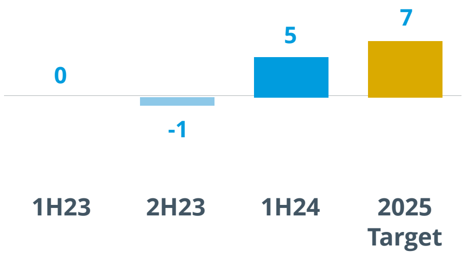
de volksbank

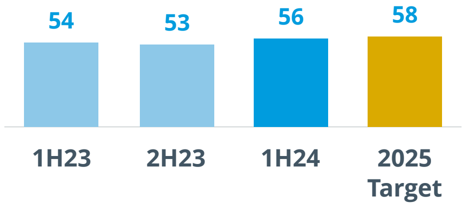
2024 Interim financial report

Key figures

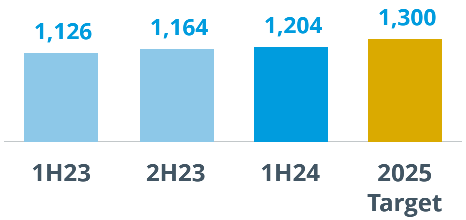
Net Promoter Score



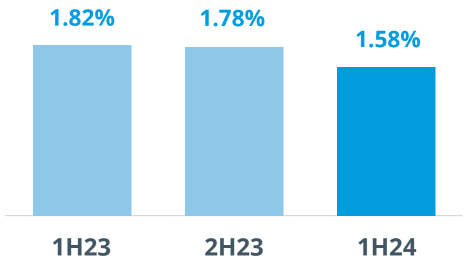
Customer Relationship Score



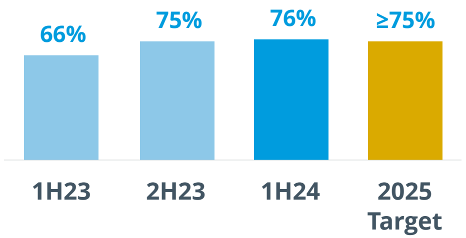
Active multi-customers (in thousands)



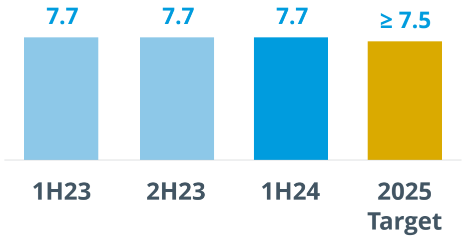
Net interest margin



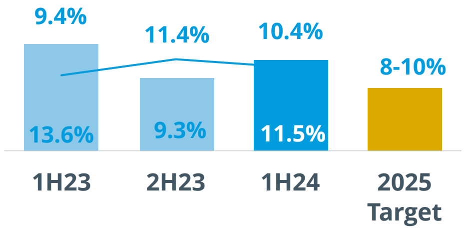
Climate-neutral balance sheet



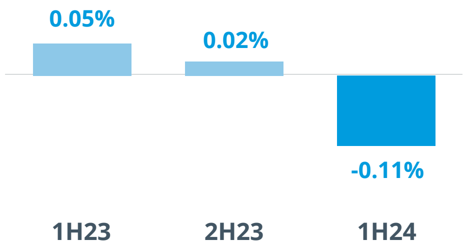
Genuine attention for employees[1]



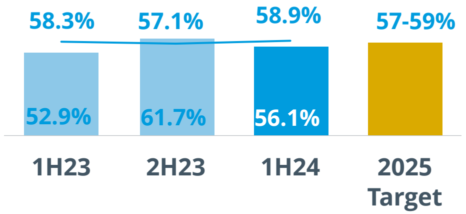
Return on Equity (RoE)[2]



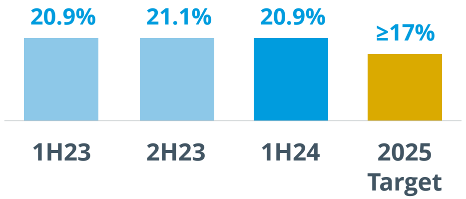
Cost of risk total loans



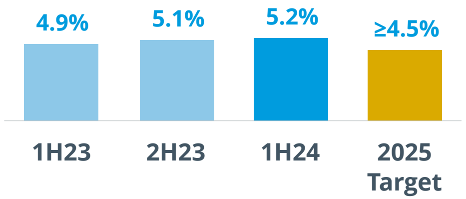
Cost/income ratio[2]



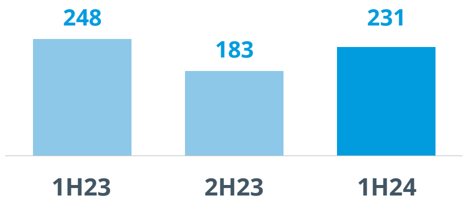
Basel IV fully loaded CET1 ratio



Leverage ratio



Net result (in € millions)



1) We monitor the KPI genuine attention for employees in our employee survey. Starting from 2024, the survey will become annually instead of semi-annually. Therefore, the 1H24 value is still equal to the outcome of the survey of 2H23.

2) The chart shows the annualised (bar) and 12-month moving average ratio (line)

Foreword

Roland Boekhout, Chair of the Executive Committee of de Volksbank

The global economy has proven resilient in the first half of 2024 and the economic outlook for the full year 2024 has improved as major economies avoided a severe downturn and reduced inflation without increasing unemployment. However, given the ongoing geopolitical tensions, the outlook is only cautiously optimistic. The European Central Bank (ECB) took a first step in June 2024 by cutting the three key interest rates by 25 basis points. Further interest rate cuts are expected by the capital markets in 2024 and 2025.

In the Netherlands, domestic growth is forecast to pick up to 0.8% in 2024 and to 1.5% in 2025. This is driven by an increase in real wage growth supporting private consumption and an expansion in government consumption and public investment. The Dutch housing market appears to have absorbed the sharp increase in mortgage interest rates in recent years, and both house prices and the number of transactions increased significantly.

Against this background, de Volksbank started the fourth year of implementing its strategic plan for the period ‘2021-2025’. In this plan, the bank has set two key strategic objectives for 2025: firstly, to be the bank with the strongest customer relationship in the Netherlands and, secondly, to have a significant and measurable positive impact on society.

Regarding our first key objective, our efforts over the last few years to improve customer relationships are paying off: in the first half of 2024, the average Net Promoter Score of our brands showed a sound improvement. Furthermore, the number of active multi-customers rose by 3% to 1.2 million. And in a survey conducted by MarketResponse in May 2024 on the Netherlands’ most customer-friendly bank, ASN Bank, RegioBank and SNS took the 1st, 2nd and 3rd places for the third year in a row.

For our second key objective, we are focusing on achieving a 75% climate-neutral balance sheet by the end of 2025. At the end of June 2024, this figure, as measured using the PCAF methodology, improved to 76%, compared to 75% at the end of 2023. This was supported by the purchase of green bonds with a focus on renewable energy projects. In addition, de Volksbank was included in Sustainalytics’ 2024 list of top ESG-Rated Companies based on its 2023 ESG Risk Rating, which underlines that we attach great importance to our role as a social and sustainable bank.

On 10 June 2024, our shareholder, NL Financial Investments (NLFI), published an assessment of realistic future options for de Volksbank. NLFI concluded that a private sale or an IPO are the preferred privatisation options for de Volksbank. We agree with this conclusion, although we do not recommend a partial sale. We will start preparations in the form of a dual track trajectory in which both options are explored simultaneously.

In the first half of 2024, the roles of Chief Risk Officer (CRO) and Chief Executive Officer (CEO) were renewed in line with the bank's terms. On 3 April 2024, the appointment of Saskia Hoskens as CRO was announced, taking effect on 10 April 2024. The former CRO, Jeroen Dijst, stepped down on the same day. On 23 May 2024, I was appointed as CEO and the former CEO, Martijn Gribnau, stepped down.

Furthermore, the structure of the Executive Committee was changed with the addition of the Chief Financial Crime Officer (CFCO). On 24 June 2024, Gwendolyn van Tunen was appointed as CFCO to strengthen and implement KYC-related improvement measures within the Executive Committee.

And finally, on 28 June 2024, we communicated that we are intending to change the duties and responsibilities of the Chief Customer Officer (CCO) and subsequently Marinka van der Meer stepped down from her duties as CCO effective on 1 July 2024.

In August 2023, we announced that De Nederlandsche Bank (DNB) had concluded that de Volksbank does not adequately identify and assess its risks related to money laundering, the financing of terrorism and customer integrity and intended to start an internal procedure to impose an administrative fine. In the meantime, DNB has in fact started the procedure. DNB also imposed an instruction to improve our Systematic Integrity Risk Analysis (SIRA). In response, we have substantially scaled up our efforts to remedy the identified shortcomings and have submitted an improved SIRA.

Furthermore, at the request of the ECB, DNB conducted a supervisory review on sound operational management at de Volksbank. Following this review, DNB informed us about alleged shortcomings that relate to risk management in previous years and hence their intent to impose an administrative fine.

The timing of the final outcome of both procedures is still unclear and the potential financial impact, which may be significant, cannot be estimated reliably at present. As such no provision is recognised as at 30 June 2024.

In the coming period, the recomposed Executive Board and Executive Committee will place a greater focus on supervisory topics, improvements to internal risk models (including data management) and compliance with customer integrity regulations.

We had a good start to 2024 with strong financial and commercial results, despite global economic uncertainties and ongoing geopolitical tensions. In the first half of 2024, our residential mortgage portfolio increased by € 1.3 billion to € 50.5 billion and as a result our market share for new mortgages improved to 6.2%, compared to 5.1% in the first half of 2023. SME loans grew by € 83 million to € 1.3 billion. Retail savings increased by € 1.5 billion to € 45.1 billion, corresponding with a market share of 9.4%, compared to 9.5% at year-end 2023. Assets under management remained stable at € 4.2 billion.

In a changing interest rate environment, the bank's net profit declined by € 17 million to € 231 million as at the end of June 2024. This was primarily due to € 74 million lower total income, partially offset by € 18 million lower total operating expenses and a € 38 million positive swing in impairment charges.

Net interest income decreased by € 98 million to € 564 million, mainly due to lower margins on savings and lower ALM-related net interest income. The latter was partially offset by an increase in other income of € 21 million to € 61 million due to a shift of NII activities. Net fee and commission income went up by € 3 million to € 36 million.

Total operating expenses were € 18 million lower at € 371 million, driven by lower regulatory levies and a non-recurring VAT gain. These elements more than offset the impact of wage inflation, an increase in staff and additional expenses related to anti-financial crime. In the first half of 2024, a € 30 million impairment reversal for financial assets was recorded due to an improved macroeconomic outlook and higher house prices, particularly for residential mortgage loans, resulting in € 38 million lower risk costs.

The cost/income ratio increased to 56.1% at the end of June 2024, compared to 52.9% in the same period last year.

The bank achieved a Return-on-Equity of 11.5% at the end of June 2024, below the 13.6% in the first half of 2023.

Our capital position remained robust. The CET1 capital ratio decreased to 19.7%, from 20.2% at year-end 2023, attributable to a € 1 billion increase in risk-weighted assets. This increase was primarily the result of increased exposures to financial institutions and, to a lesser extent, due to the growth of the residential mortgage portfolio. Our liquidity position remained resilient. The LCR decreased to 158%, from 262% at year-end 2023. This decrease is mainly related to more efficient use of excess liquidity. Our leverage ratio improved from 5.1% to 5.2% because of an increase in core capital.

Finally, I would like to emphasise that I have been impressed so far by the great commitment and passion of all our colleagues to grow and develop the social identity of the bank while continuously improving customer relationships. I also recognise that the bank has to go a step further in simplifying and improving its business model and processes, and I will prepare for this together with my fellow board members. But, ultimately this commitment is a solid base for the future of de Volksbank.

Strategic progress

Our strategy

In the first half of 2024, we continued to execute our Strategy 2021 – 2025: Better for each other – from promise to !mpact. This strategy has two main pillars through which we aim to strengthen our distinctive capabilities: first, we want to be the bank with the strongest customer relationship in the Netherlands, and second, we want to have a substantial and measurable positive impact on society.

This is reflected in our four retail banking brands, each with its own growth priority:
- SNS: attract a younger target audience and strengthen the business model with fee income;
- ASN Bank: accelerate the growth of ASN Bank as a digital, sustainable bank;
- RegioBank: reinforce RegioBank's local presence by broadening its propositions;
- BLG Wonen: expand BLG Wonen by increasing its distribution reach and improving its service.

To enhance our distinctive capabilities and realise the brands' growth priorities, our strategy comprises the following necessary movements of change, capabilities and preconditions:
1. Relevant range of products, new propositions and small businesses as a new target market;
2. IT-based customer bank;
3. Digital and omnichannel dialogue;
4. Compliance with laws and regulations;
5. Capabilities.

Strategic progress

Our Strategy 2021 – 2025 sets out measurable objectives for each of our stakeholder groups. These objectives are presented in the following table and discussed in more detail below the table:

Strategic objectives	Target 2025	30-6-2024	31-12-2023	30-6-2023
Customers				
Customer-weighted average Customer Relationship Score (CRS)[1]	58[2]	56	53	54
Customer-weighted average Net Promoter Score (NPS)[1]	+7[2]	+5	-1	0
Active multi-customers (in 1,000)[1]	1,300	1,204	1,164	1,126
Society				
Climate-neutral balance sheet[1]	≥75%	76%	75%	66%
Employees				
Genuine attention[1]	≥ 7.5	7.7[3]	7.7	7.7
Shareholder				
Return on Equity (RoE)[4]	8-10%[2]	11.5%	11.4%	13.6%
Other objectives				
Common Equity Tier 1 ratio (Basel IV)[5]	≥17%	20.9%	21.1%	20.9%
Leverage ratio (Basel IV)[5]	≥4.5%	5.2%	5.1%	4.9%
Cost/income ratio[4]	57-59%	56.1%	57.1%	52.9%

1 See Section Definitions of strategic KPIs for the definition and measurement methodology of this KPI.
2 In the second quarter of 2024, the CRS target for 2025 was adjusted from 60 to 58, the NPS target from +13 to +7, and the RoE target from 8% to a range of 8-10%. All three KPI adjustments are related to changing market circumstances and expectations since 2020 when the Strategic Plan 2021-2025 was initially developed.
3 We monitor the KPI genuine attention for employees in our employee survey. Starting from 2024, the survey will become annually instead of semi-annually. The last survey was conducted in October 2023. Therefore, the 30-6-2024 value is still equal to the outcome of the survey of 31-12-2023.
4 See Section Reconciliation of alternative performance measures in this report for the measurement methodology of this KPI.
5 For more information, please refer to the Section Capital management.

Strong customer relationships

One of our two main pillars is to build strong customer relationships; whatever we do must create added value for our customers. Our efforts over the last few years to improve customer relationships are paying off. This is confirmed by a survey conducted by MarketResponse in May 2024 on the most customer-friendly bank in the Netherlands: RegioBank, ASN Bank and SNS took 1st, 2nd and 3rd place for the third time in a row. To measure the customer relationship, we defined three specific key performance indicators (KPIs), each of which has its own target, i.e. the customer-weighted average Customer Relationship Score (CRS), the customer-weighted Net Promoter Score (NPS), and the number of active multi-customers.

Customer Relationship Score

The customer-weighted average CRS measures the strength of the relationship that customers experience based on their satisfaction with, trust in and love for the brand. The higher the score, the stronger the average perceived relationship. In the first half of 2024, the customer-weighted average CRS of our retail banking brands rose to 56 (average for 2023: 53). The outflow of mono-customers, usually with a low CRS score, and the continued increase in active multi-customers contributed positively to the overall CRS score. In the second quarter of 2024, we adjusted the CRS target for 2025 from 60 to 58 due to related changing market circumstances and expectations since 2020 when the Strategic Plan 2021-2025 was initially developed.

Net Promoter Score

In the first half of 2024, the customer-weighted average NPS of all our brands rose to +5 (year-end 2023: -1). The outflow of mono-customers, usually with a low NPS score, and the continued increase in active multi-customers contributed positively to the overall NPS score. In the second quarter of 2024, we adjusted the NPS target for 2025 from +13 to +7 due to related changing market circumstances and expectations since 2020 when the Strategic Plan 2021-2025 was initially developed.

Number of active multi-customers

In the first half, the number of active multi-customers rose by 40 thousand to 1.2 million (year-end 2023: 1.16 million), mainly due to customers with current accounts and savings accounts. We are on track to achieve our target of 1.3 million active multi-customers by the end of 2025.

The number of current account customers grew by 39 thousand to 2.04 million (year-end 2023: 2 million). The total number of customers was virtually stable at 3.25 million (year-end 2023: 3.26 million), as the growth of multi-customers was offset by the outflow of customers with only a savings account and a decrease in customers with an insurance policy.

