

Bulletin:

Ratings Unchanged On NN Bank's Mortgage Covered Bonds Based On Proposed Amendments

March 15, 2022

MADRID (S&P Global Ratings) March 15, 2022--S&P Global Ratings said today that its 'AAA' credit ratings would be unchanged on NN Bank N.V.'s mortgage covered bonds if the proposed amendments to the bonds under its conditional pass-through covered bond program were to be effective.

Today, NN Bank N.V. proposed to amend the terms of the seven covered bond series issued under its €5 billion conditional pass-through covered bond program. The purpose of the amendment is to change their conditional pass-through payment obligation structure to "soft bullet" maturities (where the repayment of principal can be extended for up to one year under specified conditions instead of up to 32 years previously). Furthermore, the covered bonds would form part of NN Bank's €7.5 billion soft-bullet covered bond program and therefore be subject to the transaction documents governing it. Lastly, part or all the cover pool assets that currently form part of the conditional pass-through program would also be transferred to the soft bullet program.

We have reviewed the combined asset information provided by the issuer as of January 2022. The underlying assets comprise €4.99 billion of Dutch residential mortgage loans (net of saving and construction deposits). In our cash flow analysis, we have modeled the seven affected covered bonds (currently under the conditional pass-through covered bond program) under the proposed amended terms and conditions together with the four outstanding covered bonds under the issuer's soft bullet covered bond program.

Based on our cash flow analysis and our review of the proposed changes, we have concluded that the effective implementation of the proposed amendments would not, in and of themselves, result in a change or withdrawal of our respective ratings on the outstanding covered bonds.

This report does not constitute a rating action.

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