



Nationale-Nederlanden Bank

Debt Investor Presentation

May 2023



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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 name 'Nationale-Nederlanden'
- 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: a digital and data-driven bank with industry-leading and personalised customer experiences
- Our strategic priorities:
 - Strong customer relations
 - Digitalisation and data-driven way of working
 - Sustainable company and society
 - Learning and agile organisation
- Committed to further enhancing sustainability and social responsibility

Financials at 31 December 2022¹

- Total assets of EUR 24.2bn; residential mortgage loan portfolio of EUR 22.1bn
- NN Bank services EUR 55.9bn of mortgage loans
- Return on equity of 7.6%; Cost/income ratio of 62.9%
- Net profit of EUR 81.5m in 2022 compared with EUR 101.8m in 2021
- Solid capital position: CET1 ratio of 15.3% (Standardised Approach), Total Capital Ratio of 16.6%
- NN Bank's A- rating from S&P (positive 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 16.2bn) and wholesale funding (EUR 6.2bn)
- 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 2022 Annual Report of Nationale-Nederlanden Bank N.V., published on 24 March 2023 (unless stated otherwise). This financial information may deviate from the financial information of the segment Banking as reported by NN Group

Contents

1	Strategy and business highlights	5
2	Capital, liquidity and funding	18
3	Mortgage business	27
Appendices		
A	Mortgage loans: origination and underwriting criteria	34
B	NN Bank funding programmes	37
C	Dutch economy and housing market	38
D	Corporate history	43
E	Glossary	45
F	Contact information	46

1 Strategy and business highlights

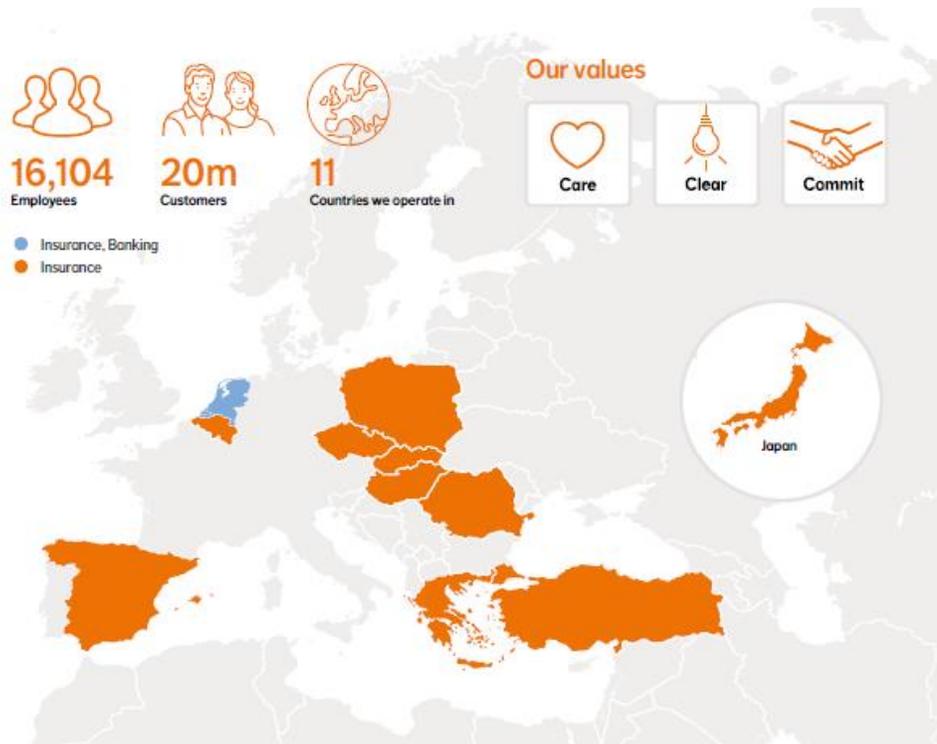
NN Bank profile

- 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 close to one 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
- Long-term credit rating of A- and short-term rating of A-1 from S&P; positive outlook



Parent company: NN Group

International footprint



Overview of NN Group

- International financial services company, active in 11 countries, with a strong presence in several European countries and Japan
- Around 16,000 employees, providing retirement services, pensions, insurance, banking and investments to approximately 20 million customers
- NN Group's main brands are Nationale-Nederlanden, NN, ABN AMRO Insurance, Movir, AZL, BeFrank, OHRA and Woonnu
- Financial Strength Ratings: AA-/stable (Fitch), A/positive (S&P)
- ESG Ratings: AA by MSCI, 14.5 (low risk) by Sustainalytics, sector top 10% by S&P Global
- Listed on Euronext Amsterdam since 2 July 2014
- Shareholders' equity of EUR 16.0bn at 31 December 2022

NN Group has leading market positions

- #1 position in life insurance in the Netherlands: market share¹ of ~40% in group pensions
- #1 position in non-life insurance in the Netherlands: market share² of 28% in Disability & Accident (#2) and 22% in Property & Casualty (#2)
- Top 3 player in CEE³ 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 2021 recurring premium inflow; Includes internal data. Apf not included
2. Source: DNB and Data Analytics Centre Dutch Association of Insurers, based on GWP 2021; 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 (positive 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 (7.6% in 2022)



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 companies



3 Cross-sell opportunities

- Sharing client base, distribution and marketing with other NN entities in the Netherlands
- Offering banking products complementary to Nationale-Nederlanden's individual life and non-life insurance products for retail customers
- Servicing close to one million customers



NN Bank key figures

Financial highlights at year-end 2022

Return on equity

7.6%

2021: 9.1%

Cost/income ratio

62.9%

2021: 59.5%

Net result

EUR 81.5m

2021: EUR 101.8m

Net interest margin

1.06%

2021: 0.98%

Total capital ratio

16.6%

2021: 18.8%

Net portfolio
growth mortgages¹

EUR 1.3bn

2021: EUR 0.8bn

Net portfolio
growth savings

EUR 0.3bn

2021: EUR 0.2bn

Non-Financial KPIs at year-end 2022

Net promoter score

+19.6

2021: +21.4

Employee engagement

7.6

2021: 7.5

Average Internal
and external FTE

1,312

2021: 1,246

Number of customers

954,000

2021: 959,000

Gender diversity (M/F)
in Management Team

40%/60%

2021: 50%/50%

Mortgage portfolio
with energy label A (%)

24%

2021: 24%

Emission intensity
mortgage portfolio

25.7 kg CO₂/m²

2021: 27.8 kg CO₂/m²

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

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 values



Care



Clear



Commit

Our brand promise

You matter



The Digital Retail Bank
The bank you prefer to choose

NN Bank's priorities



Strong customer relations

- Payment transactions and PSD2 proposition to promote customer interaction
- Improve customer experience and intermediary satisfaction
- Joint proposition with other business units



Digitalisation & data-driven way of working

- Introduction of data and AI initiatives
- Digitalisation of customer and employee processes
- Implementation mid-office mortgages



Sustainable business & society

- Dectanium, AIRB
- License to operate and FEC/AML
- Selling mortgages to investors
- ESG for sustainable progress of our organisation, customers and stakeholders



Learning & agile organisation

- Agile way of working
- Workforce transformation
- Create a learning organisation

Retail-focused business model

NN Bank is the fifth largest Dutch retail banking franchise

- Providing retail customers with mortgage loans, savings, investments and bank annuities
- National player, with coverage of all Dutch regions, operating under a strong and well-known household name, *Nationale-Nederlanden*

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 100% subsidiary of NN Bank, that supports sustainable living with a discount on mortgage interest for homes with a high energy label (A and B)
- Originated EUR 8.7bn of mortgage loans in 2022 compared with EUR 9.9bn in 2021. In total NN Bank serviced EUR 55.9bn of mortgage loans at 31 December 2022
- Mortgage loans distributed via intermediaries.
- No branch network
- Offering reset tenors in range 1 month to 30 years

Market share 2022
mortgage origination
in the Netherlands¹
6.8%

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

- Savings on demand and fixed-term deposits (EUR 7.1bn):
 - Consumers save mainly to build a buffer against unforeseen expenses
 - Low-cost online savings platform
- Fiscal-driven pension savings, called bank annuities (EUR 6.8bn):
 - 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

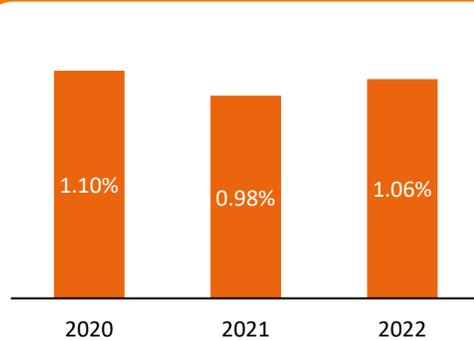
Market share 2022
total savings amount
in the Netherlands²
3.7%

1. Source: Kadaster, December 2022

2. Source: DNB, December 2022

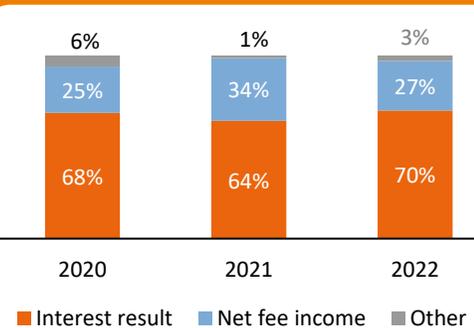
Financially sound bank with diversified income model

Net interest margin¹



- Net interest margin supported by increasing market interest rates reflected in higher client mortgage rates, although the pace of mortgage rate rises is held back somewhat by continued competition in the Dutch mortgage market
- Furthermore, increased market interest rates led to lower income from prepayment compensation

Income diversification



- Originating and servicing of mortgage loans for third parties
- Management advisory and servicing of investment portfolios for retail clients
- Woonnu is a platform that generates additional fee business for NN Bank through origination and management of mortgage loans

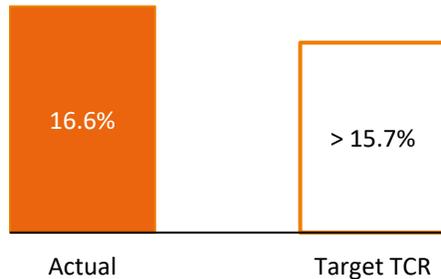
Summary profit and loss account

(Amounts in EUR m) ²	2022	2021
Interest income	586	573
Interest expense	(329)	(329)
Interest result	257	244
Net fee and commission income	98	130
Gains and losses on financial transactions and other income	(1)	2
Valuation results on non-trading derivatives	13	4
Total income	367	380
Staff expenses	(140)	(128)
Impairment charges	1	10
Regulatory levies	(27)	(27)
Other operating expenses	(90)	(98)
Total operating expenses	(257)	(244)
Result before tax	110	136
Taxation	(28)	(34)
Net result	82	102

