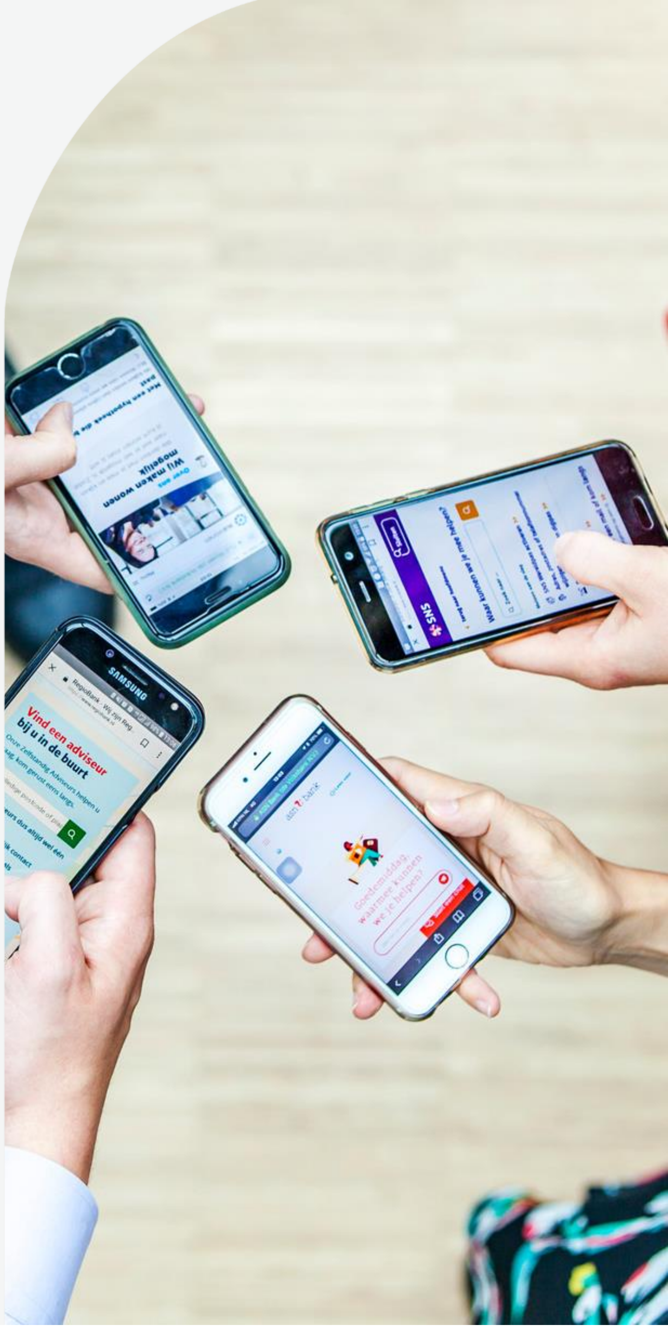
Utrecht, the Netherlands, 12 February 2021

Presentation Strategic Plan 2021-2025 & 2020 Results



Martijn Gribnau, CEO

Marcel Klopper, director Balance Sheet Management

Strategic Plan 2021-2025

‘better for each other - from promise to impact’

De Volksbank presents Strategic Plan 2021-2025

De Volksbank invests in growth with its strategy 2021-2025 ‘better for each other - from promise to impact’

Pillars of growth: customer relationship and social impact

- The strategy aims for growth by strengthening the customer relationship and further increasing the social impact
- In the new strategy, de Volksbank assigns growth priority to the four strong, distinctive bank brands SNS, ASN Bank, RegioBank and BLG Wonen
- De Volksbank will expand its services to SME business owners
- We will broaden our range of products and services to become more relevant to customers
- The services we provide through the four bank brands are always personal and nearby with digital services and shops

Organisational change: faster, more digital and more agile

- The fine-tuned strategy is intended to make us faster, more digital and more agile
- De Volksbank is introducing a single, uniform agile organisational structure and working method with independent, fully responsible (customer) teams
- This agile organisational structure and working method, will result in a more customer-oriented, and more efficient operation, which is expected to reduce the number of jobs within de Volksbank by 400-500 in the next 3 years
- New jobs will be created in parallel with this and depending on the growth rate, which means that new employees will join de Volksbank in the next few years. To this end new employees will be recruited with the knowledge and skills required for the new strategy. Our current employees are given the opportunity to develop in this
- An Executive Committee will be formed for a successful implementation of the strategy

Strengths and points of attention for de Volksbank

Strengths

- Strong brands with high Net Promoter Scores
- Positive impact on society
- Strong position in the Dutch retail market
- Cost efficient distribution model
- Purpose-driven organisation with human leadership and high trust scores
- Solid capital position

Bank with broad objective and committed organisation

Bank with four distinctive brands

Bank with a solid basis

Bank different from the major banks

Points of attention

- Challenges to earning potential
  - Highly dependent on interest income in a low interest rate environment
  - Commercial income mainly from mortgages
  - Low product density per customer
- Lagging in digital services
- Traditional IT infrastructure
- Management complexity and limited execution power

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

Our mission

We bank with a human touch by creating value for customers, society, employees and shareholders
We aim for optimum total value rather than maximisation of a single value

How we stand out

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

Growth priorities by brand

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

SNS: Younger target group of SNS and strengthen business model with fee income

RegioBank: Strengthening local presence with broadening propositions

BLG wonen: Expanding BLG Wonen by improving its distribution reach and service

Necessary transformations

- Digital and omnichannel dialogue
- Relevant product assortment, new propositions, small business as a new target group
- Customer bank foundation
- Customer-focused
- Efficient and flexible

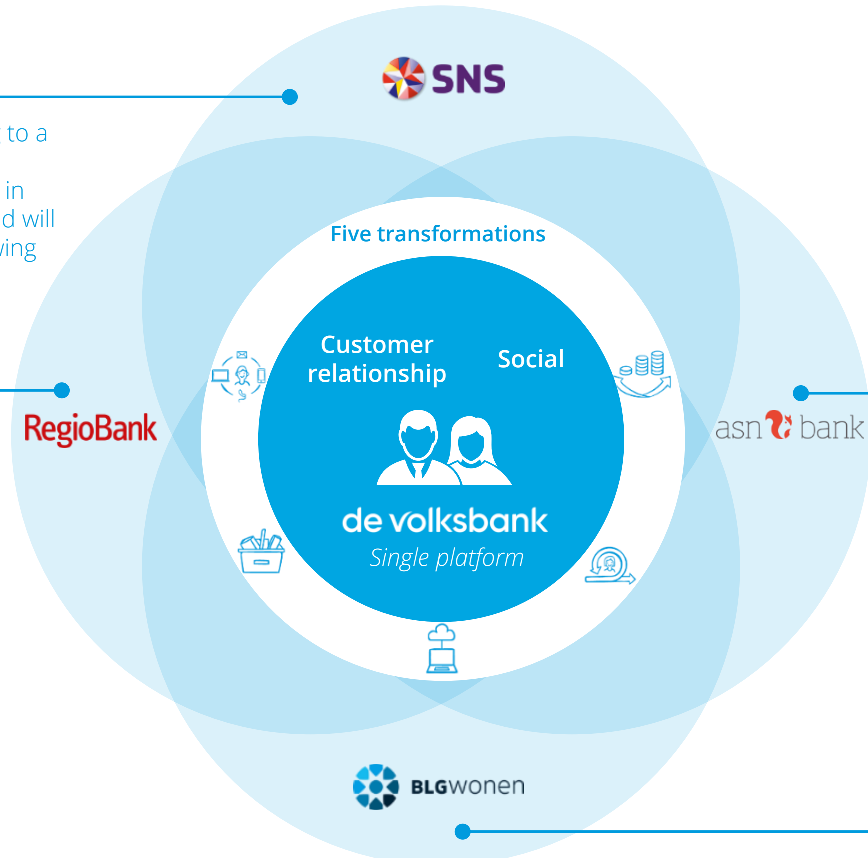
Capabilities

Strengthen organisational, employee and leadership capabilities

De Volksbank applies its unique concept: a single platform with strong brands, each focusing on a specific target group

SNS will change by also appealing to a younger target group through personal, digital customer service in addition to advice in the shops and will solidify its revenue model by growing its recurring fee income

RegioBank will reinforce its strong local presence by increasing its market share among households in villages and small towns, broadening propositions such as SME, and intensifying its collaboration with the independent advisers



ASN Bank, as a digital bank and a driver of sustainability, will accelerate its growth by offering more sustainable products and propositions, increasing the number of customers and further developing the customer relationship

BLG Wonen will expand through growth in mortgage production by increasing the distribution reach in the intermediary channel and through faster, more transparent services to advisers and customers

Using the brands SNS, ASN Bank and RegioBank, we target SME business owners in the Netherlands with excellent services

Renewing the building blocks for the operating model

What de Volksbank does	Building blocks	Impact
Customer approach Aiming for customer relationship and social impact	RegioBank de volksbank *Single platform*	• High social impact • Improvement customer relationship • Increase in active multi-customers
Omnichannel Adapting existing shops to new target groups, more focus on personal and digital customer service	**Shops -** new layout to align with new needs **Digital**	• Personalised customer journeys • More fee income • Higher product density • Improved customer experience
Organisation Creating an agile and customer-focused organisation by transforming towards a single agile way of working	Flat structure, new positions & roles Focus on output and KPIs Autonomous teams Next Gen Tech infra-structure	• Shorter time to market • Increased productivity • Increased employee satisfaction
Technology Creating a modular product model with in-house and external products	Customer record and overview **Channels**: Mijn-Omgeving; Mobile App; Other Customer Relationship Platform De Volksbank products Third-party products IT & Data foundation	• Shorter time to market • Improvement of customer-oriented services/appropriate offers • Realisation of cost benefits

