



# Nationale-Nederlanden Bank

Investor Presentation - soft bullet covered bonds

October 2024



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# Executive summary

## Nationale-Nederlanden Bank N.V.

- Top 5 retail bank in the Netherlands (based on balance sheet size)
- 100% subsidiary of NN Group N.V.
- Established in 2011 and operates in the Netherlands under the brand names 'Nationale-Nederlanden' and 'Woonnu'
- Shares client base, distribution and marketing with other NN entities
- Built around long-standing mortgage business (since 1963)
- Significant player in Dutch residential mortgage loan and retail savings markets

## Purpose, ambition and strategy

- Purpose: to help people care for what matters most to them
- Ambition: We want to be an industry leader, known for our customer engagement, talented people and contribution to society
- Our strategic priorities:
  - Engaged customers
  - Talented people
  - Contribution to society
  - Financial strength
  - Digital and data-driven organisation
- Committed to further enhancing sustainability and social responsibility

## Financials at 30 June 2024<sup>1</sup>

- Total assets of EUR 25.0bn; residential mortgage loan portfolio of EUR 22.8bn<sup>2</sup>
- NN Bank services EUR 55.4bn of mortgage loans
- Return on equity of 10.6%; Cost/income ratio of 58.3%
- Net profit of EUR 61.9m in 1H24 compared with EUR 64.8m in 1H23
- Solid capital position: CET1 ratio of 17.2% (Standardised Approach), Total capital ratio of 18.3%<sup>3</sup>
- NN Bank's A rating from S&P (stable outlook) reflects its "highly strategic importance" for NN Group

## Funding diversification

- Diversified funding mix, in terms of investors, markets and maturities
- Funding comprises retail savings (EUR 17.0bn) and wholesale funding (EUR 6.5bn)
- Soft Bullet covered bond programme used to raise secured funding up to 20-year tenors
- Green bonds issued under both Soft Bullet covered bond and Debt Issuance programmes



1. All financial information in this Investor Presentation is based on the 30 June 2024 Condensed consolidated interim information dated 28 August 2024 (unless stated otherwise). This financial information may deviate from the financial information of the segment Banking as reported by NN Group
2. Mortgage portfolio, excluding notary amounts in transit, staged payments and accounting effects such as premiums and the fair value hedge adjustment
3. CET1 ratio would be 18.1% and Total capital ratio would be 19.2% after inclusion of the net result for the first half of 2024

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# 1 Strategy and business highlights

# NN Bank profile

- Nationale-Nederlanden Bank ('NN Bank') is the fifth largest Dutch retail banking franchise, based on balance sheet size
- 100% subsidiary of NN Group N.V.
- Significant player in Dutch residential mortgage loans and retail savings, with approximately 1.2 million retail clients in the Netherlands
- Established in 2011
- Built around long-standing Nationale-Nederlanden mortgage business (since 1963)
- Distribution both direct (savings) and via intermediaries (mortgages)
- Origination and servicing for own balance sheet but also for other group entities and external investors, generating fee income
- Expected introduction of payment services in 2025 which will enable us to offer a complete package of financial (banking) services and will further diversify the Bank's fee-based business
- Long-term credit rating of A and short-term rating of A-1 from S&P; stable outlook

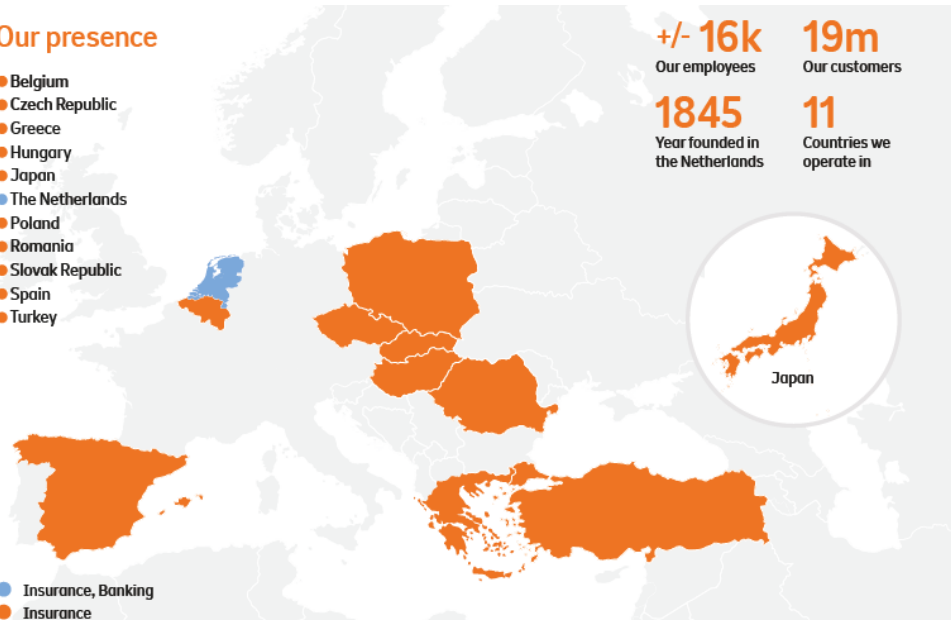


# Parent company: NN Group

## International footprint

### Our presence

- Belgium
- Czech Republic
- Greece
- Hungary
- Japan
- The Netherlands
- Poland
- Romania
- Slovak Republic
- Spain
- Turkey



### Our main brands



## Overview of NN Group

- International financial services company, active in 11 countries, with a strong presence in Europe and Japan
- Around 16,000 employees, providing retirement services, pensions, insurance, banking and investments to approximately 19 million customers
- NN Group's main brands are Nationale-Nederlanden (NN), Movir, AZL, BeFrank, OHRA and Woonnu
- Financial Strength Ratings: AA-/stable (Fitch), A+/stable (S&P)
- Shareholders' equity of EUR 19.4bn at 30 June 2024
- Recognised for our contribution to our Customers, People and Society in ESG indices and ratings: Dow Jones Sustainability World Index, FTSE4Good, Bloomberg Gender-Equality Index, World Benchmarking Alliance and MSCI

## NN Group has leading market positions

- #1 position in life insurance in the Netherlands: market share<sup>1</sup> of ~40% in group pensions
- Leading position in non-life insurance in the Netherlands: market share<sup>2</sup> of 27% in Disability & Accident (#2) and 21% in Property & Casualty (#2)
- Top 3 player in CEE<sup>3</sup> focused on life and voluntary pensions
- Leading player in SME life insurance products in Japan

Source: NN Group

1. Source: DNB and Data Analytics Centre Dutch Association of Insurers, based on 2022 recurring premium inflow; Includes internal data. Apf not included
2. Source: DNB and Data Analytics Centre Dutch Association of Insurers, based on GWP 2022; Only Dutch insurers that are subject to DNB supervision, excluding foreign insurers
3. Central and Eastern Europe



# NN Bank's added value to NN Group

## NN Bank is highly strategically important for NN Group

- Operating under the Nationale-Nederlanden brand since its start in 2011
- Fully-owned subsidiary of NN Group N.V. and a fellow subsidiary of the Dutch insurance entities, i.e. NN Life and NN Non-life
- NN Bank has a long-term issuer credit rating A from S&P (stable outlook) reflecting the “highly strategical importance” of the bank for NN Group

### 1 Financially sound bank

- With its business model, NN Bank realises a strong operating result and a healthy return on equity (10.6% in 1H24) whilst maintaining a strong balance sheet



### 2 Originate high-quality mortgage loans

- NN Bank is NN Group's mortgage originator and servicer in the Netherlands
- Providing mortgage investment opportunities with good investment return for other NN entities



### 3 Cross-sell opportunities

- Sharing client base, distribution and marketing with other NN entities in the Netherlands
- Offering products complementary to Nationale-Nederlanden's individual life and non-life insurance products for retail customers, including (internet) savings, and bancassurance
- Servicing approximately 1.2 million customers





# NN Bank key figures

## 1H24 financial highlights



## Non-Financial KPIs at year-end 2023



\* Net Interest Margin is calculated as net interest income divided by the average total assets in the period

\*\* The residential mortgage portfolio excludes notary amounts in transit, staged payments and accounting effects such as premiums and the fair value hedge adjustment

\*\*\* Numbers include bancassurance customers. The number of customers excluding bancassurance is 951,000

# Creating long-term value for our stakeholders

Our purpose

**We help people care for what matters most to them**




Our ambition

**We want to be an industry leader, known for our customer engagement, talented people and contribution to society.**

Our brand promise

**You matter**






Our values


 **Care**       **Clear**       **Commit**

Our strategy

**The Digital Retail Bank**

With our strategic commitments we give substance to our strategy:

-  **Engaged Customers**  
We deliver an outstanding customer and distributor experience, and develop and provide attractive products and services.
-  **Talented people**  
We foster a values-based culture and empower our colleagues to be their best.
-  **Contribution to society**  
We contribute to the well-being of people and the planet.
-  **Financial strength**  
We are financially strong and seek solid long-term returns for shareholders.
-  **Digital & data-driven organisation**  
We use technology and data responsibly to transform our business and drive operational excellence.



# Retail-focused business model

## NN Bank is the fifth largest Dutch retail banking franchise

- Providing retail customers with mortgage loans, (internet) savings, bank annuities, bancassurance and retail investment products
- National player, with coverage of all Dutch regions, operating under a strong and well-known household name *Nationale-Nederlanden* and *Woonnu*

### 1 Mortgages: significant experience in origination and servicing

- Nationale-Nederlanden's track record in in-house mortgage loan origination, servicing and arrears management goes back to 1963
- In 2020, NN Bank introduced Woonnu, a mortgage proposition that supports sustainable living with a discount on mortgage interest for homes with a high energy label (A and B)
- Originated EUR 1.8bn of mortgage loans in 1H24 compared with EUR 2.2bn in 1H23. In total NN Bank serviced EUR 55.4bn of mortgage loans at 30 June 2024
- Mortgage loans distributed via intermediaries.
- No branch network
- Offering reset tenors in range 1 month to 30 years

**Market share 1H24  
mortgage origination  
in the Netherlands<sup>1</sup>**  
**3.9%**

### 2 Savings: savings on demand and pension savings are two strong pillars

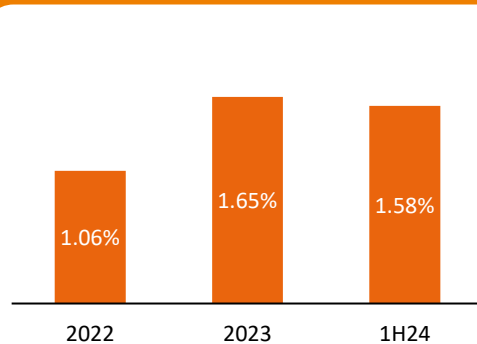
- Savings on demand and fixed-term deposits (EUR 7.6bn):
  - Consumers save mainly to build a buffer against unforeseen expenses
  - Low-cost online savings platform
- Fiscal-driven pension savings, called bank annuities (EUR 7.5bn):
  - supplementary pension savings: tax-incentivised annuities on a blocked savings account up to pension date
  - supplementary pension benefits: pay-out of built-up pension savings (annuity) over time
  - Stable funding source

**Market share 2023  
total savings amount  
in the Netherlands<sup>2</sup>**  
**3.6%**

1. Source: Kadaster, June 2024  
2. Source: DNB, December 2023

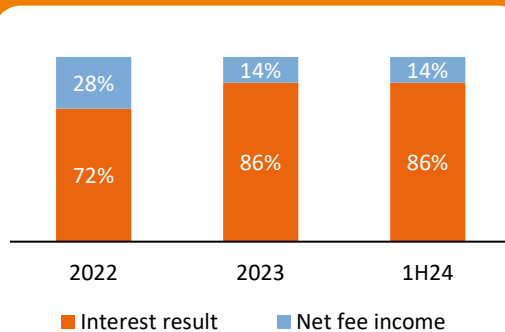
# Financially sound bank with a diversified income model

## Net interest margin



- Net interest income was driven by higher funding expenses through increased savings rates, partially offset by increased margins on new mortgage loans

## Income diversification



- Fee income generated by:
- Originating and servicing of mortgage loans for third parties both under the NN label as well as the Woonnu label
  - Management advisory and servicing of investment portfolios for retail clients
  - Bancassurance fees

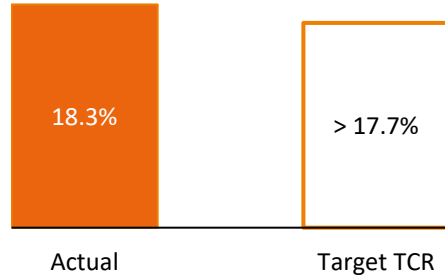
## Summary profit and loss account

(Amounts in EUR m) <sup>1</sup>	1H24	1H23
Interest income	654	476
Interest expense	(456)	(274)
Interest result	198	202
Net fee and commission income	31	32
Gains and losses on financial transactions and other income	-	-
Valuation results on non-trading derivatives	(17)	(16)
<b>Total income</b>	<b>213</b>	<b>218</b>
Staff expenses	(77)	(75)
Impairment charges	1	2
Regulatory levies	(6)	(14)
Other operating expenses	(47)	(44)
<b>Total operating expenses</b>	<b>(129)</b>	<b>(131)</b>
<b>Result before tax</b>	<b>83</b>	<b>87</b>
Taxation	(22)	(23)
<b>Net result</b>	<b>62</b>	<b>65</b>

1. Small deviations may occur due to rounding

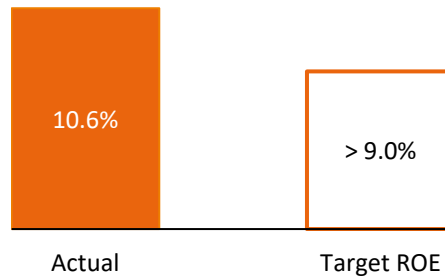
# Long-term financial targets

## Total capital ratio (transitional CRD IV)



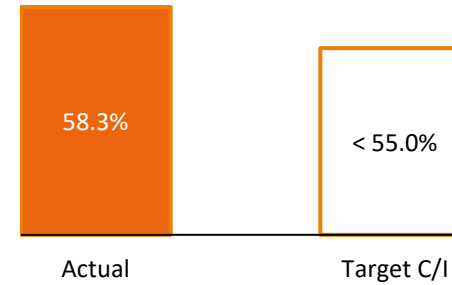
- Steering capital on Total capital ratio (TCR) and meeting all capital targets
- Total capital ratio target of 17.7% since May 2024

## Return on equity



- RoE decreased to 10.6% versus 12.0% in 1H23 reflecting the lower net result and higher average equity
- Return on Equity (ROE) target of 12% in 2025 on Group reporting basis equals a target ROE of approximately 9% on a statutory basis

## Cost/income ratio



- Cost/income (C/I) ratio target of below 55% in 2025
- C/I ratio increased to 58.3%, compared with 54.5% in 1H23, reflecting lower total income and higher operating expenses

## Leverage ratio



- Development of core equity in relation to total assets is comfortably above the regulatory minimum threshold of 3%