Social impact

We focus on making a positive social impact through the banking products and services that we offer to our customers. We integrate feedback from stakeholders into our operations to optimise our social impact profile. In 2023, we achieved the highest score on almost all themes analysed in a study on sustainability policies conducted by the Fair Bank Guide. In addition, de Volksbank was included in Sustainalytics' 2024 list of top ESG-Rated Companies, based on its 2023 ESG Risk Rating, which underlines that we attach great importance to our role as a social and sustainable bank.

We aim to stimulate social and environmental progress by focussing on five core themes: (1) an accessible housing market, (2) local entrepreneurship, (3) people-oriented and accessible services, (4) climate, and (5) biodiversity. Through these five core themes, de Volksbank contributes to equal opportunities, liveability and sustainability.

We take on our role as (i) a responsible services provider, such as by providing sustainable mortgages, sustainable investments, physical and accessible services, including in smaller communities, (ii) a social connector, for example by connecting various stakeholders through the National Village Summit (RegioBank), the Housing Debate (BLG Wonen), and the *Vanaf Hier* platform for inspiration regarding sustainability (ASN Bank), and (iii) a systems change accelerator, in particular via the Platform Biodiversity Accounting Financials (PBAF) and the Growth Opportunities Report (SNS).

Climate-neutral balance sheet

Halfway into 2024, our KPI climate-neutral balance sheet increased by 1 percentage point to 76% (year-end 2023: 75%), which shows that we are on track to meet our target of at least 75% by 2025. Over the last six months, we purchased additional green bonds with a strong focus on renewable energy projects, supporting an increase in our avoided CO_2e emissions. At the end of June 2024, our KPI climate-neutral balance sheet included 1,256 kilotonnes (kt) of CO_2e emissions (year-end 2023: 1,249 kt) and 968 kt of avoided CO_2e emissions (year-end 2023: 943 kt). Our KPI climate-neutral balance sheet is measured by using the PCAF methodology. We are currently exploring options to convert our strategic KPI 'Climate-neutral balance sheet' into a new KPI 'Net-Zero', in line with our ambition of achieving a net-zero balance sheet by 2050 as part of the Dutch National Climate Agreement.

Housing accessibility

Taking into account our business model and current market dynamics, we translated the housing accessibility theme into two objective measures, namely 1) making housing accessible to households earning up to twice the modal income, and 2) sustainable recovery from mortgage arrears based on financial care during major life events. We are currently working on the governance and adequate reporting on these measures to enable further steering on this theme.

Four growth priorities of the brands

SNS

SNS strives to broaden its target audience to include younger customers, and strengthen its business model through additional fee income. Having more than 190 retail shops, SNS aims to be a social bank that stands for equal banking opportunities for everyone. SNS is on track to reposition itself and to increase its social impact. SNS' strategic growth priorities were slightly adjusted in 2024 as a result of a recalibration of priorities within de Volksbank. The impact of Know Your Customer (KYC) within the organisation and reductions in brand investments have affected the lead time for repositioning SNS. Nevertheless, SNS has managed to carve out a strong position for itself in society with good results in terms of brand association. For example, SNS is considered as the most 'social bank' in the Netherlands by 41% of the respondents in the study of the brand associations monitor of SNS. In the first half of 2024, SNS received multiple prestigious industry awards affirming the success of our strategic initiatives and market positioning, namely: the *Stichting Adverteerdersjury Nederland* (*SAN*) *Accent* award in financial services, and the NIMA Marketing Company of the Year award.

To strengthen its customer relationships, SNS is making efforts to increase the share of promoters within its customer base, driven by the increase in promoters to 18%. In addition, SNS is strengthening its business model by training employees to cross sell its products and services. This not only increases adviser satisfaction, but is also expected to result in an increase in fee income in the coming quarters. Moreover, SNS is developing new services related to our social position and is currently conducting a pilot with a new fee service entitled 'Help with Allowences'. By now, around 54% of SNS customers are using the new banking app, which was launched in April 2024.

ASN Bank

ASN Bank aims to accelerate growth as a sustainable digital bank. In the first half of 2024, the number of ASN Bank customers grew modestly. ASN Bank improved its digital customer services by launching a new mobile app for business banking customers. In 2024, ASN Bank will expand its product portfolio to include a pension investment product. In addition, ASN Bank's mortgages can be taken out with 250 new financial advisers as from April through service provider *Huismerk*. ASN Bank received recognition from its customers, which is reflected in a first place in the Sustainable Brand Awards in the Financial category, and a 12th place in the overall ranking.

RegioBank

RegioBank continues to have a strong local presence with over 400 independent advisers in small towns and villages. The bank remains committed to local communities not only by providing financial services to its retail and small business customers, but also by supporting social initiatives such as the construction of community centres and other social activities. For example, on 30 May, RegioBank organised the first debate with candidates from the European Parliament in which six candidates discussed regional issues affecting the European Union. And in June, RegioBank organised the fourth National Village Summit, an event for everyone involved in regional developments and initiatives. This summit set the Agenda for the Future of the Regions to establish guidelines for the accountability of the Dutch regions.

BLG Wonen

BLG Wonen' growth strategy focusses on expansion by improving its sales reach and services. BLG Wonen is committed to making the housing market more accessible; to this end, BLG Wonen works with independent financial advisers to develop and offer suitable standard and customised mortgage solutions. This year is a special year for BLG Wonen as it celebrates an important milestone: its foundation 70 years ago. BLG Wonen is proud of its rich history at improving housing accessibility in the Netherlands. Its mission began all those years ago when it helped miners in Limburg to buy their own home and its mission is still relevant in the current housing market.

Necessary movements of change, capabilities and preconditions

1. Relevant range of products, new propositions and small businesses as a new target market

We are strongly committed to small-sized businesses within the SME sector. These entrepreneurs need a bank where digital convenience and personal contact are paramount. Our local presence and the expansion of our product range for the business market, increasingly allows us to meet their requirements.

In the first half of 2024, de Volksbank expanded the online platform where SME customers can adapt our services to their own needs to include the services of Bizcuit, a platform that provides a connection between transactions and accounting. Additionally, for the first time in its 70-year history, BLG Wonen entered the SME financing market with a commercial property mortgage, named the *BLG Bedrijfshypotheek*. Together with BLG's independent financial advisers, it improves access to lending propositions for small and medium-sized companies. BLG Wonen also co-launched the Energy Savings Plan Plus (*Energiebespaarplan Plus*), enabling customers to make their home more sustainable and to benefit directly from more attractive interest rates. We believe this is an important product as our own research shows that households with average or below-average incomes are less likely to purchase a sustainable home than households with above-average incomes.

In addition, RegioBank has entered into a collaboration with Capsearch to strengthen its position among local entrepreneurs. SNS partners with Qredits to help novice entrepreneurs apply for working capital loans. Furthermore, advisers from SNS, RegioBank and BLG Wonen have expanded their expertise in SME services and customise solutions to help entrepreneurs with their local banking needs.

On another occasion, de Volksbank discussed with customers the economic challenges they face and how they could benefit from incorporating sustainability into their daily and future business operations. The topic of (local) entrepreneurship was addressed at events such as (i) SNS organised local Entrepreneur' Nights, and the following (ii) RegioBank discussed entrepreneurship in regional areas at the National Village Summit on 20 June. In collaboration with the Ministry of Economic Affairs and the Dutch Banking Association (*NVB*), de Volksbank was proactively involved in the creation and implementation of the National Covenant on SME Financing, which makes it easier to apply for a current or savings account. We also improved the new banking app for our business customers, and continued to strengthen our digital operational and risk management processes. We have replaced legacy systems and improved application processes enabling customers to more easily and quickly obtain a business loan. Additionally, in July 2024, we enhanced our credit risk underwriting model to make it more transparent and understandable for customers.

Overall, these activities help increase awareness of de Volksbank brand as a service bank for small and medium-sized businesses. We stick to our ambition to position the bank and its retail brands close to entrepreneurs who value personal interaction and require an appropriate range of banking products and services.

Besides that, our real estate valuation platform Fitrex saw an increase in the number of valuation requests by almost 18% in the first six months of 2024. The number of active advisers also rose by 10% in the same period, which growth was partly due to the recovering market and partly to new products such as Energy Advice. The growth was also supported by the 'Financial Care Appraisals' that are now included in the range of services. The next step is to set up the Pension Insight proposition within RegioBank and SNS, and recalibrate the Sustainable Living proposition.

In the first half of 2024, we studied the topic of (house) foundation problems and a potential business model where we would partner with foundation repair professionals. Although the study reveals that there is no basis for a profitable business case, it does stress the importance of the problems and details next steps on how de Volksbank may prepare for this issue. We also experimented with new services in relation to data security and car leasing for example. Depending on customer insights and market response, some of those may be added to the product range of SNS, RegioBank and/or ASN Bank in the future.

While ASN Bank has extended its range of insurance products by introducing car insurance through insurance partner a.s.r., SNS has included two new insurance products, i.e. motor and caravan insurance, through insurance partner NN. Finally, our home and liability insurance products have been made available on the online request flow via our target architecture Pega.

2. IT-based customer bank

The aim of our IT-based customer bank strategy is to achieve a modular, customer-driven, mostly cloud-based, automated IT landscape. In the first half of 2024, we worked on the customer bank transition by continuing to design and build a new customer administration system, expanding the bank-wide case management system, and improving the data platform. We launched an initiative to accelerate the cross-domain replacement of legacy processes. We continued our increased focus on customer integrity-related improvements and on phasing out older applications.

3. Digital and omnichannel dialogue

De Volksbank aims to strengthen the relationship with its customers and advisers by providing a human touch in customer interaction and consistent and personalised services through online and offline channels. To enhance a consistent and recognisable cross-channel experience, we rolled out the new retail customer banking app to our business customers and the new ‘My office’ (*Mijn Kantoor*) portal for SNS customer service employees. We added Google Pay to the retail customer banking app of all our brands and intensified the number and variety of personalised messages in our online channels for SNS and ASN Bank customers. In order to continuously improve our customer service, we created a first version of our new ‘permissions and preferences administration’. This concept allows customers to manage permissions to share data or personalise messages, as well as to manage communication channel preferences. We also improved the accessibility of our channels, as enhancing the omnichannel experience for our customers is an ongoing process. Finally, we formulated a clear vision and approach on how to develop a future-proof omnichannel analytics platform. This platform is crucial for our ambition to provide a human touch in customer interaction both now and in the years ahead.

4. Compliance with laws and regulations

To provide the company with guidance and enable it to maintain focus, de Volksbank has decided to make client integrity a top priority in 2023 and the years to come. As a result, in the first half of 2024, de Volksbank presented its Client Integrity Remediation plan for the 5 highest priorities to *De Nederlandsche Bank* (*DNB*) and performed its Systemic Integrity Risk Assessment (SIRA). The SIRA results will be used to prioritise our actions and will be integrated into the Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) remediation plan, which will be finalised before the end of 2024. Furthermore, we strengthened our governance by appointing Gwendolyn van Tunen as Chief Financial Crime Officer (CFCO) to ensure the progress of the aforementioned plan.

For further details regarding the fight against financial crime, see the Section Anti-financial crime in Non-financial risk developments.

5. Capabilities

De Volksbank aims to increase its execution power and sustainable change adoption by strengthening its capabilities. We focus on effective leadership, results-oriented performance management, a change mentality, enhanced data & digitalisation, and further improvement of our internal risk culture. In the first half of 2024, we continued the rollout of the internal leadership programme for the Executive Committee and the ExCo-1 Leadership Team, ultimately expanding the scope of the programme to the manager level. We also launched new talent programmes in June 2024 to support talent development and succession planning for senior management positions. To strengthen more results-oriented performance and execution, the new performance cycle was introduced in the organisation, which includes clear KPIs and cascades to all employees. The KPI, which is shared with management and employees, consistently includes elements that helps us build a strengthened risk-aware culture within our organisation. Finally, employees completed various learning activities to strengthen both their technical knowledge of 'customer integrity' and their 'data and digital' skills. To that end, we used learning formats such as tailored learning paths, e-learnings and dedicated topic awareness sessions.

Strategic objectives

We report on our progress on strategic objectives for our customers in the 'Strong customer relationships' section, and on society in the 'Social impact' section in this chapter. An update on 'Other objectives' is provided below.

Genuine attention for our employees

Our ambition as an employer is to create value for employees by giving genuine attention to professionalism, autonomy and personal growth. We believe this will lead to engaged employees who are able to make a meaningful contribution to our mission and strategy. Our KPIs on this topic are genuine attention for our employees and engagement. We monitor these KPIs in our employee survey, which - starting from 2024 - will become annually instead of semi-annually. In the last survey, conducted in October 2023, the score for genuine attention remained stable at 7.7 on a scale of 1-10 (April 2023: 7.7), which is above our target score of at least 7.5 in 2025. The score for engagement, for which our 2025 objective is a score of 8.0, was 7.5 (April 2023: 7.5). What stood out in the survey is that our employees are proud of the collaboration within their team (collegiality), our customer focus and the social impact we make together. The survey also showed that results-oriented collaboration between teams is a key area for improvement. To gain more insight into the causes and implement targeted improvements, we conducted an in-depth employee survey in March 2024. This survey was part of an evaluation of the agile transformation.

Returns for the shareholder

Return on Equity

In the first half of 2024, we achieved a Return on Equity (RoE) of 11.5%, compared to 13.6% in the first half of 2023 and 11.4% for the full year 2023. This RoE level in the first half of 2024 was supported by strong commercial performance, lower operating costs impacted by a non-recurring item and impairment reversals related to a more favourable economic outlook compared to the previous year. In the second quarter of 2024, we adjusted the RoE target for 2025 from 8% to a range of 8-10% due to related changing market circumstances and expectations since 2020 when the Strategic Plan 2021-2025 was initially developed.

Other objectives

Capital and leverage ratio

The target levels of the Common Equity Tier 1 (CET1) ratio and the leverage ratio are based on the expected impact of the fully phased-in Basel IV standards. In the first half of 2024, de Volksbank's actual CET1 ratio decreased slightly to 19.7% from 20.2% at year-end 2023. The Basel IV fully loaded CET1 ratio is estimated at 20.9% (year-end 2023: 21.1%). The leverage ratio rose to 5.2%, from 5.1% at year-end 2023. Both the CET1 ratio and the leverage ratio remained well above our minimum targets of at least 17.0% and 4.5%, respectively. For more information on the capital and leverage ratios, see the Section on Capital management.

Cost/income ratio

In the first half of 2024, our cost/income ratio (C/I ratio) increased to 56.1% compared to 52.9% in the same period last year. The increase year-over-year is mainly driven by lower interest income for ALM-related activities and tightening of savings deposit margins. Keeping the C/I ratio within the strategic target range of 57-59% in 2025 will require further investments in our strategic initiatives to continuously improve revenues and reduce operating expenses.

Options for the future

On 22 February 2023, the Dutch Minister of Finance informed the House of Representatives of the Ministry’s intention to take a directional decision about the future of our bank.

On 26 May 2023, the Minister notified the House of Representatives that it would be informed in two steps ahead of this decision. As a first step, the Ministry of Finance shared an analysis with the House on 27 October 2023, concluding that a state-owned bank is not required to safeguard public interests, and that - from this perspective - it sees no need in the market to justify a permanent state participation in a bank.

The second step consisted of an assessment performed by NLFI to come to a selection of realistic future options for de Volksbank. This document was published on 10 June 2024. NLFI has concluded that it does not recommend the options of a state-owned bank, a cooperative bank or a foundation-owned bank, but considers a private sale or an IPO to be the preferred options for the future of de Volksbank. De Volksbank agrees with this conclusion, although we do not recommend a partial sale.

According to NLFI, a private sale could be realised within in a relatively short time span, i.e. in one to three years. With the right preparations, NLFI considers an IPO to be a realistic option over a somewhat longer period of time, namely five to seven years. To increase the likelihood of success of these two options, we will start preparations in the form of a dual track approach in which both options are explored simultaneously, enabling synergies between both preparatory trajectories.

With the two steps completed, the Dutch Minister of Finance can take a directional decision after a debate in the House. A final decision on the future of de Volksbank can only be made when NLFI has determined that the bank is ready for it. Developments in achieving financial and operational objectives for 2025 will play an important role in NLFI’s assessment of when de Volksbank is ready for privatisation.

Outlook

Looking forward, we expect stable and gradually improving prospects for the global economy in the second half of 2024. Nevertheless, we expect that the ECB will take further interest rate cutting steps.

Against this background, we expect that net interest income in the second half of 2024 will be slightly below that of the first half of the year, depending on the number and the size of the ECB's interest rate cuts.