2025 long-term objectives

Customer

2025 objectives

Net Promoter Score

+13 | 2020: +2

Active multi-customers[1]

1,3 million | 2020: 949,000

Society[2]

2025 objectives

Climate-neutral balance sheet

>75% | 2020: 59%

2030: 100%

Employee

Objectives

Genuine attention

≥ 7.5 | 2020: 7.9

Shareholder

Objectives

Return on equity[3]

2025: 8% | 2020: 5.1%

Dividend pay-out ratio

40-60% of net profit

Other objectives

CET1 ratio

≥ 19% | 2020: 31.2%*

Basel IV fully phased-in

Leverage ratio

≥ 4.5% | 2020: 5.2%

Cost/Income ratio[4]

2025: 57-59% | 2020: 70.6%

Including regulatory levies

[1] Active multi-customer: a customer with a current account and at least one product from another product group, who has made at least ten customer-initiated transactions on his or her current account for three months in a row

[2] We want to make a positive contribution to society on four themes: sustainability, financial resilience, quality of life in the region and good housing for everyone. KPIs will be defined for all themes in due course

[3] For the next few years, we expect that the return on equity will be less than 8% based on the current outlook. Implementing the strategy, de Volksbank will make substantial investments in the years ahead to allow later growth to an RoE of 8% 2025

[4] We expect that the cost/income ratio will exceed this range in the next few years as the strategic initiatives are intended to produce an effect over the course of the years, both at the level of income and at the level of operating expenses

[*] Basel IV impact as per YE20 is approximately -7%-punt

2020 Results

Key points 2020

De Volksbank shows robust progress on its shared value ambition also during the Covid-19 crisis

- **Customers**: customer-weighted Net Promoter Score improved to +2 (YE19: 0)
- **Society**: 59% climate-neutral balance sheet (YE19: 44%); Financial Confidence Barometer higher at 51% (YE19: 48%)
- **Employees**: 'Genuine attention' KPI up to 7.9 (YE19: 7.7)
- **Shareholder**: adjusted return on equity of 6.1% (2019: 7.7%)

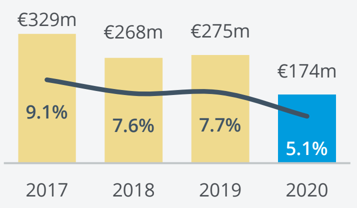
Growth in current account customers and savings deposits; decrease in mortgage portfolio

- **Net growth in number of current account customers by 89,000 to 1.7m**
- **Decrease in residential mortgage portfolio of €0.4bn to €47.8bn**
- **Increase in retail savings by €3.7bn to €42.1bn**

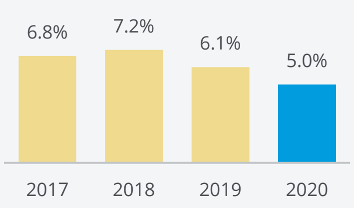
Drop in net profit to € 174 million; impairment charges sharply higher as a result of the Covid-19 crisis; restructuring charge for the implementation of the new strategy 2021-2025

- **Net profit of €174m,** 37% lower than in 2019, largely attributable to €78m higher total operating expenses, which included a restructuring charge of €45m (€34m after-tax), and a swing in impairment charges as a result of the Covid-19 pandemic (€45m)

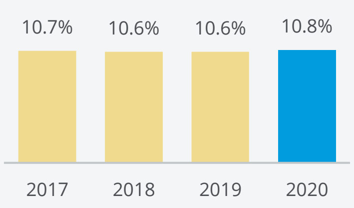
Net profit and RoE



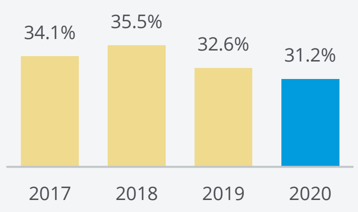
Market share new residential mortgages



Market share retail savings



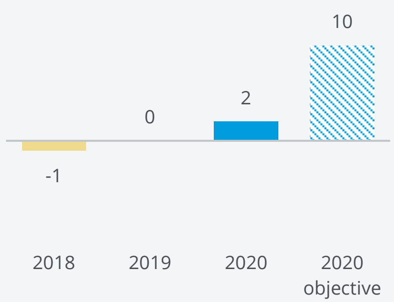
CET1 capital ratio



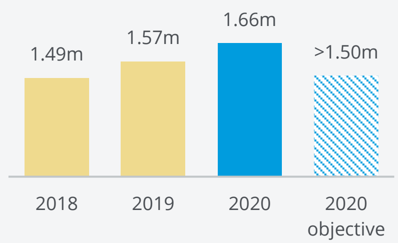
2020 objectives: robust scores despite the impact of Covid-19

Shared value objectives: customers, society, employees, shareholder

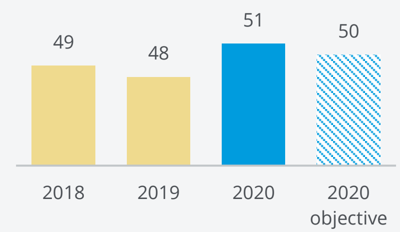
Customer-weighted average NPS



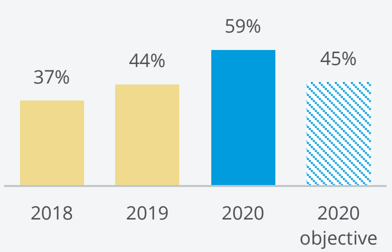
Current account customers



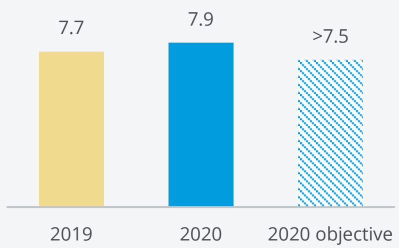
Financial Confidence Barometer



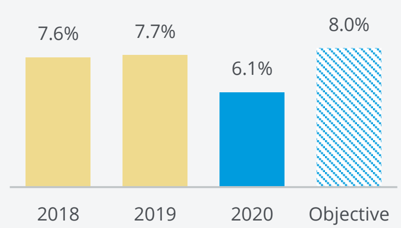
Climate-neutral balance sheet



Genuine attention for the employee

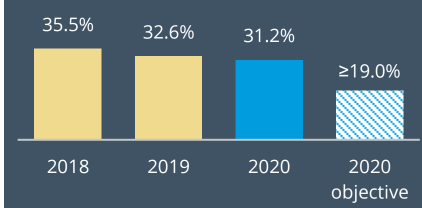


Return on Equity[1]

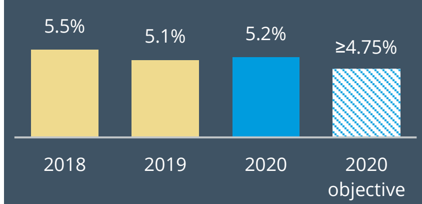


Other objectives

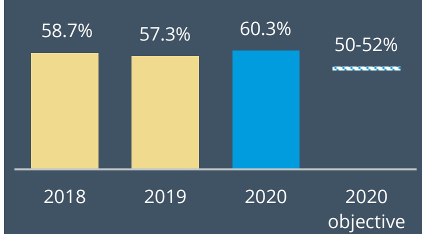
CET1 capital ratio



Leverage ratio



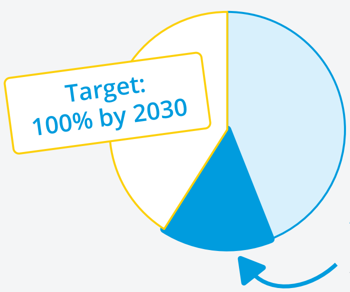
Cost/income ratio[2]



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

Responsibility for society, benefits for customers in 2020

Climate-neutral balance sheet



Our climate-neutral balance sheet rose to 59%

We have achieved our 2020 target of 45%

An increase of 15 percentage points

Mainly driven by additional project financing and the purchase of climate bonds

We expect that the switch to the PCAF methodology in 2021 will have a significant negative impact on our climate neutrality

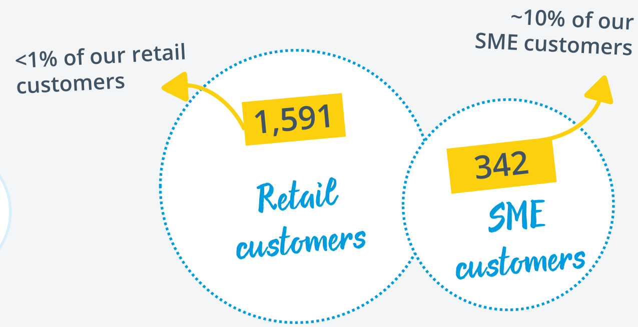
Issuance of Green Bonds

- On 15 July 2020, de Volksbank successfully issued € 500 million of subordinated Tier 2 green bonds, the first bank in Europe to do so
- On 7 October 2020, de Volksbank issued € 300 million of senior preferred green bonds, with a maturity of 2 years