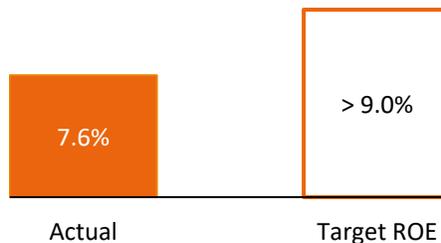
1. Net Interest Margin is calculated as interest result divided by the average total assets in the period
2. Small deviations may occur due to rounding

Long-term financial targets

Total capital ratio (transitional CRD IV)

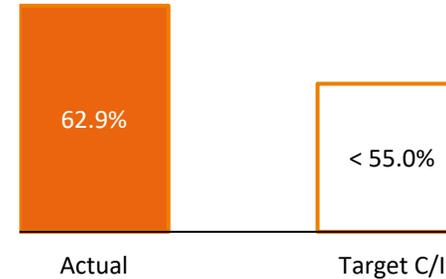


Return on equity

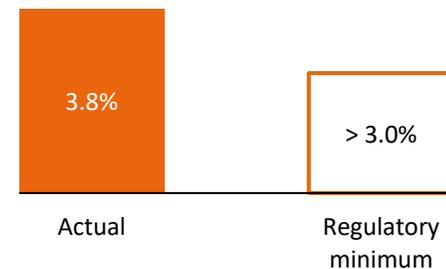


- Steering capital on Total Capital Ratio (TCR) and meeting all capital targets
- Total Capital Ratio target of 15.7% for 2022
- All other things being equal, target TCR will increase to 16.7% in 2023 and 17.7% in 2024¹
- Net operating Return on Equity (ROE) of 12% in 2025 on Group reporting basis² equals a target ROE of approximately 9% on a statutory basis
- RoE decreased from 9.1% in 2021 reflecting the lower net result

Cost/income ratio



Leverage ratio



- Cost/income (C/I) ratio target of below 55% in 2025
- C/I ratio increased to 62.9%, compared with 59.5% in 2021, reflecting higher expenses and lower income
- Development of core equity in relation to total assets is comfortably above the regulatory minimum threshold of 3%

Sustainability is one of the cornerstones of our strategy

NN Bank focuses on two key topics:

1. Customer empowerment:

- Providing customers with the tools and resources needed to make better informed financial choices and exercise greater control over their personal financial situation

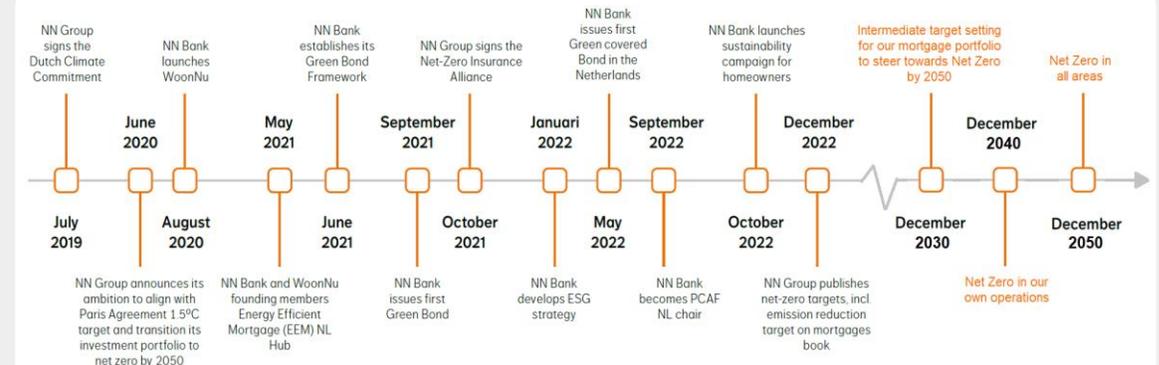
2. Climate change & environment:

- Steering the banking product portfolio, including the HQLA investment portfolio, towards **Net zero by 2050** or sooner, to align with the Paris Agreement 1.5°C pathway
- Aiming to reach Net zero in our own operations by 2040, or sooner, in accordance with NN Group's sustainability goals

NN Bank's actions:

- Spark customer activation through an innovative engagement platform
- Develop new mortgage-specific propositions and services
- Leverage NN Bank's Green Bond Framework
- Evaluate and adjust all other products to help customers
- Contribute to (sector) initiatives and partnerships

Our climate journey:



NN Bank's ESG scores

Excellent customer experience

Net promoter score of +19.6



Positive contribution to society

Energy label A mortgages: 24%



Engaged Employees

Employee engagement score: 7.6



Engaged Employees

Women in MT NN Bank: 60%



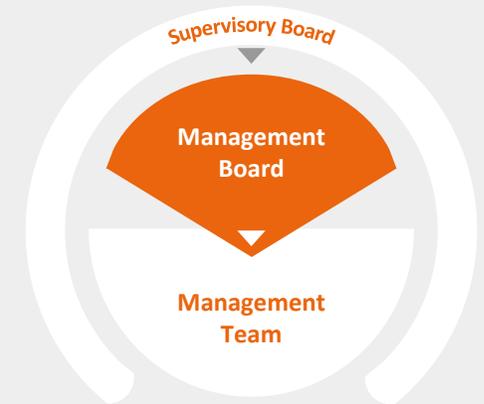
Sustainability is embedded in our governance

Our Governance:

- ESG Office providing ESG knowledge, programme management and monitoring of NN Bank's ESG strategy
- 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 of ESG issues on the Board level

Product and a customer activation scope

- The customer activation scope aims to activate our current and future customers to take steps towards sustainability
- The product scope is focused on sustainably organising NN Bank's products and services
- We are in the process of finalising key metrics for both scopes. This will enable us to monitor progress and performance as we work towards net zero



Our ESG roadmap:

- Outlines our contribution to mitigating climate change and environmental risks, aligned with supervisory guidelines and regulatory requirements
- The roadmap addresses the entire Bank, including risk management

Our risk profile:

- Prudent ESG risk management by fully embedding it into our risk management frameworks
- Stress tests performed covering both physical and transition climate risks; in both cases, capital adequacy remained well above minimum regulatory requirements



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 CO₂ emissions where possible and helped to do so with products and services such as **Woonnu** and **Powerly**
- NN Bank offers financing options to make homes more sustainable and to source green mortgages for ourselves, and also for third parties

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)**

Since its start in August 2020, Woonnu has originated EUR 2.5bn in sustainable mortgages



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



HEALTHY LIVING

- 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

The platform provides customers with **insights into their current CO2 footprint**, tailored advice on how to make their homes more sustainable, and insight into the air quality inside their homes

Intermediate target setting for our mortgage portfolio in order to steer towards net-zero in 2050

Intermediate target setting:

- We used the tool of Carbon Risk Real Estate Monitor (**CRREM**) to analyse our 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 accurately than a global or European pathway
- We have developed a model that shows that we need to **reduce our emission intensity to 21.9 kgCO₂/m² by 2030**. Review and validation of the model is currently being performed whilst we are also finalising the baseline figure under the new methodology. We expect to finalise this work in the first half of 2023
- **NN Group** is a signatory of the **Net-Zero Insurance Alliance (NZIA)**

Monitoring the actual carbon footprint of our mortgage portfolio:

Carbon emission figures

Year	Total carbon emissions (kilotonnes CO ₂ e)	Attribution factor	Total financed carbon emissions (kilotonnes CO ₂ e)	Carbon intensity per EUR million	Carbon intensity per m ²	Data quality indicator (based on PCAF)
2021 (old method)	384	57%	221	11	0.8	5
2021 (restated)	350	69%	237	12	27.8	3
2022	329	67%	215	10	25.7	3

- 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

- Accounting for the **scope 1 and 2 emissions** of each house
- In 2022, we have updated our carbon footprint methodology and data sources to improve robustness and correctness. **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**



2. Capital, liquidity and funding

Balance sheet composition

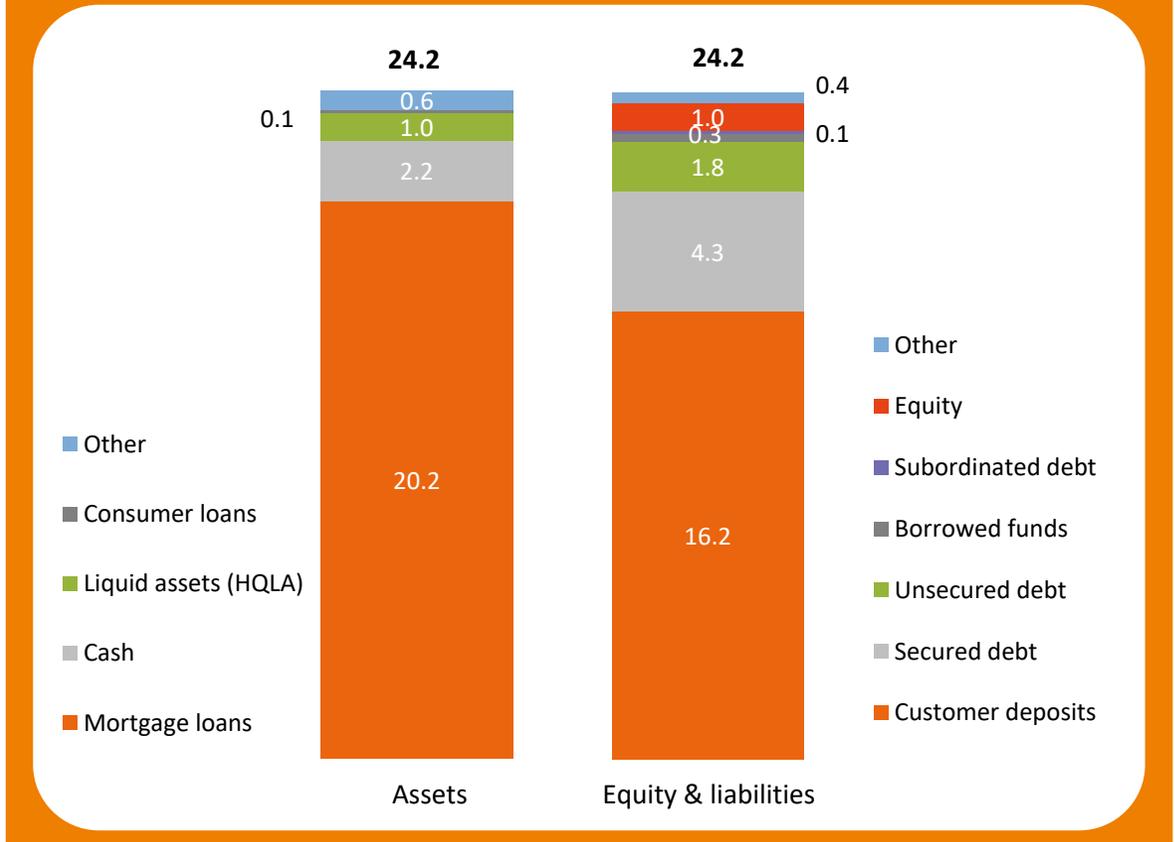
Assets

- Dutch residential mortgage loans (84% of the balance sheet)
- High Quality Liquid Assets (HQLA) portfolio of EUR 1.0bn consisting of (semi)sovereign bonds and covered bonds
- 31% of outstanding mortgage amounts are guaranteed through NHG

