

# 30 June 2022 Condensed consolidated interim financial information

Nationale-Nederlanden Bank N.V.



# Condensed consolidated interim financial information contents

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# Interim report

## Overview

### NN Group and NN Bank at a glance

#### NN Group

NN Group N.V. (NN Group) is an international financial services company, active in 11 countries, with a strong presence in a number of European countries and Japan. Led by our purpose and ambition, guided by our values and brand promise and driven by our strategic commitments, we are committed to creating long-term value for all our stakeholders: customers, shareholders, employees, business partners and society at large. With all our employees, we provide retirement services, pensions, insurance, investments and banking products to approximately 18 million customers. We are a leading financial services provider in the Netherlands. We provide our products and services under the following brand names: Nationale-Nederlanden, Woonnu, OHRA, Movir, AZL and BeFrank, as well as via our joint venture, ABN AMRO Verzekeringen. Our roots lie in the Netherlands, with a rich history that stretches back 175 years. NN Group is listed on Euronext Amsterdam (NN).

#### NN Bank

Nationale-Nederlanden Bank N.V. (NN Bank) was founded in 2011 as a Dutch retail bank. It is a fully owned subsidiary of NN Group, and its broad range of banking products is complementary to NN Group's individual life and non-life insurance products for retail customers in the Netherlands. NN Bank's purpose is to help people care for what matters most to them. With our retail banking products and solutions, we help them make conscious choices that have a positive impact on their lives and the world around them. In addition, NN Bank provides mortgage administration and mortgage management services to ING Bank N.V., Nationale-Nederlanden Levensverzekering Maatschappij N.V. (NN Life), Nationale-Nederlanden Schadeverzekering Maatschappij N.V. (NN Non-Life), NN Insurance Belgium N.V. (NN Belgium) and the NN Dutch Residential Mortgage Fund.

On 30 June 2022, NN Bank had two fully owned subsidiaries:

- *Woonnu B.V.*, which was founded on 13 August 2019 with registered office in The Hague. Through Woonnu B.V., NN Bank originates mortgage loans under a new label and via a third-party mortgage servicer. Woonnu B.V. has a separate AFM licence.
- *HQ Hypotheken 50 B.V.*, which was founded on 21 August 2012 with registered office in Rotterdam. Through this subsidiary, NN Bank offered mortgage loans to customers via a third-party mortgage servicer. This is a closed-book mortgage portfolio.

The Hypenn RMBS entities (I, VI and VII) and the NN Covered Bond Company B.V. are not subsidiaries of NN Bank. Since NN Bank has control over the structured entities, these special-purpose entities (SPEs) have been consolidated as group companies.

## Main developments

### Key financial developments

NN Bank reported a net result of EUR 49.9 million for the first half of 2022, compared with EUR 64.6 million in the first half of 2021, mainly due to lower income, higher expenses and a lower release of the loan loss provision.

Net interest income was EUR 118.5 million in the first half of 2022, compared with EUR 128.9 million in the first half of 2021. The net interest margin decreased from 1.02% in the first half of 2021 to 0.97% in the first half of 2022, following high prepayments on the portfolio and lower margins on new mortgages in 2021. For 2022, an increase in market interest rates led to higher client mortgage rates, however, continued competition in the Dutch mortgage market held back the pace of mortgage rate rises. Furthermore, as interest rates increased, income from prepayment compensation began to decrease in the period.

Total expenses have increased by EUR 12.4 million, mainly due to higher project investments for the ongoing digitalisation, as well as a lower release of the loan loss provision due to increasing levels of inflation and interest rates. The cost/income ratio increased from 50.7% in the first half of 2021 to 55.6% in the first half of 2022. The return on equity decreased from 11.1% in the first half 2021 to 9.5% in the first half of 2022, reflecting the lower net result.

The Bank's capital and liquidity positions remain strong. The Common Equity Tier 1 (CET1) ratio was 14.6% and total capital ratio was 15.9% at 30 June 2022, compared with 17.4% and 18.8%, respectively, at 31 December 2021. The decrease in the capital ratios was mainly driven by the EUR 111.6 million dividend payment to NN Group in the first half of 2022. The Risk Weighted Assets (RWA) increased from EUR 6,120 million at 31 December 2021 to EUR 6,356 million at 30 June 2022. The leverage ratio decreased from 4.3% at year-end 2021 to 3.6% at 30 June 2022.

In February 2022, DNB released its updated countercyclical capital buffer (CCyB) framework. DNB has currently set this buffer at 0%, but aims to reach a CCyB of 2% in a standard risk environment. DNB communicated that the CCyB requirement will increase by 1% in 2023, and another 1% in 2024. This increase in capital requirements will be reflected in NN Bank's total capital target which, all other things being equal, will increase from 15.5% in 2022 to 17.5% in 2024. Due to this anticipated increase in the total capital target, NN Bank will not propose a dividend to be paid out from the first half-year result 2022. The total capital ratio would increase from 15.9% to 16.7% after inclusion of the first half-year result as at 30 June 2022.

The Liquidity Coverage Ratio (LCR) improved from 165% at 31 December 2021 to 194% at 30 June 2022. The Net Stable Funding ratio (NSFR) improved from 141% at year-end 2021 to 142% at 30 June 2022. The Loan-to-Deposit (LtD) ratio increased from 129% at 31 December 2021 to 130% at 30 June 2022.

## Interim report continued

NN Bank's residential<sup>1</sup> mortgage portfolio increased by EUR 0.5 billion to EUR 21.4 billion in the first half of 2022. NN Bank's mortgage origination increased by EUR 0.5 billion to EUR 4.9 billion in the first half of 2022. Of the EUR 4.9 billion in origination, EUR 2.4 billion was transferred to NN Life, EUR 0.5 billion to the NN Dutch Residential Mortgage Fund, EUR 0.3 billion to NN Non-Life, EUR 23 million to NN Belgium and EUR 1.8 billion was originated for NN Bank's balance sheet. The category 'Loans' on the balance sheet (predominantly mortgage loans) decreased from EUR 21.2 billion at year-end 2021 to EUR 20.3 billion at 30 June 2022. This was mainly caused by a decrease in the fair value hedge adjustment on mortgages. The mortgage servicing portfolio, including NN Bank's own portfolio, increased from EUR 54.6 billion at year-end 2021 to EUR 55.5 billion at 30 June 2022.

The net inflow of retail savings was EUR 0.2 billion, bringing the total savings portfolio to EUR 16.1 billion at 30 June 2022. This growth was driven by an increase in internet savings.

### Funding update

On 15 March 2022, NN Bank announced a consent solicitation for the transfer of its existing Conditional Pass-Through (CPT) Covered Bonds to its Soft Bullet Covered Bond Programme. With the consent of bondholders, NN Bank aimed to terminate the CPT Programme in order to reduce its operational burden and the operating costs. Only the Soft Bullet Covered Bond Programme will be used for future issuances. On 8 April 2022, the majority of the CPT investors approved the proposed changes, which were accordingly implemented on 22 April 2022. Since that date, NN Bank has only Soft Bullet Covered Bonds outstanding.

On 17 May 2022, NN Bank issued a EUR 500 million, 10-year Soft Bullet Covered Bond under the Bank's Green Bond Framework. This was the first Green Covered Bond issued by a Dutch bank. The transaction contributed to a further reduction of NN Bank's funding costs, extension of its maturity profile and optimisation of its long-tenor assets matching. It also supported NN Bank's long-term sustainability strategy.

### Changes in Supervisory Board composition

Delfin Rueda resigned from NN Bank's Supervisory Board on 1 July 2022. Annemiek van Melick was appointed as a member of the Supervisory Board of NN Bank as of that date.

### Outlook

For its own economic scenario, NN Bank takes into account the scenarios of the Dutch Central Planning Bureau (CPB), International Monetary Fund (IMF) and Dutch Central Bank (DNB). NN Bank will continue to monitor developments and will update the assumptions accordingly.

The outlook remains highly uncertain, due to major geopolitical developments and the resulting impact on the macro-economic environment. As a result, the economic outlook is weakening and consumer confidence is declining. In the housing market we see higher interest rates for mortgages. This has lowered the demand for mortgage refinancing. Overall impact on other segments of the mortgage market will become clear in the course of 2022.

Continued competition in the Dutch mortgage market led to a slower increase in mortgage rates compared to market interest rates. In the first half of 2022, retail funding rates had not yet significantly increased, but NN Bank ended negative interest rates on internet savings above EUR 100,000 per 1 August 2022, in line with the ECB's expected decision to raise the interest rates.

NN Bank's purpose, ambition and strategic priorities will guide the Bank in the second half of 2022. We will continue to fulfil our ambitions for healthy growth, our business model, our role in society and the development of data-driven work. NN Bank will continue to strengthen its relationship with customers and help customers at the moments in life that matter to them.