High scores de Volksbank brands in Banking Monitor

- On 7 September 2020, the Consumers' Association (Consumentenbond) published the results of the Banking Monitor 2020, an annual panel survey conducted among more than 11,000 consumers
- Three brands of de Volksbank were in the top five: RegioBank in first place, ASN Bank in second place and SNS in fifth position

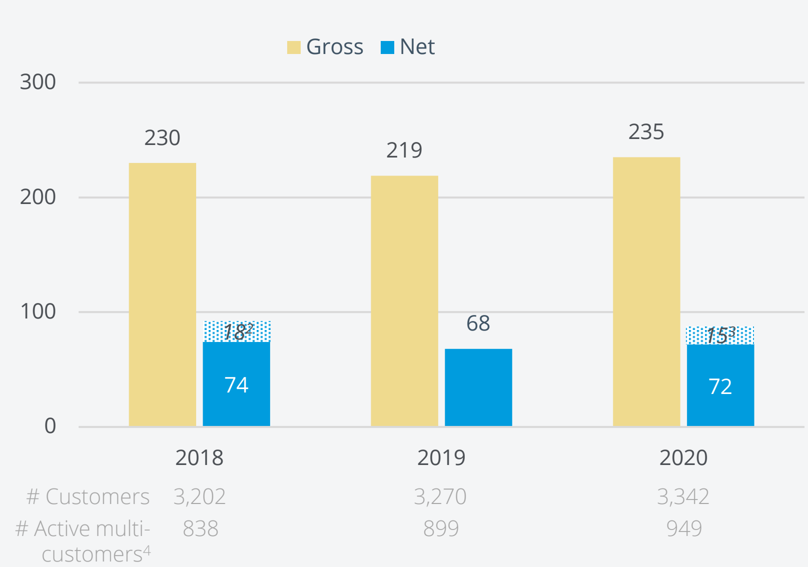
Helped customers with a payment holiday in case of potential financial problems due to Covid-19



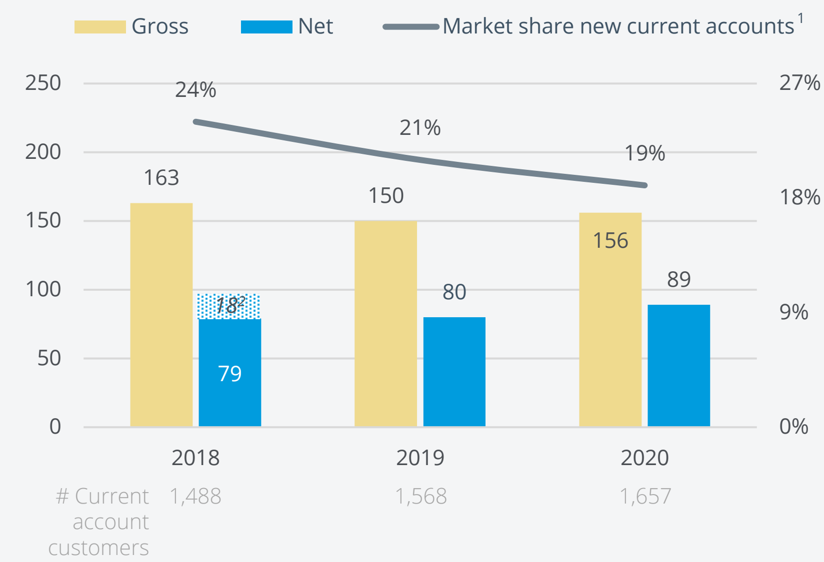
Of all customers who were granted a payment holiday, three quarters have resumed payments

Growth in customer base driven by an increase in new current account customers

Development of customer base (in thousands)



Development of current account customers (in thousands)



- In 2020, the brands of de Volksbank welcomed 235,000 new customers
- The net growth of 72,000 was higher compared with 2019, despite the outflow of savings customers (-15,000) as a result of the termination of savings deposits at BLG Wonen. Just like last year, the increase was largely attributable to the growth in the number of current account customers
- The number of active multi-customers rose to 949,000 (2019: 899,000)

- After achieving our target of 1.5m in 2019, the number of current account customers continued to increase in 2020 to 1.657m
- Net growth in 2020 (89,000) was higher compared with 2019 (80,000)
- Our market share of new current accounts was slightly down but remained high at 19%

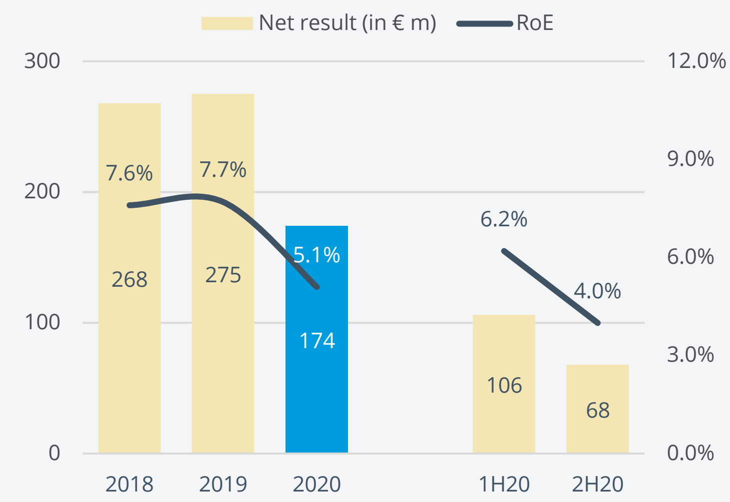
[1] Market research conducted by GFK, based on Moving Annual Total (MAT) [2] Adjustment for inactive current account customers [3] Termination savings deposits at BLG Wonen [4] A customer with an active current account (> 10 customer-initiated transactions per month for 3 months in a row) and in addition at least one product from another product group

Net profit lower at €174m, largely attributable to higher operating expenses and a swing in impairment charges

Result (in € millions)

	2019	2020	Δ	1H20	2H20
Total income	929	923	-1%	480	443
Total operating expenses	574	652	+14%	292	360
Impairment charges	-7	38	--	45	-7
Result before tax	**362**	**233**	**-36%**	**143**	**90**
Taxation	87	59	-32%	37	22
Net result	**275**	**174**	**-37%**	**106**	**68**
Incidental items	--	-34	--	--	-34
Adjusted net result	**275**	**208**	**-24%**	**106**	**102**
Return on equity	7.7%	5.1%		6.2%	4.0%
Adjusted Return on equity	7.7%	6.1%		6.2%	5.9%

Net result and Return on equity



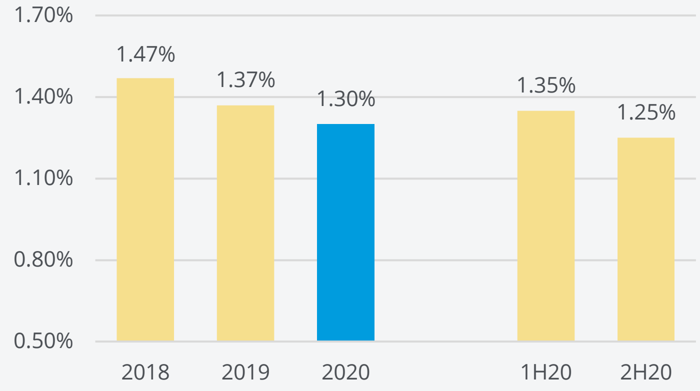
- Net profit decreased to €174m (2019: €275m). Of this decrease, €34m is attributable to the net impact of a restructuring charge (€45m pre-tax) related to the transformation to a new organisational structure and working method
- Adjusted for incidental items, net profit decreased by €67m to €208m, mainly due to a swing in impairment charges as a result of the Covid-19 pandemic, and an increase in operating expenses
- Return on equity amounted to 5.1%, lower compared to 2019 (7.7%), mainly driven by a lower net profit. Adjusted for incidental items, return on equity amounted to 6.1%
- In 2H20, the net profit amounted to €68m, €38m lower compared with 1H20; a swing in impairment charges (€52m) was more than offset by lower total income (-€37m) and €68m higher operating expenses (including the restructuring charge of €45m)

Total income 1% lower, mainly as a result of lower net interest income

Income (in € millions)

	2019	2020	Δ	1H20	2H20
Net interest income	875	850	-3%	436	414
Net fee and commission income	51	46	-10%	29	17
Investment income	12	17	+42%	8	9
Results on financial instruments	-10	9	--	7	2
Other operating income	1	1	--	--	1
Total income	**929**	**923**	**-1%**	**480**	**443**

Net interest margin (as a % of average assets)