Liabilities

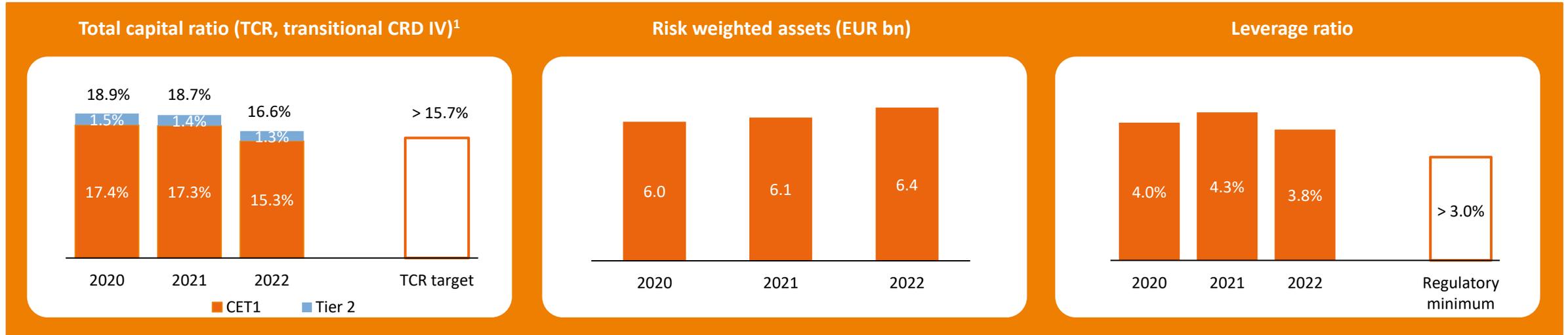
- Well-diversified funding mix, based on three main pillars:
 - Customer deposits (67% of the balance sheet). Approximately half is on demand internet savings and the other half is stable funding existing of bank annuity pension savings
 - Secured funding through issuance of covered bonds
 - Unsecured funding, including MREL¹ debt
- Total secured funding portfolio of EUR 4.3bn related to soft bullet covered bonds
- No participation in TLTRO

Balance sheet at 31 December 2022 (in EUR bn)



1. Minimum Requirement for Own Funds and Eligible Liabilities

Solid capital position



Solid capital position

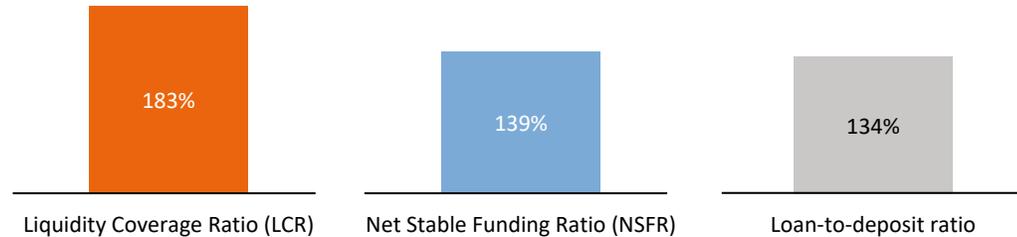
- The decrease in the capital ratios was mainly driven by the dividend payment to NN Group in the first half of 2022
- Limited impact of Basel IV as NN Bank uses Standardised Approach for both credit and operational risk
- Self-funded growth: internal capital generation through retained profits
- Total Capital Ratio target of 15.7%. All other things being equal, this will increase to 16.7% in 2023 and 17.7% in 2024

Dividend policy

- Aiming to pay dividends to its shareholder on a semi-annual basis, while ensuring that the capital ratios show stable development that remain well within NN Bank's risk appetite and the regulatory required capital ratios
- Final dividend of EUR 111.6m for 2021 was paid after the General Meeting's adoption of the 2021 Consolidated annual accounts in June 2022
- No dividend to be paid out from the first half-year result 2022 due to increase in Total Capital Ratio target

Conservative approach to liquidity management

Liquidity adequacy (31 December 2022)

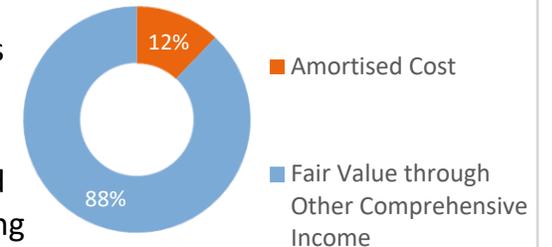


Sources of liquidity

- An on-balance sheet HQLA (High Quality Liquid Assets) portfolio and cash available
- LCR ratio of 183% at year-end 2022
- Other sources of liquidity available:
 - Large portfolio of retained notes, which can be used for ECB standing facilities and other secured funding transactions
 - Two credit facilities in place with NN Group, one of which secures NN Bank's liquidity needs related to variation margin calls

Investment securities portfolio / HQLA portfolio insight

- In 2022, the rising market interest rates led to higher unrealised losses on investment securities
- EUR 43.1m (after tax EUR 32.0m) of these unrealised losses is hedged by macro fair value hedge accounting
- Majority of bonds have a duration of 1 – 5 years



Measurement and monitoring of funding position

- NSFR ratio¹:
 - Incentive to fund NN Bank's activities from stable sources of funding on an ongoing basis
 - NSFR ratio of 139% at year-end 2022, well above regulatory minimum and internal target
- Loan to Deposit (LtD) ratio²:
 - Diversification of NN Bank's funding base and indication of the bank's dependence on wholesale funding for financing client loans
 - LtD ratio of 134% at year-end 2022

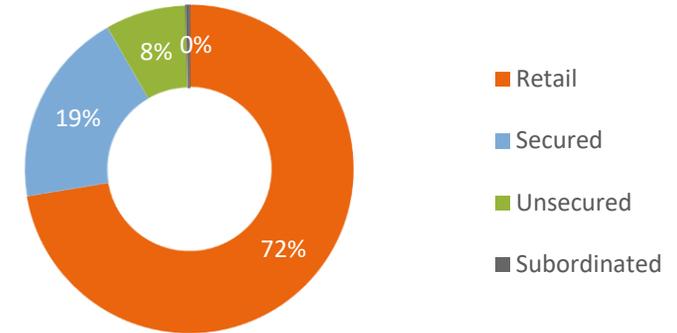
1. NSFR is defined as the amount of available stable funding relative to the amount of required stable funding
 2. Loan-to-deposit ratio is calculated by dividing the bank's total volume of commercial loans by its retail deposits

Funding strategy geared to optimisation and diversification

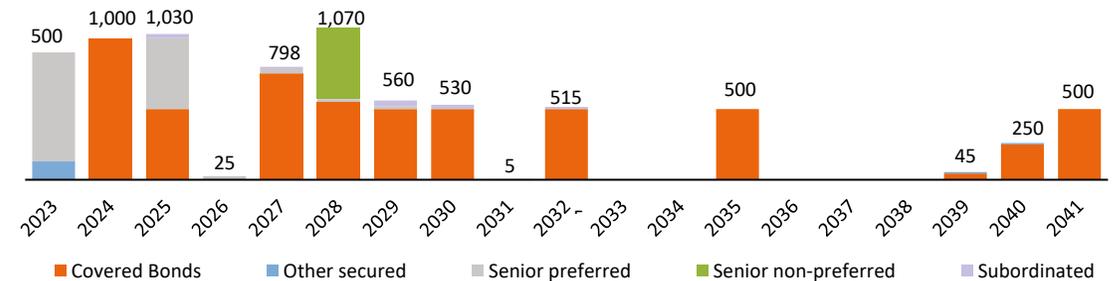
Wholesale funding strategy



Funding mix (as at 31 December 2022)



Redemption profile (EUR m)