<sup>1</sup> Mortgage portfolio, excluding notary amounts in transit, staged payments and accounting effects such as premiums and the fair value hedge adjustment.

## Conformity statement

The Management Board of Nationale-Nederlanden Bank N.V. is required to prepare the Interim report and Condensed consolidated interim accounts of Nationale-Nederlanden Bank N.V. in accordance with applicable Dutch law and with International Accounting Standard 34 'Interim Financial Reporting'.

### Conformity statement pursuant to section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht)

The Management Board of Nationale-Nederlanden Bank N.V. is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and reasonable. It is also responsible for establishing and maintaining internal procedures that ensure that all major financial information is known to the Management Board of Nationale-Nederlanden Bank N.V., so that the timeliness, completeness and correctness of the external financial reporting are assured.

As required by section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act, each of the signatories hereby confirms that to the best of his/her knowledge:

- The Nationale-Nederlanden Bank N.V. Condensed consolidated interim accounts for the period ended 30 June 2022 give a true and fair view of the assets, liabilities, financial position and profit or loss of Nationale-Nederlanden Bank N.V. and the entities included in the consolidation taken as a whole.
- The Nationale-Nederlanden Bank N.V. interim report for the period ended 30 June 2022 includes a fair review of the information required pursuant to article 5.25d, paragraph 8 and 9 of the Dutch Financial Supervision Act regarding Nationale-Nederlanden Bank N.V. and the entities included in the consolidation taken as a whole.

The Hague, 25 August 2022

### The Management Board

A.J.M. (Marcel) Zuidam, CEO and chair

C.H.A. (Kees) van Kalveen, CFO

P.C.A.M. (Pieter) Emmen, CRO

# Condensed consolidated statement of financial position

Amounts in thousands of euros, unless stated otherwise

## Condensed consolidated statement of financial position

	notes	30 June 2022	31 December 2021
<b>Assets</b>			
Cash and balances at central banks		2,441,303	1,324,778
Amounts due from banks		291,594	267,969
Financial assets at fair value through profit or loss:			
– non-trading derivatives	2	3,096	8,353
Investment securities	3	1,068,671	1,271,432
Loans	4	20,296,106	21,227,558
Intangible assets		25,688	23,690
Other assets		192,867	239,678
<b>Total assets</b>		<b>24,319,325</b>	<b>24,363,458</b>
<b>Liabilities</b>			
Amounts due to banks		80,000	0
Customer deposits and other funds on deposit	5	16,127,497	15,904,147
Financial liabilities at fair value through profit or loss:			
– non-trading derivatives	6	83,779	12,571
Other borrowed funds	7	160,000	638,000
Other liabilities		118,742	76,006
Deferred tax liabilities		8,723	8,142
Provisions	8	24,767	25,761
Debt securities issued	9	6,626,538	6,519,192
Subordinated debt	10	85,000	85,000
<b>Total liabilities</b>		<b>23,315,046</b>	<b>23,268,819</b>
<b>Equity</b>			
Shareholders' equity		1,004,279	1,094,639
<b>Total equity</b>	11	<b>1,004,279</b>	<b>1,094,639</b>
<b>Total equity and liabilities</b>		<b>24,319,325</b>	<b>24,363,458</b>

References relate to the notes starting on page 12. These form an integral part of the Condensed consolidated interim accounts.

## Condensed consolidated statement of profit or loss

Amounts in thousands of euros, unless stated otherwise

### Condensed consolidated statement of profit or loss

	notes	1 January to 30 June 2022	1 January to 30 June 2021
Interest income		276,611	295,412
Interest expenses		158,090	166,561
Interest result	12	118,521	128,851
Gains and losses on financial transactions and other income		-537	240
– gross fee and commission income		66,353	68,059
– fee and commission expenses		7,793	6,530
Net fee and commission income		58,560	61,529
Valuation results on non-trading derivatives		10,531	3,010
<b>Total income</b>		<b>187,075</b>	<b>193,630</b>
Impairment charges on financial instruments		-1,852	-6,522
Staff expenses	13	66,392	61,934
Regulatory levies	14	17,712	15,906
Other operating expenses	15	37,605	36,166
<b>Total expenses</b>		<b>119,857</b>	<b>107,484</b>
<b>Result before tax</b>		<b>67,218</b>	<b>86,146</b>
Taxation		17,356	21,552
<b>Net result</b>		<b>49,862</b>	<b>64,594</b>



# Condensed consolidated statement of comprehensive income

Amounts in thousands of euros, unless stated otherwise

## Condensed consolidated statement of comprehensive income

	1 January to 30 June 2022	1 January to 30 June 2021
<b>Net result</b>	<b>49,862</b>	<b>64,594</b>
- unrealised revaluations on investment securities at fair value through other comprehensive income	-33,784	-1,145
- macro fair value hedge accounting effect on investment securities at fair value through other comprehensive income transferred to the statement of profit or loss	5,114	0
- realised gains or losses transferred to the statement of profit or loss	0	-268
Items that may be reclassified subsequently to the statement of profit or loss	-28,670	-1,413
<b>Total other comprehensive income</b>	<b>-28,670</b>	<b>-1,413</b>
<b>Total comprehensive income</b>	<b>21,192</b>	<b>63,181</b>
Comprehensive income attributable to:		
Shareholder of the parent	21,192	63,181
<b>Total comprehensive income</b>	<b>21,192</b>	<b>63,181</b>

## Condensed consolidated statement of changes in equity

Amounts in thousands of euros, unless stated otherwise

### Condensed consolidated statement of changes in equity (2022)

	Share capital	Share premium	Reserves	Total equity
<b>Equity - 1 January 2022</b>	<b>10,000</b>	<b>481,000</b>	<b>603,639</b>	<b>1,094,639</b>
Unrealised revaluations on investment securities at fair value through other comprehensive income	0	0	-33,784	-33,784
Macro fair value hedge accounting effect on investment securities at fair value through other comprehensive income transferred to the statement of profit or loss	0	0	5,114	5,114
Realised gains or losses transferred to the statement of profit or loss	0	0	0	0
<b>Total amount recognised directly in equity (Other comprehensive income)</b>	<b>0</b>	<b>0</b>	<b>-28,670</b>	<b>-28,670</b>
Net result	0	0	49,862	49,862
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>21,192</b>	<b>21,192</b>
Dividend paid	0	0	-111,600	-111,600
Change in employee share plans	0	0	48	48
<b>Equity - 30 June 2022</b>	<b>10,000</b>	<b>481,000</b>	<b>513,279</b>	<b>1,004,279</b>

### Condensed consolidated statement of changes in equity (2021)

	Share capital	Share premium	Reserves	Total equity
<b>Equity - 1 January 2021</b>	<b>10,000</b>	<b>481,000</b>	<b>644,710</b>	<b>1,135,710</b>
Unrealised revaluations on investment securities at fair value through other comprehensive income	0	0	-1,145	-1,145
Macro fair value hedge accounting effect on investment securities at fair value through other comprehensive income transferred to the statement of profit or loss	0	0	0	0
Realised gains or losses transferred to the statement of profit or loss	0	0	-268	-268
<b>Total amount recognised directly in equity (Other comprehensive income)</b>	<b>0</b>	<b>0</b>	<b>-1,413</b>	<b>-1,413</b>
Net result	0	0	64,594	64,594
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>63,181</b>	<b>63,181</b>
Dividend paid	0	0	-12,000	-12,000
Change in employee share plans	0	0	60	60
<b>Equity - 30 June 2021</b>	<b>10,000</b>	<b>481,000</b>	<b>695,951</b>	<b>1,186,951</b>

# Condensed consolidated statement of cash flows

Amounts in thousands of euros, unless stated otherwise

## Condensed consolidated statement of cash flows

	notes	1 January to 30 June 2022	1 January to 30 June 2021
Result before tax		67,218	86,146
Adjusted for:			
- amortisation and disposals of intangible assets	15	1,574	1,142
- amortisation of mortgage premium	4	17,995	11,610
- amortisation premium investment securities		4,828	5,427
- modifications	4	-1,005	-1,038
- net impairment charges on financial instruments		-1,853	-6,522
- net addition to provisions	15	349	-754
- fair value change on hedged items	4	1,015,315	244,213
- increase (decrease) deferred tax		10,550	-342
- change in employee share plans		48	60
Taxation paid		-24,242	-20,661
Changes in:			
- amounts due to banks		80,000	-186,496
- non-trading derivatives		76,465	-101,143
- loans	4	-455,140	-182,700
- other assets <sup>1</sup>		49,701	20,408
- customer deposits and other funds on deposit	5	223,350	388,472
- other liabilities <sup>1</sup>		45,391	-146,743
<b>Net cash flow from operating activities</b>		<b>1,110,544</b>	<b>111,079</b>
Investments and advances:			
- investment securities	3	-17,094	-548,269
- intangible assets		-3,572	-6,767
Disposals and redemptions:			
- investment securities	3	169,516	126,051
<b>Net cash flow from investing activities</b>		<b>148,850</b>	<b>-428,985</b>
Proceeds from issuance of subordinated debt	10	15,000	0
Repayments of subordinated debt	10	-15,000	0
Proceeds from issuance of debt securities	9	496,615	497,858
Repayments of debt securities	9	-26,259	-549,143
Proceeds from other borrowed funds	7	160,000	0
Repayments of other borrowed funds	7	-638,000	-564,000
Dividend paid	11	-111,600	-12,000
<b>Net cash flow from financing activities</b>		<b>-119,244</b>	<b>-627,285</b>
<b>Net cash flow</b>		<b>1,140,150</b>	<b>-945,191</b>

<sup>1</sup> Accrued interest is as of 2021 included in the line items 'other assets' and 'other liabilities'.