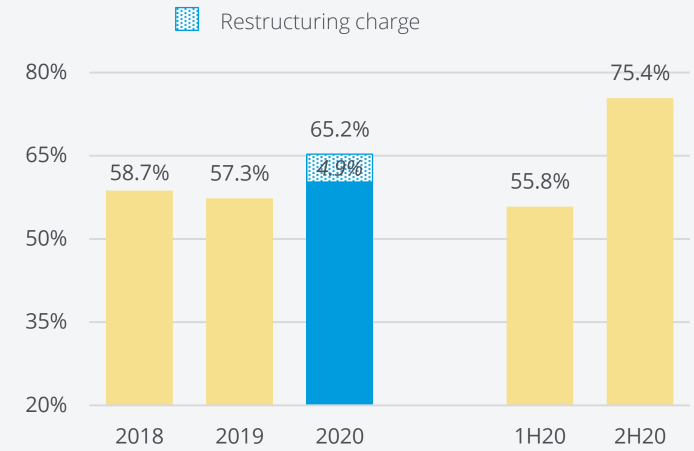
- Net interest income declined by €25m to €850m (-3%), mainly driven by lower income from mortgages reflecting a high number of (early) renewals, partly compensated by higher compensation for loss of interest on account of early repayments (€56m; 2019:€34m), lower interest expenses related to retail savings and the reclassification of franchise fees paid by RegioBank (impact +€7m in 2H20)
- The net interest margin dropped from 1.37% to 1.30%, driven by both lower net interest income and higher average assets
- Net fee and commission income was €5m lower at €46m, more than wholly driven by the reclassification of franchise fees paid by RegioBank from NII to net fee and commission income, partly offset by higher received fees for mortgage advice and insurances
- Investment income rose by €5m to €17m, 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 -€10m in 2019, to €9m, driven by higher treasury results and a higher result due to hedge ineffectiveness of derivatives, partly related to mortgages
- Compared with 1H20, total income decreased by €37m to €443m in 2H20, mainly due to lower net interest income and lower net fee and commission income

Operating expenses 14% higher, largely due to a restructuring charge and higher regulatory levies

Operating expenses (in € millions)

	2019	2020	Δ	1H20	2H20
Total operating expenses	**574**	**652**	**+14%**	**292**	**360**
Restructuring charge	--	45	--	--	45
Regulatory levies	41	50	+22%	24	26
Adjusted operating expenses	533	557	+5%	268	289
Total number of FTEs	**3,648**	**3,819**	**+5%**	**3,660**	**3,819**
Number of internal FTEs	2,991	3,171	+6%	3,051	3,171
Number of external FTEs	657	648	-1%	609	648

Cost/income ratio adjusted for regulatory levies



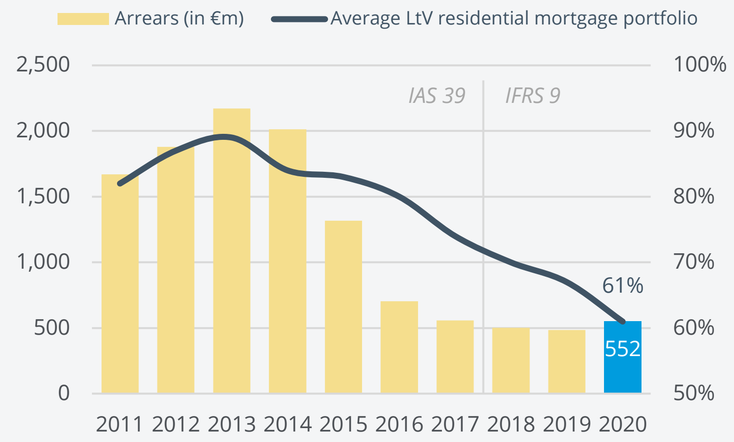
- Total operating expenses rose by €78m to €652m (+14%), of which €45m due to a restructuring charge and €9m due to higher regulatory levies
- The restructuring charge of €45m is related to the change process to make de Volksbank more agile and customer-focused. The expectation is that this will result in a reduction of 400-500 jobs in the period 2021-2023
- Regulatory levies were €9m higher at €50m, reflecting a €1m higher contribution to the resolution fund (€8m) and a €8m higher ex-ante contribution to the Deposit Guarantee Scheme (DGS) (€42m), particularly driven by the growth in covered deposits
- Adjusted for the restructuring charge and regulatory levies, operating expenses were up by €24m to €557mln. This was partly due to higher staff costs as a result of wage inflation and an increase in the number of FTE. In addition, consultancy and IT costs were up, and the result of the revaluation of a previous contribution to the DGS in relation to the insolvency of DSB was lower in 2020
- The increase in the number of internal FTE by 180 to 3,171 was mainly due to an increase at IT, compliance, customer integrity and business financing
- Compared with 1H20, adjusted operating expenses were up €21m in 2H20, largely driven by higher staff, marketing and consultancy costs

€38m loan impairment charges as a result of more cautious macroeconomic scenarios for the future

Loan impairments (in € millions)

	2019	2020	1H20	2H20
Residential mortgages	2	29	33	-4
SME loans	-8	8	5	3
Consumer loans	-2	-1	1	-2
Other	1	2	6	-4
Total loan impairment charges	**-7**	**38**	**45**	**-7**
Cost of risk residential mortgages	0.00%	0.06%	0.14%	-0.02%
Cost of risk total loans	-0.01%	0.08%	0.18%	-0.04%

Residential mortgages in arrears; average LtV



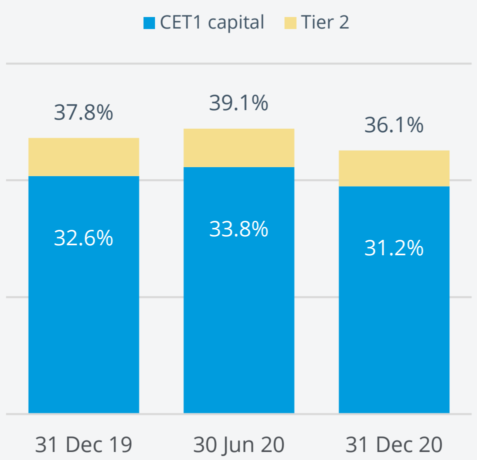
Base scenario macroeconomic parameters

Scenarios per	31 December 2019		31 December 2020	
	2021	2022	2021	2022
Relative change in house price index	2.9%	3.4%	-1.8%	3.2%
Unemployment rate	3.8%	3.8%	5.8%	5.0%
Number of bankruptcies (monthly)	369	367	386	472

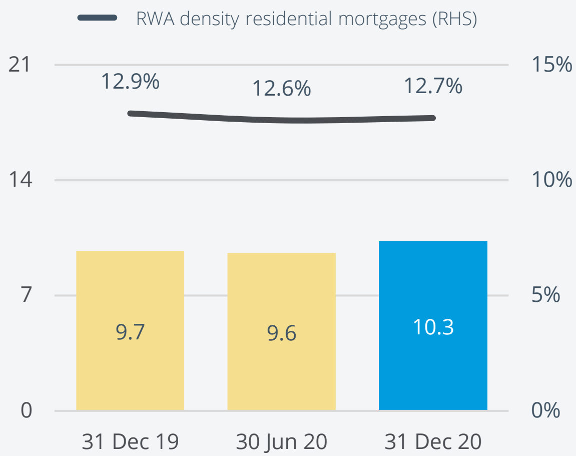
- 2020 impairment charges amounted to €38m, mainly reflecting the potential macroeconomic impact of the Covid-19 pandemic
- 2020 impairment charges on residential mortgages amounted to €29m as a result of a more cautious macroeconomic outlook as a result of the Covid-19 pandemic, a change to the provisioning methodology for interest-only mortgages and an expert overlay to reflect the uncertainties around the Covid-19 pandemic. These elements were partly compensated by the decline in the average LtV of the residential mortgage portfolio
- The average LtV of residential mortgages declined further to 61% (YE19: 67%)

Lower CET1 capital ratio; slight increase leverage ratio

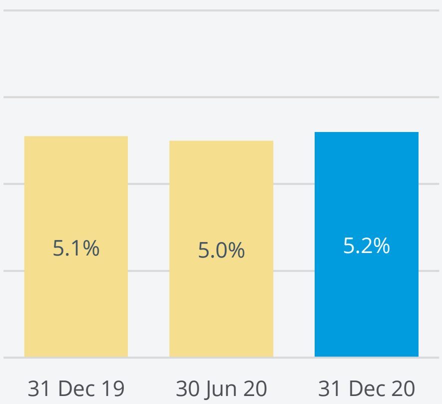
Total capital ratio



Risk-weighted assets (in € billions; LHS)