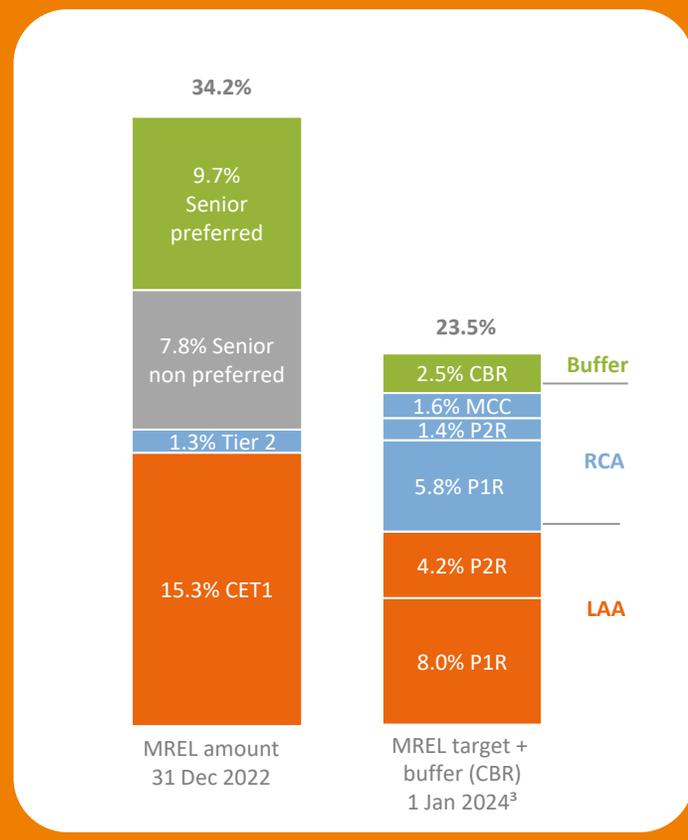


Minimum Required Eligible Liabilities

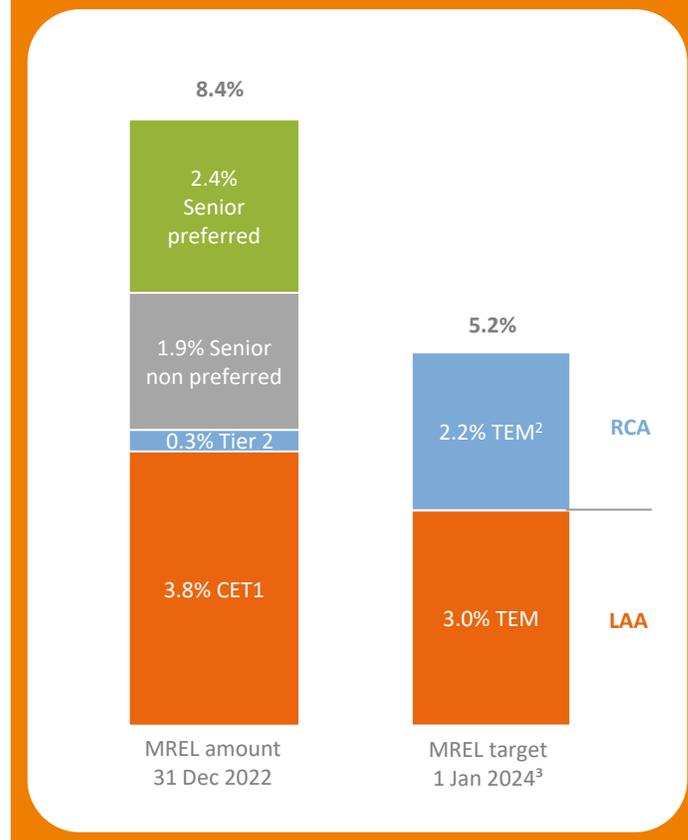
NN Bank meeting MREL requirements

- Intending to meet MREL requirements with a combination of equity, Tier 2 and senior (non) preferred
- In December 2022, The Dutch National Resolution Authority (NRA) defined final MREL requirements for NN Bank, applicable as of 1 Jan 2024³:
 - MREL-TREA: 21.0%
 - MREL-TREA + buffer: 23.5%
 - MREL-TEM: 5.2%
- Comfortably meeting both MREL requirements
- 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)¹



Total Exposure Measure (TEM)



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. Targets as at 1 January 2024. The indicative MREL targets and/or actual exposures may be subject to change as a result of TREA development, future SREP requirements and regulatory developments in Dutch legislation



NN Bank's Green Bond Framework

The NN Bank Green Bond Framework follows the ICMA Green Bond Principles (GBP) 2018 edition¹



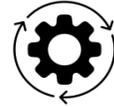
Use of Proceeds

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 carried out by NN Bank's Treasury team



Management of Proceeds

Portfolio approach: the Eligible Green Portfolio matches or exceeds the amount of eligible 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 report aligned, on a best effort basis, with the portfolio approach described in "**Handbook - Harmonized Framework for Impact Reporting (December 2020)**"



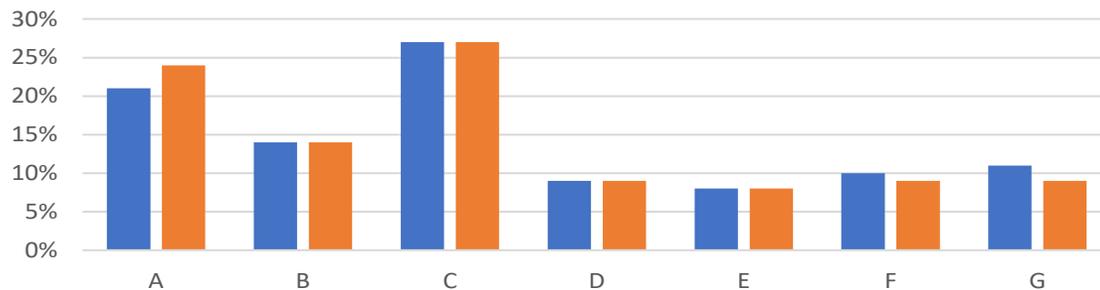
External Review

Positive SPO by Sustainalytics



Share of label A in NN Bank's portfolio increased to 24%

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



Framework follows best practice and latest market developments

- In line with the draft delegated act on the EU Taxonomy²
- Do No Significant Harm "DNSH" elements associated with the residential mortgage portfolio are addressed through a reliance on the Dutch regulatory requirements applicable to the development and refurbishment of residential buildings
- Broadly in line with CBI Low Carbon Buildings Standards approach



1. In line with ICMA Green Bond Principles 2021 (with 22 Appendix)

2. As well as draft Technical Expert Group (TEG) Report on the EU Taxonomy. NN Bank Green Bond Framework was published at the time the delegated acts were in draft format

Use of Proceeds

Green Buildings that meet one of the following criteria:



Dutch residential properties built prior to 31 December 2020:

- Existing residential buildings in the Netherlands with an **Energy Performance Certificate “A”**, AND belonging to the **top 15% low-carbon residential buildings** in the Netherlands

Dutch residential properties built from 1 January 2021:

- New or existing residential buildings that have a primary energy demand at least 10% lower than the one resulting from the local **Nearly Zero Energy Buildings (NZEB)**¹

Refurbished Dutch residential properties with at least a **30% improvement in energy efficiency**. In terms of EPC labels, this corresponds to a two-step EPC label improvement

Individual measures aimed at **energy efficiency improvement** and the **installation of renewables** on-site in residential buildings

The Use of Proceeds advance the following initiatives:

- UN Sustainable Development Goals: SDG 7, SDG 11 and SDG 13
- EU Environmental Objectives: Climate Change Mitigation (1.b)



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

CFP green buildings is a specialised consultant who helped to develop the approach for identifying the top 15% in the Netherlands as the Dutch building stock with an energy label A already exceeds 15%. See also the [Green Residential Buildings Methodology Assessment Document](#)²



Green reporting figures 2022

- The Eligible Green Loan Portfolio meets the Green Buildings EU Taxonomy 7.7 criteria
- EUR 4.3bn Eligible Green Loan Portfolio compared to EUR 4.0bn in 2021. EUR 0.9bn new Eligible Green Loans since 31 December 2021
- Total energy consumption calculated at 95kWh/m²
- 34% lower energy consumption than the average Dutch housing stock

1. The Dutch version of NZEB is called BENG. In accordance with the EU Taxonomy, the net primary energy demand of new constructions (built as of the 1st of January 2021) must be at least 10% lower than the primary energy demand resulting from the relevant BENG requirements

2. <https://www.nn-group.com/nn-group/file?uuid=d55c93fb-46c5-4d03-ada8-fdb0332c54e0&owner=84c25534-c28a-4a64-9c78-5cc1388e4766&contentid=11520>

Credit ratings

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

- Short-term credit rating of A-1 by Standard & Poor's (S&P)
- Long-term credit rating of A- (positive 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 BBB+ 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

Nationale-Nederlanden Bank N.V.

ST issuer rating, outlook	A-1 positive
LT issuer rating, outlook	A- positive
Senior non preferred rating	BBB+
Rating affirmation	9 Nov 2022

S&P Global Ratings

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

The positive 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."¹

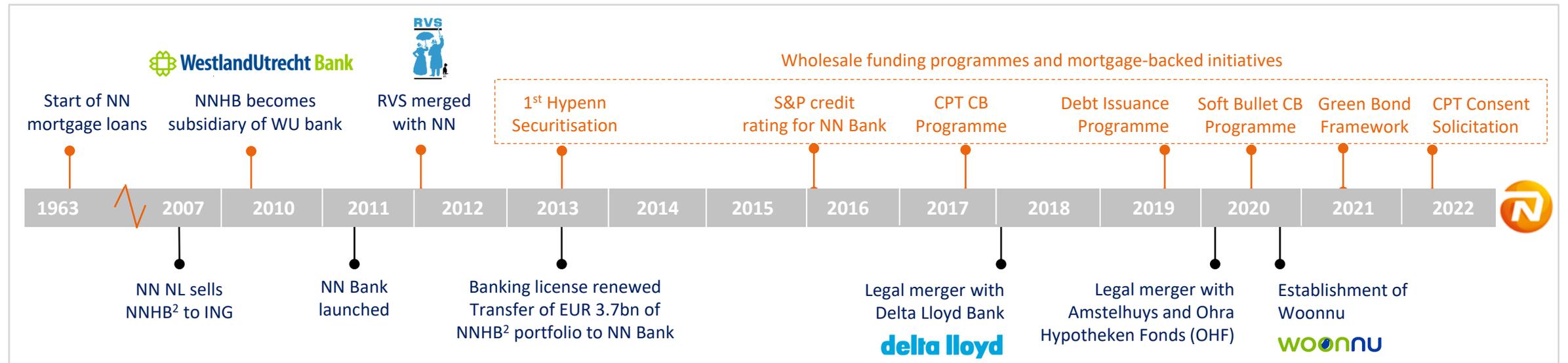
1. S&P Global Ratings, RatingsDirect, 9 November 2022

3. Mortgage business

Long-standing history in mortgage business

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

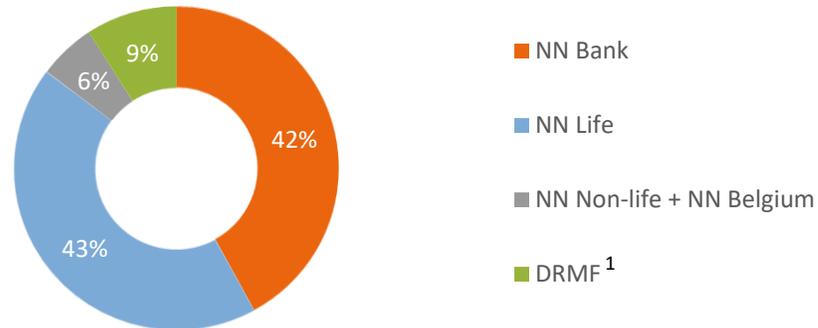
- Nationale-Nederlanden was founded in 1845, and evolved as a well-known brand in the Netherlands
- In 1963, Nationale-Nederlanden started originating mortgage loans ('NN-labelled mortgage loans')¹
- NN Bank was launched in 2011 to take advantage of new banking opportunities in response to declining 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



