.0%
- of which SME loans	652	6	0.9%	838	3	0.4%	933	6	0.6%
- of which other commercial loans and loans to public sector	1,653	1	0.1%	1,714	1	0.1%	1,665	1	0.1%
Stage 2	1,825	28	1.5%	1,631	23	1.4%	2,492	39	1.6%
- of which residential mortgages	1,575	24	1.5%	1,462	16	1.1%	2,320	31	1.3%
- of which consumer loans	14	--	0.0%	19	1	5.3%	23	1	4.3%
- of which SME loans	112	4	3.6%	90	6	6.7%	106	7	6.6%
- of which other commercial loans and loans to public sector	124	--	0.0%	60	--	0.0%	43	--	0.0%
Stage 3	607	40	6.6%	523	49	9.4%	549	70	1.1%
- of which residential mortgages	531	17	3.2%	424	14	3.3%	453	29	0.9%
- of which consumer loans	10	10	100.0%	9	9	100.0%	9	8	16.7%
- of which SME loans	66	13	19.7%	47	12	25.5%	46	11	4.2%
- of which other commercial loans and loans to public sector	--	--	--	43	14	32.6%	41	22	2.3%
Total stage 1, 2, 3	49,867	107	0.2%	50,835	119	0.2%	51,160	154	0.3%
- of which residential mortgages ¹	47,208	73	0.2%	47,991	73	0.2%	48,272	98	0.2%
- of which consumer loans	52	10	19.2%	52	10	19.2%	54	9	16.7%
- of which SME loans ²	830	23	2.8%	975	21	2.2%	1,085	24	2.2%
- of which other commercial loans and loans to public sector	1,777	1	0.1%	1,817	15	0.8%	1,749	23	1.3%
IFRS value adjustments ³	810	--	--	-1,353	--	--	-2,040	--	--
Total loans and advances to customers	50,677	107	0.2%	49,482	119	0.2%	49,120	154	0.3%
Off-balance sheet items ⁴	3,386	13	0.4%	3,118	13	0.4%	2,998	14	0.5%
Total on and off-balance sheet	54,063	120	0.2%	52,600	132	0.3%	52,118	168	0.3%

[1] As from 2022, funds for new mortgage loans that have been deposited by de Volksbank at a Notary Public's third-party account, but of which the deed of transfer of title has not yet been signed at said Notary Public's office, are presented in line item Other assets.. Comparative figures for 2021 have been adjusted accordingly

[2] Gross SME loans include mortgage-backed loans for a gross amount of € 939 million

[3] Consisting of fair value adjustments from hedge accounting and amortisations

[4] Off-balance sheet: liabilities from irrevocable facilities, guarantees and repurchase commitments