1. Actual is statutory based whilst C/I target is Group based whereby the 1H24 Group based C/I ratio is 53.4%

## 2. Sustainability business and society

# Sustainability is one of the cornerstones of our strategy

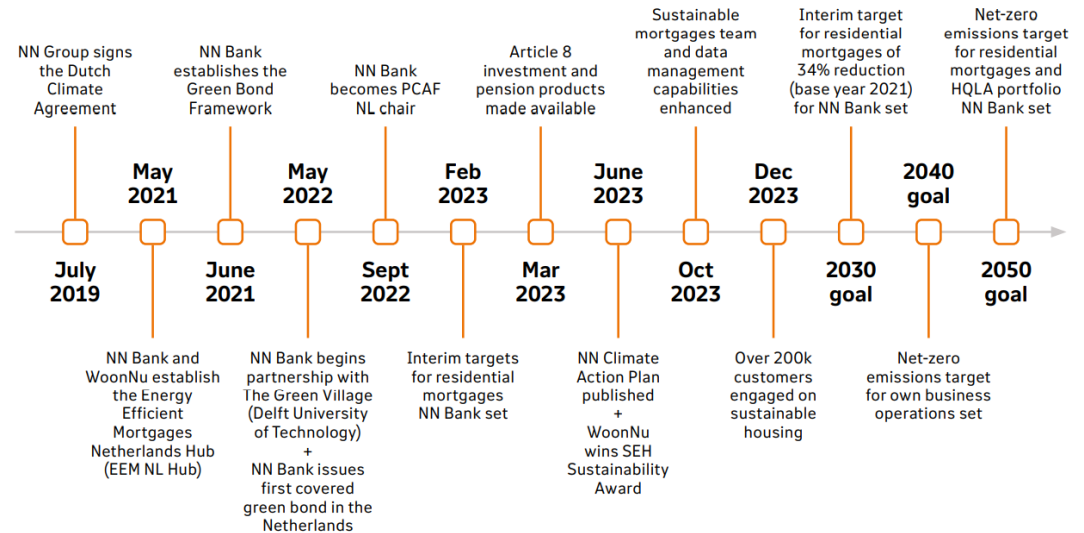
## Our sustainability strategy

- Incorporating climate action across NN Bank's business. Not only to the benefit of the environment, but also creating sustainable long-term value for all our stakeholders
- As a large mortgage provider in the Netherlands, mortgages are a key focus area of NN Bank's sustainability strategy. For 2030 an interim target of 34% reduction in CO2 emissions (base year 2021) is in place to guide our mortgage portfolio towards net zero in 2050

## NN Bank's five areas of action in which to contribute to sustainability:

- Engage customers and steer our investment portfolio to reduce greenhouse gas (GHG) emissions
- Develop new mortgage-specific propositions and services
- Leverage NN Bank's Green Bond Framework
- Evaluate and adjust all products to help customers in their sustainability journey
- Contribute to (sector-) specific initiatives and partnerships

## Our climate journey:



## NN Bank's ESG scores (at year-end 2023)

### Green Asset Ratio

Taxonomy aligned assets: 22.9%



### Positive contribution to society

Energy label A mortgages: 25%



### Engaged Employees

Employee engagement score: 7.6



### Engaged Employees

Women in MT NN Bank: 70%



# Sustainability is embedded in our governance

## Our Governance:

- The Bank's CEO is accountable for ESG matters, the Management Team is responsible for strategic direction and implementing the ESG strategy and the Supervisory Board performs structural oversight on ESG matters on the Board level
- ESG Office providing ESG knowledge, programme management and monitoring of NN Bank's ESG strategy to support all domains with ESG strategy implementation

## Climate and Environmental risks:

- A robust approach to assessing and managing our exposure to Climate and Environmental (C&E) risks is an integral part of our sustainability goal to establish a net-zero CO2 portfolio by 2050



## Qualitative materiality assessments on both climate risk and environmental risk

- Relevant physical climate risks:
  - Flood risks
  - Drought/extreme heat risks, which can cause wildfires in the short to medium term, and foundation damage in the long term
- Relevant Climate transition risks:
  - policy and regulations risks, such as GHG emissions pricing and emission-reporting obligations
  - changes in market sentiment / customer behaviour
- Biodiversity loss and its impact is deemed to be low for now

## Our risk profile:

- Aiming for prudent sustainability risk management by fully embedding it into its risk management frameworks
- We have undertaken stress tests to cover C&E risk from both physical- and transition-risk perspectives, including scenario analyses over a longer-term horizon, namely until 2050. In all cases, NN Bank's balance sheet can withstand adverse circumstances related to C&E risk





# NN Bank enhancing sustainability & social responsibility

## PLANET

- As a mortgage provider, NN Bank wants to **contribute to the reduction of greenhouse gas emissions** in houses we finance
- One of the ways in which we do this, is by **making real estate more sustainable**. Customers will also be encouraged to reduce their CO<sub>2</sub> emissions where possible and helped to do so with products and services such as **Woonnu** and our **Better Living platform**
- NN Bank offers financing options to make homes more sustainable and to source green mortgages for ourselves, and also for third parties
- We engage and encourage customers to reduce their carbon footprint

**woonnu**

- Integrating sustainability advice into the mortgage application process and managing the property renovation
- Woonnu supports sustainable living with a **discount on mortgage interest for homes with a high energy label (A and B)**



## FINANCIAL HEALTH

- NN Bank wishes to **help customers who have financial difficulties**
- We provide coaching and tools intended to **generate more income, reduce costs, reduce monthly mortgage payments** or a combination of all of these

**Better Living platform**

- Offering **online home improvement advice**; based on a property check for energy-efficiency measures such as insulation, solar panels, heat pump etc. are offered and executed by affiliated partners
- Insight into clients' current **CO2 footprint**
- Insight into the **air quality** inside clients' homes

# Carbon footprint

## Monitoring the carbon footprint of our mortgages and investment portfolio:

Asset category	Total Assessed Assets (EUR millions)	Financed Emissions (kilotonnes of CO <sub>2</sub> e)		Carbon footprint (tonnes of CO <sub>2</sub> e per EUR million invested)		Weighted Average Carbon Intensity (kg CO <sub>2</sub> e per m <sup>2</sup> )		Data Coverage (% of assessed assets)	PCAF Data Quality Score (1 - 5)	
		Scope 1+2	Scope 3	Scope 1+2	Scope 3	Scope 1+2	Scope 3		Scope 1+2	Scope 3
Fixed Income Corporate	€ 637	1	168	1	265	n.a.	n.a.	99.6%	1.4	3.5
Residential mortgages	€ 22,796	202	n.a.	9	n.a.	25.0	n.a.	100.0%	3.5	n.a.
Total (excl. Government)	€ 23,433	203	168	9	265			100.0%		
		Scope 1 incl LULUCF	Scope 1 excl LULUCF	Scope 1 incl LULUCF	Scope 1 excl LULUCF	Scope 1 incl LULUCF	Scope 1 excl LULUCF		Scope 1+2	Scope 3
Government bonds	€ 32	5	5	162	168	n.a.	n.a.	100.0%	1.0	n.a.

## Mortgages:

- Accounting for the **scope 1 and 2 emissions<sup>1</sup>** of each house
- Measuring the carbon footprint of every house** based on energy label, floor space, building type and corresponding emission factor
- The method is based on theoretical average consumption data. The Dutch financial institutions that are part of the PCAF – including NN – are presently **exploring ways to obtain actual consumption data**

## Investment portfolio:

- At year-end 2023 NN Bank's HQLA portfolio consisted of **governments bonds and corporate bonds**, the latter limited to covered bonds only
- Financed emissions represent the share of the company's/countries emissions that can be attributed to NN Bank based on the amount we have invested
- For corporates we report on **scope 1,2 and 3 emissions<sup>1</sup>** offering full transparency whereby scope 3 is reported separately since this data scores lower on reliability and data quality
- Regarding government bonds PCAF's recommendation is to report only on **actual sovereigns**, as the emissions of quasi-sovereigns (local authorities, supranational entities, etc.) is unfortunately not currently measurable. This resulted in a relatively low percentage of assessed holdings as NN Bank's share of quasi-sovereigns is relatively high (87%)

## Partnerships:

Working with industry peers in the Partnership for Carbon Accounting Financials (PCAF) and the **EEM NL Hub** to develop harmonized standards and frameworks for energy-efficient mortgages and carbon footprint measurement

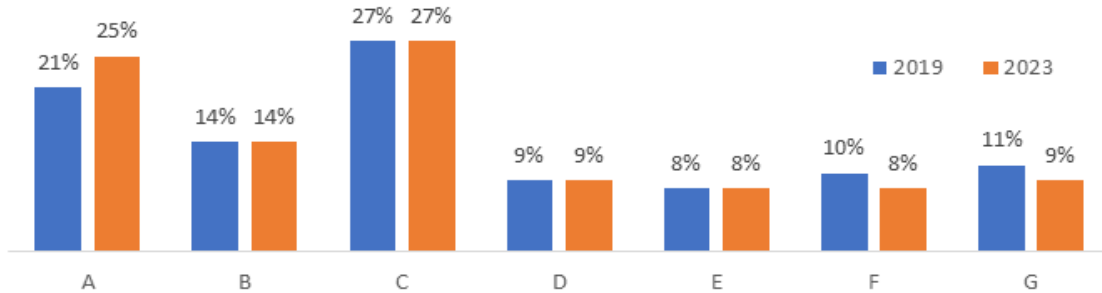


1. The Greenhouse Gas (GHG) Protocol categorises GHG emissions into three categories. Scope 1 emissions include the GHG emissions that a company has direct control over, such as emissions from its own production processes or facilities. Scope 2 emissions include the indirect GHG emissions that arise from a company's use of purchased energy, such as electricity or heat. Scope 3 emissions encompass all other GHG emissions that are a consequence of a company's activities but occur outside of its operational boundaries.

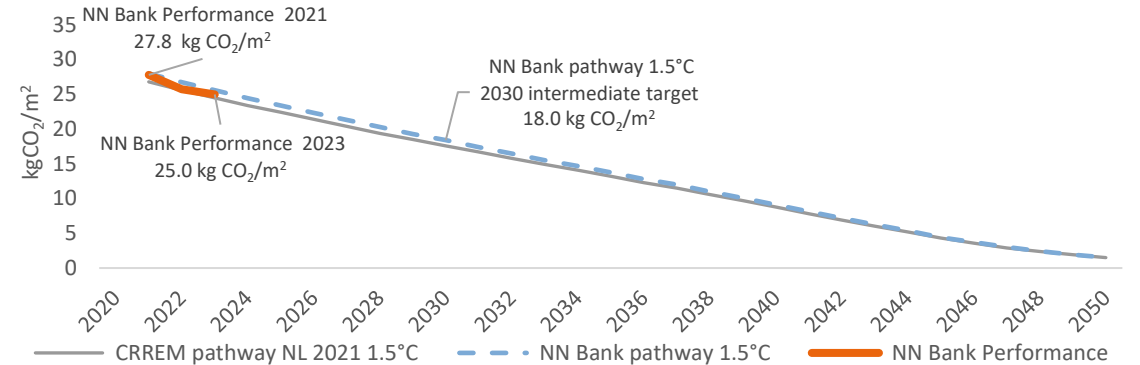
# Steering our mortgage portfolio towards net-zero in 2050

## Share of label A in NN Bank's portfolio increased to 25%

NN Bank portfolio: energy label distribution (based on number of houses)



## Actual emission intensity versus CRREM pathway NL 2021 1.5°



## Intermediate target setting:

- We used the tool of Carbon Risk Real Estate Monitor (**CRREM**) to analyse our mortgage portfolio against science-based decarbonisation pathways aligned with the Paris agreement. The CRREM methodology is aligned with recommendations from the Science Based Target initiative (**SBTi**)
- We have chosen the available **1.5°C pathway** for the Netherlands, as it is more accurate than a global or European pathway
- We have developed a model that shows that we need to **reduce our emission intensity to 18.0 kgCO<sub>2</sub>/m<sup>2</sup> by 2030**. In January 2023, the CRREM pathway was updated through a collaboration with SBTi. While we are still analysing the exact implications of this update, our preliminary results indicate that the new pathway is considerably stricter than the 2021 CRREM pathway. In our next Climate Action Plan, we intend to provide further insights into our plans and actions, particularly regarding the January 2023 CRREM pathway
- NN Group is a member of **Forum for Insurance Transition to Net Zero (FIT)** whereby NN Bank is in the lead to decarbonize the NN mortgage portfolio

# NN Bank's Green Bond Framework

The NN Bank Green Bond Framework follows the ICMA Green Bond Principles (GBP) 2021 edition



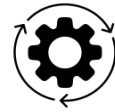
## Use of Proceeds

Green Buildings meeting the Use of Proceeds eligibility criteria



## Process for Project Evaluation and Selection

Loan selection in accordance with Use of Proceeds eligibility criteria and approved by Bank's Non-Financial Accounting Committee



## Management of Proceeds

Portfolio approach: the Eligible Green Loan Portfolio matches or exceeds the amount of green bonds outstanding. NN Bank's Treasury team responsible for proceeds tracking



## Reporting

On the allocation of net proceeds to the Eligible Green Loan Portfolio until bond maturity and impact reporting in accordance with the portfolio approach described in "**Handbook - Harmonized Framework for Impact Reporting (June 2023)**"



## External Review

Second-Party Opinion by Sustainalytics



## Green Bond Framework update February 2024

- The Framework was first published in June 2021 and since then, Green Bonds have become a significant component of our funding mix and a key tool to further foster the relationship with our investor base as we have issued both green unsecured bonds and green covered bonds
- The Framework update incorporates:
  - new and updated regulations plus market standards
  - updated ESG strategy plus sustainable product offering
  - updated Eligibility Criteria to align with EU Taxonomy and Green Asset Ratio reporting
  - strengthened governance




## Second-Party Opinion

- Framework aligned with ICMA Green Bond Principles and LMA Green Loan Principles
- EU taxonomy activity 7.7 Acquisition and Ownership fully aligned with EU Taxonomy Substantial Contribution criteria and DNSH criteria
- EU Taxonomy activity 7.2 Renovations fully aligned with EU Taxonomy Substantial Contribution criteria and partially aligned with DNSH criteria due to Dutch Building Decree having a higher polluting threshold
- Framework complies with the EU Taxonomy's Minimum Safeguards

# Use of Proceeds

Green Buildings that meet one of the following criteria:



ICMA GBP category	Eligibility Criteria	UN SDGs	EU Taxonomy <sup>5</sup>
Green Buildings	Financing or refinancing of new or existing residential buildings in the Netherlands: <ul style="list-style-type: none"> <li>Buildings built before 31 December 2020 with at least an Energy Performance Certificate (EPC) class A</li> <li>Buildings built before 31 December 2020 belonging to the top 15% of the Dutch building stock based on Primary Energy Demand (PED)<sup>6</sup></li> <li>Buildings built after 31 December 2020 with a Primary Energy Demand at least 10% lower than the threshold for Nearly Zero-Energy Buildings (“NZEB”) in the Dutch market</li> </ul>	 	<b>Substantial contribution to Climate Change Mitigation Art. 10 (1.b)<sup>7</sup>:</b>  7.1.1 Construction of new buildings <sup>8</sup>  7.7 Acquisition and ownership of buildings
	<ul style="list-style-type: none"> <li>Buildings that have been renovated, resulting in a reduction of Primary Energy Demand of at least 30%</li> <li>Buildings that have been renovated meeting the criteria for major renovation<sup>9</sup></li> </ul>		7.2 Renovation of existing buildings

## Definition top 15% low-carbon residential buildings in the Netherlands

CFP green buildings is a specialised consultant who developed a methodology for identifying the top 15% in the Netherlands. See also the [Green Residential Buildings Methodology Assessment Document<sup>1</sup>](#)



## Green reporting figures 2023

- The Eligible Green Loan Portfolio meets the Green Buildings EU Taxonomy Substantial Contribution 7.7 Acquisition and Ownership criteria
- EUR 1.8bn of green bonds outstanding
- EUR 5.8bn Eligible Green Loan Portfolio compared to EUR 4.3bn in 2022. Explained by:
  - EUR 0.8bn new Eligible Green Loans since 31 December 2022
  - EUR 1.3bn new Eligible Green Loans due to Eligibility Criteria amendment
  - EUR 0.5bn amortisation of the Eligible Green Loan Portfolio in 2023
- Total energy consumption of Eligible Green Loan Portfolio calculated at 88.8 kWh/m<sup>2</sup>
- 36% lower energy consumption than the average Dutch housing stock

1. <https://www.nn-group.com/article-display-on-page-no-index/nn-bank-green-residential-buildings-methodology-assessment-document-cfp-green-buildings.htm>