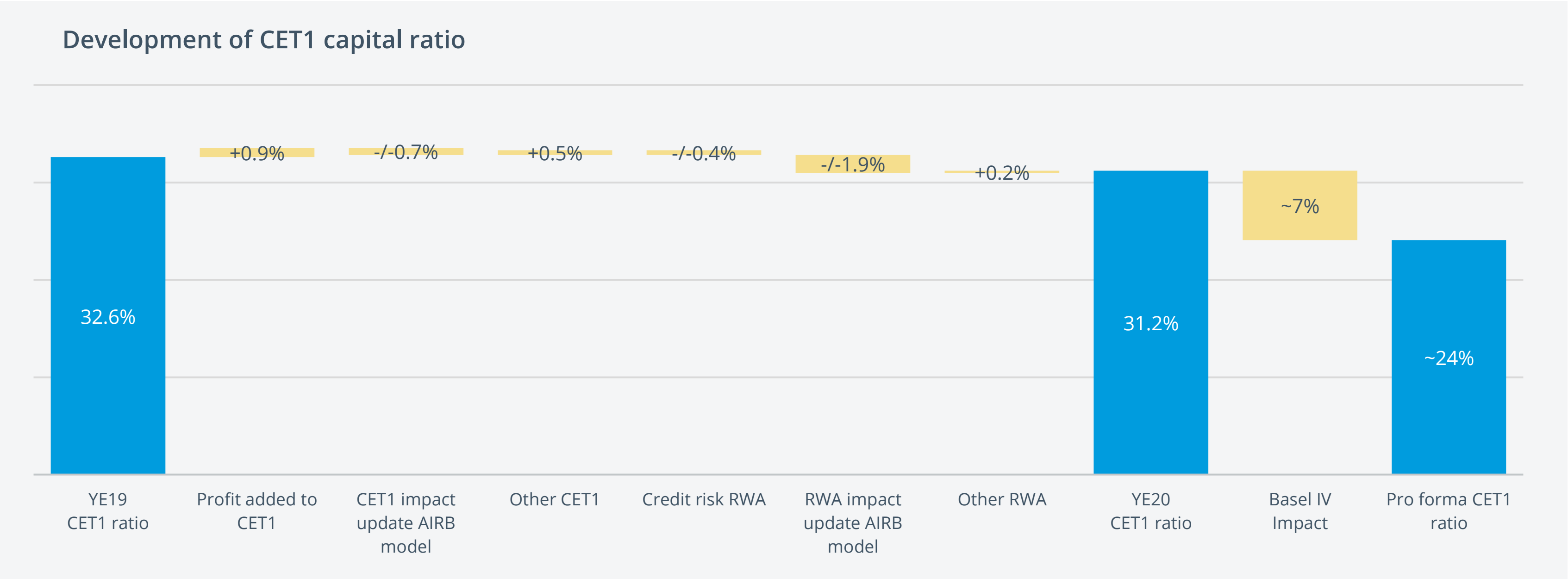


Leverage ratio



- In 2020, the CET1 capital ratio decreased from 32.6% to 31.2% due to an increase in RWA
  - CET1 capital increased by €67m, mainly due to the addition of 2H19 and 1H20 net profits, after deduction of a dividend reservation, partly offset by an expected impact of the update of the Advanced Internal Ratings Based (AIRB) model for our retail mortgages
  - RWA increased by €652m, mainly as a result of an expected impact of the update of our AIRB model (€0.6bn). This is already included in the capital figures as per YE20
- The leverage ratio increased to 5.2%, driven by the increase in CET1 capital and a limited increase of the leverage ratio exposure measure due to the temporary Covid-19 relief measure from the ECB to exclude certain central bank exposures from the denominator, which largely offset the growth in balance sheet total
- Proposed dividend for 2020 of €104m (pay-out ratio: 50% of adjusted net profit; 60% of net profit). The dividend for 2019 and 2020 will be paid out as soon as it is in accordance with the ECB recommendation to make such payment

Development CET1 ratio in 2020; pro forma impact of Basel IV



- In 2020, RWA increased by €652m to €10.3bn. This increase mainly results from an upcoming update of our AIRB model PHIRM to determine the credit risk in our retail mortgage portfolio. An estimated impact on RWA of €600m, related to model improvements, is already included in the capital figures as per YE20
- We also included an impact from the upcoming update of our AIRB model PHIRM on CET1 capital; an impact on expected loss and the IRB shortfall, related to model improvements, of €70m is already included in the figures as per YE20
- Based on the balance sheet position as at 31 December 2020, we estimate our CET1 capital ratio to decrease by approximately 7 percentage points, as a result of the full phase-in of Basel IV. In response to the Covid-19 pandemic, the Basel IV implementation has been postponed by one year, to 1 January 2023
- As a measure to provide temporary capital and operational relief in response to the Covid-19 pandemic, DNB has postponed the introduction of a minimum floor for the risk weighting of non-NHG mortgage portfolios of Dutch banks until further notice. This risk weight floor was originally expected to be implemented in the second half of 2020, but is not expected to affect Basel IV end-state RWA, because the fully phased-in BIV output floor is constraining

Outlook

- Net interest income in 2021 is expected to be lower than in 2020, especially as a result of lower interest income on mortgages in the sustained low interest rate environment
- Other income, mainly comprising treasury results and realised results on fixed-income investments, is expected to fall below the exceptionally high level of 2020
- Operating expenses, excluding the one-off restructuring charge in 2020, are expected to be higher in 2021 compared with the 2020 level, mainly driven by expenses related to our new strategy. Regulatory levies are also expected to be higher as the contribution to the Deposit Guarantee Scheme is to be raised
- Given our low risk profile, we expect impairment charges on loans and advances to be lower in 2021 compared to 2020. However, economic developments in the Netherlands and the financial resilience of customers whose incomes have been cut by the crisis and the impact this has on our credit loss provisions are highly uncertain
- All things considered, we expect the net profit for 2021 to be lower compared with 2020

Questions & answers

Appendix

Summary P&L

In € millions	2019	2020	1H17	2H17	1H18	2H18	1H19	2H19	1H20	2H20
Net interest income	875	850	476	448	455	453	442	433	436	414
Net fee and commission income	51	46	26	23	21	23	25	26	29	17
Other income	3	27	27	28	4	2	4	-1	15	12
Total income	**929**	**923**	**529**	**499**	**480**	**478**	**471**	**458**	**480**	**443**
Total operating expenses	574	652	299	304	301	308	278	296	292	360
Impairment charges	(7)	38	(20)	(4)	(16)	4	(13)	6	45	-7
Total expenses	**567**	**690**	**279**	**300**	**285**	**312**	**265**	**302**	**337**	**353**
Result before tax	**362**	**233**	**250**	**199**	**195**	**166**	**206**	**156**	**143**	**90**
Taxation	87	59	63	57	46	47	52	35	37	22
Net result	**275**	**174**	**187**	**142**	**149**	**119**	**154**	**121**	**106**	**68**
Incidental items	--	(34)	(1)	14	--	--	--	--	--	(34)
Adjusted net result	**275**	**208**	**188**	**128**	**149**	**119**	**154**	**121**	**106**	**102**
Ratios										
Cost/income ratio	57.3%	65.2%	51.3%	57.9%	56.7%	60.8%	54.3%	60.4%	55.8%	75.4%
Cost/asset ratio	0.83%	0.92%	0.88%	0.94%	0.88%	0.94%	0.81%	0.86%	0.83%	1.01%
Net interest margin	1.37%	1.30%	1.55%	1.46%	1.47%	1.47%	1.40%	1.34%	1.35%	1.25%
Cost of risk residential mortgages	0.00%	0.06%	-0.08%	-0.02%	-0.03%	0.01%	-0.03%	0.04%	0.14%	-0.02%
RoE	7.7%	5.1%	10.5%	7.8%	8.5%	6.8%	8.6%	6.7%	6.2%	4.0%
Adjusted RoE	7.7%	6.1%	10.5%	7.0%	8.5%	6.8%	8.6%	6.7%	6.2%	5.9%

Summary balance sheet

In € millions	31-12-2017	30-06-2018	31-12-2018	30-06-2019	31-12-2019	30-06-2020	31-12-2020
Total assets	**60,892**	**62,534**	**60,948**	**63,941**	**62,841**	**65,378**	**67,484**
Cash and cash equivalents	2,180	3,114	815	1,948	2,026	1,079	4,672
Loans and advances to banks	2,643	2,373	3,589	4,208	3,791	6,817	5,990
Loans and advances to customers	49,459	50,197	50,536	51,551	50,461	50,867	50,542
Derivatives	1,075	898	732	705	718	702	864
Investments	5,094	5,331	4,782	4,914	5,350	5,469	5,114
Tangible and intangible assets	81	76	69	139	128	114	110
Tax assets	132	214	133	133	99	64	42
Other assets	228	331	292	342	268	266	150
Total liabilities and equity	**60,892**	**62,534**	**60,948**	**63,941**	**62,841**	**65,378**	**67,484**
Savings	*36,756*	*37,674*	*37,376*	*38,475*	*38,404*	*40,521*	*42,111*
Other amounts due to customers	*10,306*	*10,835*	*10,841*	*11,298*	*10,641*	*11,073*	*11,541*
Amounts due to customers	**47,062**	**48,509**	**48,217**	**49,773**	**48,664**	**51,594**	**53,652**
Amounts due to banks	2,683	2,859	1,116	891	541	246	945
Debt certificates	4,920	5,378	5,822	6,490	6,906	6,545	6,119
Derivatives	1,252	1,091	1,120	1,926	1,841	2,188	2,163
Tax liabilities	45	20	15	15	15	16	17
Other liabilities	590	598	487	679	492	852	558
Other provisions	125	112	98	72	64	45	80
Participation certificates and subordinated debt	501	511	502	512	502	510	500
Shareholders' equity	3.714	3,456	3,571	3,578	3,435	3,382	3,450

Key items balance sheet

Key items balance sheet (in € millions)

	31 Dec 19	31 Dec 20	Δ YoY
Total assets	**62,841**	**67,484**	+7%
Cash and cash equivalents	2,026	4,672	+131%
Loans and advances to customers	**50,461**	**50,542**	-0%
- of which residential mortgages	48,090	47,697	-1%
- of which consumer loans	73	51	-30%
- of which SME loans	673	686	+2%
- of which other, including (semi-) public sector loans	1,625	2,108	+30%
Loans and advances to banks	3,791	5,990	+58%
Investments	5,350	5,114	-4%
Amounts due to customers	**49,045**	**53,652**	+9%
- of which retail savings	38,404	42,111	+10%
- of which other amounts due to customers	10,641	11,541	+8%
Amounts due to banks	541	945	+75%
Debt certificates	6,906	6,119	-11%
Shareholders' equity	3,435	3,450	+0%