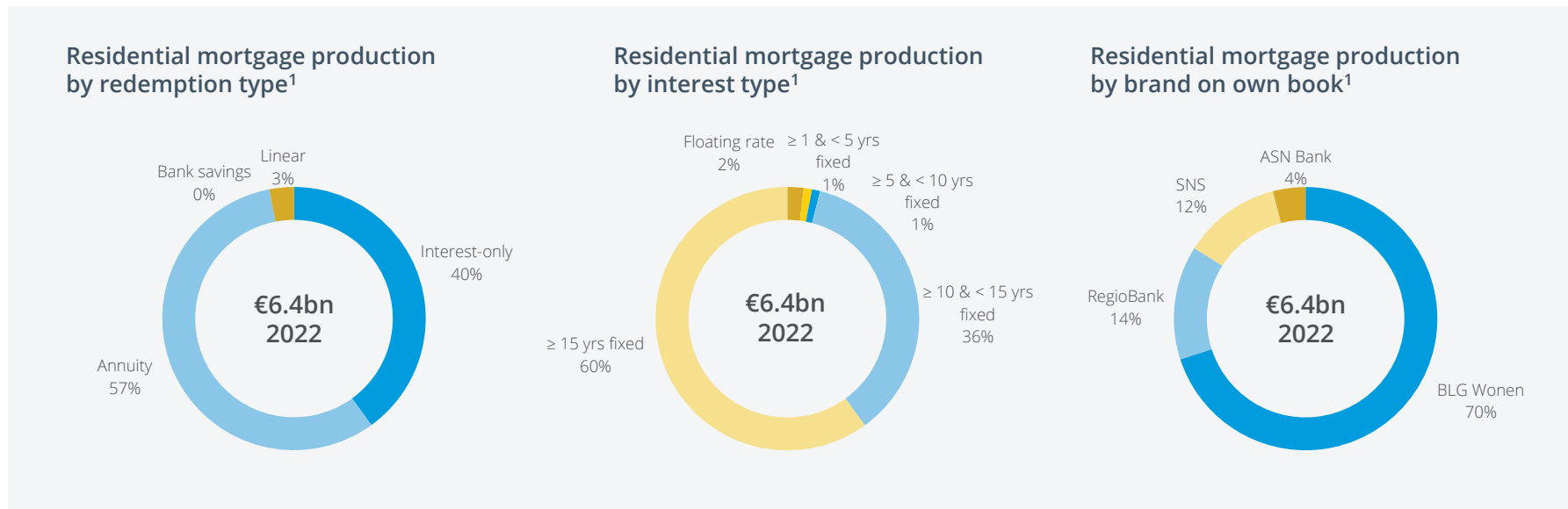
Quality of residential mortgages

in € millions

	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020	31 Dec 2020	30 Jun 2021	31 Dec 2021	30 Jun 2022	31 Dec 2022
Gross loans	46,824	47,162	46,963	46,664	46,236	46,278	47,208	47,991	48,272
- of which stage 1	44,236	45,005	43,977	43,166	43,154	43,638	45,102	46,105	45,499
- of which stage 2	2,039	1,657	2,446	2,949	2,539	2,149	1,575	1,462	2,320
- of which stage 3	549	500	540	549	543	491	531	424	453
Loan loss provisions	58	53	71	110	111	97	73	73	98
- of which stage 1	2	2	6	24	24	30	32	43	38
- of which stage 2	10	9	22	35	52	30	24	16	31
- of which stage 3	46	42	43	51	35	37	17	14	29
Stage 2 as a % of gross loans	4.4%	3.5%	5.2%	6.3%	5.5%	4.6%	3.3%	3.0%	4.8%
Stage 2 coverage ratio ¹	0.5%	0.5%	0.9%	1.2%	2.0%	1.4%	1.5%	1.1%	1.3%
Stage 3 as a % of gross loans	1.2%	1.1%	1.1%	1.2%	1.2%	1.1%	1.1%	0.9%	0.9%
Stage 3 coverage ratio ¹	8.4%	8.4%	8.0%	9.3%	6.4%	7.5%	3.2%	3.3%	6.4%
Net loans excluding IFRS adjustments	46,766	47,109	46,892	46,554	46,125	46,181	47,135	47,918	48,174
IFRS adjustments	496	1,293	1,198	1,597	1,572	1,098	810	-1,353	-2,040
Total net loans	47,262	48,401	48,090	48,151	47,697	47,279	47,945	46,565	46,134
Irrevocable loan commitments and financial guarantee contracts	1,796	1,692	1,598	2,021	1,924	2,293	2,329	2,059	1,940
Provision off-balance sheet items	0	1	1	1	1	1	7	8	8
Coverage ratio off-balance sheet items	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	0.3%	0.4%	0.4%
Total gross on and off-balance sheet exposure	48,620	48,854	48,561	48,685	48,160	48,571	49,537	50,050	50,212
Impairment charges	-8	-8	2	33	29	-21	-58	-2	17
Provision as a % of gross loans	0.12%	0.11%	0.15%	0.24%	0.24%	0.21%	0.15%	0.15%	0.20%
Cost of risk ²	-0.02%	-0.03%	0.00%	0.14%	0.06%	-0.09%	-0.10%	-0.01%	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