### **3. Capital, liquidity and funding**

# Balance sheet composition

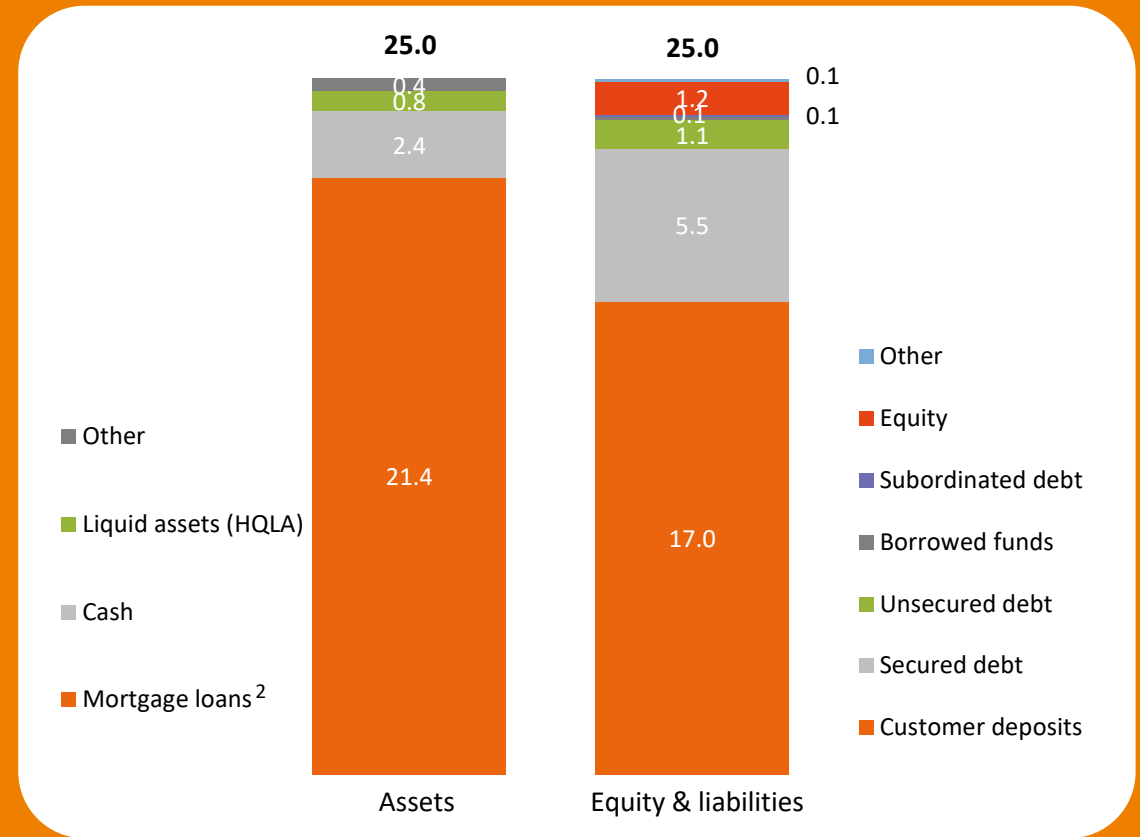
## Assets

- Dutch residential mortgage loans (86% of the balance sheet)
- High Quality Liquid Assets (HQLA) portfolio of EUR 0.75bn consisting of (semi) sovereign bonds and covered bonds
- 32% of outstanding mortgage amounts are guaranteed through National Mortgage Guarantee (NHG)

## Liabilities

- Well-diversified funding mix, based on three main pillars:
  - Customer deposits (68% of the balance sheet). Approximately half is on demand savings and term deposits and the other half is bank annuity pension savings
  - Secured funding through issuance of covered bonds
  - Unsecured funding, including MREL<sup>1</sup> debt
- Total secured funding portfolio of EUR 5.5bn related to soft bullet covered bonds

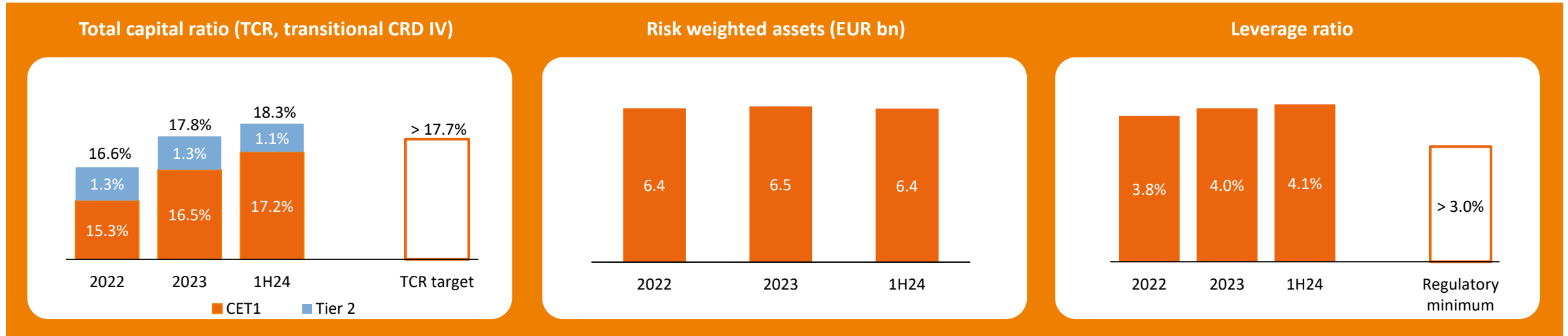
Balance sheet at 31 December 2023 (in EUR bn)



1. Minimum Requirement for Own Funds and Eligible Liabilities

2. Mortgage loans including hedged items

# Solid capital position



## Solid capital position

- The increase in the capital ratios was mainly the result of retaining net profit, while the capital requirement increased due to the introduction of the countercyclical capital buffer (CCyB)
- Total capital ratio target of 17.7% since May 2024 (including 2% CCyB)
- Expected positive impact of Basel IV as NN Bank uses Standardised Approach for both credit and operational risk
- Self-funded growth: capital generation through retained profits

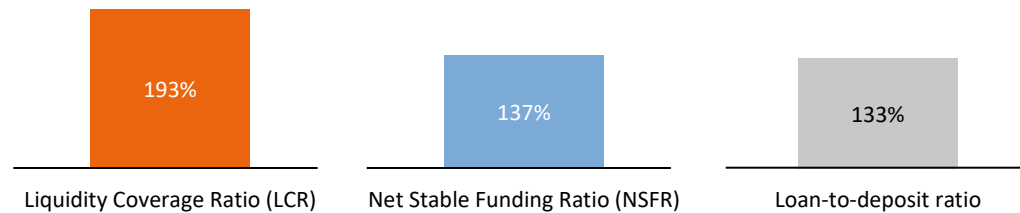
## Dividend policy

- NN Bank aims to pay dividends to its shareholder on a semi-annual basis, whilst ensuring that the capital ratios show stable development that remains well within NN Bank's risk appetite and the regulatory required capital ratios
- NN Bank will not propose a dividend to be paid out from the first half-year result 2024, due to the (intended) redemption of subordinated debt (Tier 2) in 2024. NN Group granted these subordinated loans to NN Bank



# Conservative approach to liquidity management

## Liquidity adequacy (30 June 2024)

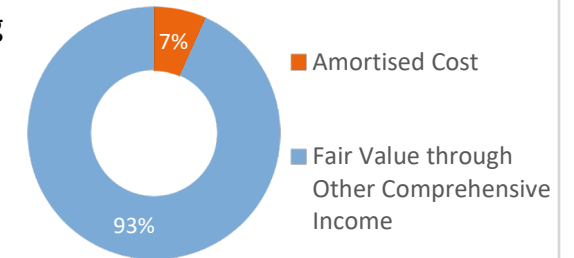


## Sources of liquidity

- An on-balance sheet HQLA (High Quality Liquid Assets) portfolio and cash available
- LCR ratio of 193% at end of 1H24
- Other sources of liquidity available:
  - Large portfolio of retained notes, which can be used for ECB standing facilities and other secured funding transactions
  - A EUR 250m credit facility in place with NN Group

## Investment securities portfolio / HQLA portfolio insight

- Macro fair value hedge accounting used to hedge interest risk
- Majority of bonds have a duration of 1 - 5 years



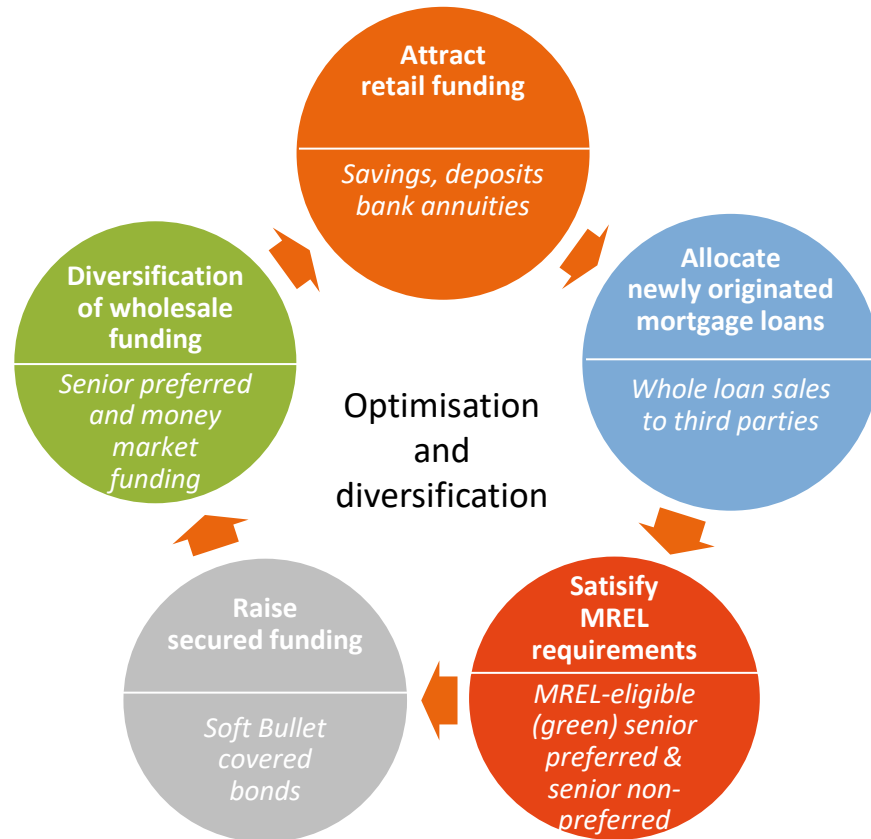
## Measurement and monitoring of funding position

- NSFR ratio<sup>1</sup>:
  - Incentive to fund NN Bank's activities from stable sources of funding on an ongoing basis
  - NSFR ratio of 137% at end of 1H24, well above regulatory minimum and internal target
- Loan to Deposit (LtD) ratio<sup>2</sup>:
  - Diversification of NN Bank's funding base and indication of the bank's dependence on wholesale funding for financing client loans
  - LtD ratio of 133% at end of 1H24

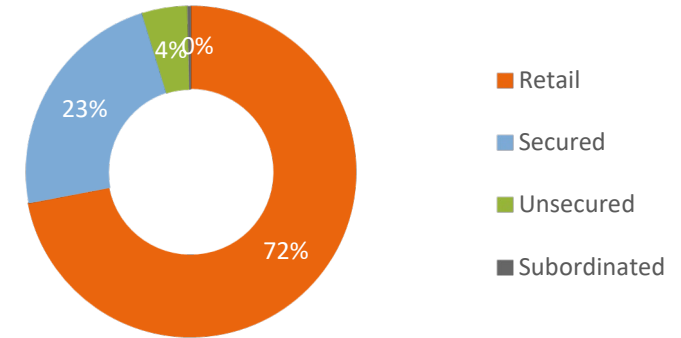
1. NSFR is defined as the amount of available stable funding relative to the amount of required stable funding  
2. Loan-to-deposit ratio is calculated by dividing the bank's total volume of commercial loans by its retail deposits

# Funding strategy geared to optimisation and diversification

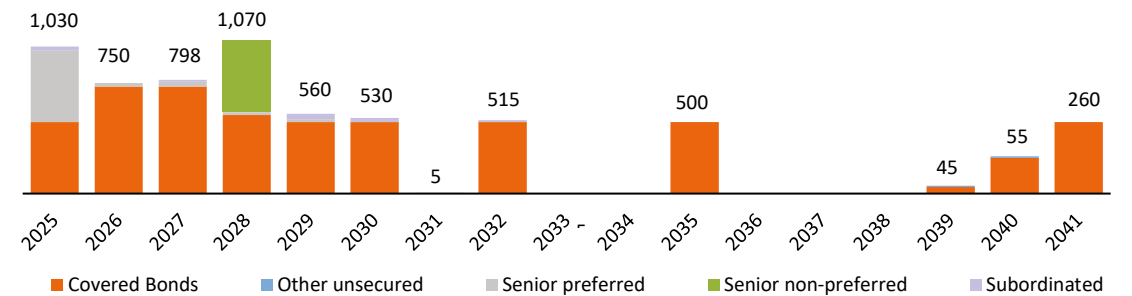
## Wholesale funding strategy



## Funding mix (as at 30 June 2024)



## Redemption profile (EUR m)

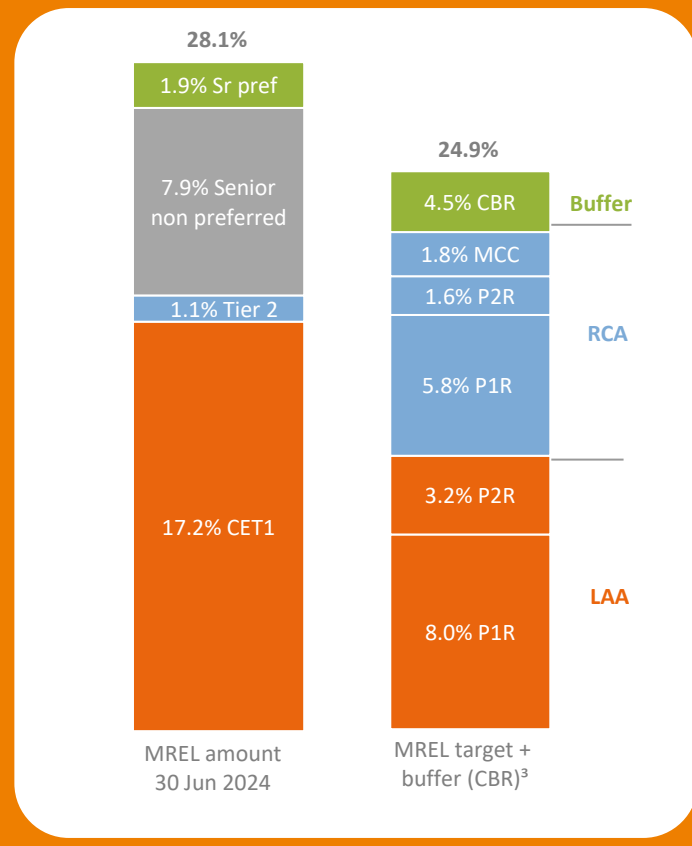


# Minimum Required Eligible Liabilities

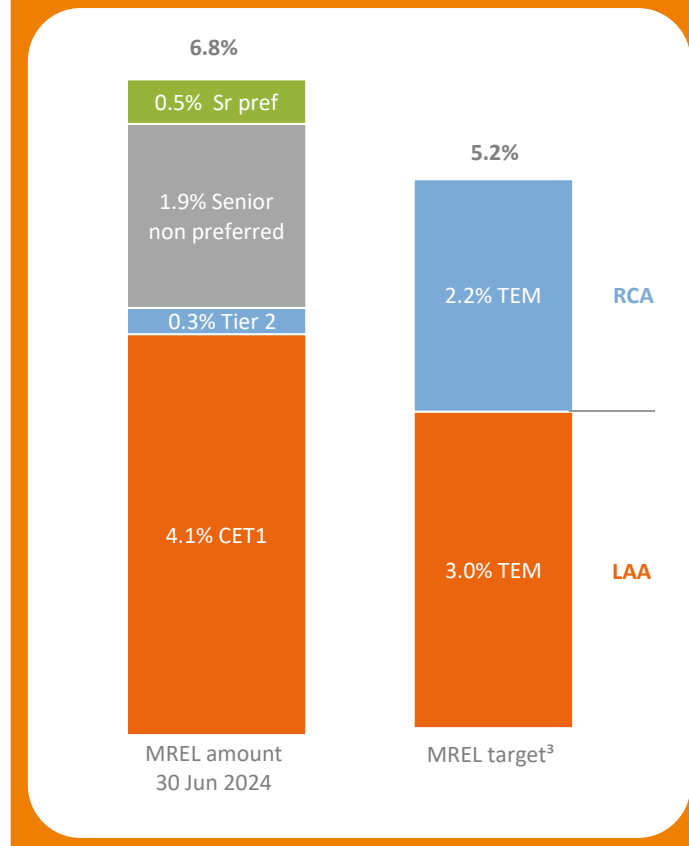
## NN Bank meeting MREL requirements

- Intending to meet MREL requirements with a combination of equity, Tier 2 and senior (non) preferred
- Effective MREL requirements for NN Bank<sup>3</sup>:
  - MREL-TREA: 20.4%
  - MREL-TREA + CBR: 24.9%
  - MREL-TEM: 5.2%
- Effectively 1 May 2024, the Combined Buffer Requirement (CBR) includes a Counter Cyclical Buffer (CCyB) requirement of 2%
- Both MREL requirements are comfortably met
- The No Creditor Worse Off (NCWO) analysis for NN Bank does not result in indications of NCWO risks. Hence, the NRA has not imposed a subordination target for NN Bank