Comments

- In 2020, the balance sheet total increased by €4.6bn to €67.5bn, as a result of growth in deposits (+€4.6bn). As loan growth was negligible, this resulted in an increase in cash and cash equivalents (+€2.7bn) and investments in loans and advances to banks (+€2.2bn)
- Residential mortgage loans decreased by €0.4bn to €47.7bn, reflecting negative commercial growth of -€0.2bn and the reclassification of construction deposits -€0.4bn, which were partly offset by other changes of €0.2bn (mainly IFRS value adjustments)
- Subordinated debt remained stable at €0.5bn as the call of €0.5bn subordinated Tier 2 bonds was compensated by the issuance of €0.5bn subordinated Tier 2 green bonds
- Debt certificates decreased by €0.8bn, driven by the redemptions of capital market funding instruments (-€1.7bn; mainly covered bonds and senior unsecured debt). This was partly offset by the issuance of the issuance of €0.5bn covered bonds and €0.5bn green unsecured bonds
- Shareholders' equity increased by €15m due to net profit retention (€174m) and an increase in the fair value/cash flow hedge reserve (€6m), largely offset by the reclassification of the 2019 dividend payment to other liabilities (€165m)

Breakdown of loans and advances to customers

in € millions	31 December 2019			30 June 2020			31 December 2020		
	Gross amount	Loan loss provision	Coverage ratio	Gross amount	Loan loss provision	Coverage ratio	Gross amount	Loan loss provision	Coverage ratio
Stage 1	**46,075**	**7**	**0.0%**	**45,538**	**26**	**0.1%**	**45,659**	**31**	**0.1%**
- of which residential mortgages	43,977	6	0.0%	43,166	24	0.1%	43,154	24	0.1%
- of which consumer loans	62	0	0.0%	49	0	0.0%	38	--	0.0%
- of which SME loans	566	1	0.2%	506	1	0.2%	558	6	1.1%
- of which other commercial loans and loans to public sector	1,470	--	0.0%	1,817	1	0.1%	1,916	1	0.1%
Stage 2	**2,662**	**29**	**1.1%**	**3,208**	**46**	**1.4%**	**2,796**	**58**	**2.1%**
- of which residential mortgages	2,446	22	0.9%	2,949	35	1.2%	2,539	52	2.0%
- of which consumer loans	12	1	8.3%	9	1	11.1%	13	1	7.7%
- of which SME loans	67	5	7.5%	96	9	9.4%	86	5	5.8%
- of which other commercial loans and loans to public sector	137	1	0.7%	155	1	0.6%	154	--	0.0%
Stage 3	**645**	**83**	**12.9%**	**688**	**92**	**13.4%**	**681**	**77**	**11.3%**
- of which residential mortgages	540	43	8.0%	549	51	9.3%	543	35	6.4%
- of which consumer loans	13	13	100.0%	12	12	100.0%	12	11	91.7%
- of which SME loans[1]	71	25	35.2%	89	26	29.2%	80	27	33.8%
- of which other commercial loans and loans to public sector	21	2	9.5%	38	3	7.9%	43	4	9.3%
Total stage 1, 2, 3	**49,382**	**119**	**0.2%**	**49,434**	**164**	**0.3%**	**49,136**	**166**	**0.3%**
- of which residential mortgages	46,963	71	0.2%	46,664	110	0.2%	46,236	111	0.2%
- of which consumer loans	87	14	16.1%	70	13	18.6%	63	12	19.0%
- of which SME loans	704	31	4.4%	690	36	5.2%	724	38	5.2%
- of which other commercial loans and loans to public sector	1,628	3	0.2%	2,010	5	0.2%	2,113	5	0.2%
IFRS value adjustments[2]	1,198	--	--	1,597	--	--	1,572	--	--
Reclassification construction deposits				-392	--	--	--	--	--
Total loans and advances to customers	**50,580**	**119**	**0.2%**	**51,031**	**164**	**0.3%**	**50,708**	**166**	**0.3%**
Off-balance sheet items[3]	2,548	6	0.2%	2,890	6	0.2%	2,814	5	0.2
Total on and off-balance sheet	**53,128**	**125**	**0.2%**	**53,921**	**170**	**0.3%**	**53,522**	**171**	**0.3%**

[1] Gross SME loans include mortgage-backed loans for a gross amount of € 674 million
[2] Consisting of fair value adjustments from hedge accounting and amortisations
[3] Off-balance sheet: liabilities from irrevocable facilities, guarantees and repurchase commitments

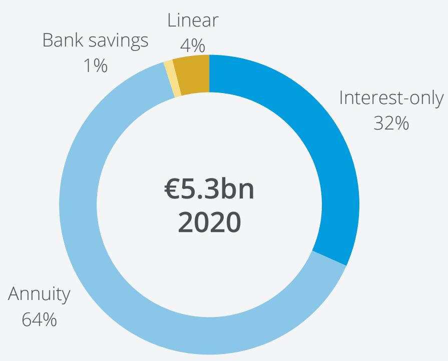
Quality of residential mortgages

in € millions	1 Jan 18	30 Jun 2018	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020	31 Dec 2020
Gross loans	**45,551**	**46,370**	**46,824**	**47,162**	**46,963**	**46,664**	**46,236**
- of which stage 1	42,366	43,706	44,236	45,005	43,977	43,166	43,154
- of which stage 2	2,467	2,030	2,039	1,657	2,446	2,949	2,539
- of which stage 3	718	634	549	500	540	549	543
Loan loss provisions	**74**	**61**	**58**	**53**	**71**	**110**	**111**
- of which stage 1	3	2	2	2	6	24	24
- of which stage 2	17	11	10	9	22	35	52
- of which stage 3	53	48	46	42	43	51	35
Stage 2 as a % of gross loans	5.3%	4.4%	4.4%	3.5%	5.2%	6.3%	5.5
Stage 2 coverage ratio[1]	0.7%	0.5%	0.5%	0.5%	0.9%	1.2%	2.0
Stage 3 as a % of gross loans	1.5%	1.4%	1.2%	1.1%	1.1%	1.2%	1.2
Stage 3 coverage ratio[1]	7.4%	7.6%	8.4%	8.4%	8.0%	9.3%	6.4
Net loans excluding IFRS adjustments	**45,477**	**46,309**	**46,766**	**47,109**	**46,892**	**46,554**	**46,125**
IFRS adjustments	295	356	496	1,293	1,198	1,597	1,572
Total net loans	**45,772**	**46,665**	**47,262**	**48,401**	**48,090**	**48,151**	**47,697**
Irrevocable loan commitments and financial guarantee contracts[2]	1,967	1,769	1,796	1,692	1,598	2,021	1,924
Provision off-balance sheet items	1	1	0	1	1	1	1
Coverage ratio off-balance sheet items	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%	0.1
Total gross on and off-balance sheet exposure	**47,518**	**48,339**	**48,620**	**48,854**	**48,561**	**48,685**	**48,160**
Impairment charges	--	-8	-8	-8	2	33	29
Provision as a % of gross loans	0.16%	0.13%	0.12%	0.11%	0.15%	0.24%	0.24%
Cost of risk[3]	--	-0.03%	-0.02%	-0.03%	0.00%	0.14%	0.06%

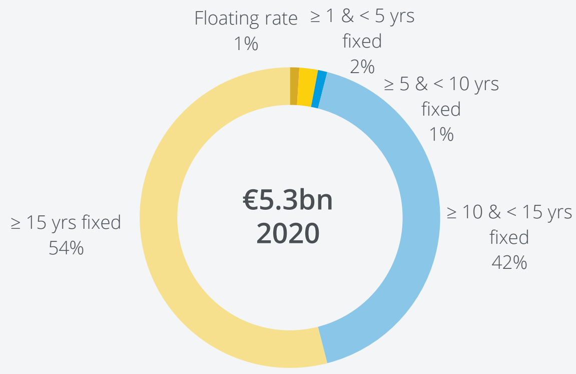
[1] Stage 2/3 loan loss provision as a % of gross exposure to stage 2/3 [2] Consists of off-balance sheet facilities (of which €428m revocable), guarantees and repurchase commitments [3] Impairment charges as a % of average gross exposure -/- IFRS adjustments

Residential mortgage production

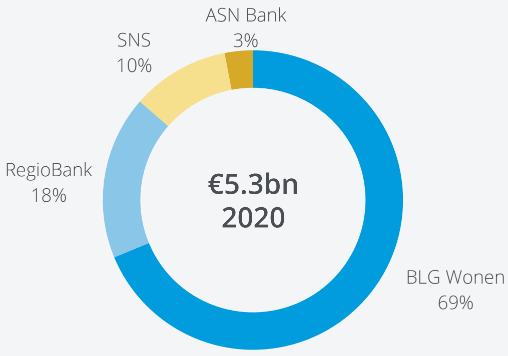
Residential mortgage production by redemption type[1]



Residential mortgage production by interest type[1]



Residential mortgage production by brand on own book[1]