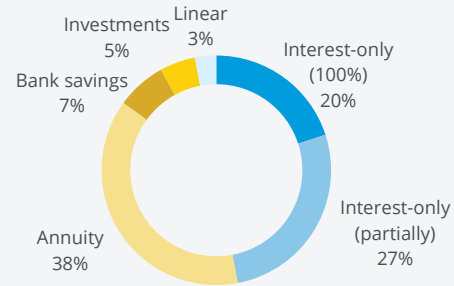


[1] Excluding bridge loans, and 'extra ruimte' mortgages

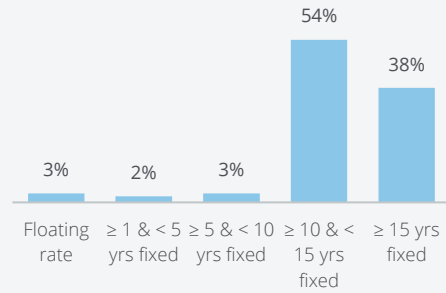
- 57% of new residential mortgages consists of annuity mortgages. Only new annuity or linear mortgages benefit from tax deductibility
- 40% of the residential mortgage production consists of interest-only mortgages due to the refinancing/conversion of loans originated before 2013. The refinancing market dropped in 2H22 and correspondingly the share of interest-only mortgages decreased
- In 2022, the share of new mortgages with a fixed interest rate of 15 years or longer amounted to 60% of our total mortgage originations (2021: 71%). Impacted by the sharp increase in mortgage rates as of the second quarter of 2022, there is a shift visible toward 10-years fixed mortgage rates and the market for new mortgages contracted

Residential mortgage portfolio

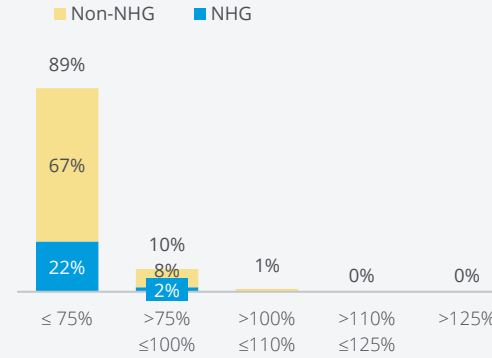
Residential mortgages by redemption type



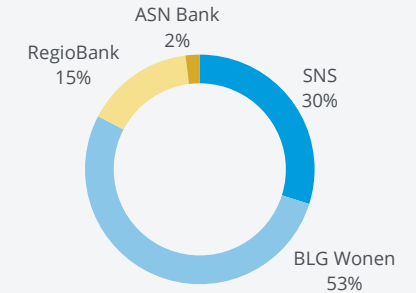
Residential mortgages by fixed-term maturity