## Interest included in net cash flow from operating activities

	1 January to 30 June 2022	1 January to 30 June 2021
Interest received	278,945	301,583
Interest paid	-184,612	-211,928
<b>Interest received and paid</b>	<b>94,332</b>	<b>89,655</b>

## Cash and cash equivalents

	1 January to 30 June 2022	1 January to 30 June 2021
Cash and cash equivalents at beginning of the period	1,592,747	3,008,723
Net cash flow	1,140,150	-945,191
<b>Cash and cash equivalents at end of the period</b>	<b>2,732,897</b>	<b>2,063,532</b>
	<b>30 June 2022</b>	<b>30 June 2021</b>
Cash and balances at central banks	2,441,303	1,808,614
Amounts due from banks	291,594	254,918
<b>Cash and cash equivalents at end of the period</b>	<b>2,732,897</b>	<b>2,063,532</b>

## Notes to the Condensed consolidated interim accounts continued

Nationale-Nederlanden Bank N.V. (NN Bank) is a public limited liability company (*naamloze vennootschap*) incorporated under Dutch law. NN Bank has its official seat and its office address in The Hague, the Netherlands. NN Bank is recorded in the Commercial Register, no. 52605884.

NN Bank's principal activities are providing retail customers with mortgage loans, (internet) savings, bank annuities, consumer lending and retail investment products. In addition, NN Bank provides mortgage administration and management services to ING Bank N.V., Nationale-Nederlanden Levensverzekering Maatschappij N.V. (NN Life), Nationale-Nederlanden Schadeverzekering Maatschappij N.V. (NN Non-Life), NN Insurance Belgium N.V. (NN Belgium) and the NN Dutch Residential Mortgage Fund.

### 1 Accounting policies

The NN Bank Condensed consolidated interim accounts have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The accounting principles used to prepare these Condensed consolidated interim accounts comply with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and are consistent with those set out in the notes to the 2021 NN Bank Consolidated annual accounts, except as indicated below.

These Condensed consolidated interim accounts should be read in conjunction with the 2021 NN Bank Consolidated annual accounts. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in NN Bank's financial position and performance since the last annual accounts.

#### Use of judgement and estimates

The preparation of the Condensed consolidated interim accounts requires management to make judgements, estimates and assumptions that impact the application of the accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these Condensed consolidated interim accounts, management's significant judgements in applying its accounting policies and the key sources of estimation uncertainty were based on those applied in the 2021 NN Bank Consolidated annual accounts. Certain amounts recorded in the Condensed consolidated interim accounts reflect management's estimates and assumptions. Interim results are not necessarily indicative of full-year results.

NN Bank has extended its application of macro fair value hedge accounting under the EU 'carve-out' of IFRS-EU by starting macro fair value hedge accounting for the interest rate risk in the sub-portfolio investment securities measured at FVOCI. The effect of this macro fair value hedge is charged from the Statement of comprehensive income to the Statement of profit or loss in the first half of 2022.

#### Changes in accounting policies

The accounting policies applied in these interim accounts are the same as those applied in NN Bank's Consolidated annual accounts as at and for the year ended 31 December 2021.

## Notes to the Condensed consolidated interim accounts continued

### 2 Financial assets at fair value through profit or loss

#### Non-trading derivatives

	30 June 2022	31 December 2021
Balanced guaranteed swaps	3,096	8,353
<b>Non-trading derivatives</b>	<b>3,096</b>	<b>8,353</b>

### 3 Investment securities

#### Investment securities by type 30 June 2022

	AC <sup>1</sup>	FVOCI <sup>2</sup>	30 June 2022
Government bonds	108,142	191,894	300,036
Covered bonds	0	727,621	727,621
Corporate bonds	0	12,959	12,959
Financial institution bonds	506	0	506
Asset backed securities	27,614	0	27,614
<b>Investment securities - before loss provisions</b>	<b>136,262</b>	<b>932,474</b>	<b>1,068,736</b>
Investment securities loss provisions	-26	-39	-65
<b>Investment securities - after loss provisions</b>	<b>136,236</b>	<b>932,435</b>	<b>1,068,671</b>

1 AC= Amortised Cost

2 FVOCI = Fair value through Other Comprehensive Income

#### Investment securities by type 31 December 2021

	AC	FVOCI	31 December 2021
Government bonds	207,242	205,174	412,416
Covered bonds	0	753,513	753,513
Corporate bonds	1,947	14,037	15,984
Financial institution bonds	61,993	0	61,993
Asset backed securities	27,612	0	27,612
<b>Investment securities - before loss provisions</b>	<b>298,794</b>	<b>972,724</b>	<b>1,271,518</b>
Investment securities loss provisions	-46	-40	-86
<b>Investment securities - after loss provisions</b>	<b>298,748</b>	<b>972,684</b>	<b>1,271,432</b>

#### Changes in investment securities

	6-month period ended 30 June 2022	Year ended 31 December 2021
Investment securities – opening balance	1,271,518	933,418
Additions	17,094	772,165
Amortisation	-4,828	-10,791
Changes in unrealised revaluations	-45,532	-8,669
Disposals and redemptions	-169,516	-414,605
<b>Investment securities – closing balance</b>	<b>1,068,736</b>	<b>1,271,518</b>

In the first half of 2022, the rising market interest rates led to higher unrealised losses on investment securities. EUR 6.9 million of these unrealised losses is hedged by macro fair value hedge accounting. Reference is made to Note 1 'Accounting policies' and to the Statement of comprehensive income.

## Notes to the Condensed consolidated interim accounts continued

### 4 Loans

#### Loans by type 30 June 2022

	30 June 2022 <sup>1</sup>
Loans secured by mortgages, guaranteed by public authorities	4,901,678
Loans secured by mortgages <sup>2</sup>	14,891,348
Consumer lending	90,426
Other loans	145,786
Group companies	275,715
<b>Loans – before loan loss provisions</b>	<b>20,304,953</b>
Loan loss provisions	-8,847
<b>Loans</b>	<b>20,296,106</b>

1 All loans are measured at Amortised Cost.  
2 Including purchased credit-impaired assets.

#### Loans by type 31 December 2021

	31 December 2021 <sup>1</sup>
Loans secured by mortgages, guaranteed by public authorities	5,382,377
Loans secured by mortgages <sup>2</sup>	15,322,073
Consumer lending	104,341
Other loans	152,583
Group companies	277,079
<b>Loans – before loan loss provisions</b>	<b>21,238,453</b>
Loan loss provisions	-10,895
<b>Loans</b>	<b>21,227,558</b>

1 All loans are measured at Amortised Cost.  
2 Including purchased credit-impaired assets.

'Other loans' relates to a short-term receivable from NN Dutch Residential Mortgage Fund for mortgages sold, but not yet transferred.

'Group companies' relates to a receivable, following arrangements to transfer mortgage parts in a current account for the former Delta Lloyd Bank portfolio.

#### Loans by stage 30 June 2022

	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit-Impaired	No allocated stage <sup>1</sup>	30 June 2022
Loans - before loan loss provisions	20,492,117	582,279	90,973	29,888	-890,304	20,304,953
Loan loss provisions	-925	-3,528	-4,326	-68	0	-8,847
<b>Loans - after loan loss provisions</b>	<b>20,491,192</b>	<b>578,751</b>	<b>86,647</b>	<b>29,820</b>	<b>-890,304</b>	<b>20,296,106</b>

1 'No allocated stage' relates mainly to mortgage premium and fair value changes of hedged items.

#### Loans by stage 31 December 2021

	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit-Impaired	No allocated stage <sup>1</sup>	31 December 2021
Loans - before loan loss provisions	19,931,845	614,481	103,383	31,483	557,261	21,238,453
Loan loss provisions	-1,482	-1,846	-7,322	-245	0	-10,895
<b>Loans - after loan loss provisions</b>	<b>19,930,363</b>	<b>612,635</b>	<b>96,061</b>	<b>31,238</b>	<b>557,261</b>	<b>21,227,558</b>

1 'No allocated stage' relates mainly to mortgage premium and fair value changes of hedged items.