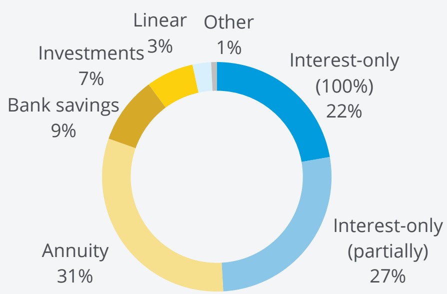


- 64% of new residential mortgages consists of annuity mortgages. Only new annuity or linear mortgages benefit from tax deductibility
- 32% of the residential mortgage production consists of interest-only mortgages due to the refinancing/conversion of loans originated before 2013
- In 2020, there was a continued strong demand for mortgages with longer term fixed-rate terms

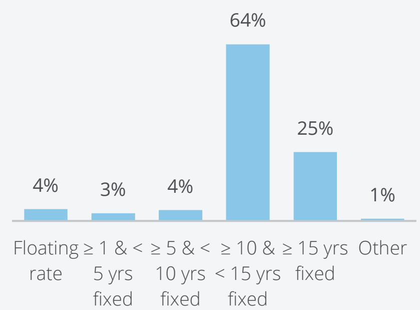
[1] Excluding bridging loans

Residential mortgage portfolio

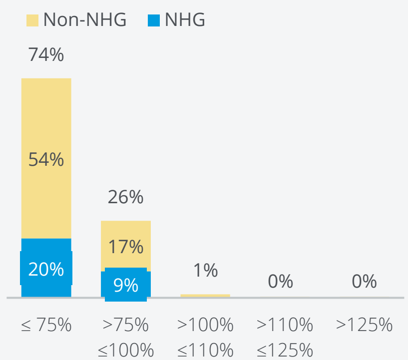
Residential mortgages by redemption type



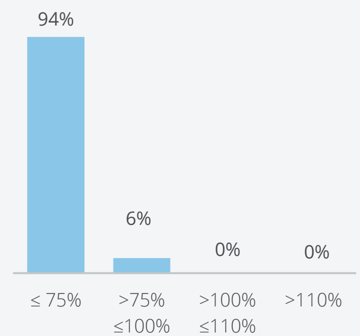
Residential mortgages by fixed-term maturity



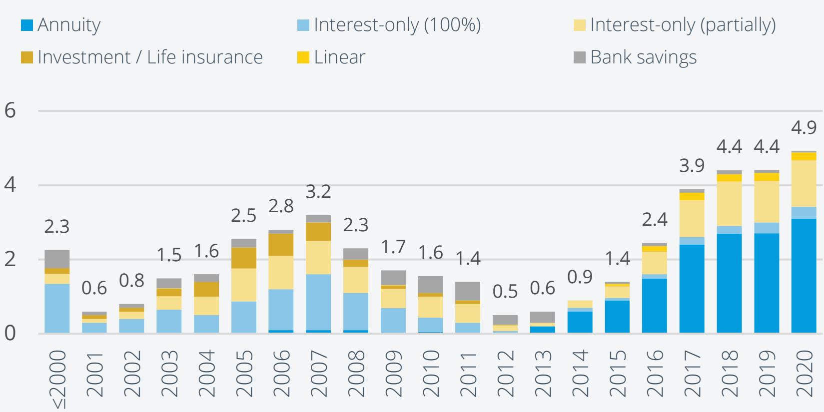
Residential mortgages by LtV bucket



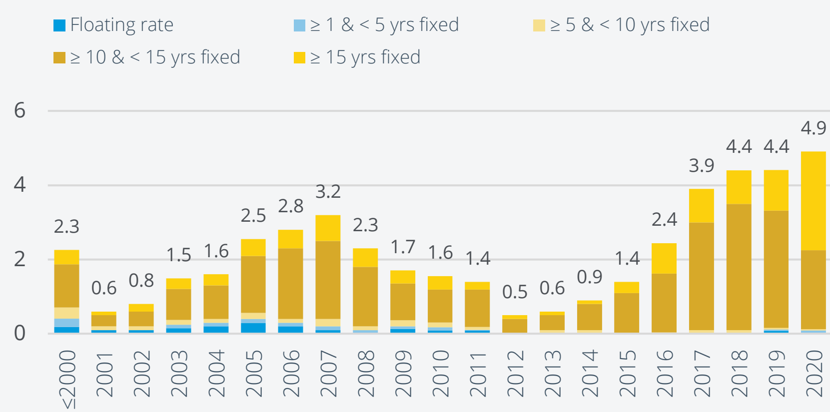
Interest-only (100%) mortgages by LtV bucket



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	1 Jan 18	30 Jun 2018	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020	31 Dec 2020
Gross loans	**791**	**753**	**743**	**730**	**704**	**690**	**724**
- *of which stage 1*	558	553	558	565	566	506	558
- *of which stage 2*	123	103	99	85	67	96	86
- *of which stage 3*	110	97	86	80	71	89	80
Loan loss provisions	**49**	**40**	**41**	**38**	**31**	**36**	**38**
- *of which stage 1*	1	1	1	1	1	1	6
- *of which stage 2*	12	8	7	6	5	9	5
- *of which stage 3*	36	31	33	31	25	26	27
Stage 2 as a % of gross loans	16.3%	13.7%	13.3%	11.6%	9.5%	13.9%	11.9%
Stage 2 coverage ratio[1]	9.8%	7.8%	7.1%	7.1%	7.5%	9.4%	5.8%
Stage 3 as a % of gross loans	14.6%	12.9%	11.6%	11.0%	10.1%	12.8%	11.0%
Stage 3 coverage ratio[1]	32.7%	32.0%	38.4%	38.8%	35.2%	29.2%	33.8%
Total net loans	**742**	**713**	**702**	**692**	**669**	**654**	**686**
Irrevocable loan commitments and financial guarantee contracts	38	36	36	38	40	46	45
Provision off-balance sheet items	0	0	0	0	0	0	1
Coverage ratio off-balance sheet items	0.8%	0.8%	0.8%	0.8%	0.0%	0.0%	2.2%
Total gross on and off-balance sheet exposure	**829**	**789**	**779**	**768**	**744**	**740**	**769**
Impairment charges	--	-7	-5	-3	-8	5	8
Provision as a % of gross loans	6.2%	5.3%	5.5%	5.2%	4.4%	5.2%	5.2%
Cost of risk[2]	--	-1.98%	-0.75%	-0.69%	-1.05%	1.56%	1.16%

[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

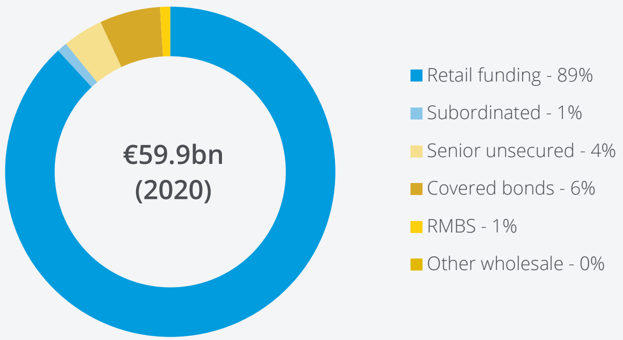
Quality of consumer loans

in € millions	1 Jan 18	30 Jun 2018	31 Dec 2018	30 Jun 2019	31 Dec 2019	30 Jun 2020	31 Dec 2020
Gross loans	**143**	**123**	**110**	**90**	**87**	**70**	**63**
- of which stage 1	92	82	74	64	62	49	38
- of which stage 2	17	13	14	11	12	9	13
- of which stage 3	34	28	22	15	13	12	12
Loan loss provisions	**34**	**28**	**24**	**15**	**14**	**13**	**13**
- of which stage 1	0	0	0	0	0	0	0
- of which stage 2	2	1	2	1	1	1	1
- of which stage 3	32	27	22	14	13	12	12
Stage 2 as a % of gross loans	13.8%	10.6%	12.7%	12.2%	13.8%	12.9%	20.6%
Stage 2 coverage ratio[1]	11.8%	7.7%	14.3%	9.1%	8.3%	11.1%	7.7%
Stage 3 as a % of gross loans	27.6%	22.8%	20.0%	16.7%	14.9%	17.1%	19.0%
Stage 3 coverage ratio[1]	94.1%	96.4%	100.0%	93.3%	100.0%	100.0%	91.7%
Total net loans	**109**	**95**	**86**	**75**	**73**	**58**	**51**
Irrevocable loan commitments and financial guarantee contracts	576	582	464	461	453	440	431
Provision off-balance sheet items	7	5	4	3	3	4	2
Coverage ratio off-balance sheet items	1.2%	0.9%	0.9%	0.7%	0.7%	0.9%	0.5%
Total gross on and off-balance sheet exposure	**719**	**705**	**574**	**551**	**540**	**510**	**494**
Impairment charges	--	-2	-1	--	-2	1	-1
Provision as a % of gross loans	23.8%	22.8%	21.8%	16.7%	16.1%	18.6%	19.0%
Cost of risk[2]	--	-0.45%	-0.18%	-0.1%	-0.5%	0.60%	-0.16%