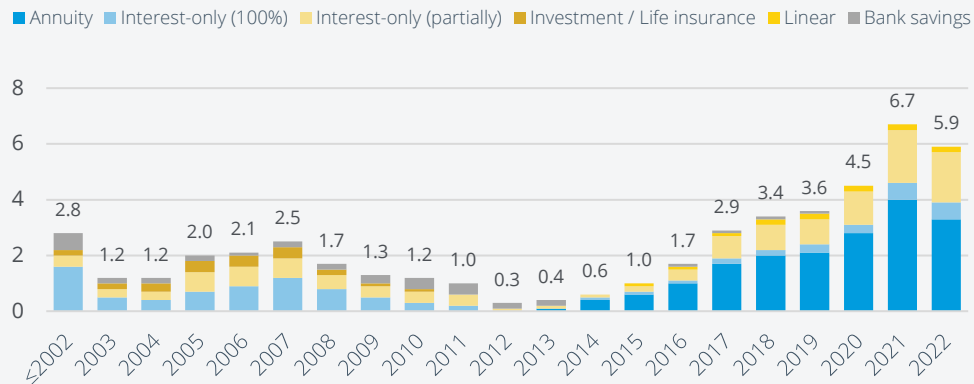
Residential mortgages by LtV bucket



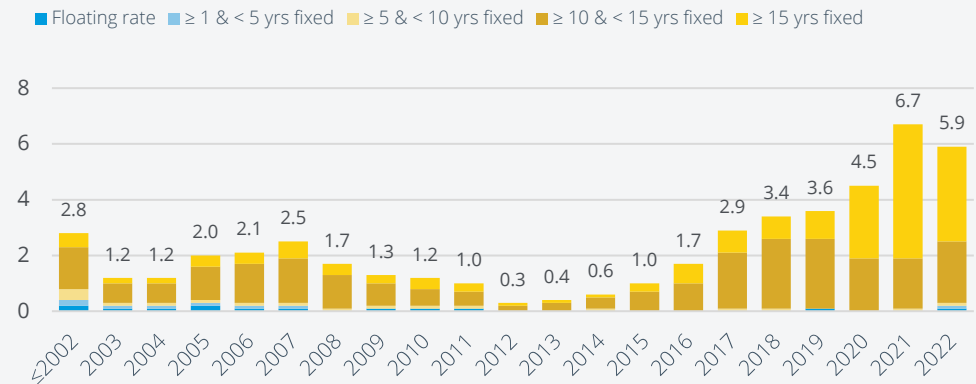
Residential mortgages by brand



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

	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020	31 Dec 2020	30 Jun 2021	31 Dec 2021	30 Jun 2022	31 Dec 2022
Gross loans	743	730	704	690	724	768	841	975	1,085
- of which stage 1	558	565	566	506	558	600	663	838	933
- of which stage 2	99	85	67	96	86	104	112	90	106
- of which stage 3	86	80	71	89	80	64	66	47	46
Loan loss provisions	41	38	31	36	38	29	23	21	24
- of which stage 1	1	1	1	1	6	7	6	3	6
- of which stage 2	7	6	5	9	5	4	4	6	7
- of which stage 3	33	31	25	26	27	18	13	12	11
Stage 2 as a % of gross loans	13.3%	11.6%	9.5%	13.9%	11.9%	13.5%	13.3%	9.2%	9.8%
Stage 2 coverage ratio ¹	7.1%	7.1%	7.5%	9.4%	5.8%	3.8%	3.6%	6.7%	6.6%
Stage 3 as a % of gross loans	11.6%	11.0%	10.1%	12.8%	11.0%	8.3%	7.8%	4.8%	4.2%
Stage 3 coverage ratio ¹	38.4%	38.8%	35.2%	29.2%	33.8%	28.1%	19.7%	25.5%	23.9%
Total net loans	702	692	669	654	686	739	818	954	1,061
Irrevocable loan commitments and financial guarantee contracts	36	38	40	46	45	85	123	126	139
Provision off-balance sheet items	0	0	0	0	1	1	1	1	1
Coverage ratio off-balance sheet items	0.8%	0.8%	0.0%	0.0%	2.2%	1.2%	0.8%	0.8%	0.7%
Total gross on and off-balance sheet exposure	779	768	744	740	769	853	864	1,101	1,224
Impairment charges	-5	-3	-8	5	8	-7	-12	-2	2
Provision as a % of gross loans	5.5%	5.2%	4.4%	5.2%	5.2%	3.8%	2.7%	2.2%	2.2%
Cost of risk ²	-0.75%	-0.69%	-1.05%	1.56%	1.16%	-1.98%	-1.56%	-0.32%	0.21%