## Notes to the Condensed consolidated interim accounts continued

### Changes in loans by stage

	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit-Impaired	No allocated stage <sup>1</sup>	6-month period ended 30 June 2022	Year ended 31 December 2021
Loans – opening balance	19,931,845	614,481	103,383	31,483	557,261	21,238,453	21,280,660
Mortgage portfolio transfer	94,508	5,018	634	0	0	100,160	239,044
Partial transfer of mortgage loans	4,005	663	-302	0	0	4,366	24,902
Origination	1,827,359	33,472	1,415	0	0	1,862,246	3,012,851
Premium new mortgages	0	0	0	0	1,949	1,949	14,056
Amortisation mortgage premium	0	0	0	57	-18,052	-17,995	-39,593
Fair value change hedged items	0	0	0	0	-1,371,433	-1,371,433	-461,527
Other changes <sup>2</sup>	-49,477	7,356	4,843	135	-61,034	-98,177	-48,868
Modifications <sup>3</sup>	0	0	0	0	1,005	1,005	1,985
Redemptions	-1,335,917	-62,630	-16,800	-1,787	0	-1,417,134	-2,777,786
Transfers to <sup>4</sup> :							
– Stage 1	0	-121,168	-1,251	0	0	-122,419	-104,133
– Stage 2	-93,925	0	-22,158	0	0	-116,083	-383,414
– Stage 3	-9,599	-11,847	0	0	0	-21,446	-33,578
Transfers from <sup>4</sup> :							
– Stage 1	0	94,912	9,440	0	0	104,352	258,885
– Stage 2	122,079	0	11,769	0	0	133,848	110,197
– Stage 3	1,239	22,022	0	0	0	23,261	144,772
<b>Loans – closing balance</b>	<b>20,492,117</b>	<b>582,279</b>	<b>90,973</b>	<b>29,888</b>	<b>-890,304</b>	<b>20,304,953</b>	<b>21,238,453</b>

1 'No allocated stage' relates mainly to mortgage premium and fair value changes of hedged items.

2 'Other changes' mainly reflects the differences that result from 'Transfers to' / 'Transfer from', which are based on year to date (YtD) and other movements which are based on month to date (MtD). The transfers are based on the YtD methodology to avoid double counting movements where a loan can change stages multiple times a year. Additionally, it reflects changes in the drawn amounts of the construction deposits, and changes in 'Other loans'.

3 'Modifications' relates to the impact of the modification of the outstanding mortgage loans as a result of the amended interest rate pricing system for NN and former Delta Lloyd mortgage portfolios.

4 'Transfers to' shows the outflow from the stage in the column to the stage stated on row level. 'Transfers from' shows the inflow from stage on row level to the stage in the column. Differences between 'Transfers to' and 'Transfers from' arise due to changes in balance amount between the moment of outflow and inflow.

### Changes in Purchased or Originated Credit-Impaired loans (POCI)

	6-month period ended 30 June 2022	Year ended 31 December 2021
POCI - opening balance	31,483	35,783
Mortgage portfolio transfer	0	1,102
Amortisation value adjustment	57	243
Redemptions	-1,787	-5,962
Unfavourable changes in credit quality	-33	-465
Favourable changes in credit quality	168	782
<b>POCI - closing balance</b>	<b>29,888</b>	<b>31,483</b>

'Purchased or Originated Credit-Impaired (POCI) loans' are purchased from ING Bank and recognised initially at an amount net of impairments. They are measured at amortised cost using a credit-adjusted effective interest rate. In subsequent periods, any deteriorating changes to the estimated lifetime ECL are recognised in the statement of profit or loss.

### Loan loss provisions by type

	30 June 2022	31 December 2021
Loans secured by mortgages	4,241	4,413
Consumer lending	4,606	6,482
<b>Loan loss provisions by type</b>	<b>8,847</b>	<b>10,895</b>

Compared with 31 December 2021, the loan loss provision for mortgages slightly decreased to EUR 4.2 million. The 8.2% increase in housing prices in the first half of 2022 resulted in a release from the provision. This release was largely offset by a EUR 2.6 million management overlay related to high levels of inflation and sharply increasing mortgage interest rates. The provision for consumer lending decreased by EUR 1.9 million due to a decrease in the size of the portfolio. The impact of Covid-19 on the stock of provisions was limited.

Total write-offs minus recoveries were low (EUR 0.3 million), due to low unemployment and a strong increase in housing prices.

#### Macro-economic scenarios

Furthermore, NN Bank has updated its macro-economic scenarios. The assumptions on future macro-economic variables, such as GDP, unemployment and housing prices are used as input in the calculation of the loan loss provision under IFRS 9, where it is required to use forward-looking information. Various institutions published adjusted economic outlooks and scenarios, which include the possible economic impact of the current inflationary trends and the impact of the invasion of Ukraine. The Bank has taken into account the most recent scenarios as published by the CPB, IMF and DNB. The outlook is uncertain, and dependent on the course of the invasion of Ukraine. Due to this continuous

## Notes to the Condensed consolidated interim accounts continued

uncertainty, the weights of the macro-economic scenarios are kept with a higher weight for the downturn scenario. The scenario weights are assigned as follows: neutral scenario 50%, upside 10%, downside 40%. These assumptions will be assessed on a continual basis and adjusted if necessary, based on the further economic developments.

After a particularly strong recovery from the Covid-19 crisis, the economic outlook for 2022 has worsened due to the invasion of Ukraine and high inflation. Prices in energy and commodity markets have risen to record levels since the Russian invasion. NN Bank expects the economy to grow by 2.8% in 2022 and 1.0% in 2023. Inflation is expected to remain high throughout 2022, due to continuing supply shortages and high energy prices. We expect the tightness in the labour market to continue, and the unemployment rate is expected to remain stable at around 4% in 2022 and beyond. Despite these crises, housing prices are still expected to increase in 2022, mainly due to low supply, but it is expected that higher interest rates and a weakening economy will cool down the market for owner-occupied homes. A significant portion of the annual growth we forecast for this year has already been realised, and we expect only a modest increase in housing prices this year, and in the years to come.

Scenario	Weighting	Macro-economic variable	2022	2023	2024	Long-Term Rate	Unweighted ECL	Weighted ECL
Up	10%	Unemployment	3.0%	2.1%	3.1%			
		Housing Price index growth	19.0%	17.3%	9.7%		7,776	
		GDP growth	2.8%	5.2%	3.6%			
Neutral	50%	Unemployment	4.0%	4.0%	4.1%	4.1%		
		Housing Price index growth	13.0%	3.5%	2.0%	2.0%	8,701	8,847
		GDP growth	2.8%	1.0%	2.0%	2.0%		
Down	40%	Unemployment	4.0%	5.0%	4.5%			
		Housing Price index growth	13.0%	0.0%	1.0%		9,297	
		GDP growth	-0.1%	-3.2%	-0.6%			

### Changes in loan loss provisions by stage – Loans secured by mortgages

	Stage 1 12-month ECL non-credit impaired	Stage 2 Lifetime ECL non-credit impaired	Stage 3 Lifetime ECL credit impaired	Purchased or Originated Credit- Impaired	6-month period ended 30 June 2022	Year ended 31 December 2021
Loan loss provisions – opening balance	1,154	1,100	1,914	245	4,413	13,783
Addition (release from) to the loan loss provisions	-474	2,115	-1,267	-177	197	-2,968
Transfers to <sup>1</sup> :						
– Stage 1	0	-231	-31		-262	-891
– Stage 2	-5	0	-276		-281	-6,630
– Stage 3	-1	-37	0		-38	-120
Transfers from <sup>1</sup> :						
– Stage 1	0	51	90		141	475
– Stage 2	2	0	58		60	390
– Stage 3	0	11	0		11	374
<b>Loan loss provisions – closing balance</b>	<b>676</b>	<b>3,009</b>	<b>488</b>	<b>68</b>	<b>4,241</b>	<b>4,413</b>
Write-offs	0	0	152	0	152	860
Recoveries	0	0	-360	0	-360	-859

<sup>1</sup> 'Transfers to' shows the outflow from the stage in the column to the stage stated on row level. 'Transfers from' shows the inflow from stage on row level to the stage in the column. Differences between 'Transfers to' and 'Transfers from' arise because the provision changes as a result of the change in stage.