Operating expenses are expected to be higher in the second half of 2024 due to the impact from wage inflation, additional costs related to anti-financial crime and risk model improvements and the absence of positive non-recurring cost items. Impairment charges are expected to remain at a low level in the second half of 2024.

For the full year 2024, we expect net profit will be lower compared to 2023.

Economic developments

Dutch economy

Economic developments in the Dutch economy in the first half of 2024 were still heavily influenced by the ongoing malaise in the industrial sector, leading to a sharp drop in exports. In the first quarter, the economy contracted at an unexpectedly sharp rate by -0.5% compared to the last quarter of 2023, despite a continued recovery of consumer spending and a small increase in investment spending. After inflation had eroded consumers' income in 2023, the accelerated growth in wages led to a resumption of real income growth and consumer spending. In the first half of 2024, wage growth started to decelerate, although it still reached 6.6% in June. The labour market remained robust with a small rise in employment, and the unemployment rate stable at the very low level of 3.6%. Inflation hovered around 3.2% during the period, up from a low of -0.4% in October 2023, as the sharp rise in food and energy prices of early 2023 gradually fell out of the base comparison. Falling from 3.4% to 3.2%, the sharp drop in underlying (core) inflation in the last half of 2023 almost came to a halt in the first half of 2024.

Housing and mortgage market

The Dutch housing market has digested the sharp increase in mortgage rates that occurred in 2022-2023 as the rise in house prices accelerated to 9.7% at the end of the first half of 2024. One of the drivers of higher house prices is rising consumer income, but lack of supply is another. The number of homes for sale at *NVM*[1] estate agents had fallen by 9% compared to the previous year. As fresh supply of homes for sale during the period remained quite strong, the number of realised transactions rose nearly 9% compared to the previous year. Mortgage applications remained in step with the increasing housing supply and number of transactions. According to the Dutch Mortgage Data Network (*HDN*), which facilitates the application, underwriting and management process of mortgage products, the number of mortgage applications rose by 27.1%, with applications to buy a home - nearly two thirds of the market - rising by 25%, and applications for other purposes by 30.9%.

Interest rates and government bond yields

Inflation in the euro area fell sharply during 2023, but stabilised at around 2.5% in the first half of 2024, remaining at an elevated level. Underlying (core) inflation had a more muted descent and stabilised at 2.8% at the end of the reporting period, with inflation in wage sensitive services remaining at 4.1%. Although inflation is still above the 2% target, the ECB decided in their June meeting to lower its deposit rate for the first time by 25 basis points (bps) to 3.75% on the assumption that wage increases were decelerating. Although this is expected to be the first of a series of rate cuts, long yields gradually rose in the first half of 2024 as the euro area economy is slowly emerging from a shallow recession. Dutch ten-year yields rose steadily from 2.3% to 2.8%. As, at the beginning of the year, markets anticipated that the ECB would soon start a series of rate cuts, yields at the short end of the curve also rose when these expectations were not met. Dutch two-year yields rose quite sharply in the first two months, from 2.4% to 3.1%, and subsequently stabilised. When the ECB cut rates in June, two-year yields fell from 3.1% to 2.9%.

Savings market

Savings are rising at unprecedented, and lately even accelerating, rates with the retail savings market growing to € 481 billion in June 2024, from € 459 billion at year-end 2023. Rising consumer income and higher deposit rates probably support this development.

[1] NVM is the Dutch Association of Estate agents

Financial results

The condensed consolidated interim financial statements in this report have been prepared in accordance with IAS 34 as adopted by the European Union (EU), and have been reviewed by our external auditor. The chapters on Financial results and Risk management include information required by IAS 34. This information has been labelled as 'Reviewed'.

Profit and loss account

in € millions	1H24	1H23	Change	2H23
Net interest income	564	662	-15%	641
Net fee and commission income	36	33	9%	31
Other income	61	40	53%	7
Total income	**661**	**735**	**-10%**	**679**
Operating expenses excluding regulatory levies	363	365	-1%	401
Regulatory levies	8	24	-67%	18
Total operating expenses	**371**	**389**	**-5%**	**419**
Impairment charges/reversals of financial assets	-30	8	--	7
Total expenses	**341**	**397**	**-14%**	**426**
Result before taxation	**320**	**338**	**-5%**	**253**
Taxation	89	90	-1%	70
Net result	**231**	**248**	**-7%**	**183**
Ratios				
Cost/income ratio[1]	56.1%	52.9%		61.7%
Return on Equity (RoE)[1]	11.5%	13.6%		9.3%
Net interest margin[1]	1.58%	1.82%		1.78%
Cost/assets ratio[1]	1.02%	1.00%		1.11%

1 See Section Reconciliation of alternative performance measures in this report for the measurement methodology of this KPI.

Net result

In the first half of 2024, de Volksbank recorded a net result of € 231 million, € 17 million (-7%) below last year.

Total income declined by € 74 million to € 661 million in the first half of 2024. This decrease was mainly driven by lower interest income from ALM-related activities and tightening of savings margins. Net fee and commission income continued to grow by 9% in this period, in line with our ambition to gradually increase non-interest income over time.

Total operating expenses decreased by € 18 million to € 371 million, driven by lower regulatory levies and a non-recurring VAT gain. These elements compensated for the impact from (wage) inflation, a higher average number of staff compared to the first half of 2023 and increased anti-financial crime (AFC) costs.

Impairment charges of financial assets decreased by € 38 million following a reversal of € 30 million in the first half of 2024 that was mainly due to lower impairment charges on residential mortgages as a result of increased residential house prices and an improved macroeconomic outlook.

Compared to the second half of 2023, net profit increased by € 48 million. This increase was mainly attributable to € 48 million lower total operating expenses and € 37 million lower impairment charges of financial assets. Total income decreased by € 18 million.

Total income

Breakdown of income

in € millions	1H24	1H23	Change	2H23
Net interest income	564	662	-15%	641
Net fee and commission income	36	33	9%	31
Other income	61	40	53%	7
Of which investment income	*-4*	*-5*	*20%*	*-49*
Of which other results on financial instruments	*65*	*44*	*48%*	*57*
Of which other operating income	*--*	*1*	*--*	*-1*
Total income	**661**	**735**	**-10%**	**679**
Ratios				
Net interest margin[1]	1.58%	1.82%		1.78%

1 See Section Reconciliation of alternative performance measures in this report for the measurement methodology of this KPI.

Net interest income

Net interest income decreased by € 98 million to € 564 million (-15%), and the net interest margin declined to 1.58% (first half of 2023: 1.82%). Both decreases were due to lower margins on savings following higher customer rates. Total retail deposits, comprising savings and current account balances of retail and SME customers, increased by € 1.1 billion to € 55.5 billion as at 30 June 2024.

In addition, ALM-related net interest income decreased due to the repricing of liabilities at higher rates. Furthermore, money market-related interest income decreased. The corresponding money market activities generated interest income that was mostly below the ECB deposit rate. However, this was more than compensated for by a positive impact on other results on financial instruments, which is part of other income, reflecting favourable FX swap interest rate differentials.

The margin on residential mortgages increased, despite a competitive domestic market, driven by portfolio growth in combination with a virtually stable portfolio margin in basis points (bps). The residential mortgage portfolio, excluding IFRS value adjustments[1], rose to € 50.5 billion (year-end 2023: € 49.2 billion). Organic growth amounted to € 1.0 billion and the execution of an existing repurchase commitment contributed € 0.3 billion to net growth. The compensation received for loss of interest income due to mortgage prepayments declined to € 6 million, from € 17 million in the first half of 2023.

The decline in net interest income by € 77 million to € 564 million compared to the second half of 2023, is attributable to lower ALM-related net interest income and lower money market-related interest income (with an opposite in other results on financial instruments).

Net fee and commission income

Gross fee and commission income rose by € 8 million to € 92 million (+10%), while total fee and commission expenses increased by € 5 million to € 56 million (+10%). On balance, net fee and commission income rose by € 3 million to € 36 million (+9%), mainly due to higher fees for basic banking services as a result of the customer base growth and repricings. Management fees were broadly in line with the first half of 2023. At the end of June 2024, assets under management stood at € 4.2 billion, stable compared to year-end 2023.

Compared to the second half of 2023, net fee and commission income rose by € 5 million, also mainly attributable to higher basic banking fees.

Other income

Investment income

Investment income amounted to € 4 million negative, compared to € 5 million negative in the first half of 2023. In both half years, investment income consisted entirely of realised results on fixed-income investments, sold as part of regular asset and liability management (ALM).

Compared to the second half of 2023, investment income rose by € 45 million. The € 49 million loss in the second half of 2023 was driven by the sale of low-yielding investments to optimise our investment portfolio's risk-return profile.

Other results on financial instruments

In the first half of 2024, other results on financial instruments went up by € 21 million to € 65 million, which mainly consisted of higher (realised) revaluation results of FX swaps used for hedging the exposure of foreign currency money market deposits. These results mainly reflected the interest rate differential between the euro and other currencies. In addition, the first half of 2023 included a loss on interest rate swaptions used for hedging purposes.

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

Total expenses

Operating expenses

in € millions	1H24	1H23	Change	2H23
Staff costs	253	234	8%	253
Depreciation of (in)tangible assets	12	11	9%	12
Other operating expenses	106	144	-26%	154
Of which regulatory levies	*8*	*24*	*-67%*	*18*
Total operating expenses	**371**	**389**	**-5%**	**419**
Of which AFC costs	*62*	*48*	*29%*	*50*
Ratios				
Cost/assets ratio[1]	1.02%	1.00%		1.11%
FTEs				
Number of internal FTEs	3,515	3,262	8%	3,449
Number of external FTEs	811	904	-10%	958
Total number of FTEs	**4,326**	**4,166**	**4%**	**4,407**

1 See Section Reconciliation of alternative performance measures in this report for the measurement methodology of this KPI.

Total operating expenses decreased by € 18 million to € 371 million (-5%), driven by a € 16 million decrease in regulatory levies. Regulatory levies amounted to € 8 million (first half of 2023: € 24 million). Levies in the reporting period were entirely linked to the ex-ante DGS contribution (first half of 2023: € 14 million). The first half of 2023 also included a contribution of € 10 million to the Single Resolution Fund (SRF). The first half of 2024 did not include such a contribution as the target level of this fund was reached in 2023, marking the end of the build-up phase.

Total operating expenses, excluding regulatory levies, went down slightly by € 2 million (-1%) as € 19 million higher staff costs and € 1 million higher depreciations were compensated by € 22 million lower other operating expenses.

Staff costs rose as a result of wage inflation and an increase in the average number of FTEs. Compared to year-end 2023, the total number of FTEs went down by 81 to 4,326, although the number went up compared to the first half of 2023, mainly reflecting initiatives in the anti-financial crime (AFC), IT and risk domains.

In the first half of 2024, total AFC costs amounted to € 62 million (first half of 2023: € 48 million and second half of 2023: € 50 million). On top of increased structural AFC costs as a result of scaling up customer due diligence and transaction monitoring activities, both periods included costs for remedial activities and investments related to improving our overall AFC framework and infrastructure.

Other operating expenses, excluding regulatory levies, decreased by 22 million, of which € 16 million was linked to a non-recurring gain related to an adjustment in recoverable VAT in previous years. Marketing costs were lower too.

Despite lower operating expenses excluding regulatory levies, the cost/assets ratio increased slightly to 102 bps, compared to 100 bps in the first half of 2023. This increase was wholly attributable to lower average assets.

Compared to the second half of 2023, total operating expenses decreased by € 48 million, of which € 10 million lower levies (ex-ante DGS contribution). In addition, the first half of 2024 included a non-recurring VAT gain and lower marketing and consultancy costs.

Impairment charges/reversals of financial assets Reviewed

in € millions	1H24	1H23	2H23
Investments	-1	-1	1
Loans and advances to banks	--	-3	1
Loans and advances to customers	-29	12	4
Of which residential mortgages	*-28*	*9*	*--*
Of which consumer loans	*--*	*-1*	*-1*
Of which SME loans	*-2*	*-2*	*1*
Of which other corporate and government loans	*1*	*6*	*4*
Other	--	--	1
Total impairment charges/reversals of financial assets	**-30**	**8**	**7**
Cost of risk ratios			
Total loans[1]	-0.11%	0.05%	0.02%
Residential mortgages[1]	-0.11%	0.04%	0.00%
SME loans[1]	-0.33%	-0.41%	0.11%

1 See Section Reconciliation of alternative performance measures in this report for the measurement methodology of this KPI.

Total impairment charges of financial assets consisted of a reversal of € 30 million, compared to a charge of € 8 million in the first half of 2023 and a charge of € 7 million in the second half of 2023. For a more detailed description of loan loss provisioning, see the Section on Credit risk.

Residential mortgages
Impairment charges on residential mortgages showed a swing to a reversal of € 28 million, compared to a charge of € 9 million in the first half of 2023. The reversal in the first half of 2024 was mainly related to the modelled provision, but the management overlay, which covers credit-related dynamics not being part of our credit risk models, also decreased slightly. For more information about the management overlay, see the Section on Credit risk.

The decrease in the modelled provision was driven by an improved macroeconomic outlook. In addition, higher house prices led to a shift of mortgages to lower LtV buckets, also resulting in lower provisioning levels.

In the first half of 2023, the modelled provision increased, driven by a less positive macroeconomic outlook at that time, most notably lower (expected) house prices.

In the second half of 2023, impairments on residential mortgages were nil. The modelled provision decreased as the macroeconomic outlook improved, which was offset by an increase in the management overlay related to interest-only mortgages.

Incurred credit losses on residential mortgages were negligible (zero bps) in all reporting periods, evidencing the strong underlying credit quality of our portfolio.

Consumer loans
Impairment charges on consumer loans were nil (first half of 2023: a € 1 million reversal).

SME loans
Impairment charges on SME loans consisted of a reversal of € 2 million, equal to the first half of 2023. The reversal in the first half of 2024 was driven by the full release of the management overlay for SME customers who might be affected by high inflation. The credit quality of the SME loan portfolio remained sound and incurred credit losses were very limited.

Other corporate and government loans
Impairments charges on other corporate and government loans consisted of a charge of € 1 million compared to a charge of € 6 million in the first half of 2023. The latter consisted of impairments on a few individual corporate loans as a result of increased credit risk.

Loans to banks
Impairment charges on loans to banks were nil, compared to a reversal of € 3 million in the first half of 2023, driven by decreased credit spreads.

Investments
Decreased credit spreads on our fixed-income portfolio resulted in a reversal of € 1 million, equal to the first half of 2023.

Taxation
De Volksbank recognised € 89 million in corporate income tax, corresponding to an effective tax rate of 27.7% (first half of 2023: 26.5%), above the statutory rate of 25.8%. This was the result of the interest deduction limitation on borrowed capital (thin cap rule), partly offset by the tax impact from interest expenses related to Additional Tier 1 capital securities that are recognised directly in shareholders' equity.

Risk management

Credit risk

Key figures

in € millions	30-6-2024 Gross carrying amount	30-6-2024 Provision for credit losses	30-6-2024 Book value	31-12-2023 Gross carrying amount	31-12-2023 Provision for credit losses	31-12-2023 Book value
Investments[1]	**6,167**	**-6**	**6,161**	**6,740**	**-7**	**6,733**
Loans and advances to banks[2]	**7,670**	**-4**	**7,666**	**4,675**	**-4**	**4,671**
Residential mortgages	50,551	-96	50,455	49,201	-118	49,083
Consumer loans	58	-8	50	59	-8	51
SME loans	1,318	-19	1,299	1,235	-22	1,213
Other corporate and government loans	2,033	-36	1,997	1,850	-34	1,816
IFRS value adjustments[3]	-1,567	--	-1,567	-1,316	--	-1,316
Loans and advances to customers	**52,393**	**-159**	**52,234**	**51,029**	**-182**	**50,847**
Off-balance	2,857	-7	2,850	2,862	-11	2,851
Total on and off-balance sheet items for loans and advances to customers	**55,250**	**-166**	**55,084**	**53,891**	**-193**	**53,698**
Total	**69,087**	**-176**	**68,911**	**65,306**	**-204**	**65,102**

Credit risk indicators	30-6-2024	31-12-2023
Total loans and advances to customers		
Loans and advances in stage 3	578	558
Stage 3 ratio[4]	1.1%	1.1%
Stage 3 coverage ratio[5]	15.7%	15.8%
Total loans and advances in arrears[6]	0.7%	0.8%
Residential mortgages		
Residential mortgages in stage 3	496	473
Stage 3 ratio[4]	1.0%	1.0%
Stage 3 coverage ratio[5]	8.5%	8.9%
Incurred loss ratio (in bps)[7]	0	0
Residential mortgages in arrears[6]	0.6%	0.8%
Weighted average indexed LtV	52%	54%

1 See Section Financial results - Impairment charges of financial assets for more information.
2 See Section Notes to the condensed consolidated interim financial statements - Loans and advances to banks for more information.
3 Consist of fair value adjustments from hedge accounting and amortisations.
4 Stage 3 loans as a percentage of total loans.
5 Provision for stage 3 loans as a percentage of total stage 3 loans.
6 Total loans in arrears as a percentage of total loans.
7 Annualised write-offs for the period divided by the average portfolio.