## Total Risk Exposure Amount (TREA)<sup>1</sup>



## Total Exposure Measure (TEM)<sup>2</sup>



Based on the SRB's MREL Policy under the Banking Package disclosed by the SRB in May 2021

1. LAA (P1R + P2R) + RCA (P1R + P2R *post resolution* + MCC) + CBR, where LAA: Loss Absorbing Amount, RCA: Recapitalization Amount, MCC: Market Confidence Charge, CBR: Combined Buffer Requirement
2. TEM: Total Exposure Measure
3. MREL-decision of National Resolution Authority on 25 March 2024; reference date for MREL target is 31 December 2023, reference date for CBR is 1 May 2024



# S&P Credit ratings

## Credit rating reflects NN Bank's "highly strategic importance" for NN Group

- Long-term credit rating of A (stable outlook) by S&P, reflecting that NN Bank:
  - is a fully owned subsidiary of NN Group
  - is closely linked to the Group's reputation, dependent on its brand recognition and operates in line with the Group's overall strategy
  - supports the Group's cross selling strategy in the Netherlands and facilitates the Group's asset and liability management
- Senior non preferred rating of A- by S&P, one notch lower than NN Bank's long-term credit rating, reflecting:
  - the risk the noteholders would be bailed in before senior preferred debt in the event of the bank's resolution
  - that NN Bank would benefit from implicit group support, due to what S&P sees as its highly strategic status within NN Group
- Short-term credit rating of A-1

## Nationale-Nederlanden Bank N.V.

ST issuer rating, outlook	A-1 stable
LT issuer rating, outlook	A stable
Senior non preferred rating	A- stable
Rating affirmation	21 Dec 2023

## S&P Global Ratings

"S&P Global Ratings' stable outlook on the Netherlands-based NN Bank N.V. mirrors the stable outlook on its parent, the Netherlands-based multiline insurer NN GroupN.V.

The stable outlook on NN Bank also reflects our expectation that the bank will remain a highly strategic subsidiary of NN Group over the next two years. Any rating action on NN Group would therefore result in a similar rating action on NN Bank." <sup>1</sup>

1. S&P Global Ratings, RatingsDirect, 21 December 2023

## 4. Covered bond programme

# NN Bank Soft Bullet Covered Bond Programme

## Soft Bullet Covered Bond Programme

- Soft Bullet Programme established and officially registered with the Dutch Central Bank in June 2020
- Supporting future growth and:
  - ✓ Further diversifies the debt investor base
  - ✓ Enhances flexibility with respect to bond tenors
  - ✓ Enables green financing for energy efficient housing

## Green covered bonds

- In May 2022 NN Bank issued a EUR 500m, 10-year Soft Bullet Covered Bond under its Green Bond Framework supporting NN Bank's long-term sustainability strategy. This was the first Green Covered Bond issued by a Dutch bank
- In February 2023 NN Bank issued a EUR 750m, 4.25-year Green Covered Bond

## Retained Covered Bonds

- Soft Bullet covered bond programme amended in May 2023 to enable the issuance of retained covered bonds
- NN Bank (or any affiliated member of NN Group) has limited voting rights. i.e. no voting rights when proposed change concerns covered bonds held by external investors
- Eligibility criteria for cover pool remain unchanged
- Final Terms of retained covered bonds disclosed on the corporate website

# NN Bank Soft Bullet covered bond features

## Robust structure

<b>Issuer</b>	Nationale-Nederlanden Bank
<b>Programme size</b>	EUR 12.5 bn
<b>Type of issuance</b>	<ul style="list-style-type: none"> <li>• Soft bullet structure</li> <li>• Dual recourse to the issuer and CBC<sup>1</sup></li> <li>• Extension period: 12 months</li> </ul>
<b>External ratings</b>	<ul style="list-style-type: none"> <li>• Covered bonds have an expected 'AAA' rating by S&amp;P</li> <li>• NN Bank long-term credit rating 'A' by S&amp;P (stable outlook)</li> </ul>
<b>Overcollateralisation</b>	<ul style="list-style-type: none"> <li>• Asset Percentage 94.75%</li> <li>• Minimum statutory CRR OC of 105.0%</li> <li>• Available statutory CRR OC of 111.0%<sup>3</sup></li> </ul>
<b>Interest rate/ Hedging</b>	<ul style="list-style-type: none"> <li>• No hedging instrument included at closing (optional)</li> <li>• Minimum Interest Rate of 1.0%</li> </ul>
<b>Cover assets</b>	<ul style="list-style-type: none"> <li>• High quality Dutch residential mortgage loans</li> <li>• All cover assets are NN-labelled and originated by NN Bank and NN Life<sup>4</sup></li> <li>• 29.7% of the cover pool benefits from an NHG guarantee<sup>3</sup></li> <li>• Cover pool's weighted average CLTOMV is 71.8%<sup>3</sup></li> <li>• Green Buildings Collateral Support Amount EUR 2.7bn<sup>3</sup></li> </ul>

## Regulatory treatment for investors

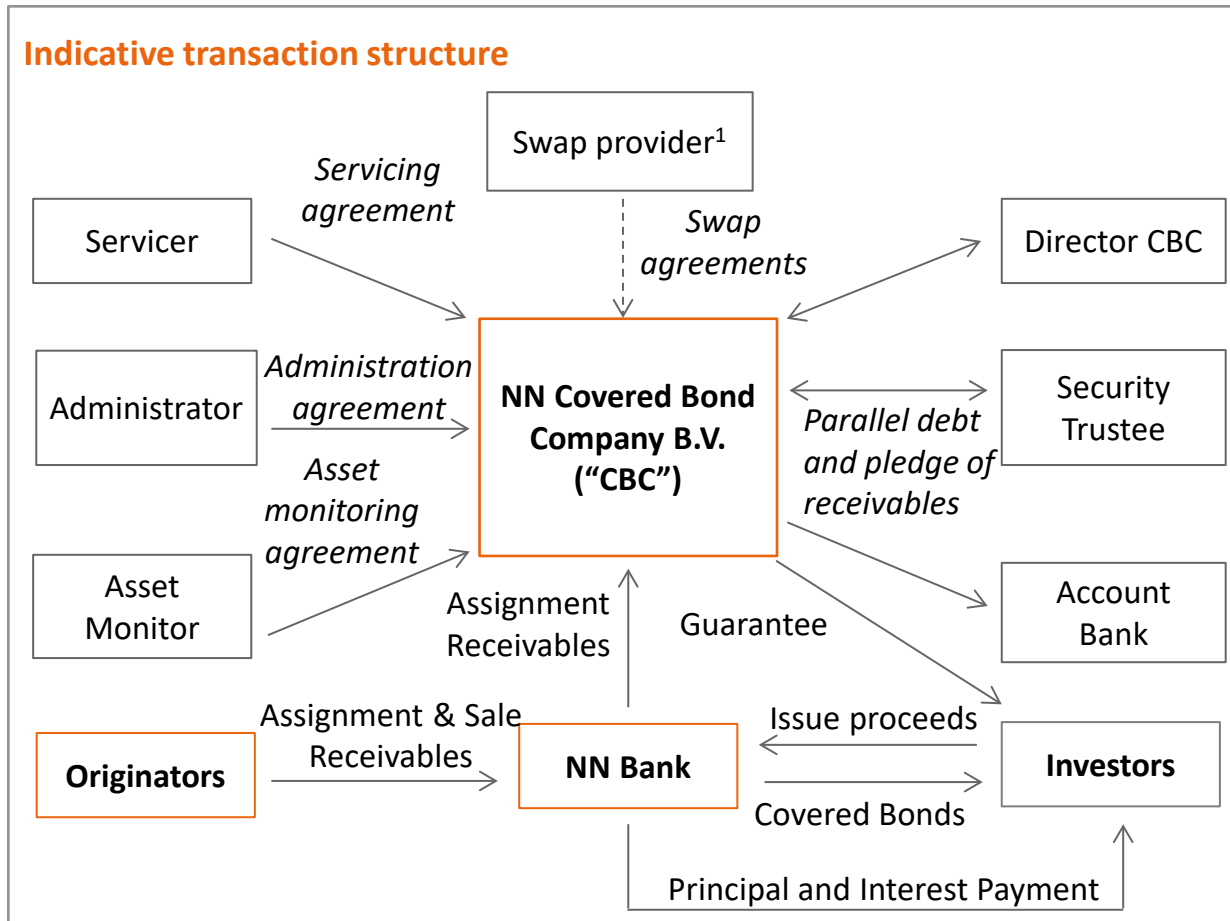
- Dutch law and Dutch Central Bank registered
- Covered Bond Directive and CRR article 129 compliant
- European Covered Bond (Premium) compliant
- LCR eligible (level 1) / Solvency II friendly
- ECB repo eligible

## Transparency

- National Transparency Template (NTT) and Harmonised Transparency Template (HTT) available on corporate website and dedicated portals
- Member of the Dutch Association of Covered Bond Issuers (DACB)<sup>2</sup>
- Covered Bond Label and HTT Reporting from ECBC



# Soft Bullet programme structure



## Key transaction parties

<b>Originators</b>	NN Bank and NN Life <sup>2</sup>
<b>Transferor, Issuer</b>	NN Bank
<b>Servicer</b>	NN Bank
<b>Administrator</b>	NN Bank
<b>Guarantor</b>	NN Covered Bond Company B.V.
<b>Director CBC</b>	Intertrust
<b>Security Trustee</b>	Stichting Security Trustee NN Covered Bond Company
<b>Stichting Holding</b>	Stichting Holding NN Covered Bond Company
<b>Arranger</b>	Rabobank
<b>Asset Monitor</b>	KPMG
<b>CBC Account Bank</b>	BNG Bank
<b>Rating Agency</b>	Standard & Poor's

1. Portfolio swap and Interest rate swap are optional
2. Mortgage loans that have been originated by NN Life and are held on NN Bank's balance sheet



# Soft Bullet mechanism

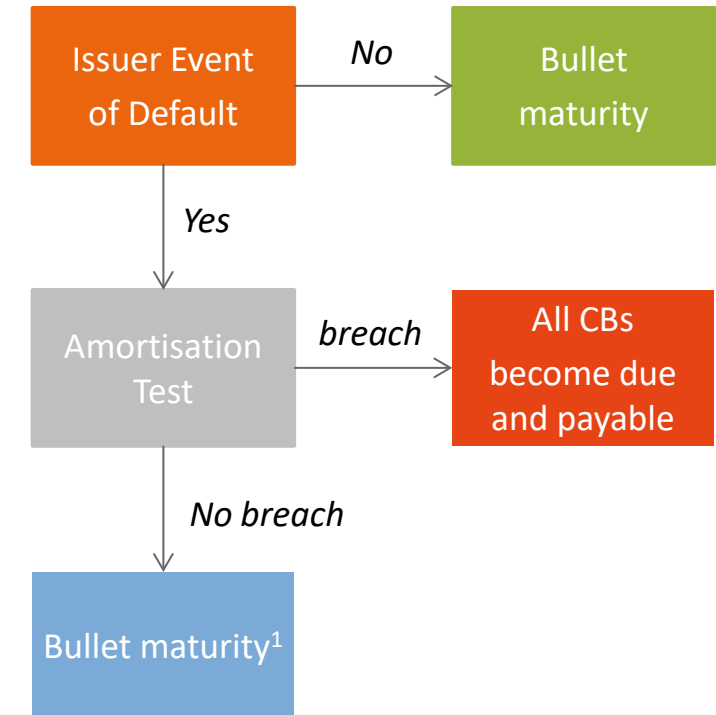
## Going concern

- Under going-concern conditions, the covered bonds (CBs) are bullet securities due on the Final Maturity Date and the Issuer will ensure the coupon and principal payments to the investors
- The Asset Cover Test (ACT) guarantees that the cover pool meets the minimum OC requirements

## After an Issuer Event of Default

- The ACT will be replaced by the Amortisation Test
- If on the Final Maturity Date of the CB an Issuer Event of Default takes place and the CBC has insufficient funds to redeem the CBs, this does not trigger a CBC Event of Default
- At such time the Final Maturity Date is extended for a period of maximum 12 months
- During this extension period the administrator undertakes to sell (a part of) the cover pool and uses the proceeds thereof to (partially) repay the specific CB series on every Interest Payment Date within this period
- If the structure has insufficient funds to repay a specific series on the Extended Due for Payment Date, this will trigger a CBC default and result in all CBs becoming due and payable
- A breach of the Amortisation Test would also constitute a CBC Event of Default and results in all CBs becoming due and payable

## Event diagram of a single series



1. Assuming the structure has sufficient funds available to redeem the CB on the Final Maturity Date. In the event of insufficient funds, the maturity date will be extended with a maximum of up to 12 months

# Cover Pool Eligibility Criteria

## Eligibility Criteria

- Each mortgage is either a Bank Savings Mortgage Loan, Life Mortgage Loan, Investment Mortgage Loan, Linear Mortgage Loan, Annuity Mortgage Loan, Interest-only Mortgage Loan, Savings Mortgage Loan, Switch Mortgage Loan or a combination thereof
- The outstanding principal amount per borrower cannot exceed 100% of original market value, originated in line with mortgage code of conduct<sup>1</sup>
- First and subsequent ranking mortgages
- All properties backing the mortgaged loans are located in the Netherlands
- All payments via direct debit
- Borrower is a private individual, resident of the Netherlands and is not an employee of NN Group
- Each mortgage loan is governed by Dutch law and is denominated in euros
- Each mortgaged asset is occupied by the Borrower at the moment of (or shortly after) origination
- Mortgage conditions provide that all payments by the Borrower should be made without any deduction or set-off (other than in respect of construction deposits)

1. The maximum outstanding principal amount per borrower, originated before August 2011, did not exceed 130% of the foreclosure value at origination, while the maximum outstanding principal amount per borrower, originated in and after August 2011, did not exceed 106% of the original market value at origination

# Asset Cover Test

## Asset Monitoring Agreement

1. Adjusted Aggregate Asset Amount  $\geq$  outstanding Covered Bonds
2. First regulatory current balance amount  $\geq$  105% of outstanding Covered Bonds
3. Second regulatory current balance amount  $\geq$  100% outstanding Covered Bonds