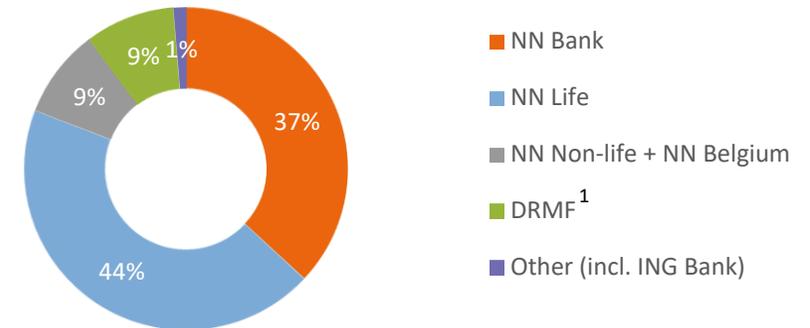
1. NN-labelled mortgage loans prior to 1 July 2013 were originated by NN Life and RVS Life; since 1 July 2013 NN-labelled mortgage loans have been originated by NN Bank
 2. NNHB (NN Hypotheek Bedrijf) is a mortgage book held by ING Bank

Distribution and servicing of mortgage loans

Distribution of newly-originated mortgage loans in 2022 (EUR 8.7 bn)



Mortgage loan portfolio serviced at 31 December 2022 (EUR 55.9bn)



Offering attractive investment opportunities within NN Group

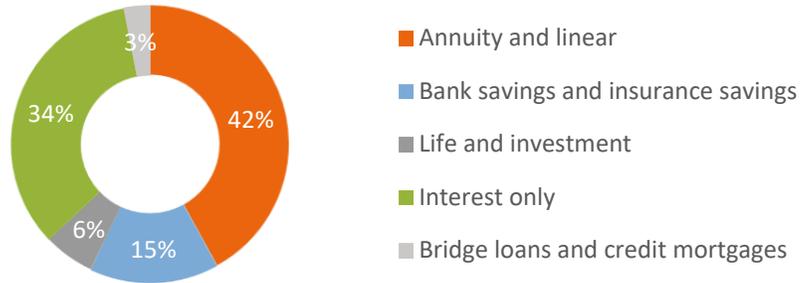
- In 2022, EUR 8.7bn of mortgage loans were originated, compared with EUR 9.9bn in 2021
- Of the EUR 8.7bn, EUR 5.1bn of mortgage loans were transferred to third parties and EUR 3.7bn remained on NN Bank balance sheet³
- Mortgage loans seen as an attractive investment opportunity by these companies (buy and hold)

Servicing of mortgage loans within NN Group and for third parties

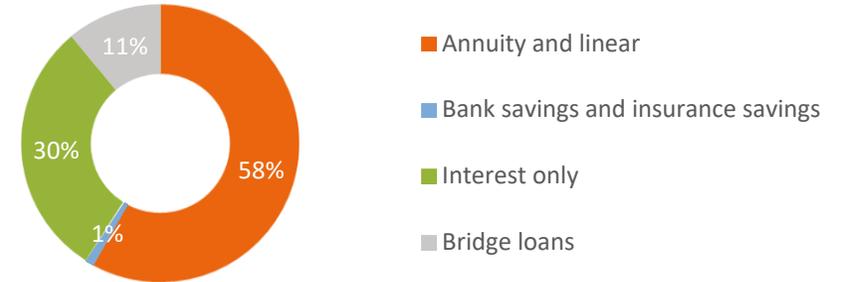
- Servicing over EUR 35bn of mortgage loans for other NN Group companies, Goldman Sachs Dutch Residential Mortgage Fund and ING Bank
- Monthly transfer of mortgage loans from ING Bank to NN Bank² (as at 31 December 2022, the size of NN-labelled mortgages held by ING Bank was EUR 0.4bn)

Amortising mortgage loans with long fixed reset tenors

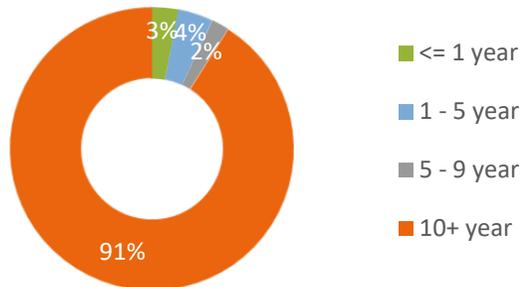
Redemption types as % of NN Bank mortgage portfolio (31 December 2022)¹



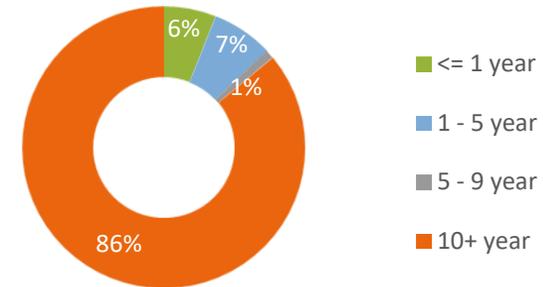
Majority of new mortgage origination is annuity type (average last 12 months)



Chosen reset tenors as % of NN Bank mortgage portfolio (31 December 2022)



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

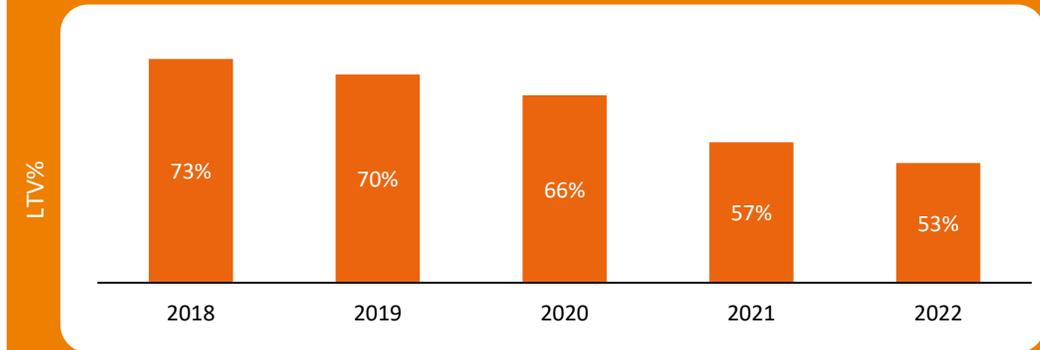
Moderate LTVs ...

- Since 2018 LTV-cap is 100% and 106% including sustainability measures
- As per year-end 2022 the current loan-to-indexed market value is 53%
- Lower average LTV due to higher amortisation and increased house prices (see also section on 'Dutch economy and housing market')
- Higher amortisation triggered by changes to tax deductibility, i.e. for new mortgage loans only annuity (or linear) loans are eligible

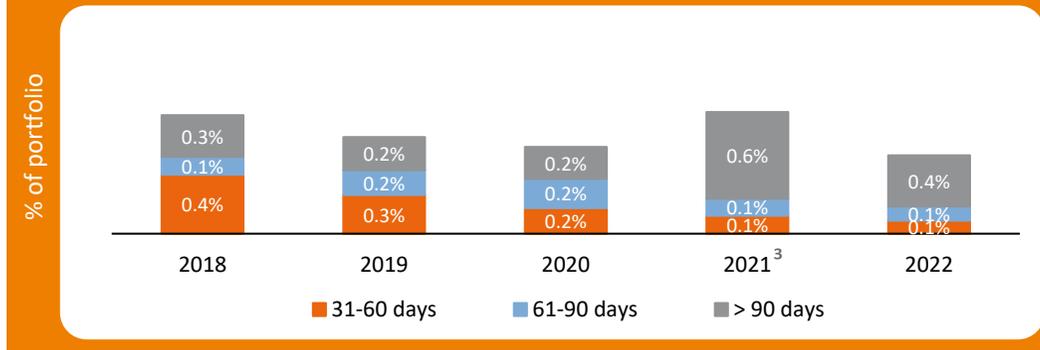
... supported by several other mitigating factors

- Strict underwriting under Code of Conduct and Dutch law
- Mortgage loan is typically the only debt of average Dutch household²
- 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 decreases¹



Overall arrears levels in the Bank's portfolios remain low

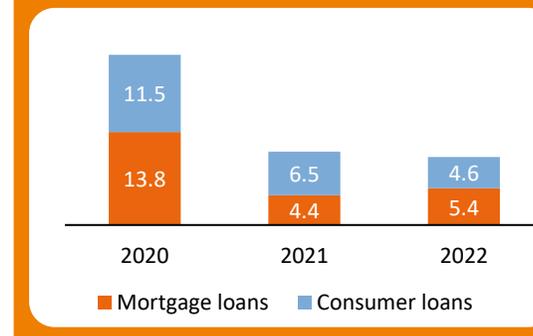


Loan loss provisioning and stage classification

Loan loss provisions (LLP)

- In 2022, the loan loss provisions decreased by EUR 0.8m to EUR 10.1m
- For mortgages, the provision increased by EUR 1.0m due to a management overlay of EUR 3.0m against the potential negative consequences of high inflation and increasing interest rates. This was partly offset by a strong housing price increase between 3Q21 and 3Q22 (11.9%³) and a decrease in Stage 3 loans due to low unemployment
- For consumer loans, the provisions decreased by EUR 1.8m to EUR 4.6m due to repayment and write-offs in the portfolio
- The LLP is the sum of Stage 1, 2 and 3 provisions and POCI⁴ assets

Loan loss provision by type (EURm)



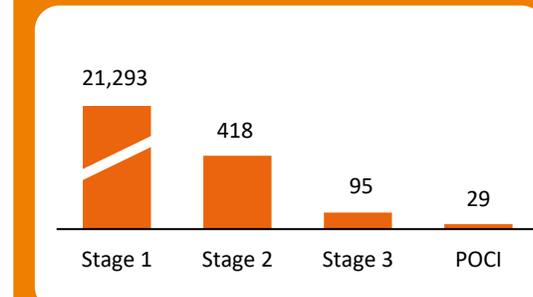
Loans by stage

- 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

Coverage ratio:

