

30 June 2024
Condensed
consolidated
interim financial
information

Nationale-Nederlanden Bank N.V.

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Interim report

Overview

NN Group and NN Bank at a glance

NN Group N.V. (NN Group)

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 sustainable 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 21 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, OHRA, Movir, AZL, Woonnu and BeFrank, as well as via our joint venture, ABN AMRO Verzekeringen, and our partnerships with ING Bank and Volksbank.

Our roots lie in the Netherlands, with a rich history that stretches back over 175 years. NN Group is listed on Euronext Amsterdam (NN).

Nationale-Nederlanden Bank N.V. (NN Bank)

NN Bank is a fully owned subsidiary of NN Group. NN Bank is a prominent retail bank in the Netherlands, serving approximately 1.2 million retail customers. We offer mortgages, savings and retail investment products and bancassurance products. With this product offering, NN Bank is complementary to Nationale-Nederlanden's individual Life and Non-life insurance products for retail customers in the Netherlands.

We distribute our products via the direct channel (nn.nl) and via distribution partners (intermediaries). In addition, we provide administration and management services to other NN Group entities and institutional investors. This makes us an important supplier of mortgages as an asset class for NN Group.

NN Bank continues to originate high-quality Dutch residential mortgages, while driving customer interaction and supporting communities with sustainability initiatives.

At 30 June 2024, NN Bank had two fully owned subsidiaries:

- *Woonnu B.V.*, with a registered office in The Hague and separate AFM licence. Through Woonnu B.V. (Woonnu), NN Bank originates mortgage loans under a separate label and via a third-party mortgage servicer. On 16 August 2024, NN Bank entered into a legal merger with Woonnu, which merger became effective on 17 August 2024. Woonnu remains an NN Bank brand. Its purpose is to originate mortgage loans to consumers in the Dutch market with a focus on sustainable living.
- *HQ Hypotheken 50 B.V.*, with a 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.

Main developments

Key figures

Amounts in millions of euros	31 December	
	2024	2023
Loans	21,439	21,525
Customer deposits and other funds on deposit	16,991	16,465
Total assets	25,011	25,205
CET1 capital ¹	1,092	1,069
CET1 ratio ¹	17.2%	16.5%
Total capital ¹	1,162	1,154
Total capital ratio ¹	18.3%	17.8%
Leverage ratio	4.1%	4.0%
Liquidity Coverage Ratio (LCR)	193%	197%
Average number of internal FTE	1,066	1,037

Amounts in millions of euros	1 January to	
	30 June 2024	30 June 2023
Net interest income	198.2	202.0
Net result	61.9	64.8
Net interest margin ²	1.58%	1.66%
Cost/income ratio ²	58.3%	54.5%
Return on assets ²	0.5%	0.5%
Return on equity ²	10.6%	12.0%

1. 'Total capital' would be EUR 1,223 million, 'CET1 ratio' would be 18.1% and 'Total capital ratio' would be 19.2% after inclusion of the net result for the first half of 2024.
2. These ratios are calculated as follows:
 'Net interest margin': net interest income divided by the average total assets in a year (for reference, see Note 11 'Net interest income').
 'Cost/Income ratio': staff expenses plus other operating expenses divided by total income.
 'Return on assets': net result divided by the average total assets in a year.
 'Return on equity': net result divided by the average equity in a year.

Key financial developments

NN Bank reported a net result of EUR 61.9 million for the first half of 2024, compared with EUR 64.8 million in the first half of 2023. This is mainly driven by a lower net interest income and higher operating expenses, partially offset by lower regulatory levies.

Net interest income was EUR 198.2 million in the first half of 2024 (1H23: EUR 202.0 million). This was driven by

Interim report continued

higher funding expenses through increased savings rates, and partially offset by increased margins on new mortgages. The net interest margin decreased from 1.66% in the first half of 2023 to 1.58% in the first half of 2024.

Net fee and commission income decreased slightly, from EUR 32.5 million in the first half of 2023 to EUR 31.0 million in the same period this year, as we originated fewer NN mortgage loans for investors. The decrease was partially offset by higher commission income from our bancassurance products.

Impairment charges on financial instruments show a lower net release in the first half of 2024, which is equivalent to -0.3 basis points (1H23: -1.2 basis points). NN Bank's portfolio is well-collateralised. Therefore, the minor deterioration in the macro-economic environment in the first half of 2024 had only limited impact on our Credit Risk profile.

Total expenses were EUR 1.6 million lower than in the first half of 2023. Regulatory levies have decreased due to lower contributions to the Single Resolution Fund. The Single Resolution Fund is no longer collecting contributions from banks in 2024, as the target level has been reached. The decrease in levies was partly offset by higher staff and other operating expenses. These include ongoing digitalisation, the implementation of our new Payments proposition, our strategic priorities and investments in our ability to combat financial and economic crime.