## Adjusted Aggregate Asset Amount =



## Calculation specification:

### 'A' includes:

- 96% Asset Percentage
- 80% Indexed LTV cut-off
- Deduction for the built-up of savings for Savings, Switch, Savings Alternative and Bank Savings mortgage loans
- (Partial) deduction of arrears and defaulted receivables and receivables in breach of the receivable warranties
- Deduction of construction deposits and other claims
- Deduction of borrower deposits > EUR100,000<sup>1</sup>
- Deduction for relevant loan parts for which the interest rate < 1.0%
- Deduction of Long Term Mortgage Loan<sup>2</sup> notional when the Long Term Mortgage Loan % of the cover pool > 15.0%

'B' represents any unapplied principal receipts

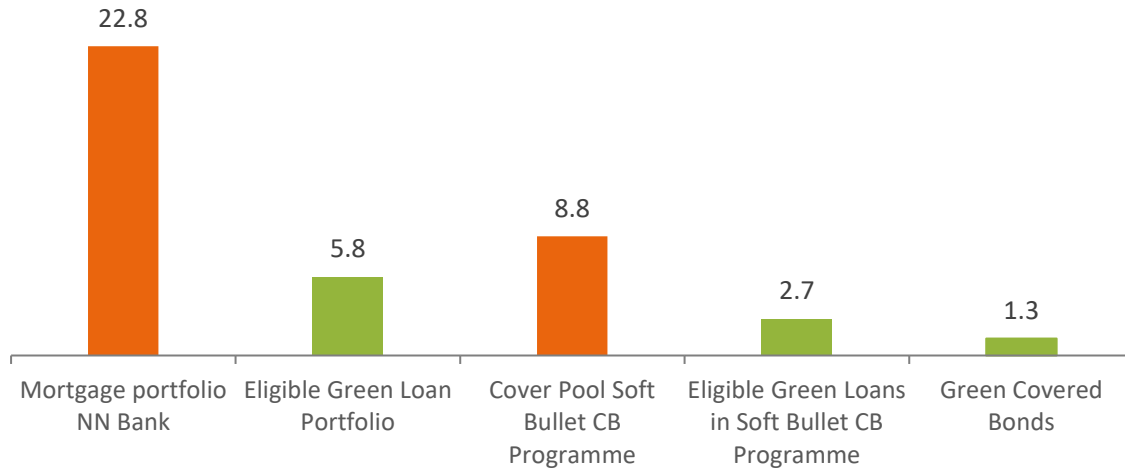
'C' and 'D' represent cash (including the Reserve Account) and substitution assets

'Z' represents the amount equal to the Interest Cover Required Amount

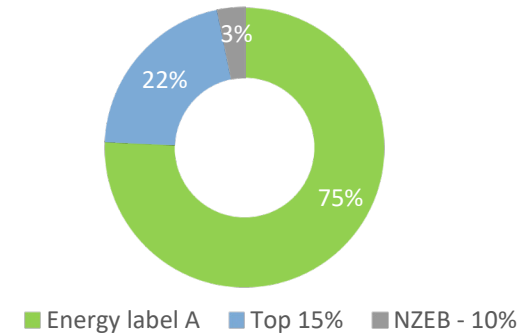
1. Applicable if the Issuer Credit Rating at S&P falls below 'BBB' (long-term) or 'A-2' (short-term)
2. An Interest Only mortgage loan without maturity date, originated prior to September 2012

# Eligible Green Mortgage Loans in Cover Pool

Overview eligible green mortgage loans (in EUR bn) <sup>1</sup>

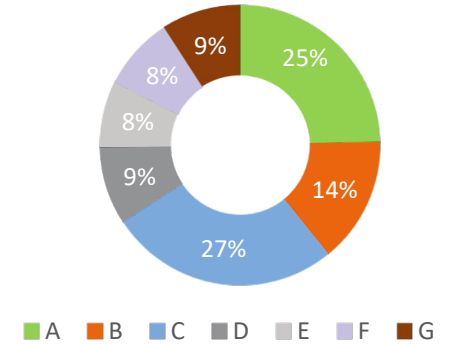


Distribution Green Buildings in Cover Pool



Eligible Green loans in Cover Pool Soft Bullet CB Programme

Distribution energy labels NN Bank



Total Mortgage Loan portfolio NN Bank

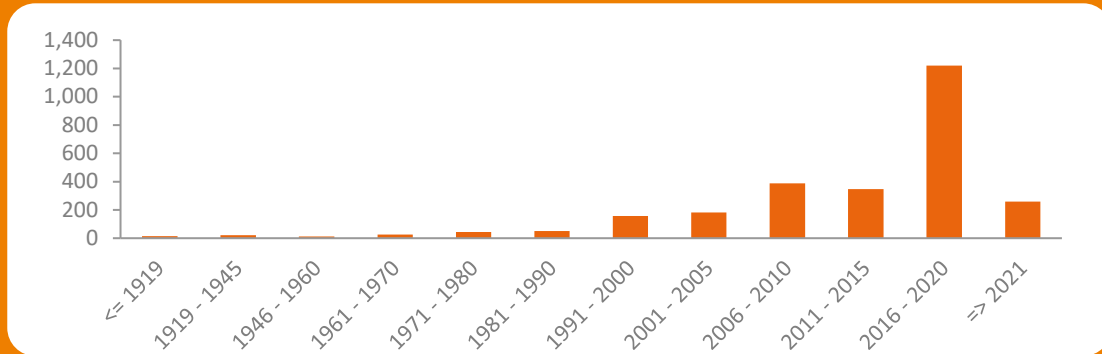
## Minimum Green Buildings Collateral Support Amount mechanism

- For as long as Green covered bonds are outstanding under the programme, NN Bank ensures, on a best effort basis, that the Cover Pool comprises an equivalent EUR amount of eligible green mortgage loans, whose outstanding principal balance is at least equal to the EUR size of outstanding Green Covered Bonds (=Minimum Green Buildings Collateral Support Amount)
- Any failure by NN Bank to comply with the above will not be an issuer event of default under the Soft Bullet CB programme
- At 31 July 2024 the Cover Pool comprises EUR 2.7bn of eligible green mortgage loans<sup>2</sup>

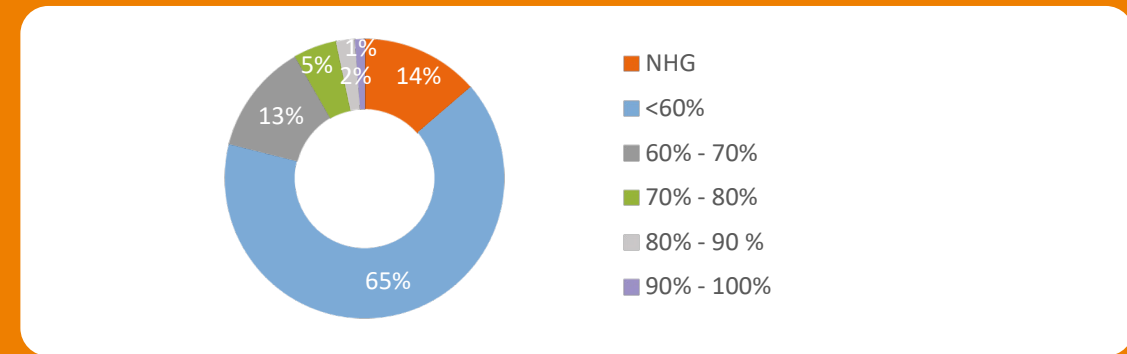
1. Eligible green mortgage loans according to the eligibility criteria as defined in NN Bank's Green Bond Framework  
 2. Based on NN Bank's soft bullet cover pool with cut-off date 31 July 2024

# Green Buildings Collateral Support Amount is green, largely newly build and has on average higher notional

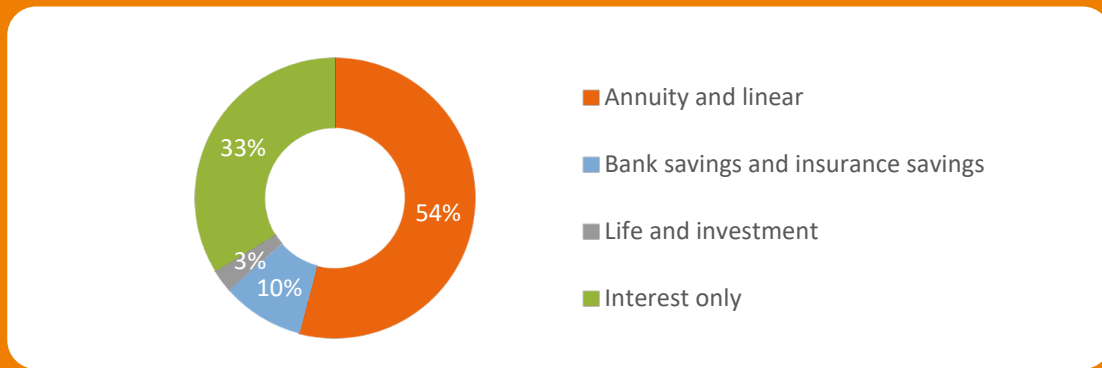
Building years of Green Buildings Collateral Support Amount<sup>2</sup>



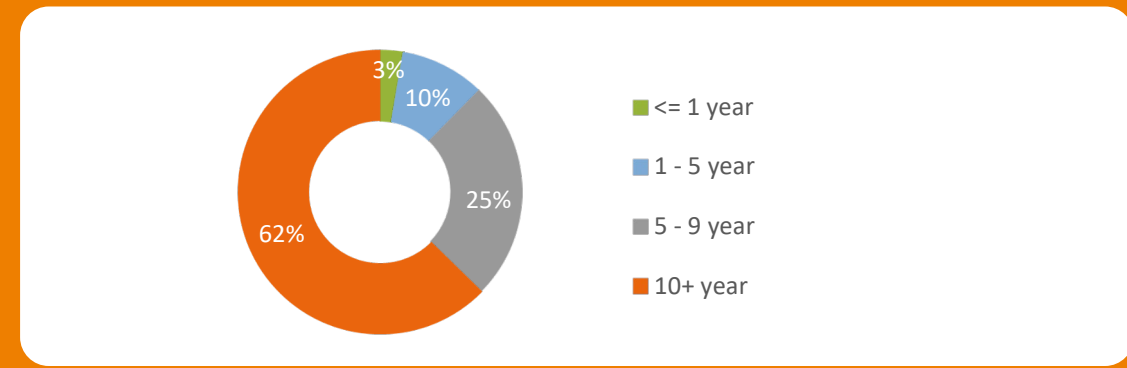
Loan-to-value as % of Green Buildings Collateral Support Amount<sup>2</sup>



Mortgage redemption type as % of Green Buildings Collateral Support Amount<sup>2</sup>



Remaining interest fixed period as % of Green Buildings Collateral Support Amount<sup>2</sup>



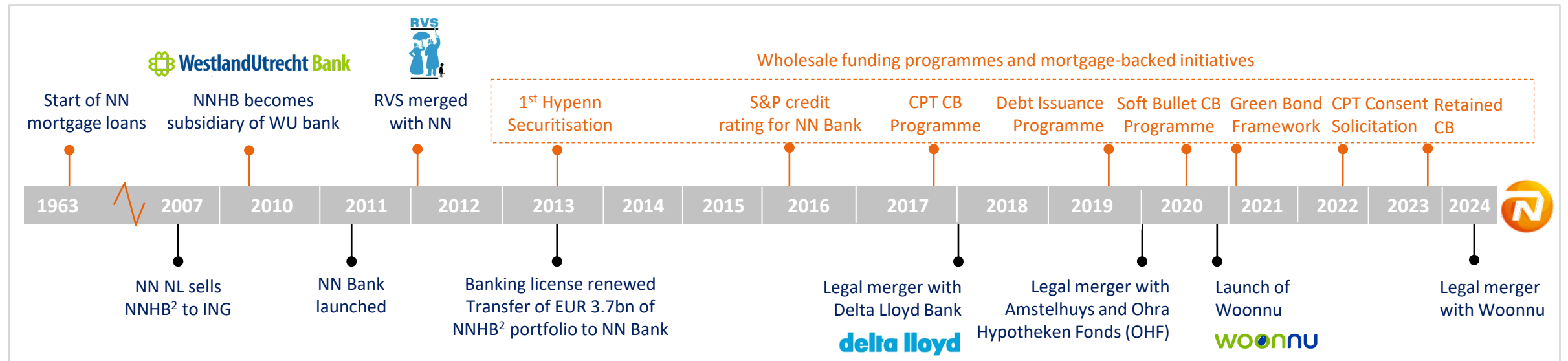
1. Amortising mortgage types are annuity, linear, bank savings and insurance savings mortgage loans
2. Based on NN Bank's soft bullet cover pool with cut-off date 31 July 2024

## 5. Mortgage business

# Long-standing history in mortgage business

## Successful NN-labelled mortgage business can be traced back to 1963

- Nationale-Nederlanden was founded in 1845, and evolved as a well-known brand in the Netherlands
- In 1963, Nationale-Nederlanden started originating mortgage loans ('NN-labelled mortgage loans')<sup>1</sup>
- NN Bank was launched in 2011 to take advantage of new banking opportunities in response to declining individual life insurance market
- Growth accelerated in 2013 with the acquisition of parts of WU Bank (within ING Bank), gaining product expertise and a solid banking platform
- On 1 January 2018, Delta Lloyd Bank was merged into NN Bank

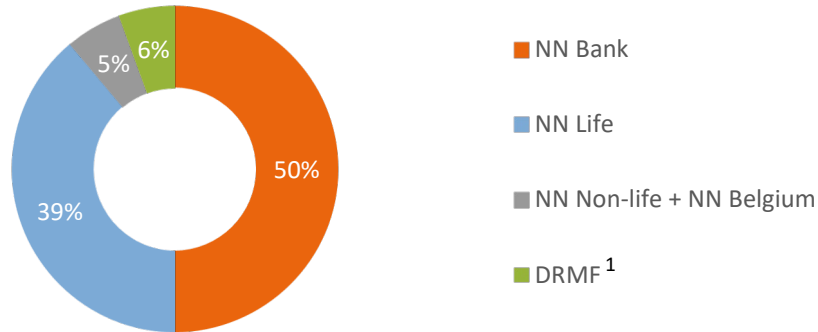


1. NN-labelled mortgage loans prior to 1 July 2013 were originated by NN Life and RVS Life; since 1 July 2013 NN-labelled mortgage loans have been originated by NN Bank

2. NNHB (Nationale-Nederlanden Hypotheekbedrijf) is a mortgage book held by ING Bank

# Distribution and servicing of mortgage loans

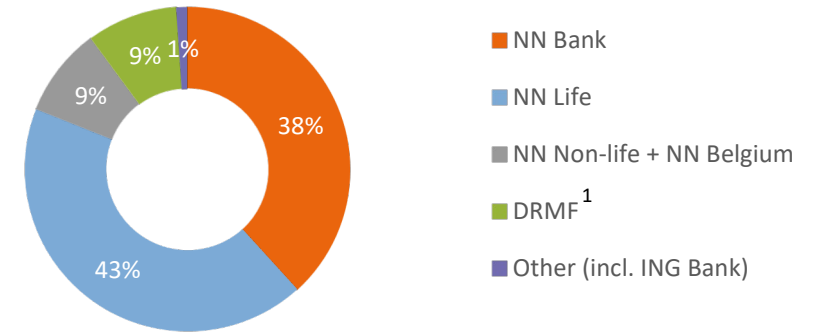
Distribution of newly-originated mortgage loans in 1H24 (EUR 1.8bn)



## Distribution of new mortgage loans within NN Group and to third parties

- In 1H24, EUR 1.8bn of mortgage loans were originated, compared with EUR 2.2bn in 1H23
- Of the EUR 1.8bn, EUR 0.9bn of mortgage loans were transferred to third parties and EUR 0.9bn remained on NN Bank balance sheet
- Mortgage loans match well with the longer-term nature of the insurer's liabilities