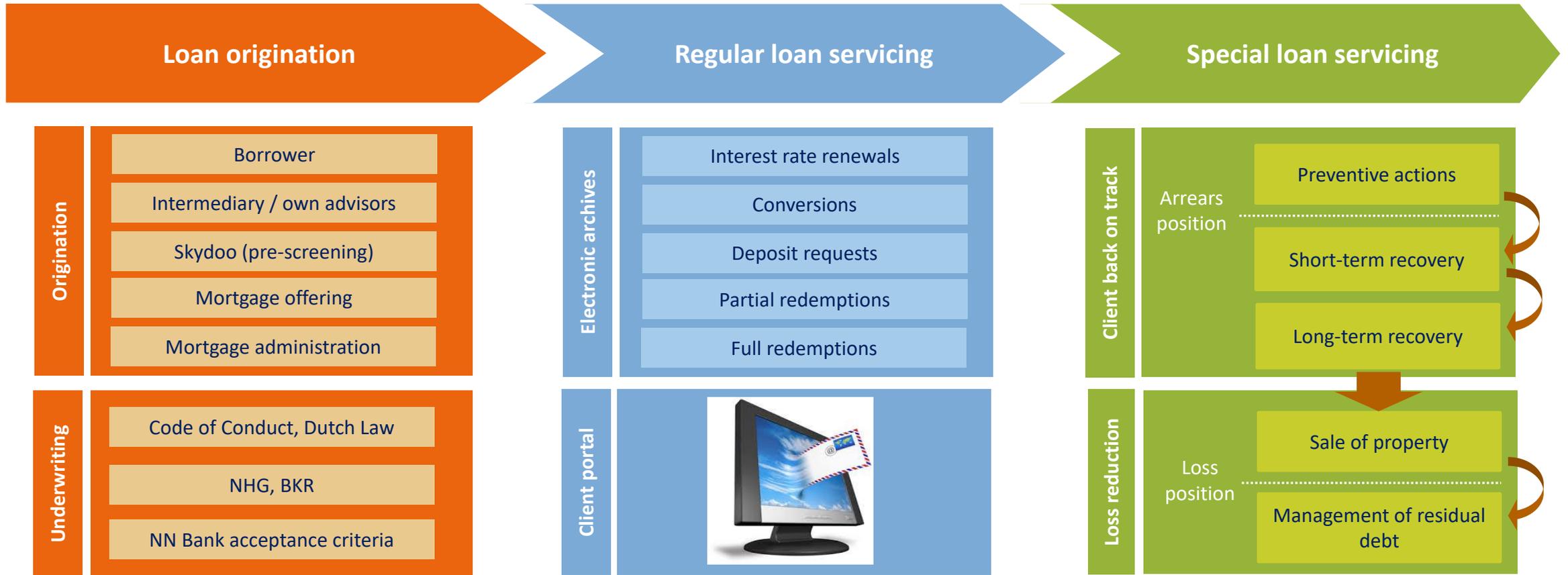
Stage	Loan loss provisions (EURm)	Loan amount (EURm)	Coverage ratio ² (%)
Stage 1	0.7	21,293	0.0%
Stage 2	4.3	418	1.0%
Stage 3	5.0	95	5.3%
POCI ³	0.1	29	0.3%

Loan amounts by stage (EURm)¹



Appendices

A Mortgage loans: origination and underwriting process¹



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 criteria¹

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 2014, NN Bank introduced Skydoo, an automatic pre-screening application:
 - 100% of intermediaries connected
 - handling time per application reduced by up to 70%
 - all pre-approved mortgage applications still subject to complete underwriting process
- In December 2021, NN Bank launched its 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 criteria¹

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
- Properties with a market value above EUR 1m in most cases have a maximum loan amount of 80% of the market value
- For collateral with market value below EUR 1m, maximum LTMV is 100% (since 2018)
- Full valuation is commonly used; since 1 July 2021, 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

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 EUR 5.6bn issued
- Registered with the Dutch Central Bank¹
- In compliance with the Covered Bond Directive and CRR article 129
- Base Prospectus last updated on 6 July 2022; 1st Supplement dated 27 September 2022, 2nd supplement dated 13 February 2023, 3rd supplement dated 2 May 2023

RMBS² Programme

- Hypenn RMBS series, with collateral originated by NN Life, NN Bank and Amstelhuys

Unsecured funding

Debt Issuance Programme (EMTN³)

- EUR 5.0bn programme, of which EUR 1.5bn of senior preferred issued and 0.5bn senior non-preferred
- Allows for issuance of senior preferred (SP), senior non-preferred (SNP) and subordinated debt
- Base prospectus last updated on 22 December 2022; 1st Supplement dated 17 May 2023

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 2022 (including limited assurance report)
- Impact report 2022

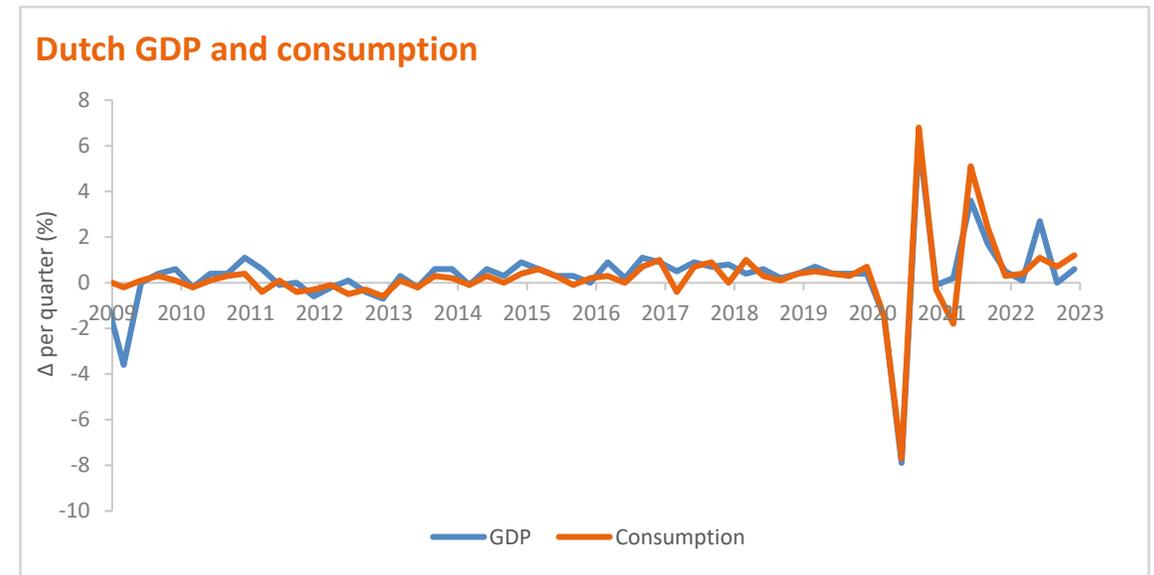
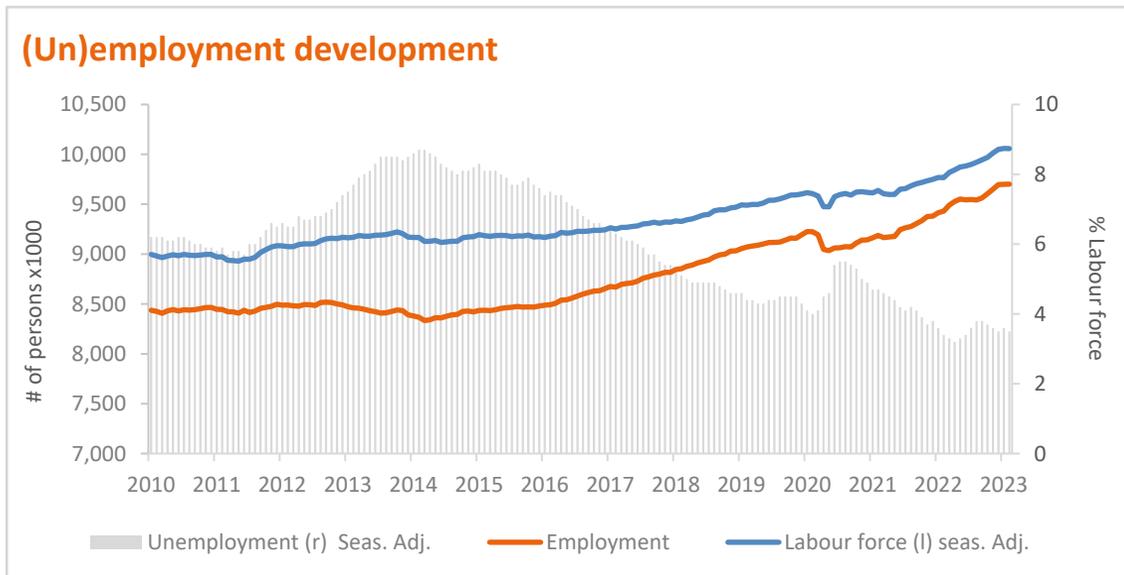
Programme documentation, investor reports and credit ratings

- 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

- Generous government support and increasing wages boost household spending at home and abroad, preventing a recession in 2022
- This will also lead to strong growth in the Dutch economy this year: an expected rate of 2.0 percent. Over the course of the year, growth will soften, to reach an expected 0.9 percent in 2024
- Foreign companies will increasingly have to meet increased consumer and business demand for raw materials, semi-finished goods, products and services, as the Dutch businesses have limited ability to grow due to the tight labour market
- Unemployment is expected to rise only slightly, to 3.8 percent this year and 4.1 percent by 2024. Additional demand in the already overheated economy makes things worse and leads to more persistent inflation. For this year 5.0 percent inflation this year, followed by 4.4 percent next year in 2024