## Notes to the Condensed consolidated interim accounts continued

### Changes in loan loss provisions by stage – Consumer lending

	Stage 1 12-month ECL non-credit impaired	Stage 2 Lifetime ECL non-credit impaired	Stage 3 Lifetime ECL credit impaired	6-month period ended 30 June 2022	Year ended 31 December 2021
Loan loss provisions – opening balance	328	746	5,408	6,482	11,481
Addition (release from) to the loan loss provisions	-89	-140	-1,504	-1,733	-4,873
Changes in models and methodologies	0	0	0	0	-614
Transfers to <sup>1</sup> :					
– Stage 1	0	-210	-175	-385	-550
– Stage 2	-7	0	-445	-452	-505
– Stage 3	-2	-129	0	-131	-338
Transfers from <sup>1</sup> :					
– Stage 1	0	142	204	346	1,211
– Stage 2	16	0	350	366	590
– Stage 3	3	110	0	113	80
<b>Loan loss provisions – closing balance</b>	<b>249</b>	<b>519</b>	<b>3,838</b>	<b>4,606</b>	<b>6,482</b>
Write-offs	0	0	1,441	1,441	6,376
Recoveries	0	0	-967	-967	-1,426

<sup>1</sup> Transfers to<sup>1</sup> shows the outflow from the stage in the column to the stage stated on row level. Transfers from<sup>1</sup> shows the inflow from stage on row level to the stage in the column. Differences between Transfers to<sup>1</sup> and Transfers from<sup>1</sup> arise because the provision changes as a result of the change in stage.

### Delinquency

	Mortgages		Consumer lending		Total	
	30 June 2022 <sup>1</sup>	31 December 2021 <sup>1</sup>	30 June 2022 <sup>1</sup>	31 December 2021 <sup>1</sup>	30 June 2022 <sup>1</sup>	31 December 2021 <sup>1</sup>
0 days	20,958,208	20,369,193	84,574	96,556	21,042,782	20,465,749
1 – 30 days	32,849	32,260	857	830	33,706	33,090
31 – 60 days	18,480	19,190	364	521	18,844	19,711
61 – 90 days	20,446	30,494	233	203	20,679	30,697
> 90 days	74,848	125,714	4,398	6,231	79,246	131,945
<b>Total</b>	<b>21,104,831</b>	<b>20,576,851</b>	<b>90,426</b>	<b>104,341</b>	<b>21,195,257</b>	<b>20,681,192</b>

<sup>1</sup> Total amount reconciles to stage 1-3 and purchased credit-impaired loans, excluding the category 'no allocated stage'.

### Loans exposed to credit risk

	Stage 1		Stage 2		Stage 3		POCI assets		Total		Total
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022 <sup>1</sup>	31 December 2021 <sup>1</sup>	31 December 2021
Mortgages	20,410,131	19,839,296	578,420	609,488	86,392	96,584	29,888	31,483	21,104,831	20,576,851	20,576,851
Consumer loans	81,986	92,549	3,859	4,993	4,581	6,799	0	0	90,426	104,341	104,341
<b>Total</b>	<b>20,492,117</b>	<b>19,931,845</b>	<b>582,279</b>	<b>614,481</b>	<b>90,973</b>	<b>103,383</b>	<b>29,888</b>	<b>31,483</b>	<b>21,195,257</b>	<b>20,681,192</b>	<b>20,681,192</b>

<sup>1</sup> Total amount reconciles to stage 1-3 and purchased credit-impaired loans, excluding the category 'no allocated stage'.

## 5 Customer deposits and other funds on deposit

### Customer deposits and other funds on deposit by type

	30 June 2022	31 December 2021
Savings	7,582,817	7,357,477
Bank annuities	6,834,443	6,838,588
Bank annuities related to mortgages	1,591,776	1,581,230
Corporate deposits	0	3,500
Group companies	118,461	123,352
<b>Customer deposits and other funds on deposit</b>	<b>16,127,497</b>	<b>15,904,147</b>

'Group companies' relates to a payable, following arrangements to transfer mortgage parts in a current account for the former Delta Lloyd Bank portfolio.

## Notes to the Condensed consolidated interim accounts continued

### Changes in Customer deposits and other funds on deposit

	6-month period ended 30 June 2022	Year ended 31 December 2021
Customer deposits and other funds on deposit – opening balance	15,904,147	15,742,735
Deposits received	1,911,397	4,848,716
Withdrawals	-1,688,047	-4,687,304
<b>Customer deposits and other funds on deposit – closing balance</b>	<b>16,127,497</b>	<b>15,904,147</b>

### 6 Financial liabilities at fair value through profit or loss

#### Non-trading derivatives

	30 June 2022	31 December 2021
Derivatives held for fair value hedge accounting	80,683	4,218
Balanced guaranteed swaps	3,096	8,353
<b>Non-trading derivatives</b>	<b>83,779</b>	<b>12,571</b>

### 7 Other borrowed funds

#### Other borrowed funds

	30 June 2022	31 December 2021
NN Group	0	438,000
Other borrowed funds	160,000	200,000
<b>Other borrowed funds</b>	<b>160,000</b>	<b>638,000</b>

  

	6-month period ended 30 June 2022	Year ended 31 December 2021
Other borrowed funds – opening balance	638,000	1,260,000
Issuances	160,000	150,000
Redemption	-638,000	-772,000
<b>Other borrowed funds – closing balance</b>	<b>160,000</b>	<b>638,000</b>

In the first half of 2022, new loans amounting to EUR 160 million were contracted with third parties, while EUR 200 million was repaid, resulting in a balance of 'Other borrowed funds' of EUR 160 million (2021: EUR 200 million).

NN Group provided a revolving credit facility commitment to NN Bank, up to an amount of EUR 250 million (2021: EUR 250 million). In addition, NN Group provided a Central Clearing Borrowing Facility up to an amount of EUR 1,300 million (2021: EUR 1,300 million) for the funding of variation margin calls regarding centrally cleared interest rate derivatives contracts.

The drawdown under the Central Clearing Borrowing Facility provided by NN Group decreased to EUR 0 million (2021: EUR 438 million), due to higher interest rates with consequently lower variation margin obligations.

On 30 June 2022, EUR 1,550 million was not drawn by NN Bank (2021: EUR 1,112 million).

## Notes to the Condensed consolidated interim accounts continued

### 8 Provisions

#### Provisions

	30 June 2022	31 December 2021
Interest compensation consumer credit provision	23,467	22,904
Restructuring provisions	1,270	2,827
Other provisions	30	30
<b>Provisions</b>	<b>24,767</b>	<b>25,761</b>

#### Restructuring provisions

	Interest compensation consumer credit provision		Restructuring provisions		Other provisions	
	6-month period ended 30 June 2022	Year ended 31 December 2021	6-month period ended 30 June 2022	Year ended 31 December 2021	6-month period ended 30 June 2022	Year ended 31 December 2021
Provisions - opening balance	22,904	0	2,827	6,375	30	27
Additions	563	22,904	993	1,716	0	90
Releases	0	0	-1,207	-1,910	0	-87
Charges	0	0	-1,343	-3,354	0	0
<b>Provisions - closing balance</b>	<b>23,467</b>	<b>22,904</b>	<b>1,270</b>	<b>2,827</b>	<b>30</b>	<b>30</b>

'Interest compensation consumer credit provision' is recognised for a compensation scheme regarding revolving consumer credit with a floating interest rate. In previous years, Kifid ruled that a number of banks did not sufficiently move in line with market rates when calculating the floating rate on revolving consumer credits. An NN Bank analysis revealed that certain clients, including clients from OHRA Bank and former Delta Lloyd Bank, have paid too much interest when applying the concepts underlying the Kifid rulings. NN Bank is going to compensate clients for too much charged interest. This compensation will apply to current clients and former clients. The details for the compensation scheme are expected to be published in the second half of 2022. This provision was created in 2021 and updated in the first half of 2022.

'Restructuring provisions' are recognised for expected future redundancy costs, mainly as result of reorganisations within NN Bank. The releases mainly resulted from staff that NN Bank was able to transfer to another internal position. The remaining restructuring provision at the balance sheet date represents the best estimate of the expected future redundancy costs and is expected to be sufficient to cover the remaining costs of the restructuring programmes.

'Additions' or 'Releases' of these provisions are recognised in the statement of profit or loss.

