

Update on the consequences of the COVID-19 pandemic for de Volksbank

Today, de Volksbank is providing an update on the consequences of the COVID-19 pandemic on the bank and its customers to this date. This update is not a full quarterly financial report. De Volksbank will publish its interim results on 14 August 2020.

Customer support

Services to de Volksbank's customers (SNS, ASN Bank, RegioBank and BLG Wonen) continued unabated during the COVID-19 crisis. In addition to the availability of our online services, almost all SNS shops and RegioBank offices were open during the lockdown.

De Volksbank has a range of measures in place to help customers in case of potential financial problems as a result of the COVID-19 crisis. Every customer situation requires a specific approach whereby we offer as much bespoke financial advice as possible. For example, retail mortgage customers are given the opportunity to take a six-month payment holiday. At the end of May, 1,640 customers made use of this scheme (less than 1% of our mortgage customers).

SME customers too, are given the opportunity to take a payment holiday of up to six months. At the end of May, 232 customers took the opportunity to do so. In addition, de Volksbank introduced a credit facility of up to € 50,000 (Corona Small Loan Scheme) for its SME customers (SNS, ASN Bank and RegioBank) to meet increased liquidity needs. Of these loans, 95% is guaranteed by the Dutch State. Likewise, SME customers may, under certain conditions, increase the ceiling of their existing credit facility.

Financial impact

The impact of the COVID-19 pandemic and the resulting lockdown from mid-March 2020 on de Volksbank's net interest income and operating costs is as yet limited. At the time of publication of the annual figures for 2019 (on 14 February 2019), we indicated that net interest income in 2020 will be lower than in 2019, mainly due to the persistently low interest rate environment. In the first months of 2020, the pressure on the interest margin was largely offset by higher interest received as a result of a high level of remortgaging-related early repayments.

At the time of publication of the annual figures for 2019, we expected impairment charges on loans to remain low in 2020. As a result of the COVID-19 crisis, the macroeconomic outlook has deteriorated significantly. In the first quarter of 2020, this led to an extra addition to the loan impairments of € 40 million.

We expect the gross domestic product to contract by 5 to 6% in 2020, followed by a 2 to 3% recovery in 2021. Unemployment is likely to rise above 6% in 2021. House prices are expected to rise marginally in 2020 and to fall by 1 to 2% in 2021.

In the first quarter of 2020, de Volksbank's capital position (the CET1 capital ratio) showed a slight increase. The bank's liquidity position remained strong.

We expect the pressure on our net interest income to increase in the course of 2020. Operating expenses excluding regulatory levies will not be lower than in 2019. Credit loss provisions will be adjusted if changed expectations towards economic contraction, unemployment and house prices in particular give cause to do so.

All-in all, we expect net profit for the full year 2020 to be considerably lower than in 2019.

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ABOUT DE VOLKSBANK N.V.

De Volksbank is a financial services provider engaged in banking, with a particular focus on the Dutch retail market, including small and medium-sized enterprises. De Volksbank carries four brands (SNS, ASN Bank, RegioBank and BLG Wonen) and has a single back office and IT organisation. The product range consists of three core product groups: payments, mortgages and savings. De Volksbank has a balance sheet total of € 63 billion and approximately 3,000 employees (FTEs), which makes it a major player in the Dutch market. The head office of de Volksbank is located in Utrecht, the Netherlands.

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