Loans and advances to customers
In the first half of 2024, gross loans and advances to customers rose by € 1.4 billion to € 52.4 billion. Fair value adjustments from hedge accounting decreased by € 0.3 billion due to increased (long term) interest rates. Excluding the fair value adjustments and amortisations, gross growth amounted to € 1.6 billion. Gross residential mortgage loans grew by € 1.3 billion, including the repurchase of mortgages in the amount of € 0.3 billion, which were sold in the past by legal predecessors of de Volksbank.

In addition, the total outstanding amount of SME loans went up by € 83 million and other corporate and government loans by € 183 million, while consumer loans were virtually flat.

Overall, the credit quality of the total loans and advances to customers slightly improved. Loans and advances in arrears as a percentage of total loans stood at 0.7%, slightly lower compared to year-end 2023 and the stage 3 ratio remained unchanged at 1.1%. The stage 2 ratio for residential mortgages went down, as well as the percentage in arrears for residential mortgages. The amounts of incurred losses due to write-offs remained low in all portfolios.

The provision for credit losses decreased to € 166 million (year-end 2023: € 193 million), mainly driven by a € 22 million decrease in the modelled provision of residential mortgages due to improved LtVs as a result of risen house prices. Furthermore, the management overlay decreased by € 5 million, of which € 2 million due to the residential mortgage portfolio, the remaining € 3 million due to the full release at SME loans.

Management overlay
When credit-related dynamics in the macroeconomic environment are not part of our credit risk models, we apply a management overlay. The management overlay as at 30 June 2024 entirely relates to residential mortgages. A more detailed description can be found in the Key developments per portfolio - Residential mortgages section below.

We have not applied a management overlay for consumer loans, nor for other corporate and government loans. As mentioned above, the management overlay for the SME portfolio was fully released.

We review the elements of the management overlay at least every quarter.

Modelled and post-modelled provision for credit losses Reviewed [1]

in € millions	30-6-2024 Modelled provision for credit losses	Management overlay[2]	Total provision for credit losses	31-12-2023 Modelled provision for credit losses	Management overlay[2]	Total provision for credit losses
Residential mortgages	51	49	100	73	51	124
Consumer loans	10	--	10	11	--	11
SME loans	20	--	20	20	3	23
Other corporate and government loans	36	--	36	35	--	35
Total	**117**	**49**	**166**	**139**	**54**	**193**

1 Including the provision for credit losses for off-balance sheet items.
2 Post-model adjustments

Key developments per portfolio

Residential mortgages

Portfolio

De Volksbank's residential mortgage portfolio, excluding IFRS value adjustments, grew to € 50.5 billion (year-end 2023: € 49.2 billion). Organic growth amounted to € 1.0 billion and the executing of an existing repurchase commitment contributed € 0.3 billion to net growth. Mortgage rates remained broadly stable in the first half of 2024. Average mortgage rates stabilised in the first half of 2023, but declined in the fourth quarter of 2023. In the first half of 2024, 78% of new mortgage production consisted of mortgages with a 10-year fixed mortgage rate (first half of 2023: 63%). In a larger mortgage market size, de Volksbank's new mortgage production increased to € 3.1 billion (first half of 2023: € 2.2 billion).

The market share of new mortgages stood at 6.2%, up compared to the first half of 2023 (5.1%). Repayments amounted to € 2.1 billion and interest rate renewals were € 0.5 billion, both up € 0.1 billion compared to the first half of 2023.

The percentage of customers taking out NHG-guaranteed loans has been virtually flat over the past years. The weighted average indexed LtV of the residential mortgage portfolio went down to 52%, from 54% at year-end 2023. To determine the LtV, we index collateral values every month on the basis of house price developments. Increased house prices have led to a shift of mortgages to lower LtV buckets.

Provision for credit losses

In the first half of 2024, the credit loss provision for residential mortgages declined to € 100 million, from € 124 million at year-end 2023. The modelled provision decreased by € 22 million to € 51 million, and the management overlay decreased by € 2 million to € 49 million, both mainly driven by the improved macroeconomic outlook and improved LtVs. Additionally, the credit quality portfolio improved as loans in arrears decreased by € 58 million to € 321 million.

Management overlay

The management overlay for residential mortgages decreased to € 49 million (year-end 2023: € 51 million). The component of the overlay to account for the risk of high inflation decreased to € 7 million (year-end 2023: € 9 million). The management overlay for de-risking of the interest-only mortgage portfolio decreased by € 7 million to € 27 million (year-end 2023: € 34 million). This decrease was due to higher house prices: LtVs, decreased resulting in fewer customers in high-risk buckets and lower provisioning levels.
This decrease in the overlay was partially offset by various refinements, of which the most notable is the inclusion of test results from the customer outreach for interest-only mortgages. Furthermore, the overlay for other model limitations rose from € 7 million to € 13 million as an additional component was added to this overlay. Besides, a new overlay for ESG risk was introduced in which the physical environmental risk, i.e. the risk of flood and drought in the Netherlands, is identified. And finally, the management overlay for future interest revisions increased by € 1 million as there are more mortgages with future revisions.

Total provision for credit losses

Stage 1 exposure went up from € 46.1 billion to € 47.8 billion. Despite the increase in exposure, the provision for stage 1 exposure decreased to € 26 million (year-end 2023: € 37 million). In addition to a € 9 million decrease in the management overlay for stage 1 exposures, the increase in provisions due to new originations is offset by a decrease because of the improved macroeconomic outlook and LtVs.

Stage 2 exposure declined from € 2,590 million to € 2,266 million as a result of improved LtVs, an upwardly adjusted macroeconomic outlook and an improved credit quality, resulting in the recovery of high-risk interest-only mortgages, mortgages in arrears and residential mortgages that had a significant increase in credit risk (SICR). Consequently, the stage 2 provisions decreased from € 39 million to € 28 million.

Stage 3 exposure rose slightly, from € 473 million in 2023 to € 496 million. Although the stage 3 exposure increased, the stage 3 mortgages in arrears decreased from € 149 million in 2023 to € 133 million. The stage 3 coverage ratio for the modelled provision declined, however, due to an offsetting increase in the stage 3 management overlay for model limitations, the coverage ratio decreased only by 0.4 percentage points to 8.5%, leaving the stage 3 provision virtually unchanged.

Consumer loans

Portfolio

The consumer loan portfolio remained stable and comprises three products: personal loans, revolving credit facilities and overdraft facilities. Since the second quarter of 2024, RegioBank also offers personal loans. The inflow of new personal loans mitigated the portfolio's downward trend resulting from the winding down of the revolving credit portfolio and the slightly lower number of overdraft facilities.

Provision for credit losses
In the first half of 2024, the credit quality of the consumer loan portfolio remained fairly stable, the total exposure remained the same, as did the loans and accounts in arrears. Therefore, the provisions remained practically unchanged. The provision for off-balance sheet items decreased by € 1 million to € 2 million as we actively reduced the revolving credit portfolio.

SME loans
Portfolio
As part of our focus on the finance ability of SME companies in the Netherlands, we further simplified our origination process and expanded our distribution channels offering business customers a mix of personal contact and digital comfort. This resulted in new loan originations of € 153 million, and as such our SME portfolio grew from € 1,235 million to € 1,318 million in the first half of 2024.

Provision for credit losses
The credit loss provision for SME loans declined from € 23 million at year-end 2023 to € 20 million, of which € 1 million for off-balance sheet items in both periods. This release was mainly caused by the release of the management overlay for the risk of inflation in the SME portfolio as the selected sectors no longer have an increased risk profile.
Stage 3 derecognitions exceeded the stage 3 net inflow, resulting in a € 3 million decline in stage 3 exposure to € 36 million. Despite the decline in provisions, we saw a slight deterioration in the credit quality, with exposures in arrears increasing from € 49 million to € 60 million. However, this increase was recorded in <30 days past due, while the long-term arrears improved.

Other corporate and government loans
Portfolio
Other corporate and government loans consist for about 75% of the loan portfolio of ASN Bank, mainly consisting of loans in the sustainable industry, such as solar and wind energy companies. The remaining 25% relates to our Financial Markets portfolio through which we provide loans to other financial institutions and central and local governments.

Provision for credit losses
In the first half of 2024, the total credit loss provision for other corporate and government loans rose to € 36 million (year-end 2023: € 34 million), mainly due to the increase in the stage 3 provision for an individual corporate customer.

Forward-looking information
Macroeconomic scenarios used in credit risk models
The baseline scenario for the Dutch economy unfolds against the background of continued trade frictions worldwide, but without a break up of trading systems. The US economy is slowing down to a more moderate but still respectable pace (soft landing), whereas the economy of the euro area struggles on in the short term, although the latter is expected to show a slight recovery from the latter part of 2024 on the back of consumer resilience. As a result, economic growth is projected to be above its potential in the second half of 2024 and first part of 2025. From there on, economic expansion will take a breather with lower GDP growth rates, before reaching trend growth in 1Q 2026.
We expect a marked rise in house prices in the baseline scenario (year average 2024 +6.0% and 2025 +5.8%) given the mounting signals of demand/supply imbalances. Housing transactions are expected to rise by +2.5% in 2024 and to stabilise in 2025.
In the downward scenario, the Dutch economy stagnated in 2Q 2024, followed by a severe recession during 3Q 2024 through 1Q 2025, set in motion by a very restrictive monetary policy by the Fed and subsequent turmoil on the financial markets.
The upward scenario presumes an economic revival from 3Q 2024 and continuation of the above-trend expansion in the following three quarters, only to fall back to trend in 3Q 2025. As the economy in the euro area is slowly picking up speed, we lowered the weight of the downward scenario from 35% at year-end 2023 to 30% and the baseline scenario from 55% to 50% and raised the weight of the upward scenario from 10% to 20%.

Analysis of sensitivity to scenario weights
The sensitivity analyses in the tables below show de Volksbank's macroeconomic projections for the next four years. They also show the sensitivity of provisioning levels at as at 30 June 2024 to the upward, baseline and downward scenario weights, keeping the management overlay parameters unchanged. Looking at the different scenarios, and assuming a 100% weighting, we see that the provision for residential mortgages would increase by € 38 million in a downward scenario, decrease by € 23 million in an upward scenario and by € 14 million in a baseline scenario. Compared to the actual provisioning levels, these differences are explained by the gap in the HPI between the upward and downward scenario and by the scenario weights used.

The sensitivity to macroeconomic projections on the loan loss provisions for SME loans is less significant. The provision for SME loans remains virtually unchanged in a downward scenario, decreases by € 1 million in both the upward and baseline scenario, again assuming a 100% weighting of the respective scenarios.

For consumer loans and other corporate and government loans, the sensitivity to the scenario weights is limited since the provisions in stage 1 and 2 for consumer loans are relatively low and other corporate and government loans generally have a low credit risk profile.

Sensitivity to the scenario weights as at 30 June 2024[1] Reviewed

	Macroeconomic parameter	2024	2025	2026	2027	2028	Weight	Unweighted ECL	Reported ECL
Residential mortgages									
Up	Relative change in house price index	5.5%	9.1%	3.9%	3.6%	3.6%	20%	€ 77 million	€ 100 million[2]
	Unemployment rate	3.7%	3.6%	3.3%	3.4%	3.4%			
Base	Relative change in house price index	5.5%	6.2%	3.6%	3.6%	3.6%	50%	€ 86 million	
	Unemployment rate	3.9%	4.0%	4.0%	4.1%	4.1%			
Down	Relative change in house price index	3.1%	-4.3%	1.2%	3.6%	3.6%	30%	€ 138 million	
	Unemployment rate	4.0%	4.6%	5.5%	5.3%	5.3%			
SME loans									
Up	Unemployment rate	3.7%	3.6%	3.3%	3.4%	3.4%	20%	€ 19 million	€ 20 million[2]
	Number of bankruptcies (monthly)	354	376	363	359	356			
Base	Unemployment rate	3.9%	4.0%	4.0%	4.1%	4.1%	50%	€ 19 million	
	Number of bankruptcies (monthly)	366	455	462	458	455			
Down	Unemployment rate	4.0%	4.6%	5.5%	5.3%	5.3%	30%	€ 20 million	
	Number of bankruptcies (monthly)	365	507	604	593	588			

1 The macroeconomic parameters look ahead with an interval of 12 months from the reporting period.
2 Including the provision for credit losses for off-balance sheet items.

Sensitivity to the scenario weights as at 31 December 2023[1] Reviewed

	Macroeconomic parameter	2023	2024	2025	2026	2027	Weight	Unweighted ECL	Reported ECL
Residential mortgages									
Up	Relative change in house price index	0.1%	4.3%	4.0%	3.6%	3.6%	10%	€ 95 million	€ 124 million[2]
	Unemployment rate	3.7%	3.9%	3.6%	3.7%	3.7%			
Base	Relative change in house price index	0.1%	1.4%	2.6%	3.6%	3.6%	55%	€ 108 million	
	Unemployment rate	3.7%	4.2%	4.5%	4.5%	4.5%			
Down	Relative change in house price index	-1.2%	-3.9%	-1.0%	3.6%	3.6%	35%	€ 157 million	
	Unemployment rate	4.2%	5.5%	5.6%	5.4%	5.3%			
SME loans									
Up	Unemployment rate	3.7%	3.9%	3.6%	3.7%	3.7%	10%	€ 22 million	€ 23 million[2]
	Number of bankruptcies (monthly)	304	358	359	358	355			
Base	Unemployment rate	3.7%	4.2%	4.5%	4.5%	4.5%	55%	€ 23 million	
	Number of bankruptcies (monthly)	316	443	486	486	482			
Down	Unemployment rate	4.2%	5.5%	5.6%	5.4%	5.3%	35%	€ 25 million	
	Number of bankruptcies (monthly)	325	514	640	649	644			

1 The macroeconomic parameters look ahead with an interval of 12 months from the reporting period.
2 Including the provision for credit losses for off-balance sheet items.

Loans and advances to customers by stage

Reviewed

in € millions	30-6-2024 Gross carrying amount	Provision for credit losses	Book value	Stage ratio	Coverage ratio	31-12-2023 Gross carrying amount	Provision for credit losses	Book value	Stage ratio	Coverage ratio
Stage 1										
Residential mortgages	47,789	-26	47,763	94.5%	0.1%	46,138	-37	46,101	93.8%	0.1%
Consumer loans	38	--	38	65.5%	0.0%	18	--	18	30.5%	0.0%
SME loans	1,177	-3	1,174	89.3%	0.3%	1,069	-5	1,064	86.6%	0.5%
Other corporate and government loans	1,951	-2	1,949	96.0%	0.1%	1,746	-2	1,744	94.4%	0.1%
Total loans and advances to customers stage 1	**50,955**	**-31**	**50,924**	**94.4%**	**0.1%**	**48,971**	**-44**	**48,927**	**93.6%**	**0.1%**
Stage 2										
Residential mortgages	2,266	-28	2,238	4.5%	1.2%	2,590	-39	2,551	5.3%	1.5%
Consumer loans	12	--	12	20.7%	0.0%	33	-1	32	55.9%	3.0%
SME loans	105	-8	97	8.0%	7.6%	127	-9	118	10.3%	7.1%
Other corporate and government loans	44	-1	43	2.2%	2.3%	66	-1	65	3.6%	1.5%
Total loans and advances to customers stage 2	**2,427**	**-37**	**2,390**	**4.5%**	**1.5%**	**2,816**	**-50**	**2,766**	**5.4%**	**1.8%**
Stage 3										
Residential mortgages	496	-42	454	1.0%	8.5%	473	-42	431	1.0%	8.9%
Consumer loans	8	-8	--	13.8%	100.0%	8	-7	1	13.6%	87.5%
SME loans	36	-8	28	2.7%	22.2%	39	-8	31	3.2%	20.5%
Other corporate and government loans	38	-33	5	1.9%	86.8%	38	-31	7	2.1%	81.6%
Total loans and advances to customers stage 3	**578**	**-91**	**487**	**1.1%**	**15.7%**	**558**	**-88**	**470**	**1.1%**	**15.8%**
Total stage 1, 2 and 3										
Residential mortgages	50,551	-96	50,455		0.2%	49,201	-118	49,083		0.2%
Consumer loans	58	-8	50		13.8%	59	-8	51		13.6%
SME loans[1]	1,318	-19	1,299		1.4%	1,235	-22	1,213		1.8%
Other corporate and government loans	2,033	-36	1,997		1.8%	1,850	-34	1,816		1.8%
Total loans and advances to customers excluding IFRS value adjustments	**53,960**	**-159**	**53,801**		**0.3%**	**52,345**	**-182**	**52,163**		**0.3%**
IFRS value adjustments[2]	-1,567		-1,567			-1,316		-1,316		
Total loans and advances to customers	**52,393**	**-159**	**52,234**		**0.3%**	**51,029**	**-182**			**0.4%**
Off-balance sheet items										
Stage 1	2,795	-2	2,793		0.1%	2,772	-3	2,769		0.1%
Stage 2	51	-1	50		2.0%	76	-3	73		3.9%
Stage 3	11	-4	7		36.4%	14	-5	9		35.7%
Total off-balance sheet items[3]	**2,857**	**-7**	**2,850**		**0.2%**	**2,862**	**-11**	**2,851**		**0.4%**
Total on and off-balance sheet items for loans and advances to customers	**55,250**	**-166**	**55,084**		**0.3%**	**53,891**	**-193**	**2,851**		**0.4%**

1 Gross SME loans include mortgage-backed loans for a gross amount of € 1,286 million (31-12-2023: € 1,201 million).
2 Consist of fair value adjustments from hedge accounting and amortisations.
3 Consist of off-balance sheet facilities (of which € 361 million conditionally revocable; 31-12-2023: € 367 million), guarantees and repurchase commitments.