### 9 Debt securities issued

'Debt securities issued' relates to debentures and other issued debt securities with either fixed or floating interest rates. NN Bank does not have debt securities that are issued on terms other than those available in the normal course of business. The maturities, based on the earliest contractual payment date of the debt securities, are as follows:

#### Debt securities issued – maturities 30 June 2022

	Less than 1 year	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
Floating rate debt securities	306,729	0	0	0	0	0	306,729
<b>Subtotal RMBS securitisation programmes</b>	<b>306,729</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>306,729</b>
Covered bond issuances	0	499,159	491,207	490,736	0	3,024,963	4,506,065
Fixed rate unsecured debt securities	497,541	268,411	489,519	0	27,394	505,964	1,788,829
Floating rate unsecured debt securities	0	0	0	0	24,915	0	24,915
<b>Debt securities issued</b>	<b>804,270</b>	<b>767,570</b>	<b>980,726</b>	<b>490,736</b>	<b>52,309</b>	<b>3,530,927</b>	<b>6,626,538</b>

#### Debt securities issued – maturities 31 December 2021

	Less than 1 year	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
Floating rate debt securities	332,988	0	0	0	0	0	332,988
<b>Subtotal RMBS securitisation programmes</b>	<b>332,988</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>332,988</b>
Covered bond issuances	0	0	1,006,050	504,529	0	2,796,396	4,306,975
Fixed rate unsecured debt securities	0	772,279	0	497,395	0	584,650	1,854,324
Floating rate unsecured debt securities	0	0	0	0	24,905	0	24,905
<b>Debt securities issued</b>	<b>332,988</b>	<b>772,279</b>	<b>1,006,050</b>	<b>1,001,924</b>	<b>24,905</b>	<b>3,381,046</b>	<b>6,519,192</b>

## Notes to the Condensed consolidated interim accounts continued

### Secured debt securities

NN Bank has the right to redeem the Residential Mortgage Backed Securities under the Hypenn RMBS securitisation programme at First Optional Redemption Date (FORD). These dates for the debt securities issued are as follows:

	FORD	30 June 2022	31 December 2021
Hypenn RMBS I A3	17-11-2023	0	0
Hypenn RMBS VI	17-12-2022	306,729	332,988
Hypenn RMBS VII	17-9-2026	0	0
<b>Total</b>		<b>306,729</b>	<b>332,988</b>

On 29 July 2022, the FORD date of Hypenn RMBS I was extended to 17 November 2024. The outstanding notes of Hypenn RMBS I and Hypenn RMBS VII are fully held (retained) by NN Bank.

	Maturity date	30 June 2022	31 December 2021
Soft Bullet Covered Bond October 2017	10-10-2024	499,310	499,308
Soft Bullet Covered Bond June 2018	11-9-2025	498,061	497,951
Soft Bullet Covered Bond September 2018	25-9-2028	495,465	495,282
Soft Bullet Covered Bond February 2019	27-2-2024	499,159	499,102
Soft Bullet Covered Bond March 2019 - 1	18-3-2039	24,830	24,833
Soft Bullet Covered Bond March 2019 - 2	21-3-2039	19,922	19,926
Soft Bullet Covered Bond July 2019	25-9-2028	52,112	52,300
Soft Bullet Covered Bond September 2019	24-9-2029	498,651	498,423
Soft Bullet Covered Bond July 2020	8-7-2030	501,088	501,031
Soft Bullet Covered Bond September 2020	24-9-2035	496,113	496,365
Soft Bullet Covered Bond November 2020	12-11-2040	247,383	247,038
Soft Bullet Covered Bond March 2021	4-3-2041	497,020	497,244
Soft Bullet Covered Bond May 2022	17-5-2032	495,402	0
Fair value change hedged items		-318,451	-21,828
<b>Total</b>		<b>4,506,065</b>	<b>4,306,975</b>

On 8 April 2022, all bonds under the Conditional Pass-Through (CPT) Programme have been transferred to the Soft Bullet Covered Bond Programme.

On 17 May 2022, NN Bank raised EUR 500 million in secured funding by issuing a 10-year Soft Bullet Covered Bond under the Soft Bullet Covered Bond Programme.

### Unsecured debt securities

	Maturity date	30 June 2022	31 December 2021
Debt Issuance Programme May 2019	31-5-2023	499,398	499,066
Debt Issuance Programme August 2019	3-9-2029	19,883	19,875
Debt Issuance Programme November 2019	26-2-2025	498,179	497,838
Debt Issuance Programme September 2021	21-9-2028	497,381	497,254
Other unsecured debt securities	n/a	347,114	347,029
Fair value change hedged items		-73,126	-6,738
<b>Fixed rate unsecured debt securities</b>		<b>1,788,829</b>	<b>1,854,324</b>
Floating Rate Note July 2019 - 2	10-7-2026	24,915	24,905
<b>Floating rate unsecured debt securities</b>		<b>24,915</b>	<b>24,905</b>

### 10 Subordinated debt

Interest rate	Year of issue	Due date	First call date	Notional amount		Balance sheet value	
				30 June 2022	31 December 2021	30 June 2022	31 December 2021
2.55%	2022	27 February 2032	27 February 2027	15,000	0	15,000	0
1.29%	2020	26 February 2030	26 February 2025	30,000	30,000	30,000	30,000
1.38%	2019	26 September 2029	26 September 2024	25,000	25,000	25,000	25,000
1.83%	2019	26 June 2029	26 June 2024	15,000	15,000	15,000	15,000
3.02%	2017	27 February 2027	27 February 2022	0	15,000	0	15,000
<b>Subordinated debt</b>				<b>85,000</b>	<b>85,000</b>	<b>85,000</b>	<b>85,000</b>

The EUR 15.0 million subordinated loan issued in 2017 was restructured on 27 February 2022, and NN Group extended the maturity date by five years. The new interest rate is 2.55%. This restructured loan is considered to be a new loan under IFRS.

## Notes to the Condensed consolidated interim accounts continued

### 11 Equity

#### Total equity

	30 June 2022	31 December 2021
Share capital	10,000	10,000
Share premium	481,000	481,000
Revaluation reserve	-33,417	-4,747
Retained earnings and unappropriated result	546,696	608,386
<b>Shareholder's equity</b>	<b>1,004,279</b>	<b>1,094,639</b>

#### Changes in equity (2022)

30 June 2022	Share capital	Share premium	Reserves	Total shareholders' equity
Equity – opening balance	10,000	481,000	603,639	1,094,639
Total amount recognised directly in equity (Other comprehensive income)	0	0	-28,670	-28,670
Net result for the period	0	0	49,862	49,862
Dividend paid	0	0	-111,600	-111,600
Change in employee share plans	0	0	48	48
<b>Equity – closing balance</b>	<b>10,000</b>	<b>481,000</b>	<b>513,279</b>	<b>1,004,279</b>

#### Changes in equity (2021)

31 December 2021	Share capital	Share premium	Reserves	Total shareholders' equity
Equity – opening balance	10,000	481,000	644,710	1,135,710
Net result for the period	0	0	101,767	101,767
Total amount recognised directly in equity (Other comprehensive income)	0	0	-6,450	-6,450
Dividend paid	0	0	-136,466	-136,466
Change in employee share plans	0	0	78	78
<b>Equity – closing balance</b>	<b>10,000</b>	<b>481,000</b>	<b>603,639</b>	<b>1,094,639</b>

#### Appropriation of result 2021

On 23 May 2022, following the adoption of the 2021 Consolidated annual accounts by the general meeting of NN Bank (General Meeting), the 2021 net result of EUR 101.8 million, less the proposed final cash dividend of EUR 111.6 million, was deducted from the retained earnings.

#### Interim dividend 2022

NN Bank will not propose a dividend to be paid out from the first half-year result 2022.

### 12 Interest result

#### Interest result

	1 January to 30 June 2022	1 January to 30 June 2021
Interest income on loans	252,307	270,129
Modifications	1,017	1,056
Interest income on non-trading derivatives	22,570	22,669
Negative interest on liabilities	717	1,558
<b>Total interest income</b>	<b>276,611</b>	<b>295,412</b>
Interest expenses on amounts due to banks	0	76
Interest expenses on customer deposits and other funds on deposit	61,155	70,879
Interest expenses on debt securities issued and other borrowed funds	21,242	18,412
Interest expenses on non-trading derivatives	69,316	67,832
Interest expenses on subordinated loans	700	723
Negative interest on assets	4,669	5,843
Other interest expenses	1,008	2,796
<b>Total interest expenses</b>	<b>158,090</b>	<b>166,561</b>
<b>Interest result</b>	<b>118,521</b>	<b>128,851</b>

## Notes to the Condensed consolidated interim accounts continued

### 13 Staff expenses

#### Staff expenses

	1 January to 30 June 2022	1 January to 30 June 2021
Salaries	35,318	33,622
Pension and other staff-related benefit costs	6,844	6,529
Social security costs	4,554	4,437
Share-based compensation arrangements	48	60
External staff costs	18,510	16,224
Education	394	379
Other staff costs	724	683
<b>Staff expenses</b>	<b>66,392</b>	<b>61,934</b>

### 14 Regulatory levies

Regulatory levies represent contributions to Deposit Guarantee Schemes (DGS) and the Single Resolution Fund (SRF). In the first half of 2022, the contributions to DGS were EUR 8.1 million (first half 2021: EUR 7.9 million) and contributions to the SRF were EUR 9.6 million (first half 2021: EUR 8.0 million). The contribution to the SRF in the first half of 2022 comprises NN Bank's contribution for the full year 2022.