Mortgage loan portfolio serviced at 30 June 2024 (EUR 55.4bn)



## Servicing of mortgage loans within NN Group and for third parties

- Servicing EUR 34.2bn of mortgage loans for other NN Group companies, Goldman Sachs Dutch Residential Mortgage Fund and ING Bank
- Monthly transfer of mortgage loans from ING Bank to NN Bank<sup>2</sup> (as at 30 June 2024, the size of NN-labelled mortgages held by ING Bank was EUR 0.3bn)

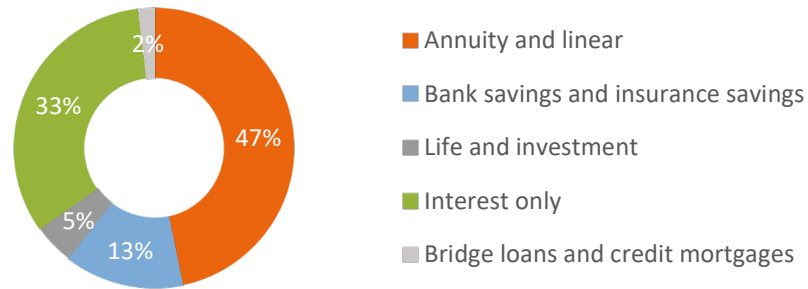
1. Goldman Sachs Dutch Residential Mortgage Fund

2. In line with transfer agreement, NN Bank purchases NN-labelled mortgage loans held by ING Bank (NNHB) at reset date

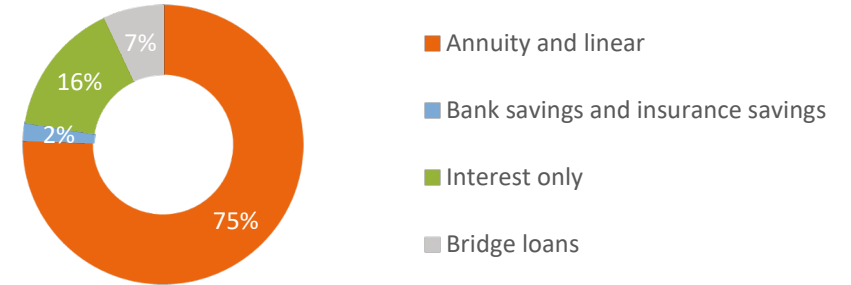


# Amortising mortgage loans with long fixed reset tenors

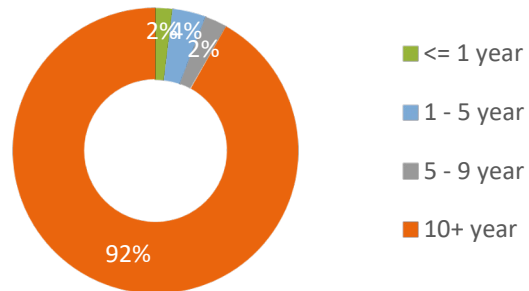
Redemption types as % of NN Bank mortgage portfolio (30 June 2024)<sup>1</sup>



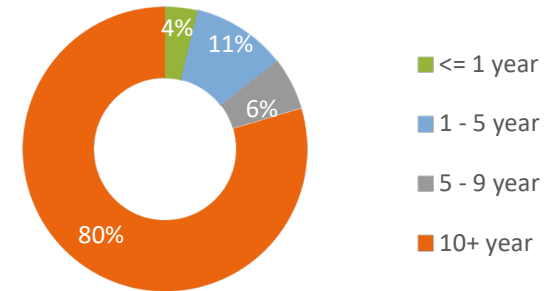
Majority of new mortgage origination is annuity type (average last 12 months)



Chosen reset tenors as % of NN Bank mortgage portfolio (30 June 2024)



Most borrowers opted for long interest reset tenors (average last 12 months)



1. Amortising mortgage types are annuity, linear, bank savings and insurance savings mortgage loans

# Strong historical mortgage loan performance

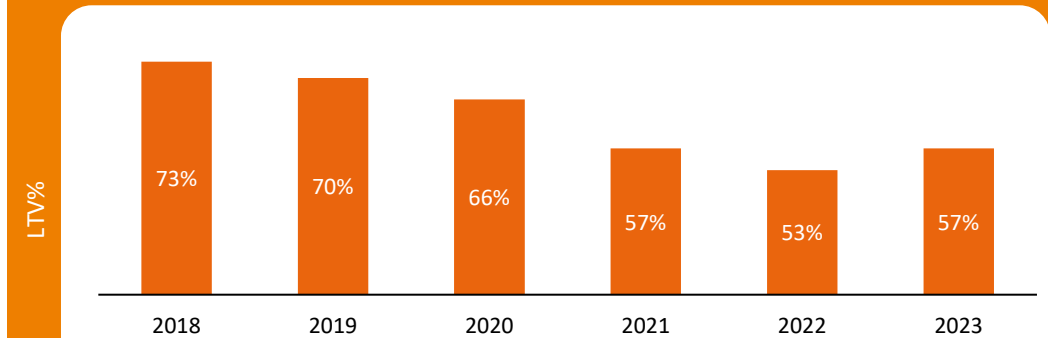
## Moderate Loan-to-Values ...

- Since 2018 LTV-cap is 100% and 106% including sustainability measures
- As per year-end 2023 the current loan-to-indexed market value is 57%
- Trend in LTV down due to higher proportion of amortising loan parts
- However, decreased housing valuations in 2023 resulted in a shift towards slightly higher LTV buckets as compared to 2022
- Higher amortisation triggered by changes in tax legislation, i.e. for new mortgage loans only annuity (or linear) loans are tax deductible

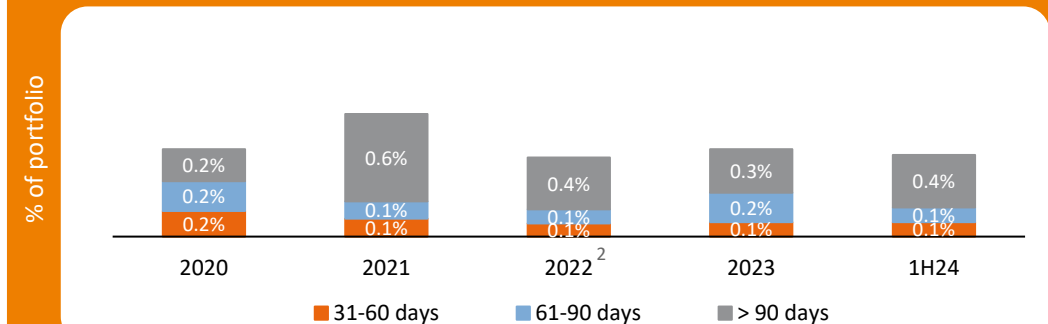
## ... supported by several other mitigating factors

- Strict underwriting under Code of Conduct and Dutch law
- Mortgage loan is typically the only debt of average Dutch household
- High payment moral of Dutch borrower
- Strong legal and regulatory framework of full recourse, whereby lender has a secured claim to current and future wealth of the borrower
- Affordability (debt to income) is decisive in underwriting, not LTV level

## Weighted average current loan-to-indexed market value trend decreases<sup>1</sup>



## Overall arrears levels in the Bank's portfolios remain low



1. NN Bank mortgage portfolio

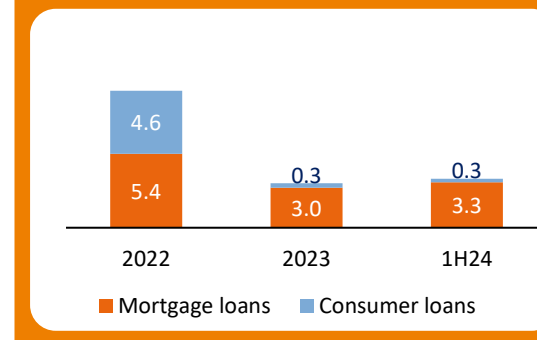
2. Increase in delinquencies > 90 days is mainly a result of the implementation of the new regulatory guidelines on the definition of default as per 1 January 2021 whereby the counting of months past due is adjusted

# Loan loss provisioning and stage classification

## Loan loss provisions (LLP)

- Compared with 31 December 2023, the loan loss provision for mortgages increased by EUR 0.4 million to EUR 3.3 million in the first half of 2024
- The increase in provisions is largely driven by the increase Stage 3 provisions, due to slight increase in the number of non-performing loans. The increase was slightly offset by the 4.1% increase in housing prices in the first half of 2024
- The provisions for consumer lending decreased by EUR 0.1 million, due to repayments of the loans

## Loan loss provision by type (EURm)

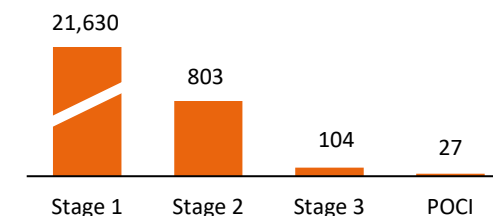


## Loans by stage

- Credit risk exposure models are used to calculate:
  - the level of 12-month Expected Loss (Stage 1)
  - the Lifetime Expected Loss (Stage 2 and Stage 3)
- Mortgage loans with payment holidays are classified under IFRS 9 Stage 2
- The LLP is the sum of Stage 1, 2 and 3 provisions and POCI<sup>3</sup> assets.

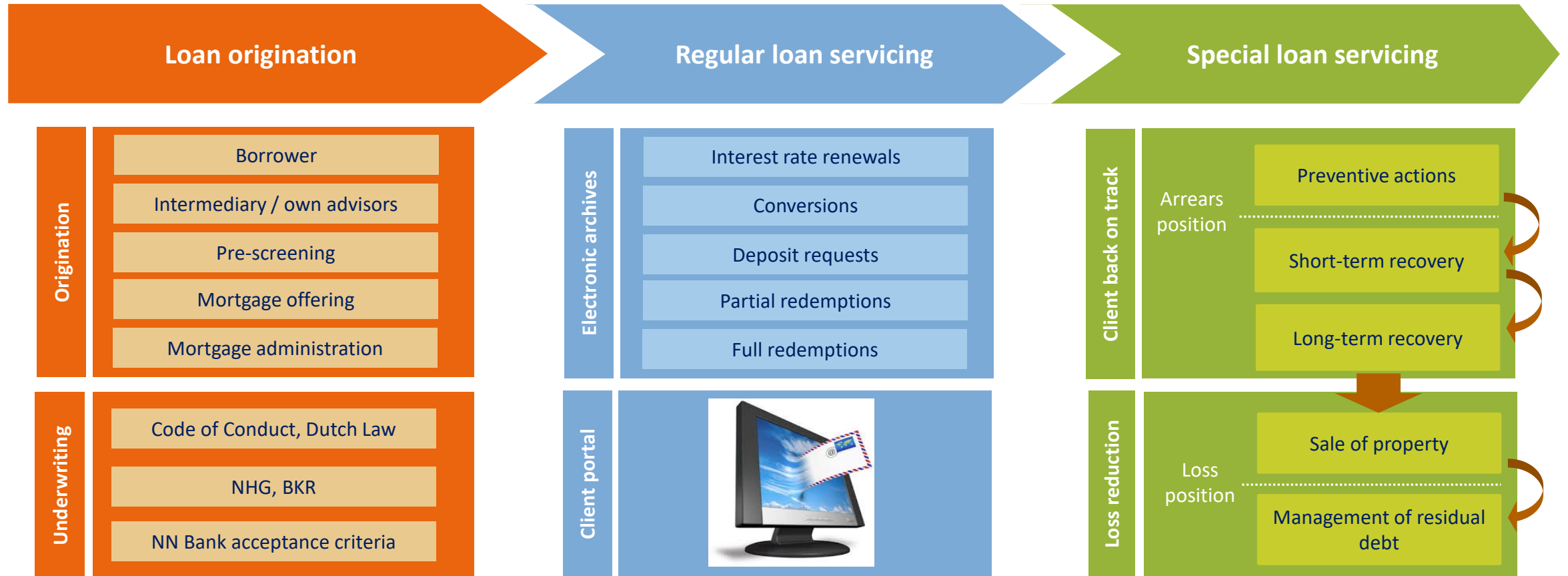
## Coverage ratio:

Stage	Loan loss provisions (EURm)	Loan amount (EURm)	Coverage ratio <sup>2</sup> (%)
Stage 1	0.2	21,630	0.0%
Stage 2	1.5	803	0.2%
Stage 3	1.8	104	1.8%
POCI <sup>3</sup>	0.0	27	0.2%



# Appendices

# A Mortgage loans: origination and underwriting process<sup>1</sup>



1. Mortgage operations only related to the NN-labelled mortgage loans. Origination and servicing of Quion (HQ50), Delta Lloyd and Woonnu mortgage loans are not included here, since these are not eligible to the covered bond programme

# A Mortgage loans: origination and underwriting criteria<sup>1</sup>

## All mortgage production is originated via intermediary channels

- NN Bank's mortgage origination network comprises over 1,700 active intermediaries
- Since 2012, intermediaries do not receive commission on new mortgage loan origination
- In 2023 NN Bank completed the launch of a new mid-office system

## Intermediaries need to be licensed

- Dedicated team for initiating and maintaining contacts with intermediaries
- Both pro-active acquisition and reversed enquiry take place
- Intermediaries need to fulfil certain requirements, including a license in accordance with the Dutch Financial Services Act (Wet Financieel Toezicht) and a strategic long-term business plan
- Physical due diligence at premises of the intermediary

## Screening of intermediaries

- Ongoing screening of performance of intermediaries
- Ad-hoc screening as required

1. Underwriting criteria only related to the NN-labelled mortgage loans. Origination and servicing of Quion (HQ50), Delta Lloyd and Woonnu mortgage loans are not reflected here, since these are not eligible for the covered bond programme

# A Mortgage loans: origination and underwriting criteria<sup>1</sup>

## Code of conduct

- NN Bank complies with the Financial Supervision Act, the Mortgage Credit Directive and special underwriting legislation (“Tijdelijke regeling hypothecair krediet”)
- Affordability calculations are based on figures of the National Institute for Family Finance Information (“NIBUD”)
- Loan-to-income and Debt-to-income ratios are compliant with Dutch Code of Conduct (“Gedragscode Hypothecaire Financiering”)

## Borrower criteria

- Credit history is checked in several registers (e.g. BKR and Fraud Register)
- Applicants registered at the National Credit Register (BKR) with a negative credit profile are rejected
- Specific underwriting criteria apply if one of the applicants has a non-EU nationality and is self-employed
- Loan-to-income ratios conform to GHF (Code of Conduct)
- Self-certified income is not taken into account in the application process

## Collateral criteria

- All properties must be located in the Netherlands
- For collateral with market value below EUR 1.25m, maximum LTMV<sup>2</sup> is 100%
- Properties with a market value above EUR 1.25m have a maximum loan amount of 90% of the market value and must be payable at 90% of the income
- Full valuation is commonly used; since 1 July 2021, tax valuation (WOZ) reports can no longer be used for further advances

1. Underwriting criteria only related to the NN-labelled mortgage loans. Origination and servicing of Quion (HQ50), Delta Lloyd and Woonnu mortgage loans are not reflected here, since these are not eligible to the covered bond programme

2. Loan-to-Market-Value

# B NN Bank funding programmes

## Secured funding (collateralised by prime Dutch residential mortgage portfolios)

### Soft Bullet Covered Bond Programme

- EUR 12.5bn programme, of which issued EUR 5.6bn for funding and EUR 2.0bn for retained purposes
- Registered with the Dutch Central Bank<sup>1</sup>
- In compliance with the Covered Bond Directive and CRR article 129
- Base Prospectus last updated on 18 July 2024

## Green Bonds

### Green Bond Framework

- Under the Green Bond Framework NN Bank issues Green Bonds to finance and / or refinance mortgages for energy efficient residential buildings in the Netherlands
- Second Party Opinion
- Allocation report 2023 (including limited assurance report)
- Impact report 2023