Changes in loans and advances to customers (gross carrying amount) Reviewed

in € millions	Residential mortgages[1] 1H24	Residential mortgages[1] 2023	Consumer loans 1H24	Consumer loans 2023	SME loans 1H24	SME loans 2023	Other corporate and government loans 1H24	Other corporate and government loans 2023	Total loans 1H24	Total loans 2023
Opening balance	**47,885**	**46,232**	**59**	**54**	**1,235**	**1,085**	**1,850**	**1,749**	**51,029**	**49,120**
Originated or purchased[2]	3,075	5,090	9	15	153	260	1,864	5,976	5,101	11,341
Change in current accounts	--	--	-5	-4	-18	13	-2	13	-25	22
Matured or sold[2]	-2,103	-4,274	-5	-4	-52	-123	-1,668	-5,910	-3,828	-10,311
Write-offs	--	--	--	-2	-1	-1	--	--	-1	-3
Change in fair value as a result of hedge accounting	-263	690	--	--	--	--	--	--	-263	690
Amortisations	13	33	--	--	--	--	--	--	13	33
Exchange rate differences	--	--	--	--	--	--	-13	20	-13	20
Other movements[3]	377	114	--	--	1	1	2	2	380	117
Closing balance	**48,984**	**47,885**	**58**	**59**	**1,318**	**1,235**	**2,033**	**1,850**	**52,393**	**51,029**

1 Including IFRS value adjustments and amortisations.
2 Other corporate and government loans include short-term deposits with governments and pension funds in particular, with the advances and repayments being administered on a daily basis.
3 Other movements include for residential mortgages the repurchase of mortgages for an amount of € 349 million, which were sold in the past by legal predecessors of de Volksbank (31-12-2023: € 78 million).

Changes in the provision for credit losses for loans and advances to customers Reviewed

in € millions	Residential mortgages 1H24	Residential mortgages 2023	Consumer loans 1H24	Consumer loans 2023	SME loans 1H24	SME loans 2023	Other corporate and government loans 1H24	Other corporate and government loans 2023	Total loans 1H24	Total loans 2023	Off-balance sheet items[1] 1H24	Off-balance sheet items[1] 2023
Opening balance	**118**	**98**	**8**	**9**	**22**	**24**	**34**	**23**	**182**	**154**	**11**	**14**
Transfer to stage 1	-5	-6	-1	--	-3	-3	--	-1	-9	-10	-1	--
Transfer to stage 2	-2	6	--	--	3	2	--	1	1	9	--	1
Transfer to stage 3	9	15	1	1	1	1	--	9	11	26	--	--
Change in credit risk	-14	4	1	--	-1	-1	2	--	-12	3	-2	-4
Originated or purchased	1	4	--	--	2	2	--	2	3	8	1	3
Matured or sold	-9	-9	--	--	-1	-1	--	--	-10	-10	-1	-1
Change in management overlay	-2	6	--	--	-3	-1	--	--	-5	5	-1	-2
Impairment charges (releases)	**-22**	**20**	**1**	**1**	**-2**	**-1**	**2**	**11**	**-21**	**31**	**-4**	**-3**
Write-offs	--	--	-1	-2	-1	-1	--	--	-2	-3	--	--
Closing balance	**96**	**118**	**8**	**8**	**19**	**22**	**36**	**34**	**159**	**182**	**7**	**11**
Of which: management overlay	*46*	*48*	--	--	--	*3*	--	--	*46*	*51*	*3*	*3*
Impairment charges (releases)	-22	20	1	1	-2	-1	2	11	-21	31	-4	-3
Recoveries and other charges through P&L	-4	-9	--	-2	--	--	--	--	-4	-11	--	--
Total impairment charges (releases)[2]	**-26**	**11**	**1**	**-1**	**-2**	**-1**	**2**	**11**	**-25**	**20**	**-4**	**-3**

1 Off-balance sheet: liabilities from irrevocable facilities, guarantees and repurchase commitments.
2 The total impairment charges (releases) for the period excludes charges (releases) for loans and advances to banks, investments and others, these amount to a release of € 1 million (2023: € 1 million release).

Loans and advances to customers in arrears Reviewed

in € millions	30-6-2024 Gross carrying amount	No arrears	≤ 30 days in arrears	> 30 days ≤ 90 days in arrears	> 90 days in arrears	% in arrears	31-12-2023 Gross carrying amount	No arrears	≤ 30 days in arrears	> 30 days ≤ 90 days in arrears	> 90 days in arrears	% in arrears
Residential mortgages												
Stage 1	47,789	47,761	14	3	11	0.1%	46,138	46,109	16	3	10	0.1%
Stage 2	2,266	2,105	37	69	55	7.1%	2,590	2,390	40	86	74	7.7%
Stage 3	496	364	7	17	108	26.6%	473	324	12	27	110	31.5%
Total excluding IFRS value adjustments	**50,551**	**50,230**	**58**	**89**	**174**	**0.6%**	**49,201**	**48,823**	**68**	**116**	**194**	**0.8%**
IFRS value adjustments[1]	-1,567	--	--	--	--		-1,316	--	--	--	--	
Total residential mortgages	**48,984**	**50,230**	**58**	**89**	**174**		**47,885**	**48,823**	**68**	**116**	**194**	
Consumer loans												
Stage 1	38	38	--	--	--	0.0%	18	18	--	--	--	0.0%
Stage 2	12	8	1	1	2	33.3%	33	29	1	1	2	12.1%
Stage 3	8	1	--	--	7	87.5%	8	1	--	--	7	87.5%
Total consumer loans	**58**	**47**	**1**	**1**	**9**	**19.0%**	**59**	**48**	**1**	**1**	**9**	**18.6%**
SME loans												
Stage 1	1,177	1,171	6	--	--	0.5%	1,069	1,068	1	--	--	0.1%
Stage 2	105	69	18	9	9	34.3%	127	96	16	5	10	24.4%
Stage 3	36	18	6	4	8	50.0%	39	22	2	3	12	43.6%
Total SME loans	**1,318**	**1,258**	**30**	**13**	**17**	**4.6%**	**1,235**	**1,186**	**19**	**8**	**22**	**4.0%**
Other corporate and government loans												
Stage 1	1,951	1,951	--	--	--	0.0%	1,746	1,746	--	--	--	0.0%
Stage 2	44	44	--	--	--	0.0%	66	66	--	--	--	0.0%
Stage 3	38	38	--	--	--	0.0%	38	38	--	--	--	0.0%
Total other corporate and government loans	**2,033**	**2,033**	**--**	**--**	**--**	**0.0%**	**1,850**	**1,850**	**--**	**--**	**--**	**0.0%**
Loans and advances to customers												
Stage 1	50,955	50,921	20	3	11	0.1%	48,971	48,941	17	3	10	0.1%
Stage 2	2,427	2,226	56	79	66	8.3%	2,816	2,581	57	92	86	8.3%
Stage 3	578	421	13	21	123	27.2%	558	385	14	30	129	31.0%
Total excluding IFRS value adjustments	**53,960**	**53,568**	**89**	**103**	**200**	**0.7%**	**52,345**	**51,907**	**88**	**125**	**225**	**0.8%**
IFRS value adjustments[1]	**-1,567**						**-1,316**					
Total loans and advances to customers	**52,393**	**53,568**	**89**	**103**	**200**		**51,029**	**51,907**	**88**	**125**	**225**	

1 Consist of fair value adjustments from hedge accounting and amortisations.

Non-financial risk developments

Anti-financial crime

A holistic approach to anti-financial crime in relation to anti-money laundering is part of the gatekeeper function of de Volksbank and an integral part of our business operations. In 2023, DNB concluded that de Volksbank was failing to comply with the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*) and thus imposed an instruction to remediate the Systematic Integrity Risk Analysis (SIRA), and shared its intention to start an internal procedure to impose an administrative fine. In the first half of 2024, we have been informed by DNB that the procedure has started.

De Volksbank is working on an organisation-wide comprehensive remediation plan to implement a future-proof and robust anti-financial crime framework. An extension of the deadline to 31 December 2024 to draft this plan, was requested and granted by DNB. Remediation activities to tackle shortcomings and expectations will continue to be carried out in the course of 2024 and subsequent years. In 2024, de Volksbank continued to make investments in this domain. Furthermore, we appointed a Chief Financial Crime Officer (CFCO). This member of the Executive Committee, and designated day-to-day *Wwft* policymaker, is responsible for overseeing compliance with the *Wwft* and ensuring that the Anti-Money Laundering (AML) / Combating of Financing of Terrorism (CFT) policies, procedures and internal control measures are adequate and proportionate for de Volksbank. The costs associated with the remediation and design of the CFCO organisation are currently being assessed and will be part of the comprehensive remediation plan.

Remediation of the SIRA is part of the aforementioned comprehensive remediation plan. The focus is on building a fit-for-purpose and robust SIRA framework that serves to methodically identify and assess de Volksbank's financial crime risks and to enable the implementation or improvement of targeted controls to help mitigate any such risks in line with our risk appetite. We recently completed the SIRA cycle that we started in 2023 within the extended remediation deadline.

We are in continuous dialogue with DNB, who closely monitors the progress in the aforementioned areas. DNB has decided to proceed with the aforementioned administrative fine, of which the timing and final outcome are still unclear.

For more information, please see Note 6. Contingent liabilities and commitments.

General Data Protection Regulation (GDPR)

De Volksbank continues to improve its General Data Protection Regulation (GDPR) compliance maturity to protect the privacy of our customers, employees and other stakeholders. The division between the 1st and 2nd line of privacy staff has been formalised, allowing for an adequate 3-lines of defence model to further improve privacy governance, risk management and internal control. As a result, de Volksbank is making substantial progress in completing multiple GDPR compliance requirements (e.g. Data Protection Impact Assessments, Transfer Impact Assessments, etc.), providing important insights in the most sensitive processing activities and privacy risks. We continue to monitor privacy developments as a result of court decisions as well as guidelines, sanctions and fines announced by supervisory authorities. In particular, de Volksbank took notice of developments regarding the transfer of personal data to countries outside of the European Economic Area (EEA) and the stricter interpretations of the legal grounds for processing activities with respect to consent and legitimate interest. The stricter interpretations of the legal grounds for processing activities and changing regulations also affected processing activities performed at TMNL. De Volksbank is diminishing, among other risks, its privacy risk exposure by monitoring the controlled dismantling of transaction monitoring at TMNL, including the retention and destruction of data according to agreed retention terms.

Data management risk

In the first half of 2024, we continued to execute the Data Strategy and Data Roadmap, which address challenges in relation to KYC (anti-financial crime, AFC), BCBS 239, GDPR, ESG and IRB in an integrated way due to overlapping data management-related root causes. Early 2024, we created a bank-wide KPI entitled Data quality, as a result of which the data quality performance is frequently discussed and actions are being taken at different levels in the organisation. To oversee the execution of the strategy and roadmap and the performance on data-related KRIs/KPIs, a Data Council was established as a bank-wide data governance body. To strengthen our bank-wide data capability, we are investigating an organisational change to create a centralised Centre of Expertise Data (EC Data).

Capital management

Capitalisation

Capitalisation

in € millions	30-6-2024	31-12-2023	30-6-2023
Total equity	4,136	4,091	3,864
Non-eligible interim profits	-231	-332	-248
Additional Tier 1 capital	-298	-298	-298
Total equity for CRD purposes	**3,607**	**3,461**	**3,318**
Cashflow hedge reserve	-14	-15	-16
Other prudential adjustments	-4	-5	-5
Total prudential filters	**-18**	**-20**	**-21**
Intangible assets	-5	-5	-6
IRB shortfall[1]	-122	-101	-109
Additional deductions of CET1 capital due to Article 3 CRR	-16	-17	-15
Total capital deductions	**-143**	**-123**	**-130**
Total regulatory adjustments to total equity	**-161**	**-143**	**-151**
CET1 capital	**3,446**	**3,318**	**3,167**
Additional Tier 1 capital	298	298	298
Tier 1 capital	**3,744**	**3,616**	**3,465**
Eligible Tier 2	505	500	500
IRB shortfall/excess[1]	--	--	--
Tier 2 capital	**505**	**500**	**500**
Total capital	**4,249**	**4,116**	**3,965**
Risk-weighted assets	**17,485**	**16,470**	**15,558**
Leverage ratio exposure (LRE)	71,933	70,375	71,727
Common Equity Tier 1 ratio[2]	**19.7%**	**20.2%**	**20.4%**
Tier 1 capital ratio	21.4%	22.0%	22.3%
Total capital ratio	24.3%	25.0%	25.5%
Leverage ratio[3]	5.2%	5.1%	4.8%

1 The IRB shortfall/excess is the difference between the expected loss under the CRR/CRD directives and the IFRS provision for the residential mortgage portfolio.
2 CET1 Capital / risk-weighted assets.
3 Tier 1 Capital / leverage ratio exposure (LRE)

De Volksbank's Common Equity Tier 1 ratio (CET1 ratio) slightly decreased to 19.7% (year-end 2023: 20.2%), well above our target of at least 17%.

The CET1 ratio target of at least 17% includes an ample management buffer above the current 10.9% CET1 Overall Capital Requirement (OCR), to withstand severe stress scenarios and to provide flexibility to absorb potentially higher capital requirements.

In the first half of 2024, total equity rose by € 45 million to € 4,136 million due to the first half-year net profit of € 231 million, offset by the € 164 million dividend payment for 2023, a € 11 million decrease in the fair value reserve and the semi-annual payment of AT1 coupons of € 11 million. Available distributable items[1] amounted to € 3,534 million (year-end 2023: € 3,478 million).

Total equity according to the Capital Requirements Directive (CRD) is determined by deducting non-eligible interim profits and additional Tier 1 capital from total equity.

The non-eligible interim profits as at the end of June 2024, namely € 231 million, relate to the net profit for the first half of 2024. From the non-eligible interim profits of € 332 million as at year-end 2023, € 168 million was added to CET1 capital after profit appropriation by the General Meeting of Shareholders (GMS) in May 2024, after the deduction of € 164 million for the dividend payment.

CET1 capital is determined by subtracting multiple regulatory adjustments from total equity for CRD purposes. As at June 2024, these regulatory adjustments amounted to € 161 million negative (year-end 2023: € 143 million negative), consisting mainly of a deduction of € 122 million related to the IRB shortfall, and a deduction of € 16 million due to the Article 3 Capital Requirements Regulation (CRR) deduction following ECB's guidelines on non-performing exposures (NPEs).

The IRB shortfall is the result of our Advanced Internal Ratings Based (AIRB) model calculations. To determine the credit risk in its residential mortgage portfolio, de Volksbank avails itself of an AIRB model entitled *Particuliere Hypotheken Interne Rating Model* (PHIRM). This model is continuously updated to comply with new rules and regulations.

[1] Equalling the sum of share premium, other reserves including retained earnings and net result for the period.

Risk-weighted assets (RWA)

in € millions	30-6-2024	31-12-2023	30-6-2023
Credit risk - advanced internal ratings based (AIRB approach)	10,208	10,079	10,147
Credit risk - standardised approach (SA approach)	5,325	4,430	3,771
Securitisations	19	13	10
Operational risk	1,695	1,695	1,428
Market risk	188	193	150
Credit Valuation Adjustment (CVA)	50	60	52
Total RWA	**17,485**	**16,470**	**15,558**

In the first half of 2024, total RWA rose by € 1.0 billion to € 17.5 billion, mainly due to a € 0.9 billion increase in risk-weighted assets (RWA) for credit risk calculated according to the Standardised Approach (SA) , which was primarily caused by increased exposures to financial institutions. The RWA for credit risk based on the AIRB approach increased due to portfolio growth, partly offset by the average risk weighting of residential mortgages decreasing to 19.5%, from 19.7% at year-end 2023. This lower risk weighting mainly follows from an improvement in our customers' average credit quality given the more favourable macroeconomic conditions.