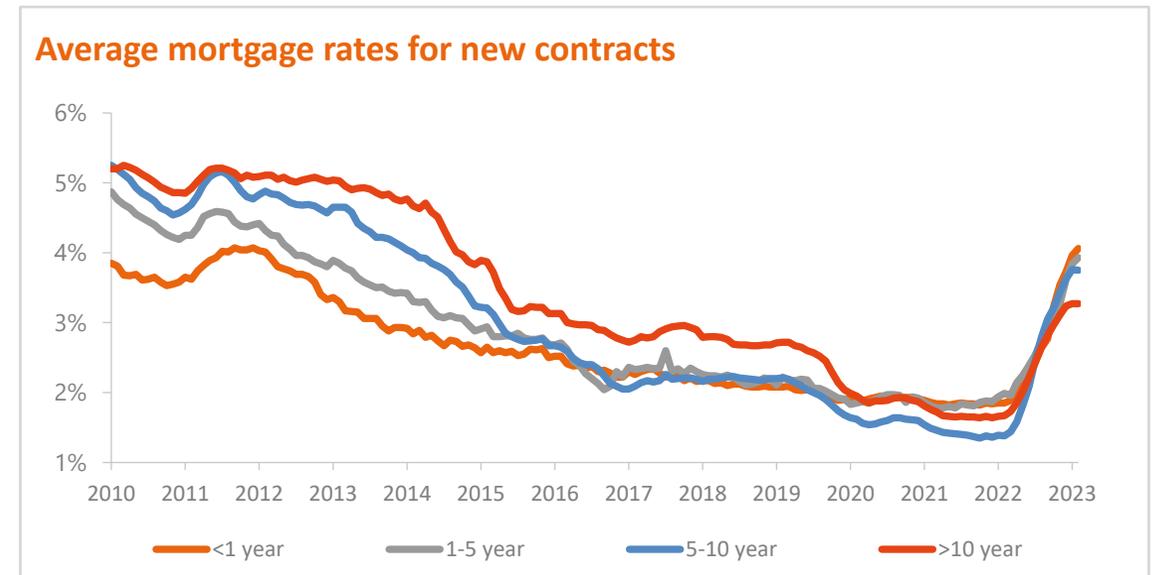
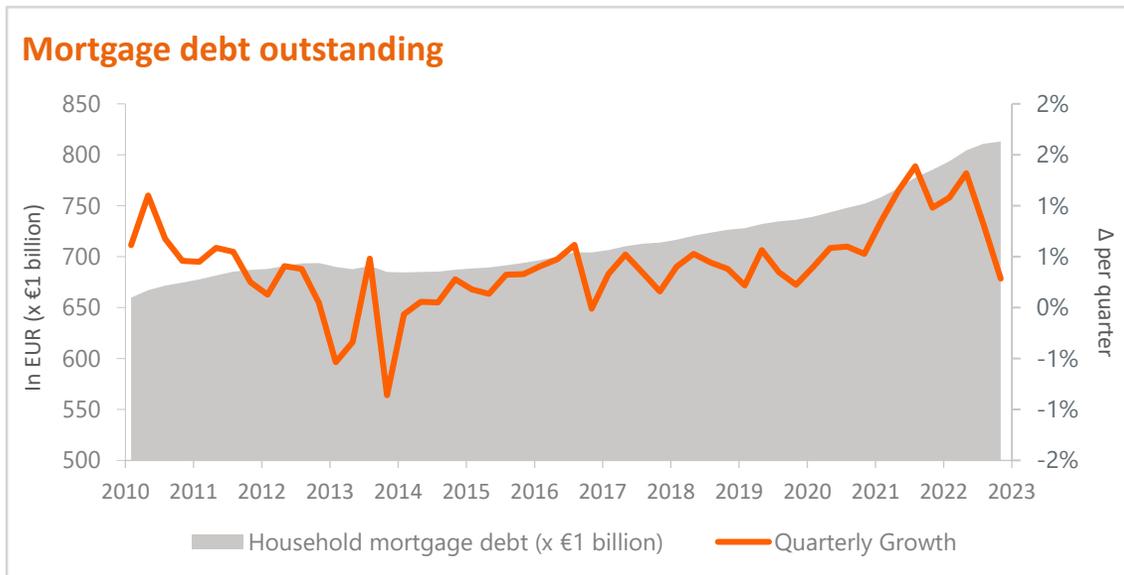


Sources:

- CBS, Land Registry, Dutch Housing Market Quarterly Rabobank and Economic Update Rabobank, unless stated otherwise
- RaboResearch: "Dutch economy: Further overheating and stubborn inflation", 16 March 2023

C Dutch economy and housing market

- House prices are falling this year, as a portion of potential homebuyers has dropped out due to the increasing mortgage rates. In 2023, house prices are expected to fall 4.2 percent year-on-year. By the end of 2023, it is expected that house prices are 7.6 percent lower than during the market's peak in July 2022
- Due to the housing price drop and rising wages, houses for sale are becoming more affordable this year, so demand for owner-occupied homes is recovering. Simultaneously, housing supply remains limited
- House prices are expected to remain more or less stable in 2024. Nevertheless, due to solid price declines in 2023, the average price level in 2024 is expected to be 1.5 percent lower than the average price level in 2023

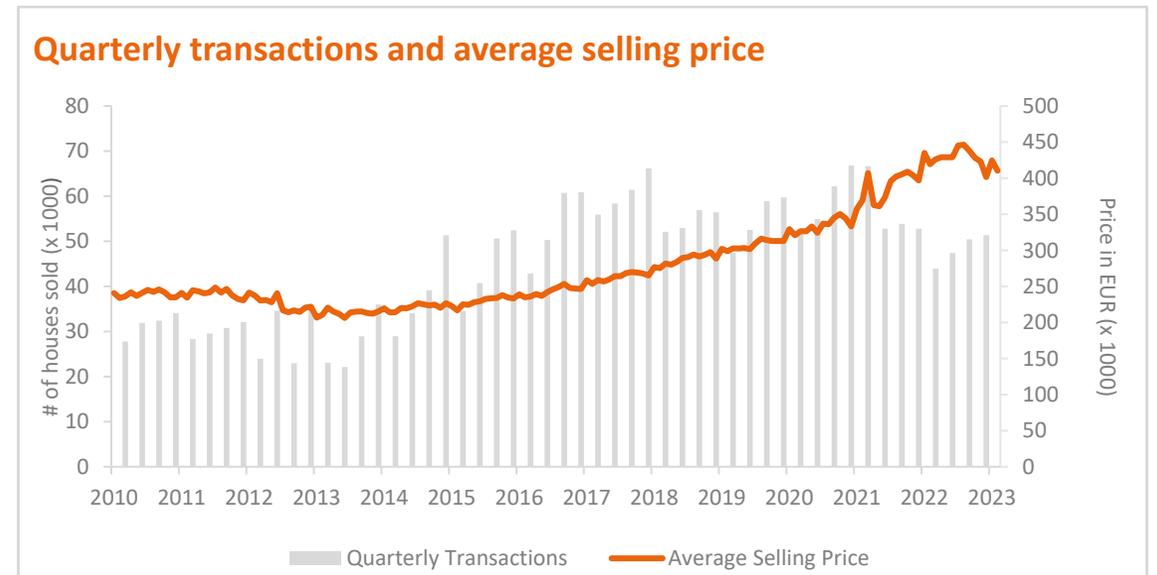
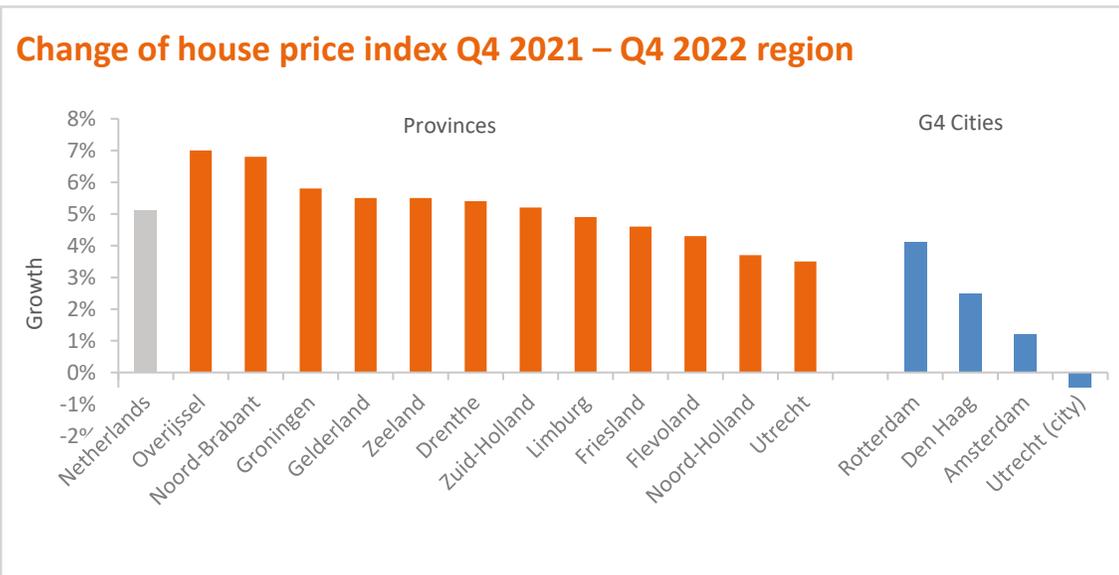


Sources:

- CBS, Land Registry, Dutch Central Bank, Dutch Housing Market Quarterly Rabobank and Economic Update Rabobank, unless stated otherwise
- RaboResearch: "Bottom of housing market expected to be reached this year due to rapid improvement in affordability", 20 March 2023

C Dutch economy and housing market

- Last year marked the end of a long period in which the market for existing owner-occupied homes continued to dry up. For the first time, more houses were put up for sale than were actually sold. In recent years, the number of transactions of existing owner-occupied homes fell significantly. This was mainly driven by a lack of supply: 193,000 homes were sold in 2022 which was 14.6 percent less than in 2021
- As the affordability of existing houses for sale improves, the low point in the number of house sales is coming into view. It is expected that this will stabilize during this year. For the year 2023, 183,000 transactions are expected, followed by 193,000 in 2024. The development of capital market interest rates remains a key factor of uncertainty here
- It is striking that especially in regions in the northern wing of the Randstad house prices fell sharply in the last quarter of 2022. When house prices were increasing, these regions recorded the highest growth rates. Measured on a Q4 2021 - Q4 2022 basis, Utrecht (city) even recorded a negative growth rate of 1.3 per cent