[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

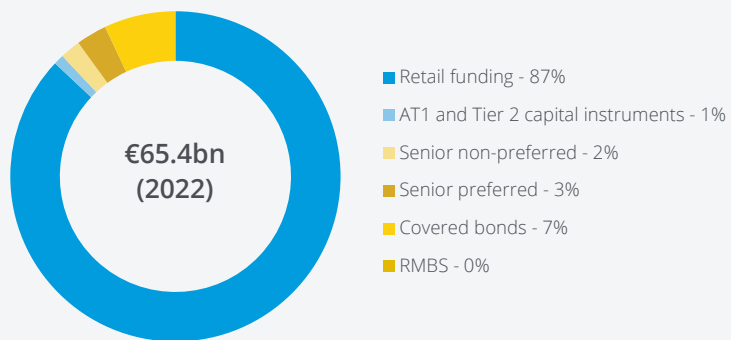
Quality of consumer loans

in € millions	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020	31 Dec 2020	30 Jun 2021	31 Dec 2021	30 Jun 2022	31 Dec 2022
Gross loans	110	90	87	70	63	54	52	52	54
- of which stage 1	74	64	62	49	38	32	28	24	22
- of which stage 2	14	11	12	9	13	12	14	19	23
- of which stage 3	22	15	13	12	12	10	10	9	9
Loan loss provisions	24	15	14	13	13	10	10	10	9
- of which stage 1	0	0	0	0	0	0	0	0	0
- of which stage 2	2	1	1	1	1	1	0	1	1
- of which stage 3	22	14	13	12	12	9	10	9	8
Stage 2 as a % of gross loans	12.7%	12.2%	13.8%	12.9%	20.6%	22.2%	26.9%	36.5%	42.6%
Stage 2 coverage ratio ¹	14.3%	9.1%	8.3%	11.1%	7.7%	8.3%	0.0%	5.3%	4.3%
Stage 3 as a % of gross loans	20.0%	16.7%	14.9%	17.1%	19.0%	18.5%	19.2%	17.3%	16.7%
Stage 3 coverage ratio ¹	100.0%	93.3%	100.0%	100.0%	91.7%	90.0%	100.0%	100.0%	88.9%
Total net loans	86	75	73	58	51	44	42	42	45
Irrevocable loan commitments and financial guarantee contracts	464	461	453	440	431	430	415	408	398
Provision off-balance sheet items	4	3	3	4	2	2	5	4	5
Coverage ratio off-balance sheet items	0.9%	0.7%	0.7%	0.9%	0.5%	0.5%	1.2%	1.0%	1.3%
Total gross on and off-balance sheet exposure	574	551	540	510	494	484	467	460	452
Impairment charges	-1	--	-2	1	-1	-1	3	-2	-3
Provision as a % of gross loans	21.8%	16.7%	16.1%	18.6%	19.0%	18.5%	19.7%	19.2%	16.7%
Cost of risk ²	-0.18%	-0.1%	-0.5%	0.60%	-0.16%	-0.36%	0.65%	-0.85%	-0.65%

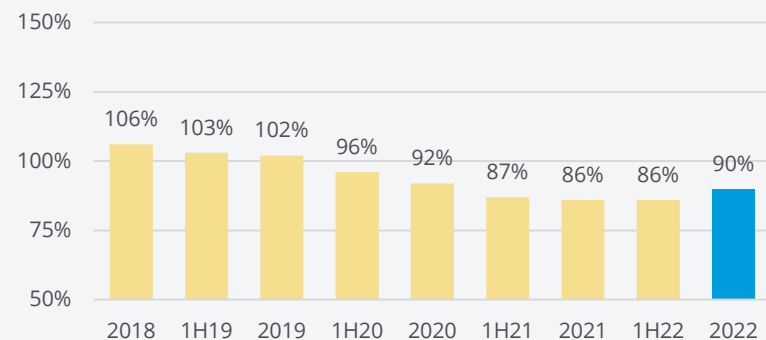
[1] Stage 2/3 loan loss provision as a % of gross exposure stage 2/3
 [2] Impairment charges as % of average gross exposure -/- IFRS adjustments

Funding & liquidity

Funding mix



Loan-to-Deposit ratio



Liquidity position (in € millions)

	2021	1H22	2022
Central bank reserves	10,707	9,502	8,309
Sovereigns	1,780	671	324
Regional/local governments & Supranationals	1,567	1,631	1,641
Other liquid assets	618	850	1,215
Eligible retained RMBS	7,898	5,857	5,719
Total liquidity position	22,570	18,511	17,208

Key liquidity indicators

	2021	1H22	2022
LCR	324%	359%	233%
NSFR	176%	179%	174%
Loan-to-deposit ratio	86%	86%	90%

- Share of retail funding was marginally down to 87% (YE21: 88%)
- Loan-to-Deposit ratio increased to 90% as a result of growth of the loan portfolio and a decrease in deposits
- Liquidity position remains high at €17.2bn
- LCR and NSFR well above 100%

Investment portfolio

Breakdown by sector (in € billions)

	2021	%	2022	%
Sovereigns	3.3	59%	2.6	47%
Financials	1.5	27%	1.9	35%
Corporates	0.8	14%	1.0	18%
Other	0.0	0%	0.0	0%
Total	5.6	100%	5.6	100%

Breakdown by rating (in € billions)

	2021	%	2022	%
AAA	2.9	52%	3.0	55%
AA	1.9	34%	1.8	31%
A	0.4	7%	0.4	7%
BBB	0.2	%	0.4	6%
< BBB	0.0	0%	0.0	0%
No rating	0.1	2%	0.0	0%
Total	5.6	100%	5.6	100%

Breakdown by maturity (in € billions)

	2021	%	2022	%
< 3 months	0.2	4%	0.2	4%
< 1 year	0.5	9%	0.6	11%
< 3 years	1.2	21%	0.9	16%
< 5 years	1.1	20%	1.5	27%
< 10 years	2.3	41%	2.2	39%
< 15 years	0.2	4%	0.1	2%
> 15 years	0.1	2%	0.1	2%
Total	5.6	100%	5.6	100%