### 15 Other operating expenses

#### Other operating expenses

	1 January to 30 June 2022	1 January to 30 June 2021
Computer costs	9,081	7,817
Office expenses	147	140
Travel and accommodation expenses	679	579
Advertising and public relations	655	702
Bank costs	112	126
Net release from (addition to) restructuring provisions	-214	-1,118
Amortisation of intangible assets	1,574	1,142
Other	2,498	3,917
<b>Other operating expenses</b>	<b>14,532</b>	<b>13,305</b>
Customer & Commerce	9,290	7,776
IT	4,104	5,348
Facility Management	2,901	3,193
General Management	4,859	4,742
Group HR	1,367	1,235
Finance Service Centre	552	568
<b>Total Group Services</b>	<b>23,073</b>	<b>22,861</b>
<b>Total other operating expenses</b>	<b>37,605</b>	<b>36,166</b>

'Other' mainly consists of audit fees and contributions to, amongst others, AFM, DNB and ECB.

### 16 Fair value of financial assets and liabilities

The following table presents the estimated fair value of NN Bank's financial assets and liabilities. Certain balance sheet items are not included in the table, as they do not meet the definition of a financial asset or liability. The aggregation of the fair value presented below does not represent, and should not be construed as representing, the underlying value of NN Bank.

Notes to the Condensed consolidated interim accounts continued

Fair value of financial assets and liabilities

	Estimated fair value		Balance sheet value	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
<b>Financial assets</b>				
Cash and balances at central banks	2,441,303	1,324,778	2,441,303	1,324,778
Amounts due from banks	291,594	267,969	291,594	267,969
Financial assets at fair value through profit or loss:				
– non-trading derivatives	3,096	8,353	3,096	8,353
Investment securities	1,066,786	1,271,381	1,068,671	1,271,432
Loans	19,292,978	22,335,777	20,296,106	21,227,558
<b>Financial assets</b>	<b>23,095,757</b>	<b>25,208,258</b>	<b>24,100,770</b>	<b>24,100,090</b>
<b>Financial liabilities</b>				
Amounts due to banks	79,710	0	80,000	0
Customer deposits and other funds on deposit	15,974,564	16,599,460	16,127,497	15,904,147
Financial liabilities at fair value through profit or loss:				
– non-trading derivatives	83,779	12,571	83,779	12,571
Other borrowed funds	159,767	637,901	160,000	638,000
Debt securities issued	6,314,939	6,582,205	6,626,538	6,519,192
Subordinated debt	81,708	85,154	85,000	85,000
<b>Financial liabilities</b>	<b>22,694,467</b>	<b>23,917,291</b>	<b>23,162,814</b>	<b>23,158,910</b>

The estimated fair value represents the price at which an orderly transaction to sell the financial asset or to transfer the financial liability would take place between market participants at the balance sheet date (exit price). The fair value of financial assets and liabilities is based on unadjusted quoted market prices, where available. Such quoted market prices are primarily obtained from exchange prices for listed instruments. Where an exchange price is not available, market prices are obtained from independent market vendors, brokers or market-makers. Because substantial trading markets do not exist for all financial instruments, various techniques have been developed to estimate the approximate fair value of financial assets and liabilities that are not actively traded. The fair value presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of the future fair value. Where exposures of a group of financial assets and financial liabilities are managed on a net basis, NN Bank measures the fair value of the group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position or settle a net short position.

Financial assets and liabilities at fair value and amortised cost

The fair value of the financial instruments carried at fair value and amortised cost was determined as follows:

Methods applied in determining the fair value of financial assets and liabilities (30 June 2022)

	Balance sheet				
	value	Total fair value	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>					
Non-trading derivatives	3,096	3,096	0	0	3,096
Investment securities - FVOCI	932,435	932,474	188,675	743,799	0
<b>Financial assets not measured at fair value</b>					
Cash and balances at central banks <sup>1</sup>	2,441,303	2,441,303	2,441,303	0	0
Amounts due from banks <sup>1</sup>	291,594	291,594	291,594	0	0
Investment securities - AC	136,236	134,312	84,217	50,095	0
Loans - AC	20,296,106	19,292,978	0	0	19,292,978
<b>Financial assets</b>	<b>24,100,770</b>	<b>23,095,757</b>	<b>3,005,789</b>	<b>793,894</b>	<b>19,296,074</b>
<b>Financial liabilities measured at fair value</b>					
Non-trading derivatives	83,779	83,779	0	80,683	3,096
<b>Financial liabilities not measured at fair value</b>					
Amounts due to banks	80,000	79,710	0	79,710	0
Customer deposits and other funds on deposit <sup>1</sup>	16,127,497	15,974,564	10,308,072	5,638,428	28,064
Other borrowed funds	160,000	159,767	0	159,767	0
Debt securities issued	6,626,538	6,314,939	5,939,328	375,611	0
Subordinated debt	85,000	81,708	0	81,708	0
<b>Financial liabilities</b>	<b>23,162,814</b>	<b>22,694,467</b>	<b>16,247,400</b>	<b>6,415,907</b>	<b>31,160</b>

## Notes to the Condensed consolidated interim accounts continued

### Methods applied in determining the fair value of financial assets and liabilities (31 December 2021)

	Balance sheet value	Total fair value	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>					
Non-trading derivatives	8,353	8,353	0	0	8,353
Investment securities - FVOCI	972,684	972,724	217,865	754,859	0
<b>Financial assets not measured at fair value</b>					
Cash and balances at central banks <sup>1</sup>	1,324,778	1,324,778	1,324,778	0	0
Amounts due from banks <sup>1</sup>	267,969	267,969	267,969	0	0
Investment securities - AC	298,748	298,657	140,987	157,670	0
Loans - AC	21,227,558	22,335,777	0	0	22,335,777
<b>Financial assets</b>	<b>24,100,090</b>	<b>25,208,258</b>	<b>1,951,599</b>	<b>912,529</b>	<b>22,344,130</b>
<b>Financial liabilities measured at fair value</b>					
Non-trading derivatives	12,571	12,571	0	4,218	8,353
<b>Financial liabilities not measured at fair value</b>					
Amounts due to banks	0	0	0	0	0
Customer deposits and other funds on deposit <sup>1</sup>	15,904,147	16,599,460	9,983,455	6,586,659	29,346
Other borrowed funds	638,000	637,901	438,000	199,901	0
Debt securities issued	6,519,192	6,582,205	6,164,610	417,595	0
Subordinated debt	85,000	85,154	0	85,154	0
<b>Financial liabilities</b>	<b>23,158,910</b>	<b>23,917,291</b>	<b>16,586,065</b>	<b>7,293,527</b>	<b>37,699</b>

<sup>1</sup> Financial assets and liabilities measured at amortised cost that are on demand are classified in Level 1 in the table above. Their fair value approximates the carrying value.

#### Level 1 – (Unadjusted) Quoted prices in active markets

This category includes financial instruments whose fair value is determined directly by reference to published quotes in an active market that NN Bank can access. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions with sufficient frequency and volume to provide reliable pricing information on an ongoing basis.

#### Level 2 – Valuation technique supported by observable inputs

This category includes financial instruments whose fair value is determined using a valuation technique (e.g., a model), where inputs in the model are taken from an active market or are observable. If certain inputs in the model are unobservable, the instrument is still classified in this category, provided that the impact of those unobservable inputs elements on the overall valuation is insignificant. Included in this category are items whose value is derived from quoted prices of similar instruments, but for which the prices are modified based on other market observable external data and items whose value is derived from quoted prices, but for which there was insufficient evidence of an active market.

#### Level 3 – Valuation technique supported by unobservable inputs

This category includes financial instruments whose fair value is determined using a valuation technique (e.g., a model) for which more than an insignificant part of the inputs in terms of the overall valuation are not market-observable. This category also includes financial assets and liabilities whose fair value is determined by reference to price quotes, but for which the market is considered inactive. An instrument is classified in its entirety as Level 3 if a significant portion of the instrument's fair value is driven by unobservable inputs. Unobservable in this context means that there is little or no current market data available from which the price at which an orderly transaction would likely occur can be derived.