The RWA for operational risk remained unchanged. The RWA for market risk decreased by € 5 million. The RWA for the Credit Valuation Adjustment and securitisation notes went down slightly to a total of € 69 million.

Leverage ratio

The leverage ratio went up to 5.2%, from 5.1% at year-end 2023, as the € 128 million increase in CET1 capital outweighs the € 1.5 billion growth in leverage ratio exposure (LRE) to € 71.9 billion.

The 5.2% leverage ratio is well above the regulatory requirement of 3.0%, and above our target of at least 4.5%.

Developments in capital requirements

Countercyclical capital buffer in the Netherlands

In Europe, the countercyclical capital buffer (CCyB) aims to ensure that banking sector capital requirements take account of the macro-financial environment, i.e. to increase banks' resilience as cyclical risks build up, and to release the buffer as soon as these risks materialise. On 31 May 2024, the CCyB for Dutch exposures increased from 1% to 2%, as announced by DNB on 31 May 2023.

O-SII buffer

As announced by DNB on 31 May 2023, the capital buffer to Other Systemically Important Institutions (O-SII buffers) of Dutch systemically important banks were reduced for de Volksbank from 1.0% to 0.25%. Lower O-SII buffers better reflect that large banks pose less systemic risk to national economies compared to 2016, the year in which the O-SII buffers were implemented. This is explained by the decline in size of the Dutch banking sector relative to the economy, and by progress made on European regulation and integration, such as the development of the banking union, allowing problems in the banking sector to be addressed more effectively.

SREP

De Volksbank is currently required to meet a minimum total Overall Capital Requirement (OCR) of 15.7%, of which at least 10.9% is to be composed of CET1 capital, including the raised CCyB and reduced O-SII buffer. This obligation stems from the Supervisory Review and Evaluation Process (SREP) performed by the ECB in 2023.

Basel IV

In late 2017, the Basel Committee on Banking Supervision (BCBS) presented the agreement on the completion of the Basel III capital framework, also known as Basel IV. On 30 May 2024, the Council of the European Union announced that it adopted new rules updating the CRR and the CRD that translate Basel IV into EU legislation. The resulting final texts were published on 19 June 2024, had effect as from 9 July 2024 and most amended regulations - except for the market risk framework - will have effect as from 1 January 2025. As from its publication, the Dutch Ministry of Finance has 18 months (until 11 January 2026) to implement the updated CRD into Dutch legislation. De Volksbank is closely monitoring these developments, paying particular attention to new rules for residential mortgages.

As at the end of June 2024, we estimate that our total RWA according to the fully phased-in Basel IV standards would be below our total RWA under current regulations, mainly due to the removal of a 1.06 scaling factor to determine residential mortgage-related RWA under the revised IRB approach.

The Basel IV fully loaded CET1 ratio at the end of June 2024 is estimated to equal 20.9% (year-end 2023: 21.1%), which is well above our target of at least 17%.

MREL

On 26 March 2024, the National Resolution Authority (NRA) updated the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirements for de Volksbank as from 1 January 2024. The MREL requirement based on the leverage ratio exposure (LRE) amounts to 8.05% and the MREL requirement based on RWA to 21.68%, excluding the Combined Buffer Requirement. Both the LRE and RWA MREL requirements are to be fully met with subordinated instruments, i.e. Tier 1 capital, Tier 2 capital and senior non-preferred (SNP) notes with a residual contractual maturity of at least 1 year. The non-risk-weighted MREL requirements are more restrictive for de Volksbank than the risk-weighted MREL requirements.

As at June 2024, de Volksbank meets its MREL requirements.

MREL

in € millions	30-6-2024	31-12-2023	30-6-2023
CET1 capital	3,446	3,318	3,167
Additional Tier 1 capital	298	298	298
Tier 2 capital	505	500	500
Total capital	**4,249**	**4,116**	**3,965**
Senior non-preferred (SNP) liabilities with remaining maturity >1 year	2,500	2,500	2,500
Total capital and eligible SNP liabilities	**6,749**	**6,616**	**6,465**
MREL BRRD2 exposure measures			
Leverage ratio exposure (LRE)	71,933	70,375	71,727
Risk-weighted assets	17,485	16,470	15,558
MREL LRE			
MREL (Total capital and eligible SNP liabilities) (LRE)	9.4%	9.4%	9.0%
MREL RWA			
MREL (Total capital and eligible SNP liabilities) (RWA)	38.6%	40.2%	41.6%

The table above presents an overview of de Volksbank's risk-weighted and non-risk-weighted MREL ratios.

Total capital and eligible SNP liabilities rose by € 0.1 billion to € 6.7 billion due to an increase in CET1 capital.

As at 30 June 2024, the non-risk-weighted MREL ratio based on the LRE stood at 9.4%, at the same level as at year-end 2023, including total capital and SNP liabilities eligible for MREL.

The risk-weighted MREL ratio, based on total capital and eligible SNP liabilities, stood at 38.6% (year-end 2023: 40.2%).

Dividend

De Volksbank has set a target range of 40% - 60% of net profit for the regular dividend distribution. In line with this policy, in its General Meeting of Shareholders (GMS) in May 2024, de Volksbank decided to distribute a dividend of € 164 million for 2023, corresponding to a pay-out ratio of 40% of the net profit attributable to the shareholder.

Liquidity and funding

Liquidity

In the first half of 2024, the liquidity position remained substantially above de Volksbank's own minimum target and regulatory minimum requirements. We consider the size and composition of our liquidity position sufficiently robust.

The Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) remained well above the regulatory minimum of 100%. As at 30 June 2024, the LCR stood at 158% (year-end 2023: 262%) and the NSFR at 165% (year-end 2023: 166%). The reduction of the LCR is mainly explained by investing more available liquidity with several counterparties in the money market outside the 30-day LCR window, to optimise the return on our liquidity position.

Key liquidity indicators

	30-6-2024	31-12-2023	30-06-2023
LCR	158%	262%	297%
NSFR	165%	166%	179%
Loan-to-Deposit ratio[1]	96%	95%	91%
Liquidity position (in € millions)	13,692	15,600	21,630

1 For the measurement methodology of this KPI, reference is made to Section Reconciliation of alternative performance measures in this report.

The Loan-to-Deposit ratio, i.e. the ratio between the loans outstanding to and deposits attracted from retail and SME customers, increased to 96% as at 30 June 2024, from 95% at year-end 2023. This increase was driven by € 1.5 billion loan growth accompanied by a € 1.2 billion increase in deposits.

Liquidity position

in € millions	30-6-2024	31-12-2023	30-6-2023
Central bank reserves	4,075	6,334	10,730
Sovereigns	946	473	724
Regional/local governments and Supranationals	1,715	1,758	1,727
Eligible retained RMBS	5,291	5,545	7,230
Other liquid assets	1,665	1,490	1,219
Liquidity position	**13,692**	**15,600**	**21,630**

The liquidity position amounted to € 13.7 billion as at 30 June 2024 (year-end 2023: € 15.6 billion).

Apart from changes in loans and deposits, cashflows in the first half of 2024 mainly came from capital market funding developments and a € 0.4 billion decrease in the net cash collateral position related to derivative positions driven by an increase in the interest rate curve for longer tenors. Over the reporting period, cash outflows were comparable with cash inflows. Nonetheless, central bank reserves decreased from € 6.3 billion at year-end 2023 to € 4.1 billion by investing more available liquidity in the money market. As at 30 June 2024, € 7.5 billion in assets had been invested for cash management purposes (year-end 2023: € 4.9 billion) and was, therefore, not included in the liquidity position.

The liquidity value of bonds in the DNB collateral pool amounted to € 9.6 billion as at 30 June 2024 (year-end 2023: € 9.3 billion), of which:

- the liquidity value of eligible retained RMBS amounted to € 5.3 billion (year-end 2023: € 5.5 billion).
- the value of other liquidity portfolio bonds in the liquidity position increased by € 0.6 billion due to a rise in both the nominal and liquidity value and the fact that a higher amount of sovereign bonds was registered in the DNB collateral pool as at 30 June 2024. These sovereign bonds were not ring-fenced for other purposes, such as potential repo transactions.

Funding

Retail savings are de Volksbank's main source of funding. Through our brands, we attract term deposits, demand deposits and current account balances from retail customers. We also attract savings deposits and current account balances from SME customers. In the first half of 2024, customer deposits increased to € 55.5 billion, from € 54.3 billion at year-end 2023.

The objective of our funding strategy is to optimise the bank's liquidity and funding profile and to ensure access to diversified funding sources to maintain the bank's long-term funding position.

In addition to attracting savings deposits and current account balances, we, therefore, also attract funding from capital markets. For regulatory purposes and funding diversification, this funding is attracted through various instruments with different terms and investor types spread over regions.

The table below provides an overview of the book value-based composition of equity and total liabilities as at 30 June 2024 and year-end 2023.

Equity and liability mix

	2024: € 72.5 billion	2023: € 71.1 billion
Savings and other amounts due to customers	77%	77%
Debt instruments (incl. subordinated)	13%	12%
Equity (incl. AT1 capital securities)	6%	6%
Amounts due to banks	3%	3%
Other	2%	2%

Capital market funding mix (nominal)

in € millions	30-6-2024	% of total	31-12-2023	% of total
AT1 and Tier 2 capital instruments	800	8%	800	9%
- of which green bonds	*800*		*800*	
Senior non-preferred	2,500	26%	2,500	27%
- of which green bonds	*2,500*		*2,500*	
Senior preferred	958	10%	1,013	11%
- of which green bonds	*500*		*500*	
Covered bonds	5,053	53%	4,553	50%
RMBS	214	2%	229	3%
Total capital market funding	**9,525**		**9,095**	
- of which green bonds	*3,800*		*3,800*	

In the first half of 2024, de Volksbank successfully executed € 0.5 billion in covered bonds with a 7-year maturity.

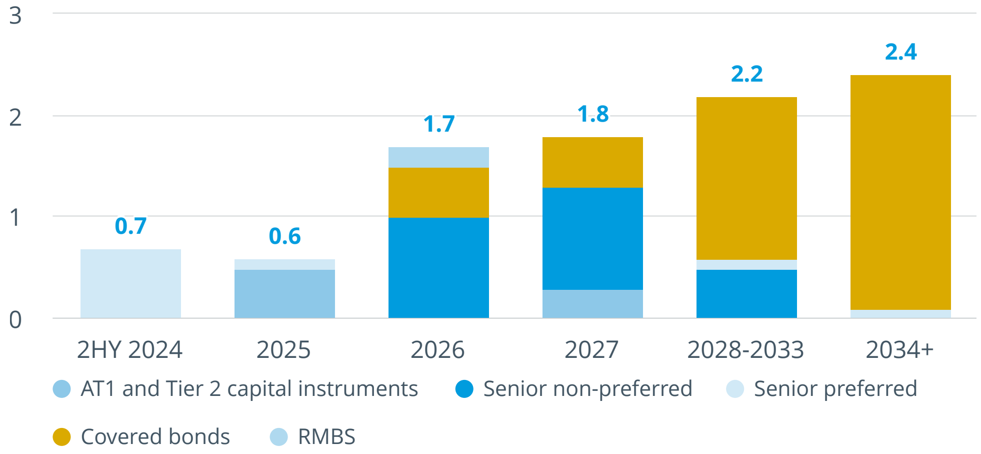
As capital market funding redemptions in the first half of 2024 were limited to € 0.1 billion, capital market funding increased from € 9.1 billion to € 9.5 billion.

For an explanation of the bank's green bond framework, see de Volksbank - Green Bonds.

The chart below presents an overview of the maturity calendar of the capital market funding outstanding with an original maturity of more than one year. In this chart, we apply the assumption that this funding will be redeemed at the first call dates.

Capital market funding maturities

(In € billions)



Responsibility statement

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act (*Wet op het financieel toezicht, Wft*), the members of the Executive Board state that to the best of their knowledge:

- The condensed consolidated interim financial statements, for the six-month period ending on 30 June 2024, give a true and fair view of the assets, liabilities, size and composition of equity, financial position and profit or loss of de Volksbank N.V. and the companies included in the consolidation; and that
- The Interim Financial Report, for the six-month period ending on 30 June 2024, gives a true and fair view of the information that is required pursuant to section 5:25d, paragraphs 8 and 9, of the Dutch Financial Supervision Act of de Volksbank N.V. and of the companies included in the consolidation.

Utrecht, 8 August 2024

Executive Board

Roland Boekhout (Chief Executive Officer and Chairman)

André Haag (Chief Financial Officer)

Saskia Hoskens (Chief Risk Officer)

Condensed consolidated interim financial statements

Consolidated statement of financial position

Before result appropriation and in € millions	Notes	30-6-2024	31-12-2023
Assets			
Cash and balances at central banks		3,632	5,891
Derivatives		2,398	2,544
Investments		6,161	6,733
Loans and advances to banks	1	7,666	4,671
Loans and advances to customers	2	52,234	50,847
Tangible and intangible assets		68	77
Tax assets		53	14
Other assets		308	283
Total assets		**72,520**	**71,060**
Equity and liabilities			
Derivatives		793	1,121
Amounts due to banks		1,844	1,947
Savings		45,087	43,623
Other amounts due to customers		10,819	11,287
Debt certificates	3	8,885	7,935
Subordinated debts		505	500
Provisions	4	34	44
Tax liabilities		14	82
Other liabilities		403	430
Total liabilities		**68,384**	**66,969**
Equity			
Share capital		381	381
Other reserves		3,226	2,981
Net result for the period		231	431
AT1 capital securities		298	298
Total equity	5	**4,136**	**4,091**
Total equity and liabilities		**72,520**	**71,060**

Consolidated income statement

in € millions	Notes	1H24	1H23
Income			
Interest income		1,097	924
Interest expense		533	262
Net interest income		**564**	**662**
Fee and commission income		92	84
Fee and commission expenses		56	51
Net fee and commission income	9	**36**	**33**
Investment income	10	-4	-5
Other result on financial instruments		65	44
Other operating income		--	1
Total income		**661**	**735**
Expenses			
Staff costs		253	234
Depreciation and amortisation of tangible and intangible assets		12	11
Other operating expenses		106	144
Total operating expenses		**371**	**389**
Impairment charges (releases) of financial assets		-30	8
Total expenses		**341**	**397**
Result before taxation		**320**	**338**
Taxation		89	90
Net result for the period		**231**	**248**
Attributable to:			
Owners of the parent company		231	248

Consolidated comprehensive income

in € millions	1H24	1H23
Net result for the period	231	248
Other comprehensive income (after taxation):		
Items that are reclassified to the income statement:		
Change in cashflow hedge reserve	-1	-1
Change in fair value reserve	-10	10
Total items that are reclassified to the income statement (after taxation)	**-11**	**9**
Total comprehensive income for the period (after taxation)	**220**	**257**
Attributable to:		
Owners of the parent company	220	257

Condensed consolidated statement of changes in equity

in € millions	Notes	Issued share capital[1]	Share premium reserve	Cashflow hedge reserve	Fair value reserve	Other reserves	Net result for the period	AT1 capital securities	Total equity
Balance as at 31 December 2022		**381**	**3,537**	**17**	**-146**	**-570**	**191**	**298**	**3,708**
Transfer of 2022 net result		**--**	**--**	**--**	**--**	**101**	**-101**	**--**	**--**
Other comprehensive income		--	--	-1	10	--	--	--	9
Net result for the period		--	--	--	--	--	248	--	248
Total result for the period		**--**	**--**	**-1**	**10**	**--**	**248**	**--**	**257**
Paid interest on AT1 capital securities		--	--	--	--	-11	--	--	-11
Transactions with shareholder		--	--	--	--	--	-90	--	-90
Total changes for the period		**--**	**--**	**-1**	**10**	**90**	**57**	**--**	**156**
Balance as at 30 June 2023		**381**	**3,537**	**16**	**-136**	**-480**	**248**	**298**	**3,864**
Other comprehensive income		--	--	-1	55	--	--	--	54
Net result for the period		--	--	--	--	--	183	--	183
Total result for the period		**--**	**--**	**-1**	**55**	**--**	**183**	**--**	**237**
Paid interest on AT1 capital securities		--	--	--	--	-10	--	--	-10
Total changes for the period		**--**	**--**	**-1**	**55**	**-10**	**183**	**--**	**227**
Balance as at 31 December 2023	5	**381**	**3,537**	**15**	**-81**	**-490**	**431**	**298**	**4,091**
Transfer of 2023 net result		**--**	**--**	**--**	**--**	**267**	**-267**	**--**	**--**
Other comprehensive income		--	--	-1	-10	--	--	--	-11
Net result for the period		--	--	--	--	--	231	--	231
Total result for the period		**--**	**--**	**-1**	**-10**	**--**	**231**	**--**	**220**
Paid interest on AT1 capital securities		--	--	--	--	-11	--	--	-11
Transactions with shareholder		--	--	--	--	--	-164	--	-164
Total changes for the period		**--**	**--**	**-1**	**-10**	**256**	**-200**	**--**	**45**
Balance as at 30 June 2024	5	**381**	**3,537**	**14**	**-91**	**-234**	**231**	**298**	**4,136**

1 The issued share capital is fully paid up and comprises 840,008 ordinary shares with a nominal value of € 453.79 per share.