The cost/income ratio increased from 54.5% in the first half of 2023 to 58.3% in the first half of 2024, reflecting the lower total income and higher staff and other operating expenses. The return on equity decreased from 12.0% in the first half of 2023 to 10.6% in the first half of 2024, reflecting the lower net result and a higher average equity.

NN Bank's capital and liquidity positions remain strong. The Common Equity Tier 1 (CET1) ratio was 17.2% and Total capital ratio (TCR) was 18.3% per 30 June 2024, compared with 16.5% and 17.8%, respectively, at year-end 2023. The increase in capital ratios was mainly the result of the retention of net profits, partially offset by EUR 44.0 million in final dividend over the 2023 financial year. From May 2024 onwards, the countercyclical capital buffer (CCyB) increased by 1% to 2%, resulting in an increase in the Total capital ratio target to 17.7%. NN Bank will not propose an interim dividend payment for the first half of the 2024 financial year, due to the (intended) redemption of subordinated debt (Tier 2) in 2024. NN Group granted these subordinated loans to NN Bank.

Risk Weighted Assets (RWA) decreased from EUR 6.5 billion at year-end 2023 to EUR 6.4 billion at 30 June 2024.

The Leverage Ratio increased from 4.0% at year-end 2023 to 4.1% at 30 June 2024.

The Liquidity Coverage Ratio (LCR) decreased from 196.5% at 31 December 2023 to 193.1% at 30 June 2024. It remains well above regulatory and internal minimum requirements. The increased cash position due to retail funding growth, redemption of HQLA bonds and variation margin inflow is partly offset by the redemption of wholesale funding. The Net Stable Funding Ratio (NSFR) increased from 133.2% per 31 December 2023 to 137.2% per 30 June 2024. The Loan-to-Deposit (LtD) ratio improved from 137% at 31 December 2023 to 133% at 30 June 2024.

NN Bank's residential¹ mortgage portfolio remained at EUR 22.8 billion per 30 June 2024, consistent with its value per 31 December 2023. In the first half of 2024, NN Bank's mortgage origination decreased by EUR 0.4 billion to EUR 1.8 billion (1H23: 2.2 billion), of which EUR 0.9 billion was originated for NN Bank's balance sheet and EUR 0.9 billion was transferred to other entities.

The category 'Loans' on the balance sheet (predominantly mortgage loans) decreased to EUR 21.4 billion at 30 June 2024 from EUR 21.5 billion at year-end 2023. This was mainly driven by the fair value hedge adjustment on mortgages, partially offset by an increase in mortgage loans. The mortgage servicing portfolio, including NN Bank's own portfolio, decreased slightly to EUR 55.4 billion at 30 June 2024 (1H23: EUR 55.9 billion).

The net growth in retail savings in the first half of 2024 was EUR 0.5 billion, bringing the total savings portfolio to EUR 17.0 billion at 30 June 2024.

Capital Market Funding update

In the first half of 2024, a EUR 500 million Soft Bullet Covered Bond matured, but that transaction had already been prefunded through the issuance of a EUR 750 million bond in October 2023. Due to stable balance sheet development and sustainable growth in retail savings, no bonds were issued in the first half of 2024.

Changes in Supervisory Board composition

André Bergen resigned as Chair of NN Bank's Supervisory Board on 1 May 2024. Erik Muetstege was appointed as Chair of the Bank's Supervisory Board as of that date.

Outlook

Our strategic outlook is positive, driven by the further implementation of an efficient, highly digitised and future-ready banking platform, along with the continuation of our strategic initiatives.

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

Interim report continued

NN Bank also continues its strong commitment to prevent Financial Economic Crime (FEC). We remain focused on maintaining a sound risk and compliance culture. NN Bank's positive business outlook is further supported by the expected introduction of Payments services in 2025, which will further diversify the Bank's fee-based business.

We expect central banks' short-term interest rates to decrease in the foreseeable future, and net interest margins to normalise. Inflation and interest rates have passed their peak, and after a brief stagnation, modest GDP growth is expected.

In the Netherlands, housing affordability is expected to remain a key theme. As interest rates have stabilised in the first half of 2024, compared to the increase over the course of 2023, we have seen mortgage applications and origination rise. This was further supported by wage increases in 2023 and 2024. However, the limited supply of houses – and, as a result, the expected (further) increase in house prices – indicates that affordability will remain a challenge. NN Bank aims to maintain its market share of mortgage production, whilst remaining disciplined in pricing.