## Unsecured funding

### Debt Issuance Programme (EMTN<sup>3</sup>)

- EUR 5.0bn programme, of which issued EUR 0.5bn of senior preferred and EUR 0.5bn senior non-preferred
- Base prospectus last updated on 15 March 2024

## Programme documentation, investor reports and credit ratings

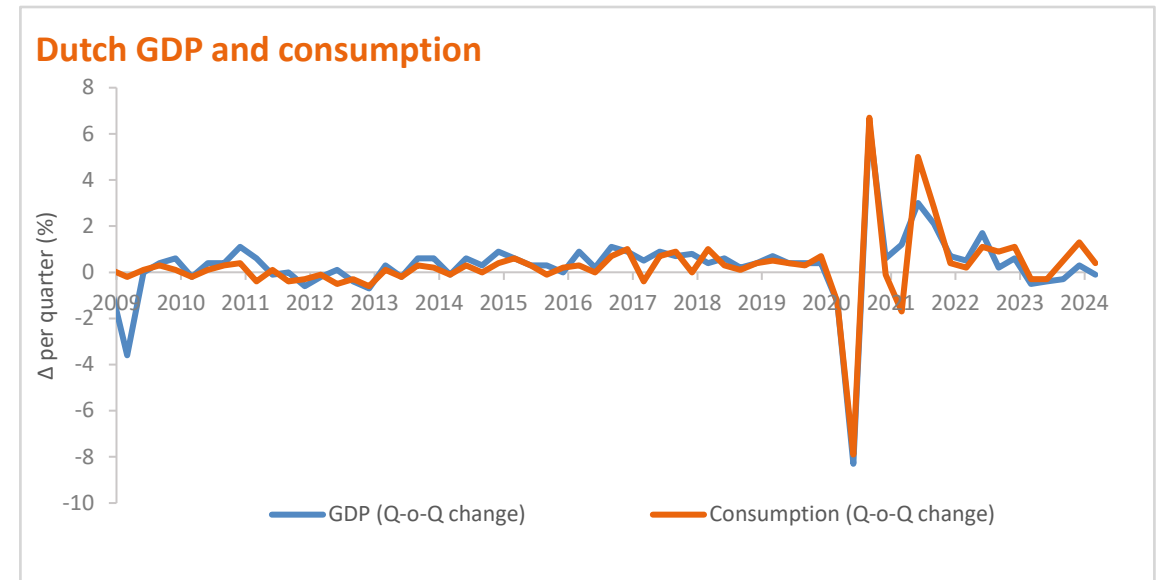
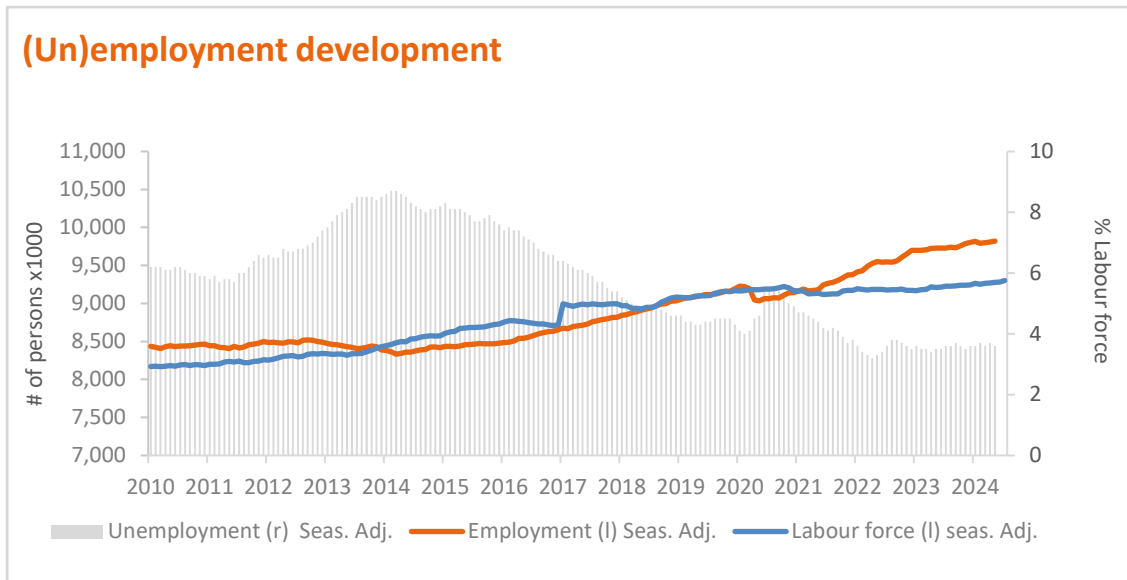
- Website: <https://www.nn-group.com/investors/nn-bank.htm>
- Covered Bonds: [DACB](#), [coveredbondlabel](#)
- RMBS: [dutchsecuritisation](#)
- Bloomberg: NNGRNV Corp

1. See also the website of Dutch Central Bank: [Implementation of the European Covered Bonds Directive in Dutch law \(dnb.nl\)](#)  
2. Residential Mortgage-Backed Securities  
3. Euro Medium Term Notes



# C Dutch economy and housing market

- The Dutch economy contracted by 0.1% in the first quarter of 2024
- It is expected that the economy will grow 0.4% in 2024 followed by a 1.3% growth in 2025. The estimated growth is driven mainly by government and private consumption, while it is expected that exports and business investments contract. Rising purchasing power mainly defines the growth of private consumption. Rising purchasing power in its turn is driven by higher wages and low unemployment
- Despite a slight expected increase in unemployment over the coming period (3.8% in 2024 and 4.1% in 2025), the unemployment rate remains low in historical and international perspective. This is explained by a low inflow into unemployment, while the outflow from unemployment to work is high: the proportion of unemployed people who exit unemployment within three months to work has been well above the long-term average since 2022

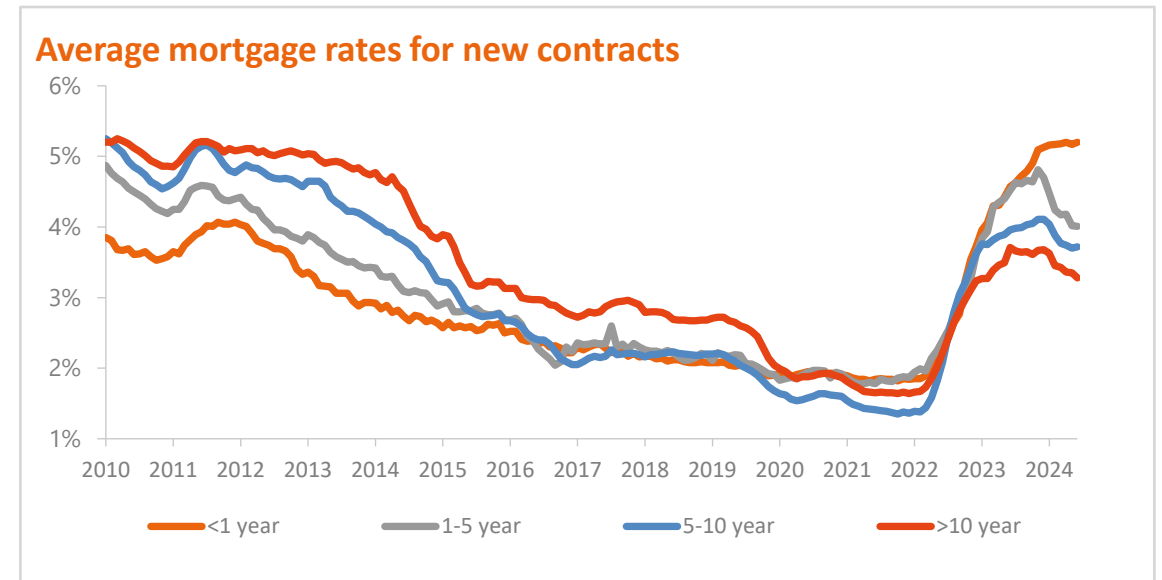
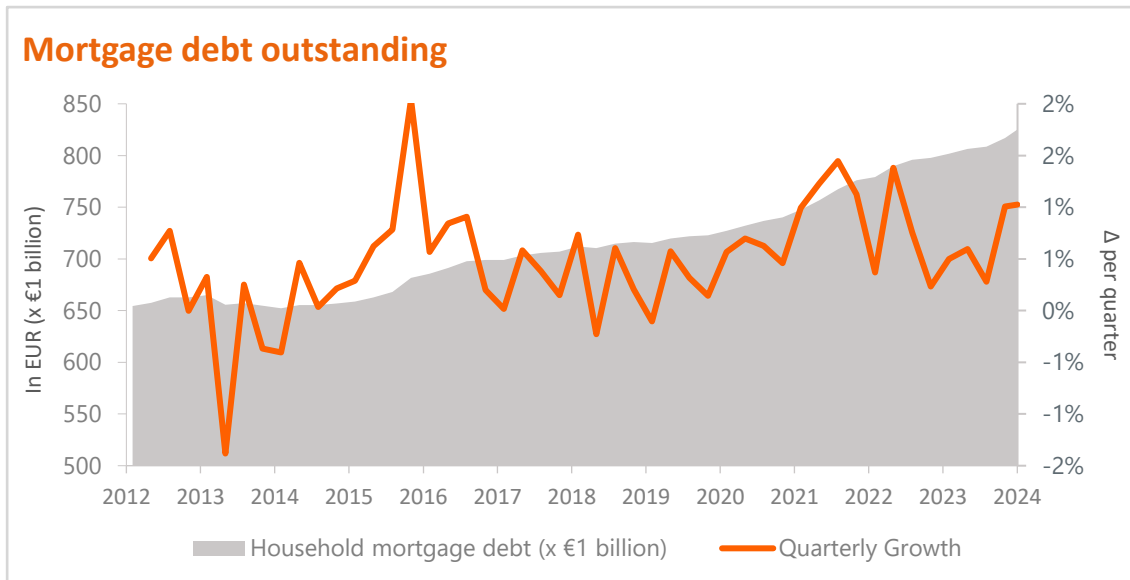


Sources:

- CBS, Land Registry, Dutch Housing Market Quarterly Rabobank and Economic Update Rabobank, unless stated otherwise
- RaboResearch: "Dutch economy: Modest growth in 2024, acceleration in 2025", 14 June 2024

# C Dutch economy and housing market

- Dutch house prices are expected to rise by an average of 6.7% in 2024. For 2025, a house price increase of 5.2% is expected. It is expected that in Q4 of 2025, homebuyers are expected to pay over EUR 32,000 more for the average owner-occupied home than in April 2024
- The sharp increase in wages is the main cause of rising house prices. As a result, homebuyers can borrow more and more. Also, the limited supply of houses and the lack of new housing construction have led to the rise in Dutch house prices. As wage growth gradually levels off, the pace of house price increases is also expected to slow gradually
- Mortgage interest rates have slightly lowered compared to the peak levels in 2023. It is expected that interest rates will stabilise

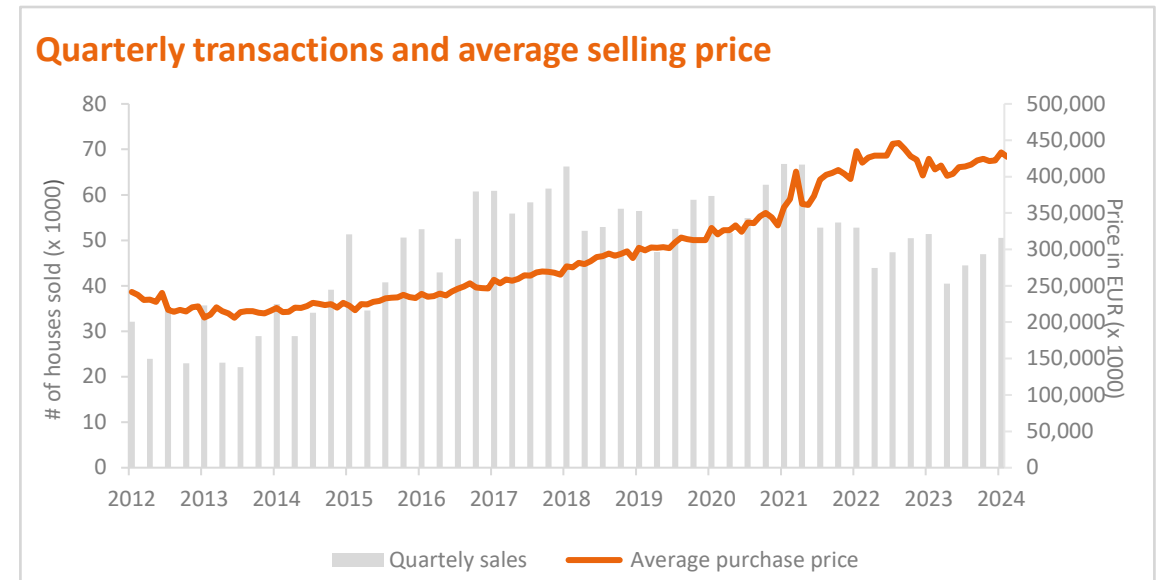
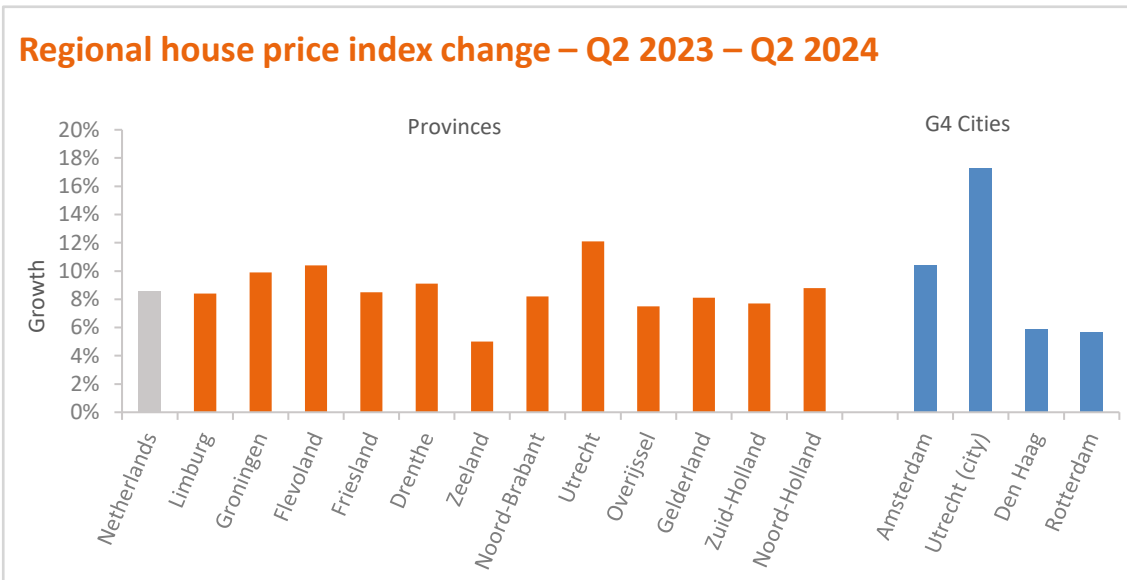


Sources:

- CBS, Land Registry, Dutch Central Bank, Dutch Housing Market Quarterly Rabobank and Economic Update Rabobank, unless stated otherwise
- RaboResearch: "House prices rise further, average (prospective) owner-occupier falls short by over EUR 100,000", 21 June 2024

# C Dutch economy and housing market

- In Q1 2024 almost all Dutch regions saw existing house prices rise, both compared to the previous quarter and compared to the same quarter one year earlier
- Despite recent house price increases, in most Dutch regions owner-occupied houses are still cheaper than at the 2022 price peak
- It is expected that all regions will eventually record a house price plus in 2024. Especially in the regions of Groningen and Flevoland a solid house prices increase of around 8% is expected
- For 2024 it is assumed that 188,000 home sale transactions will take place, followed by 182,000 transactions in 2025