Condensed consolidated cashflow statement

in € millions	1H24	1H23
Cashflow from operating activities		
Result before taxation	320	338
Adjustments for		
Depreciation and amortisation of tangible, intangible assets and right-of-use assets	12	11
Impairment charges and reversals on financial assets	-30	8
Changes in operating assets and liabilities:		
- Advances to customers	-1,387	-453
- Liabilities to customers	-468	-566
- Derivatives assets	146	184
- Derivatives liabilities	-328	27
- Advances to banks	-2,995	3,012
- Liabilities to banks	-103	-136
- Savings	1,464	6
- Trading portfolio	17	-3
- Other operating activities	-167	-230
Net cashflow from operating activities	**-3,519**	**2,198**
Net cashflow from investment activities	**490**	**-284**
Net cashflow from financing activities	**770**	**366**
Net decrease of cash and balances at central banks	**-2,259**	**2,280**
Cash and balances at central banks at 1 January	5,891	8,011
Change in cash and balances at central banks	-2,259	2,280
Cash and balances at central banks as at 30 June	**3,632**	**10,291**

Notes to the condensed consolidated interim financial statements

Accounting principles

General information

De Volksbank N.V. (hereafter 'de Volksbank'), a public limited liability company, is incorporated under Dutch law and domiciled in the Netherlands. De Volksbank's registered office is located at Croeselaan 1, 3521 BJ Utrecht. All shares of de Volksbank are held by *Stichting administratiekantoor beheer financiële instellingen* (NLFI).

The condensed consolidated interim financial statements of de Volksbank comprise financial information of all entities controlled by de Volksbank, including its interests in associates. These condensed consolidated interim financial statements have been prepared by the Executive Board and approved by the Supervisory Board on 8 August 2024.

Basis of preparation

Statement of IFRS compliance

De Volksbank prepares the condensed consolidated interim financial statements in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, as adopted by the European Union (EU).

Main accounting principles for financial reporting

The accounting principles applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting principles applied in the preparation of de Volksbank's financial statements for the year ending on 31 December 2023. Changes in standards and interpretations that had an effect on the 2024 accounting principles are described in the sections below.

Amendments in published standards and interpretations effective in 2024

In 2024 the following standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC), respectively, became mandatory. They were adopted by the EU and are applicable in the current financial year:

- Amendments to IAS 1 Presentation of financial statements:
  - Classification of Liabilities as Current or Non-current
  - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
  - Non-current Liabilities with Covenants
- Amendments to IFRS 16 Leases:
  - Lease Liabilities in a Sale and Leaseback
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:
  - Disclosures: Supplier Finance Arrangements

None of the above-mentioned amendments had an effect on the condensed consolidated interim financial statements.

Segmented information

De Volksbank's Executive Committee discusses and makes decisions on the operational plan and the key internal financial management reports. Hence, the 'Chief Operating Decision Maker' (CODM) as described in IFRS 8 Operating Segments is the Executive Committee. When making decisions on the deployment of resources and performance measurement, the CODM of de Volksbank does not distinguish between the different brands or products. Based on the analysis of the IFRS 8 requirements the bank operates and reports a single segment.

Notes to the consolidated statement of financial position and consolidated income statement

1. Loans and advances to banks

In the first half of 2024, the loans and advances to banks increased due to a shift from cash and balances at central banks. All loans and advances to banks are classified in stage 1. The provision for credit losses of € 4 million remained virtually unchanged compared to year-end 2023.

2. Loans and advances to customers and impairment charges of financial assets

We provide disclosures on loans and advances to customers, impairment charges of financial assets and credit loss provisions under Financial results (see table Impairment charges of financial assets with the label 'Reviewed') and Credit risk (see text and overviews with the label 'Reviewed').

Some of the collateralised loans and advances were sold in the past by a legal predecessor of de Volksbank. This sales transaction implies that de Volksbank, as a legal successor, has a repurchase obligation on the interest repricing date and/or is obliged to convert the form of repayment of the loans and advances. In the first half of 2024, the entire mortgage portfolio was repurchased (nominal net repurchasing value as at 31 December 2023: € 287 million). The repurchase price was equal to the outstanding principal amount of € 349 million plus a premium of € 7 million, adjusted for accrued savings capital intended for mortgage repayments in the amount of € 69 million.

In 2024, de Volksbank decided to reclassify amounts in arrears from Other assets to Loans and advances to customers so that these amounts are part of the amortised cost measurement. The impact is limited to an amount of € 7 million.

3. Debt certificates

Covered bonds

In the first half of 2024, de Volksbank issued € 0.5 billion in covered bonds with a 7-year maturity.

Commercial Paper

In the first half of 2024, de Volksbank used its Commercial Paper (CP) programmes for short-term funding with maturities not longer than one year. As at 30 June 2024, issued CP amounted to € 0.5 billion (year-end 2023: € 0.0 billion).

Redemptions and repurchases of debt certificates
In the first half of 2024, de Volksbank redeemed € 20 million in bonds with original maturities of more than one year (first half of 2023: € 0.5 billion; second half of 2023: € 16 million).

4. Provisions

Provisions

in € millions	30 June 2024	31 December 2023
Employee commitments	11	12
Restructuring provision	7	9
Other provisions	9	12
Provision for credit losses off-balance sheet items	7	11
Total	**34**	**44**

Other provisions
In 2023, DNB concluded that de Volksbank violates the Dutch Anti-money laundering and anti-terrorist financing Act (*Wwft*). DNB also rejected the Systematic Integrity Risk Analysis (SIRA) of de Volksbank and consequently imposed an instruction to remediate SIRA. As of 30 June 2024 the provision that was formed in 2023 of € 2 million for remediation activities related to SIRA has been fully utilised.

5. Total equity
Total equity increased by € 45 million due to the first half-year net profit of € 231 million, offset by the € 164 million dividend payment for 2023, a € 11 million decrease in the fair value reserve and the semi-annual payment of AT1 coupons of € 11 million.

6. Contingent liabilities and commitments
Contingent liabilities
Anti-financial crime
In 2023, DNB concluded that de Volksbank is violating the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (*Wwft*). DNB expects that all identified *Wwft* compliance shortcomings will be permanently and structurally remediated and captured in a comprehensive remediation plan. As a result, de Volksbank carried out remediation activities to tackle shortcomings and expectations in the first half of 2024 and will continue to do so in the years ahead. According to the timeline agreed with DNB, the comprehensive remediation plan will be completed by 31 December 2024.

As from 31 December 2023, following ongoing communication with DNB, a legal obligation exists to remediate *Wwft* non-compliance in combination with the SIRA. However, as at 30 June 2024, a reliable estimate of the costs associated with tackling this issue could not be made as the comprehensive remediation plan is currently being worked out. Once the remediation plan has been finalised by the end of 2024, de Volksbank expects to have sufficient information to make a reliable estimate of future remediation expenses for which to recognise a provision. Until that time, the financial effects of the contingent liability for remediation costs related to non-compliance with the *Wwft* cannot be reliably estimated. DNB is closely monitoring the progress in the aforementioned areas and, depending on the progress of the remediation, may decide to proceed with additional measures that can have a financial impact.

Following the outcome of the supervisory review by DNB on customer integrity at de Volksbank, we announced on 11 August 2023 that DNB intends to start an internal procedure to impose an administrative fine for the abovementioned. In the first half of 2024, we have been informed by DNB that the procedure has started. The timing of the final outcome of this procedure is unclear. The potential financial impact of the outcome of the procedure, which may be significant, cannot be estimated reliably at present. As such no provision is recognised as at 30 June 2024.

Sound operational management
At the request of ECB, DNB conducted a supervisory review on sound operational management at the Volksbank. Following this review, DNB informed us about alleged shortcomings that relate to risk management in previous years and hence their intent to impose an administrative fine. The timing of the final outcome of this procedure is unclear. The potential financial impact of the outcome of the procedure, which may be significant, cannot be estimated reliably at present. As such no provision is recognised as at 30 June 2024.

Update legal proceedings
As far as ongoing legal proceedings are concerned, there are no noteworthy developments.

7. Related parties
As part of its ordinary business operations, de Volksbank maintains various forms of ordinary business relationships with related parties. Related parties of de Volksbank are associated companies, joint ventures, SNS REAAL Pensioenfonds, *Stichting administratiekantoor beheer financiële instellingen* (NLFI), the Dutch State, and senior executives and their close family members. Transactions with these related parties mainly concern day-to-day matters in the field of banking, taxation and other administrative activities.

Transactions with related parties were conducted under normal market terms and conditions.

8. Post balance sheet events
There were no material post balance sheet events that require disclosures or adjustments to the Interim Financial Report 2024.

9. Net fee and commission income

Net fee and commission income

in € millions	1H24	1H23
Money transfer and payment charges	42	35
Advice and agency activities	14	13
Management fees	27	25
Insurance agency activities	9	10
Other activities	--	1
Total fee and commission income	**92**	**84**
Fee and commission expenses		
Money transfer and payment charges	8	6
Advice and agency activities	1	1
Management fees	10	10
Insurance agency activities	1	1
Fee franchise	36	33
Total fee and commission expenses	**56**	**51**
Total	**36**	**33**

10. Investment income

Investment income amounted to € 4 million negative, compared to € 5 million negative in the first half of 2023. In both half years, investment income consisted entirely of realised results on fixed-income investments, sold as part of regular asset and liability management.

Just as in the first half of 2023, there were no realised amounts from the HTC portfolio.

Fair value of financial instruments

Fair value accounting of financial assets and liabilities

The table provides information on the fair value of the financial assets and liabilities of de Volksbank. For a number of fair value measurements, we have used estimates. This table only includes financial assets and liabilities. Balance sheet items that do not meet the definition of a financial asset or liability are not included. The total of the fair value presented below does not reflect the underlying value of de Volksbank and should, therefore, not be interpreted as such.

The fair values represent the amounts at which the financial instruments could have been sold or transferred at balance sheet date between market parties in an orderly transaction. The fair value of financial assets and liabilities is determined on the basis of quoted prices where available. Such quoted prices are primarily derived from transactions prices for listed instruments. If quoted prices are not available, various valuation techniques have been used to measure the fair value of these instruments. Parameters used in such valuation techniques may be subjective and are based on various assumptions, for instance certain discount rates and the timing and size of expected future cashflows. The degree of subjectivity affects the allocation in the fair value hierarchy, which is discussed in the 'Hierarchy in determining the fair value of financial instruments' section. Wherever possible and available, the valuation techniques make use of observable inputs in relevant markets. Changes in the assumptions can significantly influence the estimated fair values. The main assumptions for each balance sheet item are explained in the section below. De Volksbank determines the fair value hierarchy for all financial instruments at every reporting moment.

Hierarchy in financial instruments as at 30 June 2024

in € millions	Book value	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value					
Derivatives	2,398	--	2,393	5	2,398
Investments - fair value through OCI	3,532	3,497	32	3	3,532
Investments - fair value through P&L	10	--	--	10	10
Financial assets not measured at fair value					
Cash and balances at central banks	3,632	--	--	--	3,632
Investments - amortised cost	2,619	2,071	470	19	2,560
Loans and advances to banks	7,666	--	--	--	7,666
Loans and advances to customers	52,234	--	--	48,882	48,882
Other assets	308	--	--	--	308
Total financial assets	**72,399**	**5,568**	**2,895**	**48,919**	**68,988**
Financial liabilities measured at fair value					
Derivatives	793	--	788	5	793
Amounts due to banks	--	--	--	--	--
Other amounts due to customers	95	--	95	--	95
Financial liabilities not measured at fair value					
Savings	45,087	--	41,014	4,069	45,083
Other amounts due to customers	10,724	--	9,560	1,158	10,718
Amounts due to banks	1,844	--	1,844	--	1,844
Debt certificates	8,885	--	--	7,912	7,912
Other liabilities	403	--	--	--	403
Subordinated debts	505	487	--	--	487
Total financial liabilities	**68,336**	**487**	**53,301**	**13,144**	**67,335**

Hierarchy in financial instruments as at 31 December 2023

in € millions	Book value	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value					
Derivatives	2,544	--	2,541	3	2,544
Investments - fair value through OCI	3,279	3,276	--	3	3,279
Investments - fair value through P&L	28	17	--	11	28
Financial assets not measured at fair value					
Cash and balances at central banks	5,891	--	--	--	5,891
Investments - amortised cost	3,426	2,908	463	19	3,390
Loans and advances to banks	4,671	--	--	--	4,671
Loans and advances to customers	50,847	--	--	47,115	47,115
Other assets	283	--	--	--	283
Total financial assets	**70,969**	**6,201**	**3,004**	**47,151**	**67,201**
Financial liabilities measured at fair value					
Derivatives	1,121	--	1,118	3	1,121
Amounts due to banks	100	--	100	--	100
Financial liabilities not measured at fair value					
Savings	43,623	--	41,270	2,317	43,587
Other amounts due to customers	11,287	--	10,122	1,158	11,280
Amounts due to banks	1,847	--	1,847	--	1,847
Debt certificates	7,935	--	--	7,001	7,001
Other liabilities	430	--	--	--	430
Subordinated debts	500	471	--	--	471
Total financial liabilities	**66,843**	**471**	**54,457**	**10,479**	**65,837**

Notes to the valuation of financial assets and liabilities

The following techniques and assumptions have been used to determine the fair value of financial instruments.

Investments

The fair values of shares are based on quoted prices in active markets or other available market data. The fair values of interest-bearing securities, excluding mortgage loans, are also based on quoted market prices or, when actively quoted market prices are not available, on the present value of expected future cashflows. These present values are based on the relevant market interest rate, taking account of the liquidity, creditworthiness and maturity of the relevant investment.

Loans and advances to customers
The fair value of mortgages is determined based on a present value method. The yield curve used to determine the present value of expected cashflows of mortgage loans is the average of the five lowest mortgage rates in the market, adjusted for interest rates that are considered not to be representative ('teaser rates'). These rates may differ for each sub-portfolio due to differences in maturity, Loan to Value class and form of repayment. In determining the expected cashflows, any expected future early redemptions are taken into account.

The fair value of other loans and advances to customers has been determined by the present value of the expected future cashflows. Various surcharges on the yield curve were used for the calculation of the present value. In this respect, a distinction was made by type of loan and customer group to which the loan relates.

Derivatives
The fair values of nearly all derivatives are based on observable market information, such as market rates and foreign exchange rates. To determine the fair value of instruments for which not all information is observable in the market, estimates or assumptions are used within a net discounted cashflow model or an option valuation model. In determining the fair value, the credit risk that a market participant would include in his valuation is taken into account.

Loans and advances to banks
Given the short-term nature of the loans that are classified as loans and advances to banks, the book value is considered to be a reasonable approximation of the fair value.

Other assets
Because of the predominantly short-term nature of other assets, the book value is considered to be a reasonable approximation of the fair value.

Cash and balances at central banks
The book value of the cash and balances at central banks is considered to be a reasonable approximation of the fair value.

Subordinated debt
The fair value of subordinated debt are based on quoted prices in active markets or other available market data.

Debt certificates
The fair value of debt certificates are based on quoted prices in active markets or other available market data. When actively quoted market prices are not available , the fair value of debt certificates is estimated on the basis of the present value of the cashflows, making use of the prevailing interest rate plus a risk surcharge. The risk surcharge is based on the credit risk assumed by the market for holding such instruments issued by de Volksbank, determined by maturity and type of instrument.

Amounts due to customers
The fair value of readily available savings and term deposits differs from the nominal value because the interest rate is not adjusted on a daily basis and because, in practice, customers leave their savings in their accounts for a longer period of time. The fair value of these deposits is calculated based on the net present value of the relevant portfolios' cashflows using a specific discount curve. For savings covered by the Deposit Guarantee Scheme (DGS), the discount curve is based on the average current rates of several Dutch market parties. De Volksbank's Funds Price-curve (FTP) was used for savings not covered by the DGS. The calculated fair value of amounts due to customers with a demand feature cannot be less than the amount payable on demand.

