

Nationale-Nederlanden Bank N.V.

December 3, 2025

This report does not constitute a rating action.

Credit Highlights

Overview

Key strengths

A fully owned highly strategic subsidiary of NN Group N.V., a leading Dutch insurance group.

Low-risk loan book, consisting of mortgage loans.

Sustainable profitability level supporting robust capitalization.

Key risks

Concentrated exposure to Dutch mortgage loans.

Relatively small compared to peers.

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Our rating on Nationale-Nederlanden Bank N.V. (NN Bank) reflects NN Bank's high strategic importance to NN Group N.V. NN Bank's strong integration with its insurance parent underpins our view that the bank would receive timely support under almost all foreseeable circumstances. Applying a top-down approach, we therefore rate NN Bank one-notch below NN Group's group credit profile (GCP) of 'a+', without determining a stand-alone credit profile for the bank.

We see NN Bank's strategic shift toward a digital retail model as positive. This initiative aims to enhance customer engagement and attract new clients, creating opportunities to cross-sell NN Group's insurance products. In this context, we consider the launch of payment services and ongoing investments in digitalization to be a major step in building a more agile and diversified business model. In our view, disciplined execution will be key to sustaining earnings resilience, with tangible benefits likely to emerge only over the medium term.

We expect NN Bank's profitability to remain resilient albeit declining due to margin normalization. We project the bank's return on equity to ease slightly to 7%-8% in 2025-2026, driven by net interest income bottoming out in 2025. Fees and commissions are expected to gradually benefit from the bank's new fee-based strategic initiatives, while cost pressures should decrease, bringing the cost-to-income ratio closer to the target of below 55%. We do not anticipate NN Bank's credit risk metrics will deteriorate, with the cost of risk remaining relatively stable at 1 basis point (bp) to 5 bps over 2025-2026.

Outlook

Our stable outlook on NN Bank mirrors that on its parent NN Group. We expect NN Bank will remain a highly strategic subsidiary of NN Group over the next two years. Therefore, any rating action on NN Group would lead us to take a similar rating action on NN Bank.

Downside scenario

We would lower our ratings on NN Bank if its strategic importance for NN Group diminishes, for instance, if the bank is not sufficiently profitable over the cycle, or if it starts to pose a greater financial risk to its parent. Rating pressure could also arise if NN Group's GCP were to deteriorate, which would indicate the insurance group's reduced capability to support NN Bank if needed.

Upside scenario

We would upgrade NN Bank if we revised our assessment of NN Group's GCP upward. We would also upgrade NN Bank if we reassessed the bank's strategic importance for the group to core from highly strategic. Such a reassessment would be contingent on NN Bank making a stronger contribution to the group's profits, as well as becoming a critical component of the group's business model.

Rationale

We expect NN Bank to remain a highly strategic subsidiary of insurance group NN Group. NN Bank is a wholly owned banking subsidiary of NN Group and complements the group's insurance activity by offering mortgage loans, savings products, and retail investments. The bank maintains a high degree of integration with its parent through shared distribution networks, client base, marketing initiatives, profit sharing, and as an originator and servicer of mortgage loans for other NN group entities. We therefore view NN Bank as a highly strategic subsidiary of NN Group--integral to the insurance group's strategy in the Netherlands--and representing 11% of the group's total assets and 9% of its earnings, on average, over 2020-2024.

NN Bank is a Dutch mortgage leader, originating and servicing mortgage loans for third parties.

It ranks as the fifth-largest retail bank in the Netherlands by mortgage loan book size, holding a 4.1% market share in new mortgage originations as of midyear 2025. The size of the bank's loan book does not fully reflect its importance in mortgage lending in the Netherlands, since nearly 50% of its €2.3 billion in mortgage origination during the first half of 2025 primarily go to the balance sheets of other NN Group entities (NN Life, NN Non-Life, NN Belgium) and the Goldman Sachs Dutch residential mortgage fund. NN Bank is a strategic player in the Dutch mortgage servicing business, managing almost €55.2 billion in mortgage loans as of June 30, 2025, while holding only 40% of these on its own balance sheet.

NN Bank plans to launch a payment services offering in 2026 as part of its transition to a digital retail bank.

This marks a significant step in expanding its product proposition, with the new commercial offering intended to facilitate clients' acquisitions, enhance customer contact points, and boost traffic for NN Group's products. The launch is also expected to help the bank diversify its earnings with an increasing share of fee-based revenue in the medium term. Although we believe this strategic move could enhance the bank's position in the insurance group's retail strategy, potentially strengthening cross-selling opportunities and customer retention, disciplined execution will be essential to realizing the anticipated benefits and

ensuring operational integration. We expect tangible benefits to emerge over the medium term, reflecting the time needed for the new service to gain traction and expand customer relationship.