Interest rates offered to customers for their savings have increased, compared to the first half of 2023. We therefore see continued customer focus on savings products. We aim to sustain our steady growth strategy for the savings portfolio.

We are committed to strengthening our relationships with our customers and will continue to support them during the moments in life that matter most to them. NN Bank continues to be determined to deliver on its purpose, ambition and strategic priorities in the second half of 2024. Our focus remains on achieving healthy growth, refining our business model, contributing positively to society and advancing data-driven work.

Conformity statement

The Management Board of Nationale-Nederlanden Bank N.V. is required to prepare the 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 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 2024 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 2024 includes a fair review of the information required pursuant to article 5.25d, paragraph 8 of the Dutch Financial Supervision Act regarding Nationale-Nederlanden Bank N.V. and the entities included in the consolidation.

The Hague, 27 August 2024

The Management Board

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

N.A.M. (Nadine) van der Meulen, 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 2024	31 December 2023
Assets			
Cash and balances at central banks		2,391,482	2,155,834
Amounts due from banks		219,342	260,317
Financial assets at fair value through profit or loss:			
– non-trading derivatives	2	14,548	39,098
Investment securities	3	750,777	900,827
Loans	4	21,438,682	21,524,697
Intangible assets		23,879	23,180
Assets held for sale		0	40,388
Deferred tax assets		0	169
Other assets		172,268	260,533
Total assets		25,010,978	25,205,043
Liabilities			
Customer deposits and other funds on deposit	5	16,990,801	16,464,651
Other borrowed funds	6	125,000	305,000
Other liabilities		102,796	99,650
Deferred tax liabilities		2,551	0
Provisions	7	4,061	11,357
Debt securities issued	8	6,535,886	7,083,011
Subordinated debt	9	70,000	85,000
Total liabilities		23,831,095	24,048,669
Equity			
Shareholders' equity		1,179,883	1,156,374
Total equity	10	1,179,883	1,156,374
Total equity and liabilities		25,010,978	25,205,043

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 2024	1 January to 30 June 2023
Interest income		654,267	476,456
Interest expenses		456,065	274,485
Net Interest income	11	198,202	201,971
Gains and losses on financial transactions and other income		262	-14
– fee and commission income		39,564	40,105
– fee and commission expenses		8,819	7,638
Net fee and commission income		30,745	32,467
Valuation results on non-trading derivatives		-16,674	-16,267
Total income		212,535	218,157
Impairment charges on financial instruments		-777	-2,269
Staff expenses	12	76,914	74,617
Regulatory levies	13	6,005	14,120
Other operating expenses	14	46,986	44,271
Total expenses		129,128	130,739
Result before tax		83,407	87,418
Taxation		21,535	22,573
Net result		61,872	64,845
Attributable to:			
Shareholder of the parent		61,872	64,845

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 2024	1 January to 30 June 2023
Net result	61,872	64,845
– unrealised revaluations on investment securities at fair value through other comprehensive income	5,366	6,129
– macro fair value hedge accounting effect on investment securities at fair value through other comprehensive income transferred to the statement of profit or loss	209	-1,042
– realised gains or losses transferred to the statement of profit or loss	0	2
Items that may be reclassified subsequently to the statement of profit or loss	5,575	5,089
Total other comprehensive income	5,575	5,089
Total comprehensive income	67,447	69,934
Comprehensive income attributable to:		
Shareholder of the parent	67,447	69,934
Total comprehensive income	67,447	69,934

Condensed consolidated statement of changes in equity

Amounts in thousands of euros, unless stated otherwise

Condensed consolidated statement of changes in equity (2024)

	Share capital	Share premium	Reserves	Total equity
Equity - 1 January 2024	10,000	481,000	665,374	1,156,374
Unrealised revaluations on investment securities at fair value through other comprehensive income	0	0	5,366	5,366
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	209	209
Realised gains or losses transferred to the statement of profit or loss	0	0	0	0
Total amount recognised directly in equity (Other comprehensive income)	0	0	5,575	5,575
Net result	0	0	61,872	61,872
Total comprehensive income	0	0	67,447	67,447
Dividend paid	0	0	-44,000	-44,000
Change in employee share plans	0	0	62	62
Equity - 30 June 2024	10,000	481,000	688,883	1,179,883

Condensed consolidated statement of changes in equity (2023)

	Share capital	Share premium	Reserves	Total equity
Equity - 1 January 2023	10,000	481,000	550,390	1,041,390
Unrealised revaluations on investment securities at fair value through other comprehensive income	0	0	6,129	6,129
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	-1,042	-1,042
Realised gains or losses transferred to the statement of profit or loss	0	0	2	2
Total amount recognised directly in equity (Other comprehensive income)	0	0	5,089	5,089
Net result	0	0	64,845	64,845
Total comprehensive income	0	0	69,934	69,934
Dividend paid	0	0	0	0
Change in employee share plans	0	0	72	72
Equity - 30 June 2023	10,000	481,000	620,396	1,111,396