[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

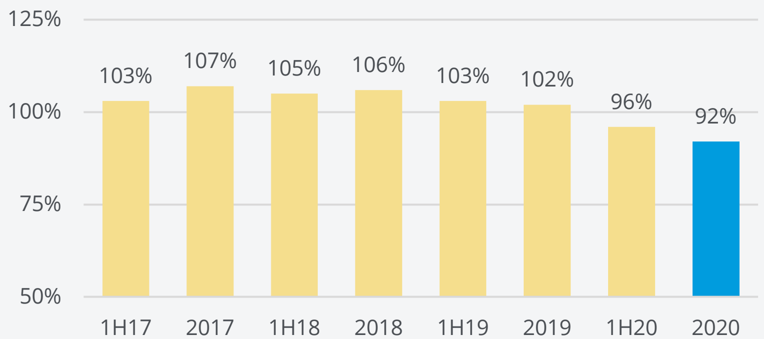
Funding mix



Liquidity buffer (in € millions)

	2019	1H20	2020
Cash position	3,836	3,754	5,924
Sovereigns	2,805	2,830	2,778
Regional/local governments & supranationals	1,091	1,152	1,252
Other liquid assets	263	327	337
Eligible retained RMBS	8,902	9,500	8,829
Total liquidity buffer	**16,897**	**17,563**	**19,121**

Loan-to-Deposit ratio



- Retail funding increased to 89% (YE19: 86%)
- Loan-to-Deposit ratio decreased to 92% as a result of limited loan growth and a substantial increase in deposits
- Liquidity buffer increased by €1.6bn to €19.1bn
- LCR and NSFR well above 100%

Investment portfolio

Breakdown by sector (in € billions)

	1H20	%	2020	%
Sovereigns	3.7	69%	3.3	66%
Financials	1.3	24%	1.3	25%
Corporates	0.4	7%	0.5	10%
Other	0.0	0%	0.0	0%
Total	**5.4**	**100%**	**5.1**	**100%**

Breakdown by maturity (in € billions)

	1H20	%	2020	%
< 3 months	0.4	7%	0.0	0%
< 1 year	0.2	4%	0.1	2%
< 3 years	1.0	19%	1.3	25%
< 5 years	1.2	22%	1.2	24%
< 10 years	2.3	43%	2.1	41%
< 15 years	0.2	4%	0.3	6%
> 15 years	0.1	2%	0.1	2%
Total	**5.4**	**100%**	**5.1**	**100%**

Breakdown by rating (in € billions)

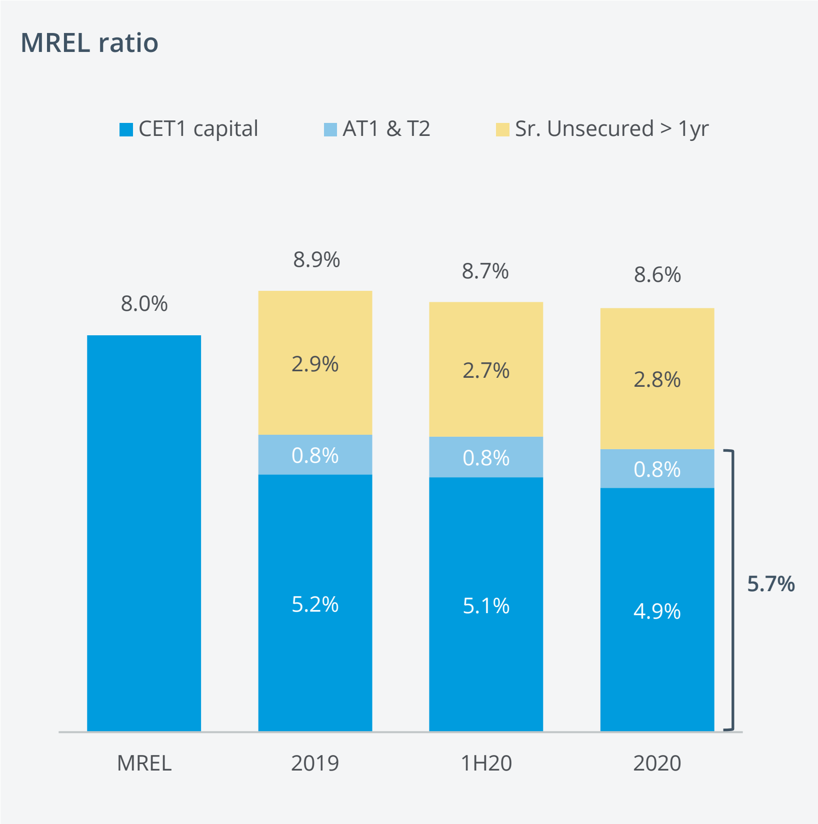
	1H20	%	2020	%
AAA	3.0	56%	2.8	55%
AA	1.7	31%	1.8	36%
A	0.6	11%	0.3	6%
BBB	0.1	2%	0.1	2%
< BBB	0.0	0%	0.0	0%
No rating	0.0	0%	0.0	0%
Total	**5.4**	**100%**	**5.1**	**100%**

Breakdown by country (in € millions)

	1H20	%	2020	%
Netherlands	1,202	22%	1,175	22%
Germany	1,675	31%	1,511	31%
Other[1]	946	17%	696	17%
France	690	13%	763	13%
Belgium	523	10%	520	10%
Austria	265	5%	277	5%
Ireland	159	3%	160	3%
Total	**5,460**	**100%**	**5,102**	**100%**

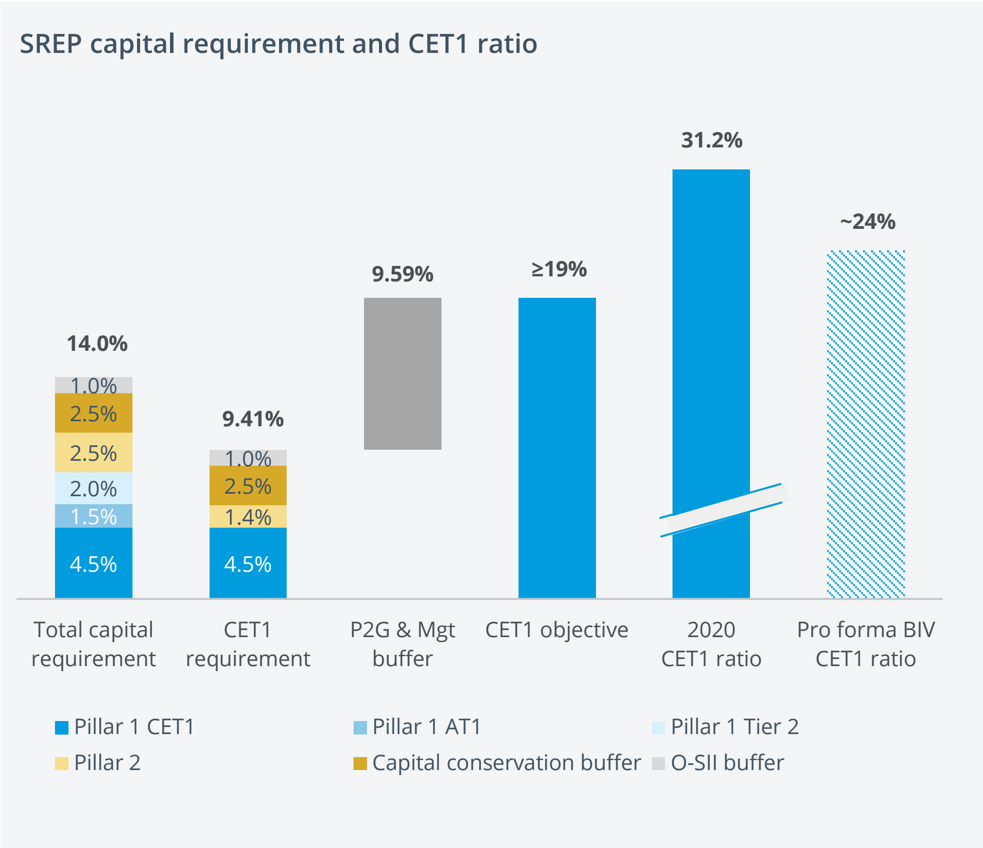
[1] Other mainly consists of Finland, Switzerland and Luxembourg

De Volksbank meets its current MREL requirement



- 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 8.6% as per YE20
- Compared to YE19, the non-risk-weighted MREL ratio decreased from 8.9% to 8.6%. Total capital and eligible liabilities rose by €189m to €5,593m as a result of a €78m increase in total capital and a €111m increase in MREL-eligible senior unsecured debt with a remaining maturity of at least 1 year. The latter was supported by the issuance of €500m senior debt. The risk exposure measure as defined by the BRRD rose by €4.9bn to €65.4bn, driven by the growth in deposits
- 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 €2.0-2.5bn up to 2024
- De Volksbank is closely monitoring developments regarding (intermediate) MREL subordination requirements. We will adjust our capital planning if necessary

De Volksbank amply meets its SREP capital requirements



- With effect from 12 March 2020, de Volksbank is required to meet a minimum total capital ratio of 14.0% (Overall Capital Requirement, OCR), of which at least 9.41% CET1 capital (previously 10.5%)
- The decrease in CET1 requirement is the result of a measure from the ECB to support banks' capital positions in response to the Covid-19 crisis. The ECB announced that, as from 12 March 2020, the Pillar 2 requirement need not be entirely composed of CET1 capital but may partially consist of AT1 and Tier 2 capital. In doing so, it brought forward article 104(a) of the CRD V, which was scheduled to come into effect in January 2021
- 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

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