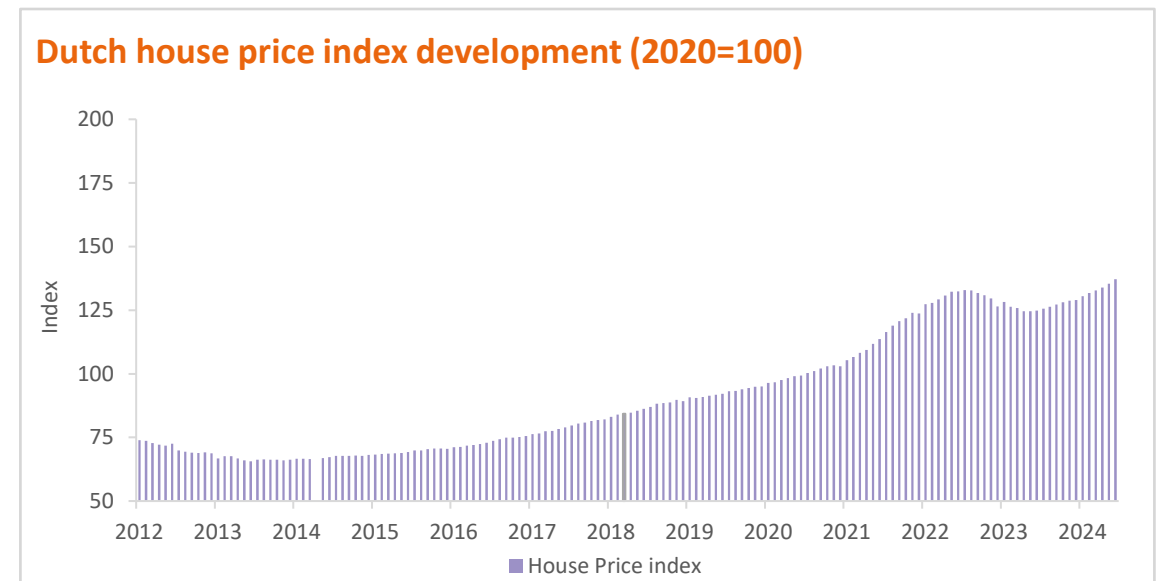
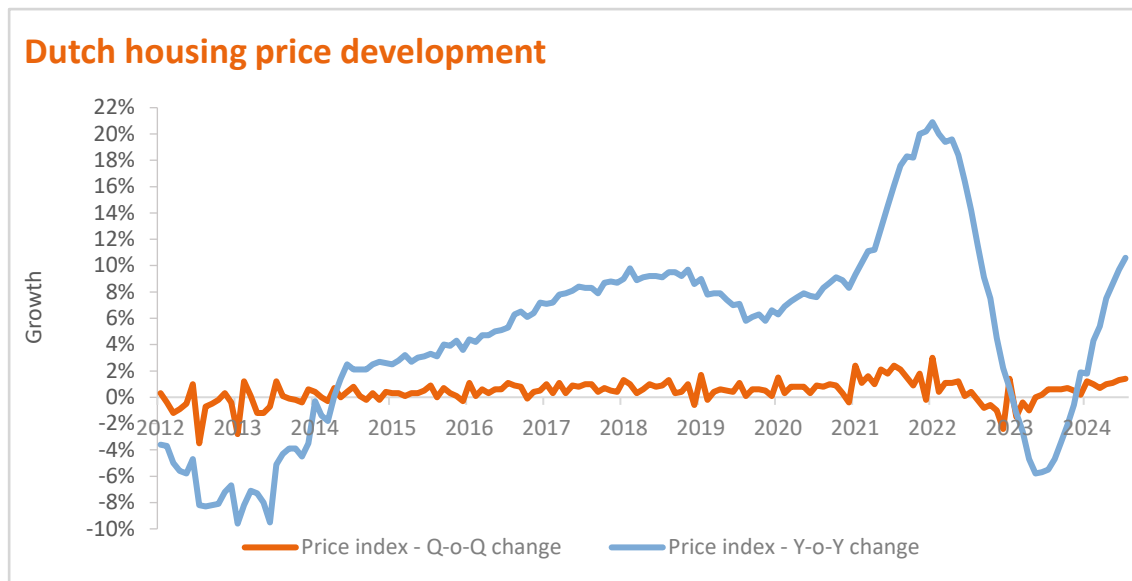
Sources:

- CBS, Land Registry, Dutch Housing Market Quarterly Rabobank and Economic Update Rabobank, unless stated otherwise
- RaboResearch: "House prices rise further, average (prospective) owner-occupier falls short by over EUR 100,000", 21 June 2024



# C Dutch economy and housing market

- In Q2 2024 the Dutch housing market recovery continued. In April 2024, existing homes for sale were, for the first time, more expensive than at the July 2022 price peak. The cooling down of the housing market (starting at the end of 2022) and the subsequent recovery has lasted less than two years. This shows how quickly house demand has recovered, after potential buyers initially shied away due to rapidly rising mortgage rates. However, rapidly rising incomes soon eased the pain of higher mortgage rates, with interest rates falling slightly again in the latter part of 2023
- As was the case in the previous years, there is no lack of demand. However, housing supply falls short. Due to the dip in new housing construction, it is expected that the current situation will not change
- Year-on-year, the existing house price index rose 7.5% in April 2024. The average home sold between April 2023 and April 2024 became more than EUR 30,000 more expensive

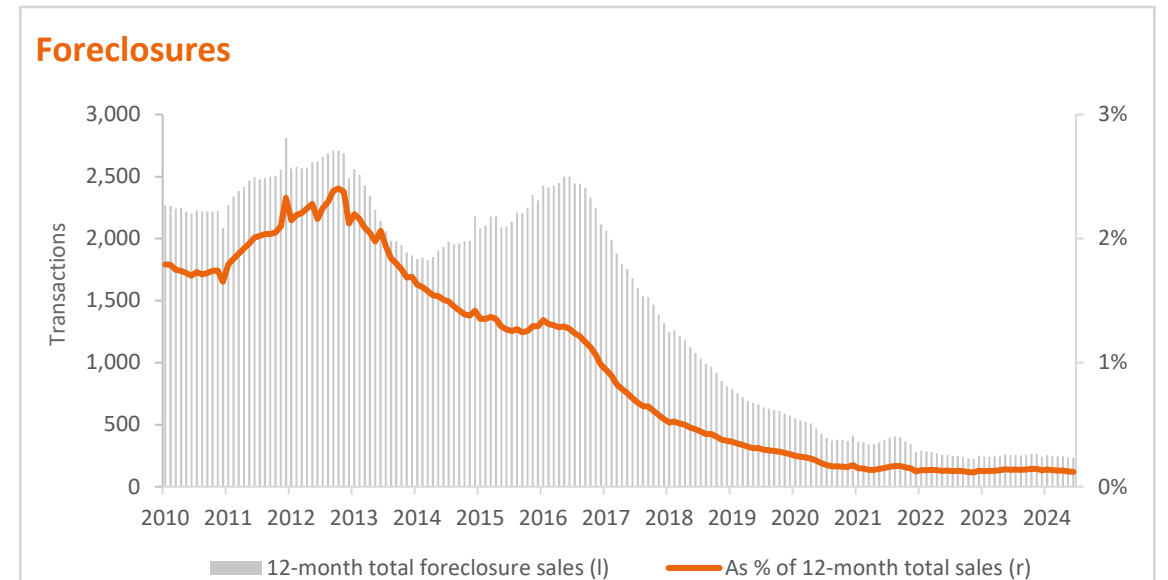
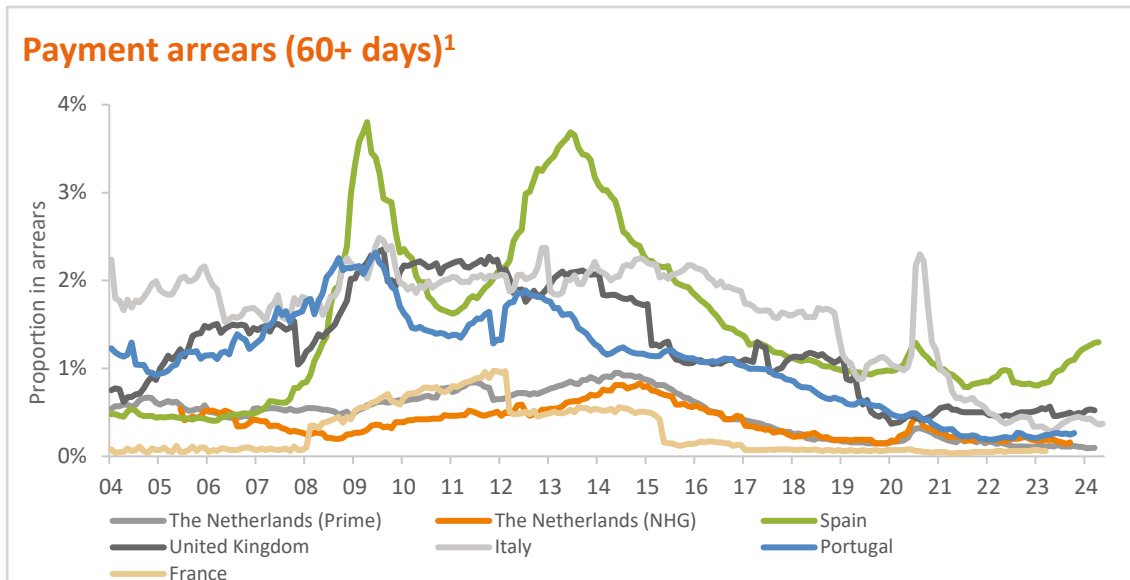


Sources:

- CBS, Land Registry, Dutch Housing Market Quarterly Rabobank and Economic Update Rabobank, unless stated otherwise
- RaboResearch: "House prices rise further, average (prospective) owner-occupier falls short by over EUR 100,000", 21 June 2024

# C Dutch economy and housing market

- In most of Europe, the mortgage payment arrears have been declining over the last couple of years. The Netherlands ranks amongst the countries with the lowest levels of arrears in Europe since 2014
- There is a trend of declining public auctions, present since 2012. This decline shows an improvement of payment behavior, a sign that banks supervise home-owners who have fallen in arrears more closely and the higher chance of selling the property in the public market due to increased house prices and shortage in the housing market
- As shown in the graph below, the Netherlands continues to perform well in terms of forced sales and the level of payment arrears compared to other European countries. Historically the Netherlands show low and stable proportions of payment arrears



Sources:

- CBS, Land Registry, Dutch Housing Market Quarterly Rabobank and Economic Update Rabobank, unless stated otherwise
- Moody's RMBS Performance update

# D Corporate history

## NN Group

- 1845 - De Nederlanden established as a fire insurance company
- 1863 - De Nationale Levensverzekering-Bank founded as a Dutch life insurance company
- 1963 - The two biggest Dutch insurers at the time – De Nederlanden and De Nationale – merge to form Nationale-Nederlanden
- 1991 - Nationale-Nederlanden and NMB Postbank Group merge to form ING Groep N.V.
- 2013 - ING Insurance's mortgage business is concentrated within NN Bank
- 2014 - As of 1 March 2014, ING Insurance rebranded to NN Group
- 2014 - NN Group listed on Euronext Amsterdam on 2 July 2014
- 2017 - NN Group completes acquisition of Delta Lloyd Group in April 2017
- 2018 - Legal mergers of Delta Lloyd Bank with NN Bank and Delta Lloyd AM with NNIP, effective on 1 January 2018
- 2019 - Legal mergers of Delta Lloyd Life with NN Life and Delta Lloyd Non-Life with NN Non-Life, effective on 1 January 2019
- 2020 - NN Group completes acquisition of VIVAT Non-life in April 2020
- 2022 - NN Group finalised the sale of NN Investment Partners to Goldman Sachs Group (April 2022)



Source: NN Group



# D Corporate history

## NN Bank

- 2011** – NN Bank launched as a savings bank to take advantage of opportunities in the Dutch banking market and respond to the declining individual life insurance market
- 2013** – Growth accelerated via the acquisition of selected parts of ING Bank (WestlandUtrecht Bank), predominantly retail mortgage loans and savings<sup>1</sup>
- 2018** – Legal merger of NN Bank and Delta Lloyd Bank effective on 1 January 2018, following NN Group’s acquisition of Delta Lloyd Group in 2017
- 2019** – Legal merger of NN Bank and Amstelhuys and of NN Bank and OHRA Hypothekenfonds, both effective on 1 December 2019
- 2020** – Launch of Woonnu
- 2024** – Legal merger of NN Bank with Woonnu, effective 17 August 2024



Source: NN Group

1. As a result of the state aid received by ING Group in 2008/2009, the European Commission imposed remedies on ING, leading to the transformation of NN Bank into an independent and viable competitor in the Dutch retail banking market, to be divested with NN Group

# E Glossary

Abbreviation	Definition	Abbreviation	Definition
<b>ACT</b>	Asset Cover Test	<b>LLP</b>	Loan Loss Provisioning
<b>AT</b>	Amortisation Test	<b>LCR</b>	Liquidity Coverage Ratio
<b>AFM</b>	Dutch Authority for the Financial Markets	<b>LTV</b>	Loan-to-Value
<b>APE</b>	Annual Premium Equivalent	<b>MCD</b>	Mortgage Credit Directive
<b>AuM</b>	Assets under Management	<b>MREL</b>	Minimum Requirement for Own Funds and Eligible Liabilities
<b>BKR</b>	Dutch Office for Credit Registration	<b>NHG</b>	Dutch National Mortgage Guarantee
<b>C/I</b>	Cost / Income Ratio	<b>NNHB</b>	NN Hypotheek Bedrijf N.V.
<b>CB</b>	Covered Bond	<b>NOW</b>	Temporary emergency bridging measures for employment
<b>CBC</b>	Covered Bond Company	<b>NSFR</b>	Net Stable Funding Ratio
<b>CET</b>	Common Equity Tier	<b>NTT</b>	National Transparency Template
<b>COLI</b>	Corporate-Owned Life Insurance	<b>OC</b>	Over-Collateralisation
<b>CPT(CB)</b>	Conditional Pass-Through (Covered Bonds)	<b>RMBS</b>	Residential Mortgage-Backed Security
<b>CRDIV</b>	Capital Requirements Directive IV	<b>RoE</b>	Return on Equity
<b>CRR</b>	Capital Requirements Regulation	<b>RVS</b>	Rotterdamse Verzekering Sociëteiten
<b>DACB</b>	Dutch Association of Covered Bonds Issuers	<b>RWA</b>	Risk weighted assets
<b>DGS</b>	Deposit Guarantee Scheme	<b>SB(CB)</b>	Soft Bullet (Covered bonds)
<b>DNB</b>	Dutch Central Bank	<b>SNP</b>	Senior non-preferred
<b>DRMF</b>	Dutch Residential Mortgage Fund	<b>SP</b>	Senior preferred
<b>DSA</b>	Dutch Securitisation Association	<b>TCR</b>	Total capital ratio
<b>ECB</b>	European Central Bank	<b>UCITS</b>	Undertakings for Collective Investment in Transferable Securities
<b>ECBC</b>	European Covered Bond Council	<b>VNB</b>	Value of New Business
<b>FTE</b>	Full-time Equivalent	<b>WA CLTOMV</b>	Weighted Average Current Loan to Original Market Value
<b>GHF</b>	Code of Conduct Mortgage Loans	<b>WA CLTOMV (indexed)</b>	Weighted Average Current Loan to Indexed Original Market Value
<b>HDN</b>	Hypotheek Data Network	<b>WEW</b>	Stichting Waarborgfonds Eigen Woningen
<b>HTT</b>	Harmonised Transparency Template	<b>WU Bank</b>	WestlandUtrecht Bank



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