We expect NN Bank's profitability to benefit from improving business diversification and ongoing efficiency initiatives amid normalization of margins. Despite the ongoing margin normalization process, with NN Bank's net interest margin declining by 34 bps to 1.24% as of midyear 2025, we expect the bank's net interest income to remain resilient over 2026-2027, supported by higher business volumes and broadly stable margins in future. In addition, we anticipate profitability will benefit from rising fee income generated by mortgage production and payment services, as well as from reduced cost pressure, due to ongoing efficiency initiatives. NN Bank also continues to benefit from its conservative risk appetite, which underpins its structurally low cost of risk.

We expect NN Bank's mortgage activity to benefit from a resilient housing market and asset quality to remain strong. After a temporary slowdown due to high interest rates depressing customer demand in 2023-2024, the Dutch mortgage market has revived. Transaction numbers and volumes are increasing, supported by borrowers' improving affordability, thanks to rising wages and a gradual decline in interest rates, while housing supply remains limited. We anticipate this trend will continue in 2026, benefitting NN Bank's loan book growth in the next few years. In addition, projects should maintain strong asset quality, which is likely to be supported by the bank's well-collateralized loan book (loan to value of 54% at year-end 2024), a significant share of Nationale Hypotheek Garantie guarantees (one-third of total loans), and a relatively stable nonperforming loan ratio (0.55% of total loans at midyear 2025). NN Bank is also expected to maintain prudent credit provisioning, with the cost of risk projected at 1 bps-5 bps over the next 12-18 months.

NN Bank is well capitalized and maintains sound capital buffers. The bank's total capital ratio increased to 22.3% in first-half 2025 from 18.5% at year-end 2024, primarily due to the implementation of Basel IV and some capital buildup from retained earnings. We expect NN Bank to keep its capital ratios above requirements, potentially further supported by the implementation of advanced internal rating-based approach in the coming years. We consider the bank's capital position robust, reflecting its exposure to the low-risk asset class of Dutch mortgages, very limited investment portfolio, and foreseen sound capital generation.

NN Bank benefits from a diversified funding profile and maintains good liquidity. The bank remains largely self-funded, while progressively diversifying its funding sources toward capital markets in recent years, thereby complementing its deposit base, which represented 72% of total funding at midyear 2025. We view this diversification positively, particularly since the bank's deposits are primarily internet-based savings--typically a less stable funding source. However, we note that more than half of these deposits stem from fiscal-driven pension savings, which we consider to be less volatile. In this context, we consider the bank's covered bond funding of about €5.6 billion supportive, since it enables longer-term funding of up to 20 years, and a broader investor base, including through green bonds (€2.7 billion issued since 2021). NN Bank maintains a solid liquidity position, with a liquidity coverage ratio of 184% and a net stable funding ratio of 139% as of midyear 2025. The bank also benefits from a committed credit facility from NN Group of €0.25 billion if needed. Moreover, NN Bank's €2 billion soft bullet covered bond program provides sufficient contingent liquidity.

Our short-term rating on NN Bank reflects our assessment of NN Group's liquidity. Since we assess NN Group's liquidity as exceptional and believe NN Group would help NN Bank in case of distress, we assign a higher short-term rating of 'A-1' compared with 'A-2' under our standard mapping.

Environmental, Social, And Governance

Environmental, social, and governance (ESG) credit factors have an overall neutral influence on NN Bank's credit quality. We view NN Bank's exposure to environmental risks as primarily concentrated in its mortgage portfolio, which the bank intends to steer toward net zero emissions by 2050, under a sustainability strategy fully aligned with that of the group. To achieve this, the bank has established an interim target of 34% reduction in carbon dioxide emissions by 2030, relative to the 2021 levels.

NN Bank has identified several areas to advance sustainability, including actively engaging with customers to reduce greenhouse gas emissions (demonstrated by a 17.1% decline in emissions of the total mortgage book since 2021), developing innovative mortgage loan products and services (energy label A mortgages representing 25% of total portfolio), and promoting green bond issuances. The bank also participates in sector-specific initiatives and partnerships, and is adapting its overall offering to support customers in achieving their own sustainable goals. Illustrative initiatives include the Woonnu platform, launched in 2020, which encourages energy-efficient homes through discounted mortgage interest, and the Better Living Platform, which provides online home-improvement advice based on energy-efficiency property assessments.

Strong management and governance underpin NN Bank's ESG performance, as shown by the bank's consistent achievement of financial and operational targets over the past five years. The CEO holds accountability for ESG matters, while the management team is responsible for strategic direction and implementation of the ESG strategy. An ESG Office provides specialized knowledge, program management, and ongoing monitoring of NN Bank's ESG strategy, supporting implementation across all business areas. Furthermore, the bank demonstrates robust employee engagement, reflected in a score of 7.8 out of 10 in 2024, according to its annual report, up from 7.6 in 2023, and maintains a high representation of women in management, approximately 60%.

Nationale-Nederlanden Bank N.V. Key Figures

Mil. EUR	2025*	2024	2023	2022	2021
Adjusted assets	25,974	25,502	25,182	24,133	24,340
Customer loans (gross)	22,545	22,409	21,528	20,346	21,238
Adjusted common equity	1,209	1,166	1,109	1,042	964
Operating revenues	181	419	442	367	380
Noninterest expenses	123	269	275	257	253
Core earnings	44	113	127	82	102

*2025 data is for the 6 months to end-June. EUR--euro.