Amounts due to banks
The fair value of amounts due to banks is estimated on the basis of the present value of the expected future cashflows, using the interest rate plus a risk surcharge. The risk surcharge is based on the credit risk assumed by the market for holding such instruments issued by de Volksbank, differentiated to maturity and type of instrument. The book value of any amount that is due within one month is considered to be a reasonable approximation of the fair value.

Other liabilities
The book value of the other liabilities is considered to be a reasonable approximation of its fair value.

Hierarchy in determining the fair value of financial instruments
A part of the financial instruments is measured in the balance sheet at fair value. In addition, the fair value of the other financial instruments is disclosed. The fair value level classification is not disclosed for financial assets and liabilities where the book value is a reasonable approximation of the fair value.

More detailed explanation of the level classification
For financial instruments measured at fair value on the balance sheet or for which the fair value is disclosed, this fair value is classified into a level. This level depends on the parameters used to determine the fair value and provides further insight into the valuation. The levels are explained below:

Level 1 – Fair value based on published stock prices in an active market
For all financial instruments in this valuation category, stock prices are observable and publicly available from stock exchanges, brokers or pricing institutions. In addition, these financial instruments are traded on an active market, which allows for the stock prices to accurately reflect current and regularly recurring market transactions between independent parties. The investments in this category mainly include listed shares and bonds.

Level 2 – Fair value based on observable market data
The category includes financial instruments for which no quoted prices are available but whose fair value is determined using models where the parameters include available market information. These instruments mostly contain privately negotiated derivatives. This category also includes investments for which prices have been issued by brokers, but which are also subject to inactive markets. In that case, the available prices are largely supported and validated using market information, including market rates and actual risk surcharges related to different credit ratings and sector classifications.

Level 3 – Fair value not based on observable market data
A significant part of the financial instruments in this category has been determined using assumptions and parameters that are not observable in the market, such as assumed default rates belonging to certain ratings. The level 3 valuations of investments (shares) are based on quotes from illiquid markets. The derivatives in level 3 are related to some mortgage securitisations and the valuation is partly dependent on the underlying mortgage portfolios and movements in risk spreads.

The financial instrument is placed in or moved to a certain level on the basis of the aforementioned definitions.

Change in level 3 financial instruments

Change in level 3 financial instruments measured at fair value for the 1st half of 2024

in € millions	Fair value through P&L	Fair value through OCI	Derivatives assets	Derivatives liabilities
Opening balance	11	3	3	3
Unrealised gains or losses recognised in P&L[1]	-1	--	2	2
Change in accrued interest	--	--	--	--
Other Movements	--	--	--	--
Impairments	--	--	--	--
Closing balance	**10**	**3**	**5**	**5**

1 Included in the line item Other result on financial instruments in the consolidated income statement.

Change in level 3 financial instruments measured at fair value for the 1st half of 2023

in € millions	Fair value through P&L	Fair value through OCI	Derivatives assets	Derivatives liabilities
Opening balance	9	3	9	9
Unrealised gains or losses recognised in P&L[1]	1	--	--	--
Change in accrued interest	--	--	--	--
Other Movements	--	--	--	--
Impairments	--	--	--	--
Closing balance	**10**	**3**	**9**	**9**

1 Included in the line item Other result on financial instruments in the consolidated income statement.

Change in level 3 financial instruments measured at fair value for the 2nd half of 2023

in € millions	Fair value through P&L	Fair value through OCI	Derivatives assets	Derivatives liabilities
Opening balance	10	3	9	9
Unrealised gains or losses recognised in P&L[1]	1	--	-6	-6
Change accrued interest	--	--	--	--
Other movements	--	--	--	--
Impairment	--	--	--	--
Closing balance	**11**	**3**	**3**	**3**

1 Included in the line item Other result on financial instruments in the consolidated income statement.

Sensitivity of level 3 valuations of financial instruments
Level 3 financial instruments are largely valued using a net discounted cashflow method in which expectations and projections of future cashflows are discounted to a present value on the basis of market data. The models use market-observable information, such as yield curves, or information that is not observable in the market, such as assumptions about certain credit risk surcharges or assumptions about customer behaviour. The valuation of a level 3 instrument may change significantly as a result of changes in these assumptions.

Sensitivity to non-observable parameters of level 3 financial instruments as at 30 June 2024

in € millions	Valuation technique	Main assumption	Carrying amount	Reasonably possible alternative assumptions	Increase in fair value	Decrease in fair value
Assets						
Derivatives	Discounted cashflows	Discount curve	5	-0.5% of +0.5%	1	1
		Prepayment rate	5	-1% of +1%	--	--
Liabilities						
Derivatives	Discounted cashflows	Discount curve	5	-0.5% of +0.5%	1	1
		Prepayment rate	5	-1% of +1%	1	1

Sensitivity to non-observable parameters of level 3 financial instruments as at 31 December 2023

in € millions	Valuation technique	Main assumption	Carrying amount	Reasonably possible alternative assumptions	Increase in fair value	Decrease in fair value
Assets						
Derivatives	Discounted cashflows	Discount curve	3	-0.5% of +0.5%	1	1
		Prepayment rate	3	-1% of +1%	--	--
Liabilities						
Derivatives	Discounted cashflows	Discount curve	3	-0.5% of +0.5%	1	1
		Prepayment rate	3	-1% of +1%	1	1

The derivatives on the liabilities side of the balance sheet include certain contracts in which fixed prepayment rates have been agreed with the counterparty. Therefore, these contracts are not sensitive to prepayment rate adjustments.

The main non-market observable parameter for determining the fair value of level 3 instruments is the applied estimate of the discount curve.

The level 3 derivatives relate to securitisation transactions. There is a relationship between the fair values. This is due to the fact that the derivatives of the SPVs (front swaps), which are part of the securitisation programme Pearl, are entered into back-to-back with the same counterparties (back swaps). As a result, the fair value changes of the front and back swaps are always comparable, but opposite.

Transfer between categories
In 2023 and in the first half of 2024, no significant movements occurred

Reconciliation of alternative performance measures

Our financial results have been prepared and reported in accordance with EU-IFRS as detailed above in the Section Accounting principles. We also present alternative performance measures, i.e. non-IFRS financial measures, which include the adjusted performance measures that we use to align internal and external reporting, to identify and quantify items that management believes to be significant, and to provide insight into how management assesses the bank's period-on-period performance.

To derive the adjusted performance, we adjust for certain incidental items, i.e. items that have an impact on the net result in excess of € 15 million, which are not directly related to our regular banking activities and have an incidental nature, thus limiting insight into underlying developments.

As in 2023, net profit in the first half of 2024 did not include any incidental items.

Definitions of additional ratios presented in this Interim Financial Report are presented in the tables Non-IFRS financial measures below.

Non-IFRS financial measures

KPIs and adjusted KPIs

Definition	in € millions	1H24	1H23	FY23
Cost/income ratio				
Total operating expenses (including regulatory levies) as a percentage of total income	Total operating expenses	371	389	808
	Total income	661	735	1,414
	Cost/income ratio	**56.1%**	**52.9%**	**57.1%**
Return on Equity (RoE)				
Annualised net result for the period, excluding interest expenses related to AT1 capital securities, as percentage of average month-end total equity, excluding AT1 capital securities, for the reporting period	Net result	231	248	431
	Interest expenses related to AT1 capital securities	-11	-11	-21
	Average month-end total equity	3,845	3,494	3,592
	Return on Equity (RoE)	**11.5%**	**13.6%**	**11.4%**
Net interest margin (bps)				
Annualised net interest income as percentage of average month-end total assets for the reporting period	Net interest income	564	662	1,303
	Average month-end total assets	71,337	72,926	72,461
	Net interest margin (bps)	**1.58%**	**1.82%**	**1.80%**
Cost/assets ratio				
Annualised total operating expenses excluding regulatory levies as a percentage of average month-end total assets for the reporting period	Operating expenses excluding regulatory levies	363	365	766
	Average month-end total assets	71,337	72,926	72,461
	Cost/assets ratio	**1.02%**	**1.00%**	**1.06%**

Cost of risk

Definition	in € millions	1H24	1H23	FY23
Cost of risk				
Impairment charges of financial assets as a percentage of average month-end loan portfolio exposure for the reporting period.	**Total loans and advances to customers**			
	Impairment charges of financial assets - total loans	-29	12	16
	Average month-end portfolio exposure - total loans	53,071	51,363	51,668
	Cost of risk total loans and advances to customers	**-0.11%**	**0.05%**	**0.03%**
	Residential mortgages			
	Impairment charges of financial assets - residential mortgages	-28	9	9
	Average month-end portfolio exposure - residential mortgages	49,770	48,356	48,569
	Cost of risk residential mortgages	**-0.11%**	**0.04%**	**0.02%**
	SME loans			
	Impairment charges of financial assets - SME loans	-2	-2	-1
	Average month-end portfolio exposure - SME loans	1,274	1,126	1,162
	Cost of risk SME loans	**-0.33%**	**-0.41%**	**-0.09%**

Loan-to-Deposit ratio (LtD)

Definition	in € millions	1H24	1H23	FY23
Loan-to-Deposit ratio				
Loans and advances to retail and SME customers as a percentage of amounts due to retail and SME customers	Total loans and advances to customers	52,234	49,419	50,847
	Less: IFRS value adjustments	-1,567	-1,884	-1,316
	Less: Loans and advances to other corporates and governments	455	262	285
	Loans and advances to retail and SME customers	**53,346**	**51,041**	**51,878**
	Total amounts due to customers	55,906	56,590	54,910
	Less: Amounts due to non-retail and non-SME customers	453	461	586
	Amounts due to retail and SME customers	**55,453**	**56,129**	**54,324**
	Loan-to-Deposit ratio	**96%**	**91%**	**95%**

Independent auditor’s review report

To: the shareholder and the supervisory board of de Volksbank N.V.

Our conclusion

We have reviewed the condensed consolidated interim financial statements included in the accompanying interim financial report of de Volksbank N.V. based in Utrecht for the period from 1 January 2024 to 30 June 2024.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of de Volksbank N.V. for the period from 1 January 2024 to 30 June 2024, are not prepared, in all material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

- The consolidated statement of financial position as at 30 June 2024
- The following statements for the period from 1 January 2024 to 30 June 2024: the consolidated income statement, the consolidated comprehensive income, the condensed consolidated statement of changes in total equity and the condensed consolidated cashflow statement
- The notes comprising material accounting policy information and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed consolidated interim financial statements section of our report.

We are independent of de Volksbank N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the executive board and the supervisory board for the condensed consolidated interim financial statements

The executive board is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union. Furthermore, the executive board is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing de Volksbank N.V.’s financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.
Our review included among others:

- Updating our understanding of de Volksbank N.V. and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of condensed consolidated interim financial statements
- Making inquiries of the executive board and others within de Volksbank N.V.
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements
- Obtaining assurance evidence that the condensed consolidated interim financial statements agree with, or reconcile to, de Volksbank N.V.’s underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle

- Considering whether the executive board has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements
- Considering whether the condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Amsterdam, 8 August 2024

Ernst & Young Accountants B.V.

Signed by P.J.A.J. Nijssen

General information

Definitions of strategic KPIs

The table below provides more details about the definitions of our strategic KPIs.

Strategic KPI	Definition
Customer-weighted average Customer Relationship Score (CRS)[1]	The customer-weighted average Customer Relationship Score (*CRS*) relates to the retail customers of de Volksbank's retail brands SNS, ASN Bank and RegioBank. The customers of BLG Wonen are not included in de Volksbank's CRS as its customers are in fact customers of mortgage intermediaries. The strength of the relationship is calculated based on the scores for satisfaction with, trust in and love for the brand using an extended matrix. The scale ranges from 0 to 100. The higher the score, the stronger the relationship is perceived to be.
Customer-weighted average Net Promoter Score (NPS)[1]	The customer-weighted average Net Promoter Score (NPS)) is measured for all brands (SNS, ASN Bank, RegioBank, BLG Wonen) and expresses retail customers' satisfaction rating (in terms of probability of recommendation). A positive NPS requires the percentage of promoters to be higher than the percentage of detractors. Whether a customer is a 'promoter' (9-10), 'passively satisfied' (7-8) or a 'detractor' (0-6) is measured on a 0 to 10 scale. The NPS is calculated by subtracting the percentage of detractors from the percentage of promoters. The score may range from -100% to +100%. The higher the score, the more satisfied the customer is.
Active multi-customers[1]	An active multi-customer is either a retail or SME customer with a current account and at least one product from another product group, who has made more than ten customer-initiated transactions per month on his or her current account for three months in a row.
Genuine attention[1]	The extent to which employees experience genuine attention.
Climate-neutral balance sheet[1]	The climate-neutral balance sheet includes all relevant balance sheet items of de Volksbank and is climate neutral when we avoid or remove as much CO_2 equivalent (CO_2e) emissions as we emit. Our climate-neutral balance sheet is measured using the PCAF methodology.
Housing accessibility	We are currently working on the governance and adequate reporting on these measures to enable further steering on this theme.
Return on Equity (RoE)[2]	Annualised net result for the period, excluding interest expenses related to AT1 capital securities, as a percentage of the average month-end total equity, excluding AT1 capital securities, for the reporting period.

1 For the measurement methodology of this KPI, reference is made to page 312 and following of the 2023 Integrated Annual Report.
2 For the measurement methodology of this KPI, reference is made to the Section Reconciliation of alternative performance measures on page 40 of this report

About de Volksbank

General

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 multiple brands and has a single back office and IT organisation. The product range consists of five core product groups: payments, mortgages, savings, SME loans and sustainable investment funds. De Volksbank has a balance sheet total of € 72.5 billion and 3.515 internal employees (FTEs), making it a major player in the Dutch retail banking market. De Volksbank is headquartered in Utrecht.

Mission and ambition

The mission of de Volksbank is 'Banking with a human touch'. To live up to our mission we formulated an ambition based on the principle of shared value. Shared value is directed towards social and economic aspects as well as towards financial and non-financial aspects. Our ambition is to optimise this shared value by delivering benefits for customers, taking responsibility for society, giving genuine attention to employees and achieving returns for the shareholder. Our strategy has two main objectives with which we aim to strengthen our distinctive capability: to be the bank with the strongest customer relationship and to have a substantial and measurable positive social impact.

Our brands

There is no such thing as an 'average customer'. Everyone has different wishes, needs and preferences. We want to serve our customers in the way that best fits their needs and values. That is why, instead of one brand for all customers, we have opted for different brands that each serve their customers in the way that suits them best. Each brand has its own way of working, image, mentality and products, from savings and investments to insurance products.

SNS
Equal growth opportunities for everyone

SNS is dedicated to ensuring that people get a fair chance to grow to their full potential. With genuine attention to customers' needs, and any obstacles that may stand in their way. SNS actively works towards solutions. Hence its motto: 'People first. Then money.' For SNS believes that if everyone is able to grow in their own way, the Netherlands will become a stronger country. SNS has been serving its customers for 200 years, currently with over 190 retail shops across the country. For more information, please see our website: www.snsbank.nl

ASN Bank
Sustainability

ASN Bank has been one of the leading banks in sustainable banking in the Netherlands for over 60 years. ASN Bank invests the money customers entrust to the bank in such a way that it contributes to sustainable progress and a liveable world, now and in the future. The three pillars of ASN Bank's sustainability policy and strategy are climate, human rights and biodiversity. With its variety of products and services ASN Bank demonstrates that money does bring happiness. For more information, please see our website: www.asnbank.nl

RegioBank
Quality of life in communities

Pop into a branch office for a question or good advice. That is precisely what you can do with over 400 branches of independent advisers in villages and small towns all over the country. In addition to taking care of money matters close to home, RegioBank is also committed to improving the quality of life in communities. It promotes local cohesion because it believes that having a social network close by makes people happy. As the bank is a partner of the Oranje Fonds, it supports social initiatives in that capacity. After all, RegioBank is not just a bank, but part of the local community: a liaison that wants to strengthen social vitality and regional entrepreneurship. For more information, please see our website: www.regiobank.nl

BLG Wonen
Decent housing for everyone

BLG Wonen is committed to a fairer and more accessible housing market. Founded in 1954 to give Limburg miners the chance to buy a house, it now supports new groups in society that have difficulty buying a house. BLG Wonen does not focus on files or figures, but on people with dreams and wishes. Only then will it look at the figures. Together with its large network of independent advisers, it helps people to find a suitable mortgage. After all, owning your own home is important: it gives people a feeling of security and happiness. For more information, please see our website: www.blg.nl

Disclaimer

This press release contains factual information only and should not be regarded as an opinion or recommendation concerning the purchase or sale of securities issued by de Volksbank. This press release does not contain any value judgement or predictions with respect to the financial performance of de Volksbank.