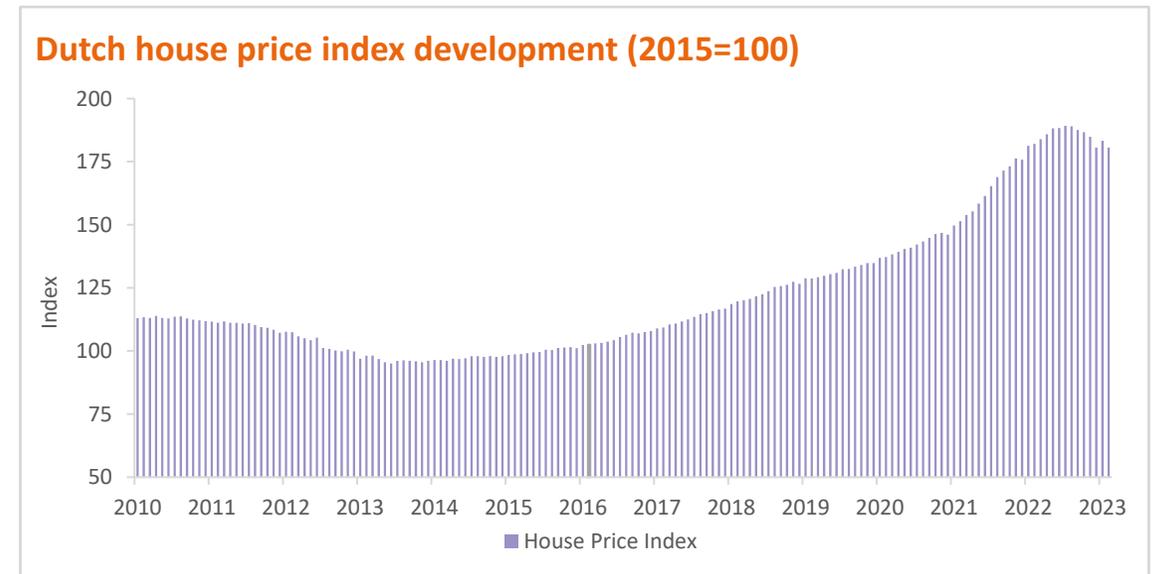
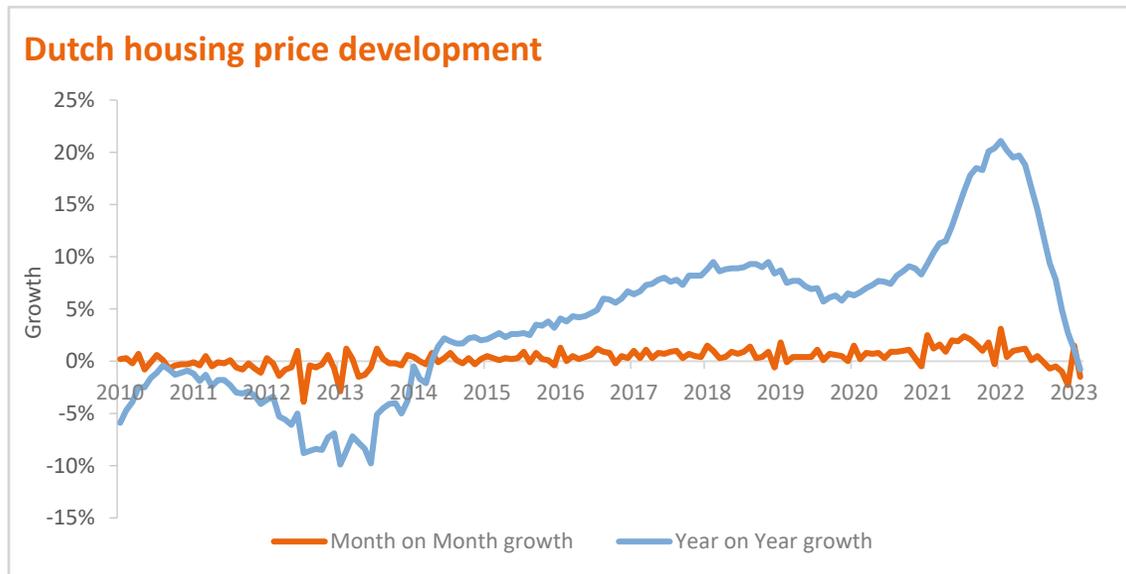


Sources:

- CBS, Land Registry, Dutch Housing Market Quarterly Rabobank and Economic Update Rabobank, unless stated otherwise
- RaboResearch: "Bottom of housing market expected to be reached this year due to rapid improvement in affordability", 20 March 2023

C Dutch economy and housing market

- The development of house prices in 2022 was characterized by extremes. The year started with the highest house price increase (21.1 percent (January 2022), as measured since the start of 2015) but during the year the situation changed rapidly. Since August 2022 house prices have been falling
- Existing home sales were 4.5 percent cheaper in December than at their peak in July 2022. However, when compared on a year-by-year basis, owned homes are still slightly more expensive
- In January 2023, house prices rose somewhat again (on a month-on-month level), but this by no means indicates the end of the period of falling prices, as this was partially driven by seasonal effects

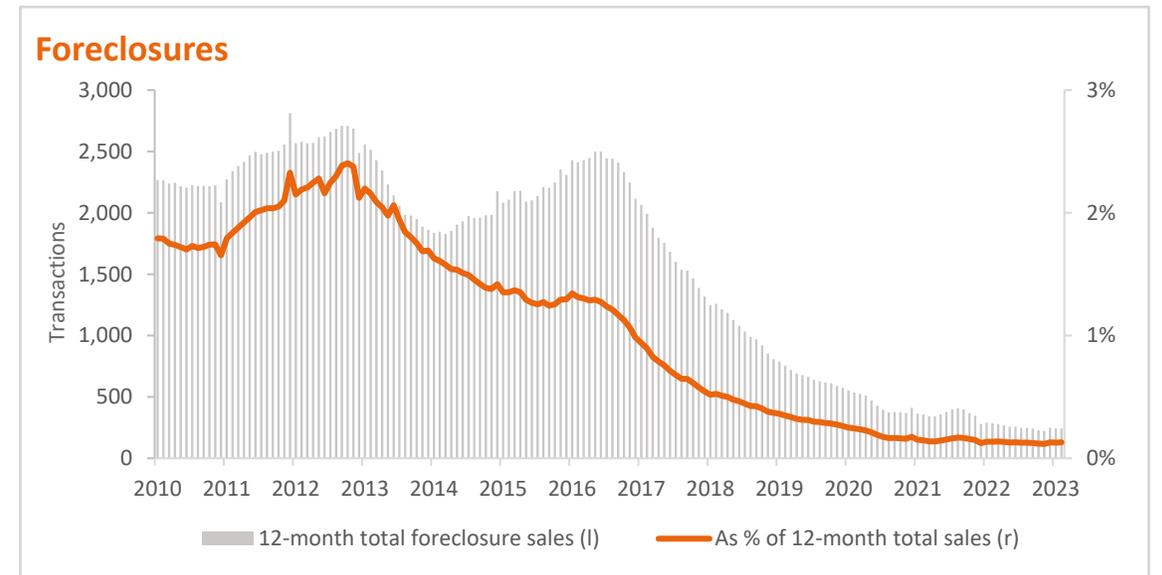
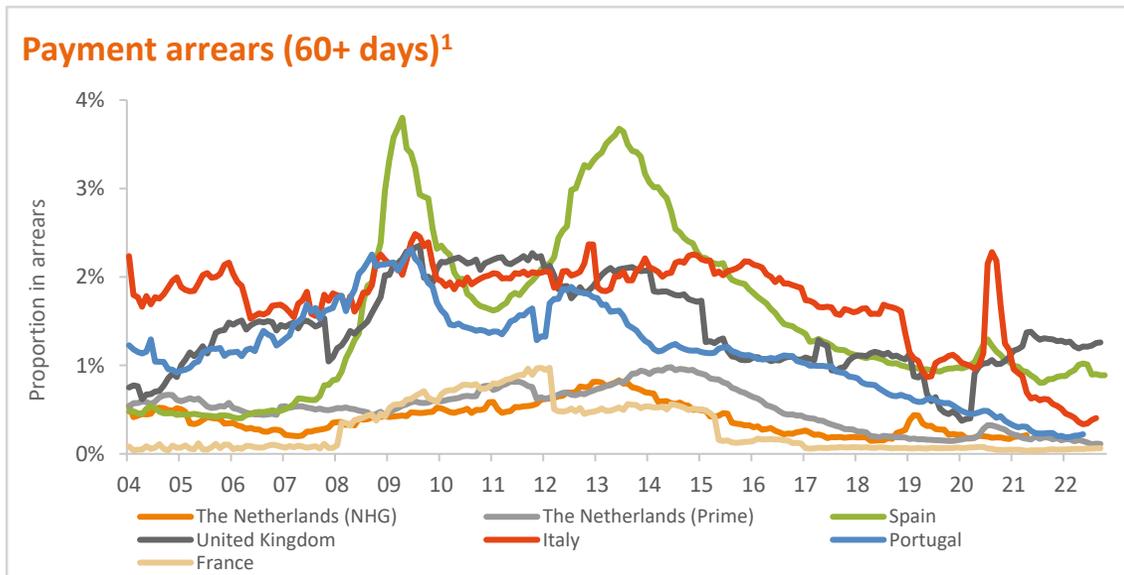


Sources:

- CBS, Land Registry, Dutch Housing Market Quarterly Rabobank and Economic Update Rabobank, unless stated otherwise
- RaboResearch: "Bottom of housing market expected to be reached this year due to rapid improvement in affordability", 20 March 2023

C Dutch economy and housing market

- In 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 since 2012 that continued into the year 2022 and in the first two months of 2023. This decline shows both an improvement of payment behavior and a sign that banks supervise home-owners who have fallen in arrears more closely
- 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 savings¹
 - 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
 - 2020** – Launch of Woonnu



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

F Contact information



Niek Allon

NN Bank Treasury

M: +31 6 2013 7640

E: niek.allon@nn.nl



Rolf-Pieter ter Horst

NN Bank Treasury

M: +31 6 2184 1550

E: rolf-pieter.ter.horst@nn.nl



Sander Roling

NN Bank Treasury

M: +31 6 1066 6854

E: sander.roling@nn.nl

NN Group Investor Relations

M: +31 (0)88 6706 647

E: investor.relations@nn-group.com

Web: [NN Group - Investor Relations contact \(nn-group.com\)](https://www.nn-group.com/investors/nn-bank/secured-funding/soft-bullet-covered-bond-programme.htm)



<https://www.nn-group.com/investors/nn-bank/secured-funding/soft-bullet-covered-bond-programme.htm>

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