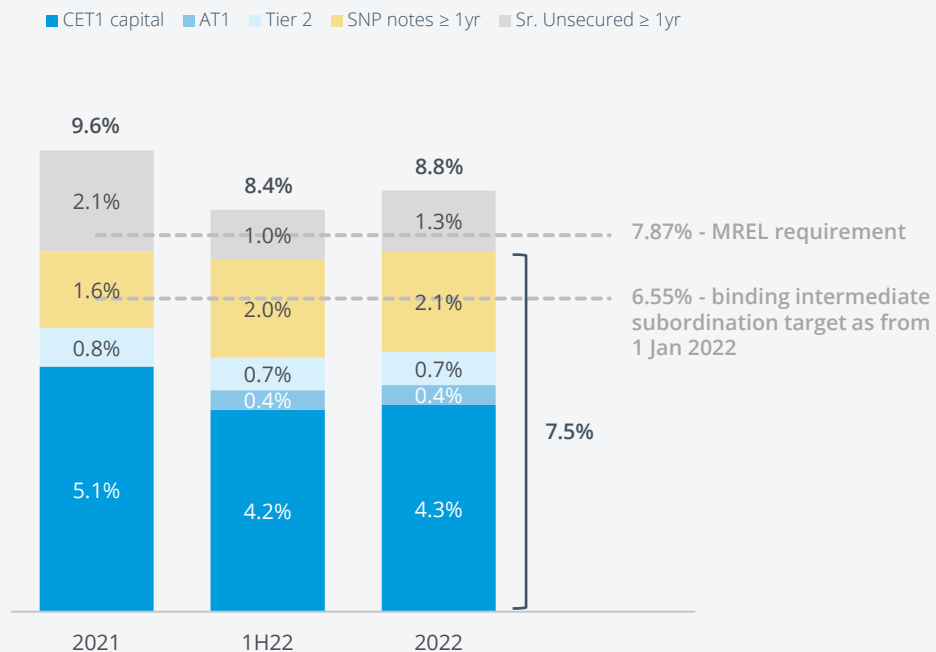
Breakdown by country (in € millions)

	2021	%	2022	%
Netherlands	1,308	23%	1,424	26%
Germany	1,560	28%	1,467	26%
France	799	14%	808	14%
Belgium	585	10%	533	10%
Other ¹	704	13%	880	16%
Austria	254	5%	219	4%
Spain	274	5%	203	4%
Ireland	128	2%	28	1%
Italy	12	0%	16	0%
Total	5,624	100%	5,578	100%

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

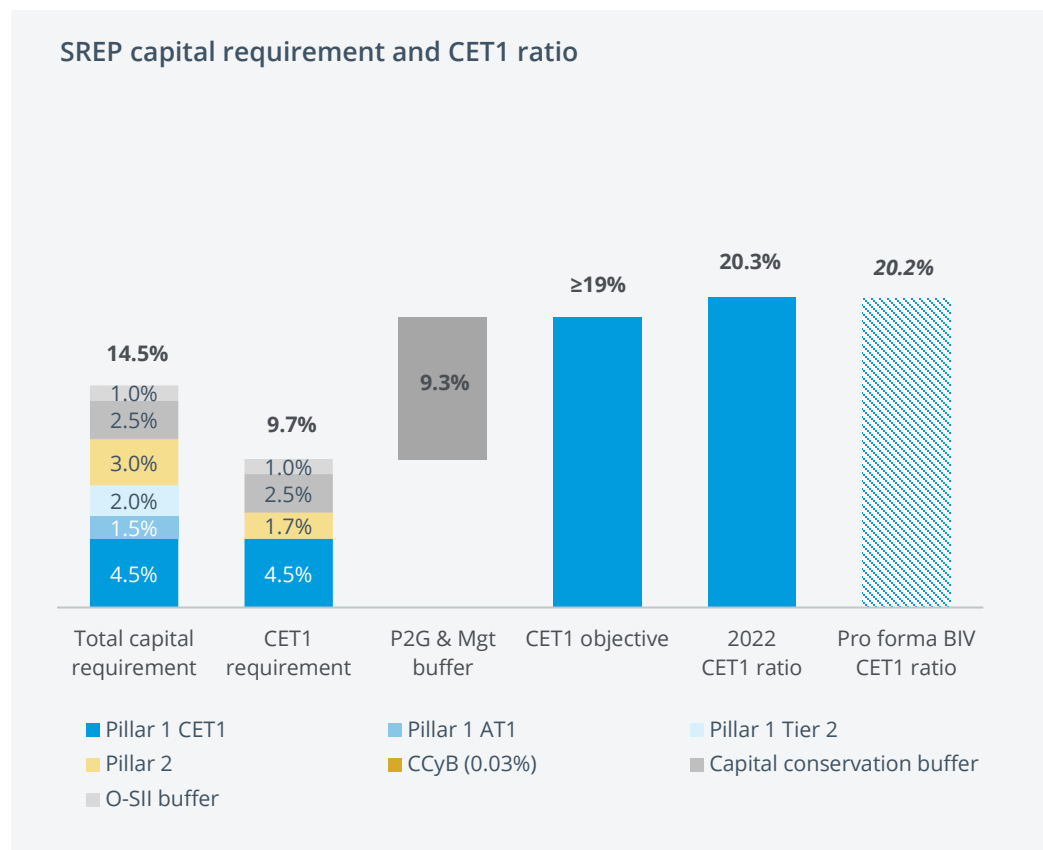
De Volksbank meets its MREL requirements