Nationale-Nederlanden Bank N.V. Business Position

(%)	2025*	2024	2023	2022	2021
Total revenues from business line (currency in millions)	181	419	442	367	380
Commercial & retail banking/total revenues from business line	100.0	100.0	100.0	100.0	100.0
Return on average common equity	7.1	9.5	11.6	7.6	9.1

*2025 data is for the 6 months to end-June.

Nationale-Nederlanden Bank N.V. Capital And Earnings

(%)	2025*	2024	2023	2022	2021
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Nationale-Nederlanden Bank N.V.

Nationale-Nederlanden Bank N.V. Capital And Earnings

Tier 1 capital ratio	22.0	17.9	16.5	15.3	17.3
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Double leverage	N.M.	27.6	30.4	30.0	26.5
Net interest income/operating revenues	88.3	92.1	92.0	70.0	64.4
Fee income/operating revenues	18.4	15.6	14.7	26.8	34.2
Market-sensitive income/operating revenues	(6.7)	(7.8)	(5.0)	3.3	1.4
Cost to income ratio	67.7	64.1	62.4	70.2	66.7
Preprovision operating income/average assets	0.5	0.6	0.7	0.5	0.5
Core earnings/average managed assets	0.3	0.5	0.5	0.3	0.4

*2025 data is for the 6 months to end-June. N.M.--Not meaningful.

Nationale-Nederlanden Bank N.V. Risk Position

(%)	2025*	2024	2023	2022	2021
Growth in customer loans	1.2	4.1	5.8	(4.2)	(0.2)
Total managed assets/adjusted common equity (x)	21.5	21.9	22.7	23.2	25.3
New loan loss provisions/average customer loans	0.0	(0.0)	(0.0)	0.0	(0.1)
Net charge-offs/average customer loans	0.0	0.0	(0.0)	0.0	0.0
Gross nonperforming assets/customer loans + other real estate owned	0.6	0.6	0.6	0.6	0.6
Loan loss reserves/gross nonperforming assets	1.9	1.7	2.8	8.1	8.1

*2025 data is for the 6 months to end-June.

Nationale-Nederlanden Bank N.V. Funding And Liquidity

(%)	2025*	2024	2023	2022	2021
Core deposits/funding base	72.6	72.3	68.78	70.6	68.7
Customer loans (net)/customer deposits	125.9	128.1	130.7	125.3	133.5
Long-term funding ratio	97.9	94.2	94.9	94.5	97.8
Stable funding ratio	109.9	104.3	107.2	108.0	108.2
Short-term wholesale funding/funding base	2.2	6.1	5.3	5.8	2.3
Regulatory net stable funding ratio	139.0	136.0	133.0	139.0	141.0
Broad liquid assets/short-term wholesale funding (x)	5.4	1.8	2.4	2.4	4.7
Broad liquid assets/total assets	11.4	10.1	11.8	13.0	10.3
Broad liquid assets/customer deposits	16.5	14.8	18.1	19.3	15.8
Net broad liquid assets/short-term customer deposits	21.4	10.2	15.7	16.2	18.2
Regulatory liquidity coverage ratio (LCR) (x)	184.0	174.0	197.0	183.0	165.0
Short-term wholesale funding/total wholesale funding	8.1	21.9	17.0	19.6	7.4
Narrow liquid assets/3-month wholesale funding (x)	9.1	2.9	6.0	12.1	16.7

*2025 data is for the 6 months to end-June.

Related Criteria

- Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions, Nov. 15,
- 2023

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- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Insurance | General: Insurers Rating Methodology, July 1, 2019
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Economic Outlook Europe Q1 2026: Germany's Fiscal Reawakening, Nov. 24, 2025
- NN Group N.V., May 28, 2025

Ratings Detail (as of October 07, 2025)*

NN Bank N.V.

Issuer Credit Rating	A/Stable/A-1
Senior Secured	AAA/Stable
Senior Subordinated	A-
Senior Unsecured	A
Senior Unsecured	A-1

Issuer Credit Ratings History

21-Dec-2023	A/Stable/A-1
18-May-2022	A-/Positive/A-1
11-May-2017	A-/Stable/A-1

Sovereign Rating

Netherlands	AAA/Stable/A-1+
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Related Entities

NN Group N.V.

Issuer Credit Rating	A-/Stable/A-2
Junior Subordinated	BBB
Senior Unsecured	A-
Subordinated	BBB
Subordinated	BBB-

NN Life Insurance Co. Ltd.

Financial Strength Rating	
<i>Local Currency</i>	A/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	A/Stable/--

NN Re (Netherlands) N.V.

Financial Strength Rating	
<i>Local Currency</i>	A+/Stable/--
Issuer Credit Rating	
<i>Local Currency</i>	A+/Stable/--

Ratings Detail (as of October 07, 2025)*

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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