## Notes to the Condensed consolidated interim accounts continued

### Changes in Level 3 Financial assets

	Non-trading derivatives	6-month period ended 30 June 2022	Year ended 31 December 2021
Level 3 Financial assets – opening balance	8,353	8,353	25,563
Amounts recognised in the statement of profit or loss during the year	-5,257	-5,257	-13,530
Additions	0	0	782
Sale of assets	0	0	-4,462
<b>Level 3 Financial assets – closing balance</b>	<b>3,096</b>	<b>3,096</b>	<b>8,353</b>

### Changes in Level 3 Financial liabilities

		6-month period ended 30 June 2022	Year ended 31 December 2021
Level 3 Financial liabilities – opening balance		8,353	21,916
Amounts recognised in the statement of profit or loss during the year		-5,257	-13,563
<b>Level 3 Financial liabilities – closing balance</b>		<b>3,096</b>	<b>8,353</b>

### Level 3 – Amounts recognised in the statement of profit or loss during the year

	1 January to 30 June 2022	1 January to 30 June 2021
<b>Financial assets</b>		
Non-trading derivatives	-5,257	-7,934
Loans - FVTPL	0	33
<b>Financial assets</b>	<b>-5,257</b>	<b>-7,901</b>
<b>Financial liabilities</b>		
Non-trading derivatives	5,257	7,934
<b>Financial liabilities</b>	<b>5,257</b>	<b>7,934</b>

### 17 Contingent liabilities and commitments

Compared with 31 December 2021, the outstanding mortgage and consumer lending offerings increased by EUR 235 million to EUR 1,044 million (31 December 2021: EUR 809 million). Construction depots increased by EUR 71 million to EUR 511 million (31 December 2021: EUR 440 million).

There were no other material changes in the contingent liabilities and commitments.

For the other contingent liabilities and commitments of NN Bank at 31 December 2021, reference is made to Note 32 'Contingent liabilities and commitments' of the 2021 NN Bank Consolidated annual accounts.

### 18 Legal proceedings

There have been no noteworthy developments with respect to ongoing legal proceedings. Further reference is made to Note 33 'Legal proceedings' of the 2021 NN Bank Consolidated annual accounts.

Reference is made to Note 8 'Provisions' for the 'Interest compensation consumer credit provision'.

### 19 Subsequent events

There are no subsequent events to report after 30 June 2022

## Notes to the Condensed consolidated interim accounts continued

### 20 Capital and liquidity management

#### Capital adequacy

##### Capital position

Amounts in millions of euros	30 June 2022	31 December 2021
Common Equity Tier 1 Capital <sup>2</sup>	927	1,063
Total capital <sup>2</sup>	1,012	1,148
Risk Weighted Assets	6,356	6,120
Common Equity Tier 1 ratio <sup>1/2</sup>	14.6%	17.4%
Total capital ratio <sup>1/2</sup>	15.9%	18.8%

1 The CET1 ratio would be 15.4% and the total capital ratio would be 16.7% after inclusion of the first half-year result as at 30 June 2022.

2 The figures per 31 December 2021 differ slightly from the figures in the Annual Report 2021 due to rounding.

NN Bank maintained a solid capital position with a Capital Requirements Regulation (CRR) total capital ratio of 15.9% (31 December 2021: 18.8%) and a CRR CET1 ratio of 14.6% as of 30 June 2022 (31 December 2021: 17.4%). Common Equity Tier 1 Capital amounts to EUR 927 million (31 December 2021: EUR 1,063 million) and has decreased, mainly due to a dividend payment in 2022.

#### Liquidity adequacy

During 2022, NN Bank maintained an adequate liquidity position.

	30 June 2022	31 December 2021
Liquidity Coverage Ratio (LCR)	194%	165%
Net Stable Funding Ratio (NSFR)	142%	141%
Loan-to-Deposit ratio (LtD)	130%	129%

The Liquidity Coverage Ratio (LCR) improved from 165% at 31 December 2021 to 194% at 30 June 2022. This is well above regulatory and internal minimum requirements. In addition to the available liquidity as captured by the LCR, NN Bank has other sources of liquidity available. NN Bank has previously issued RMBSs, for which the notes are included in NN Bank's liquidity buffer. These can be used for ECB standing facilities (excluding emergency facilities) and commercial repo transactions. Further, NN Bank had intra-group facilities in place for use when necessary.

In addition to its liquidity ratio, NN Bank uses two ratios to measure and monitor the Bank's funding position. The NSFR ratio is defined as the amount of available stable funding relative to the amount of required stable funding. The objective of the NSFR is to incentivise banks to fund their activities from stable sources of funding on an ongoing basis. On 30 June 2022, NN Bank had a NSFR ratio of 142%. This is well above regulatory and internal minimum requirements.

The LtD ratio is a statistic for assessing a bank's deposit funding gap by dividing the bank's total volume of commercial loans by its retail deposits. This ratio is used for a diversified funding base and gives an indication of the bank's dependence on wholesale funding for financing client loans. On 30 June 2022, NN Bank had a LtD ratio of 130%, which is well within the internal threshold.

#### Dividend policy

NN Bank aims to pay dividends to its shareholder on a semi-annual basis, while ensuring that the capital ratios show stable development that remains well within NN Bank's risk appetite and the regulatory required capital ratios.

In June 2022, after the General Meeting's adoption of the 2021 Consolidated annual accounts, NN Bank paid a final dividend of EUR 111.6 million for 2021.

NN Bank will not propose a dividend to be paid out from the first half-year result 2022.

## Authorisation of the Condensed consolidated interim accounts

The interim report of NN Bank for the period ended 30 June 2022 was authorised for issue in accordance with a resolution of the NN Bank Management Board on 25 August 2022.

The Hague, 25 August 2022

### The Management Board

A.J.M. (Marcel) Zuidam, CEO and chair

C.H.A. (Kees) van Kalveen, CFO

P.C.A.M. (Pieter) Emmen, CRO

### The Supervisory Board

A.A.G. (André) Bergen, chair

T. (Tjeerd) Bosklopper

A.M. (Anne) Snel-Simmons

A.T.J. (Annemiek) van Melick

## Independent auditor's review report

To: the Shareholder and Supervisory Board of Nationale-Nederlanden Bank N.V.

### ***Our conclusion***

We have reviewed the accompanying condensed consolidated interim accounts of Nationale-Nederlanden Bank N.V. (or hereafter: the "Company") based in The Hague. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim accounts are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The condensed consolidated interim accounts comprise:

- 1 the condensed consolidated statement of financial position as at 30 June 2022;
- 2 the following statements for the six-month period ended 30 June 2022: the condensed consolidated statement of profit or loss, the condensed consolidated statements of comprehensive income, changes in equity and cash flows; and
- 3 the notes comprising of a summary of the significant accounting policies and other explanatory information.

### ***Basis for our conclusion***

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

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

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

### ***Responsibilities of the Management Board and the Supervisory Board for the condensed consolidated interim accounts***

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

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

### ***Our responsibilities for the review of the condensed consolidated interim accounts***

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

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

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

**Independent auditor's review report** continued

Our review included among others:

- Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim accounts where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding of internal control, as it relates to the preparation of the condensed consolidated interim accounts;
- Making inquiries of management and others within the entity;
- Applying analytical procedures with respect to information included in the condensed consolidated interim accounts;
- Obtaining assurance evidence that the condensed consolidated interim accounts agree with, or reconcile to the entity's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim accounts; and
- Considering whether the condensed consolidated interim accounts have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amstelveen, 25 August 2022

KPMG Accountants N.V.

B.M. Hengreen RA

# Contact and legal information

## Contact us

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Commercial Register number 52605884

Nationale-Nederlanden Bank N.V. is part of NN Group N.V.

## Disclaimer

NN Bank's Consolidated annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and with Part 9 of Book 2 of the Dutch Civil Code.

In preparing the financial information in this document, the same accounting principles are applied as in the 2021 NN Bank Consolidated annual accounts, except as indicated in Note 1 of the 30 June 2022 Condensed consolidated interim financial information.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Bank's core markets, (2) the effects of the Covid-19 pandemic and related response measures, including lockdowns and travel restrictions, on economic conditions in countries in which NN Bank operates, on NN Bank's business and operations and on NN Bank's employees, customers and counterparties, (3) changes in performance of financial markets, including developing markets, (4) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit and capital markets generally, (6) changes affecting interest rate levels, (7) changes affecting currency exchange rates, (8) changes in investor and customer behaviour, (9) changes in general competitive factors, (10) changes in laws and regulations and the interpretation and application thereof, (11) changes in the policies and actions of governments and/or regulatory authorities, (12) conclusions with regard to accounting assumptions and methodologies, (13) changes in ownership that could affect the future availability to NN Bank of net operating loss, net capital and built-in loss carry forwards, (14) changes in credit and financial strength ratings, (15) NN Bank's ability to achieve its strategy, including projected operational synergies, (16) operational risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, or inadequate controls including in respect of third parties with which we do business, (17) the inability to retain key personnel, (18) catastrophes and terrorist-related events, (19) adverse developments in legal and other proceedings and (20) the other risks and uncertainties contained in recent public disclosures made by NN Bank and/or related to NN Bank.

Any forward-looking statements made by or on behalf of NN Bank speak only as of the date they are made, and, NN Bank assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.

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