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



- On 10 May 2021, DNB – the national resolution authority – set the MREL requirement for de Volksbank at 7.87% of the leverage ratio exposure (LRE) as from 1 January 2022
- As a binding intermediate subordination target, de Volksbank has to meet at least 6.55% of the LRE with subordinated instruments (Tier 1 capital, Tier 2 capital and SNP notes)
- On 24 March 2022, DNB updated both the risk-weighted MREL requirements applicable as from 2022 and the MREL-LRE requirements to be met as from 1 January 2024
- The updated calibration of the MREL-LRE requirements as from 2024 was inflated due to the temporary ECB relief measure to exclude certain central bank reserves from the LRE. Given the expiration of this temporary measure on 1 April 2022, the EU's Single Resolution Board (SRB) recalibrated the final MREL-LRE requirements in 2022 based on the LRE including central bank reserves as at reference date YE21. This as to ensure adjustment of the final MREL-LRE requirements before 1 January 2024. We have not received the resulting decision on the final MREL-LRE requirements
- Based on the situation as at 31 December 2020, the SRB has provided pro forma minimum final MREL requirements amounting to 7.82% based on the calibration that would have applied in the absence of the temporary ECB relief measure
- As from 1 January 2024, the final MREL-LRE requirement is to be fully met with subordinated instruments. The MREL requirement based on RWA amounts to 20.41%, excluding the Combined Buffer Requirement. The non-risk-weighted MREL requirements are more restrictive for de Volksbank than the risk-weighted MREL requirements
- As per 31 December 2022, the MREL-LRE ratio was equal to 8.8% (YE21: 9.6%)
- Including only total capital and eligible SNP liabilities, the MREL-LRE ratio remained stable at 7.5% as the issuance of €0.3bn AT1 capital securities and €0.5bn SNP notes fully compensated for the increase in the LRE, which was caused by the expiration of the temporary ECB relief measure to exclude certain central bank exposures from the LRE

De Volksbank meets its SREP capital requirements



- With effect from 1 January 2023, de Volksbank is required to meet a minimum total capital ratio of 14.5% (Overall Capital Requirement, OCR), of which at least 9.7% needs to be composed of CET1 capital. This obligation stems from the Supervisory Review and Evaluation Process (SREP) as performed by the ECB in 2022
- The OCR serves as the Maximum Distributable Amount trigger level, below which coupon or dividend payments are restricted
- As of 31 December 2022, de Volksbank's CET1 ratio stood at 20.3%. As at the end of December 2022, we estimate that our Basel IV fully phased-in CET1 capital ratio amounts to 20.2%
- As a first step towards the intended 2% target for the countercyclical capital buffer (CCyB), on 25 May 2022 DNB announced an increase in the CCyB in the Netherlands from 0% to 1% applicable as from 25 May 2023
- This is estimated to translate in a 0.9%-point increase for de Volksbank's CCyB and subsequently a pro forma OCR of 15.4%, of which at least 10.6% is to be composed of CET1 capital

2025 long-term objectives



[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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