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 2024	1 January to 30 June 2023
Result before tax		83,407	87,418
Adjusted for:			
– amortisation and disposals of intangible assets	14	601	1,769
– amortisation of mortgage premium	4	5,409	10,202
– amortisation of investment securities premium		2,894	3,713
– modifications	4	-513	-510
– net impairment charges on financial instruments		-777	-2,269
– fair value change on hedged items	4/8	121,968	-90,437
– fair value change on hedging instruments		-119,426	102,570
– increase (decrease) deferred tax		782	-598
– change in employee share plans		62	72
Taxation paid		-18,074	-22,644
Changes in:			
– amounts due to banks		0	-225,000
– non-trading derivatives		143,976	-45,461
– loans	4	-89,742	-429,604
– other assets		128,654	27,703
– customer deposits and other funds on deposit	5	526,150	76,001
– net addition to provisions	7	66	-863
– other liabilities		-7,677	59,589
Net cash flow from operating activities		777,760	-448,349
Investments and advances:			
– intangible assets		-1,301	-2,921
Disposals and redemptions:			
– investment securities	3	154,400	109,765
Net cash flow from investing activities		153,099	106,844
Repayments of subordinated debt	9	-15,000	0
Proceeds from issuance of debt securities	8	3,077	747,124
Repayments of debt securities	8	-500,263	-499,141
Proceeds from other borrowed funds	6	100,000	318,039
Repayments of other borrowed funds	6	-280,000	-243,000
Dividend paid	10	-44,000	0
Net cash flow from financing activities		-736,186	323,022
Net cash flow		194,673	-18,483

Interest included in net cash flow from operating activities

	1 January to 30 June 2024	1 January to 30 June 2023
Interest received	654,554	475,854
Interest paid	-483,568	-266,069
Interest received and paid	170,986	209,786

Cash and cash equivalents

	1 January to 30 June 2024	1 January to 30 June 2023
Cash and cash equivalents at beginning of the period	2,416,151	2,532,843
Net cash flow	194,673	-18,483
Cash and cash equivalents at end of the period	2,610,824	2,514,360
	30 June 2024	30 June 2023
Cash and balances at central banks	2,391,482	2,207,184
Amounts due from banks	219,342	307,176
Cash and cash equivalents at end of the period	2,610,824	2,514,360

Notes to the Condensed consolidated interim accounts

Amounts in thousands of euros, unless stated otherwise

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, (online) savings, bank annuities, bancassurance and retail investment products. In addition, NN Bank provides mortgage administration and management services to 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 other third parties.

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 2023 NN Bank Consolidated annual accounts, except as indicated below.

These Condensed consolidated interim accounts should be read in conjunction with the 2023 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.

General information on accounting policies

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 2023 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.

In April 2024, NN Bank has completed its sale transaction of the majority of its consumer lending portfolio classified as 'Assets held for sale' at 31 December 2023. All the consumer lending contracts were legally transferred and the sale proceeds were received.

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 2023.

Other changes in IFRS effective in 2024

The following amendments to IFRS became effective in the current reporting period with no significant impact for NN Bank:

- Amendments to IAS 1 'Presentation of Financial Statements': Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants.
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures': Supplier Finance Arrangements.
- Amendments to IAS 16 'Leases': Lease liability in a sale and leaseback.

Notes to the Condensed consolidated interim accounts continued

2 Financial assets at fair value through profit or loss

Non-trading derivatives

	30 June 2024	31 December 2023
Derivatives held for fair value hedge accounting	14,548	39,098
Non-trading derivatives	14,548	39,098

'Non-trading derivatives' comprises centrally cleared interest rate swaps for which Settled-to-Market (STM) is applied, in accordance with which the Variation Margin paid/received is treated as a settlement of the daily marked-to-market revaluations. 'Derivatives held for fair value hedge accounting' represents the marked-to-market revaluation of the last day of the reporting period, which has not yet been settled with the clearing member.

3 Investment securities

Investment securities by type 30 June 2024

	AC ¹	FVOCI ²	30 June 2024
Government bonds ³	5,000	191,170	196,170
Covered bonds	0	534,856	534,856
Corporate bonds	0	12,173	12,173
Asset backed securities	7,616	0	7,616
Investment securities - before loss provisions	12,616	738,199	750,815
Investment securities loss provisions	-1	-37	-38
Investment securities - after loss provisions	12,615	738,162	750,777

1. AC= Amortised Cost
2. FVOCI = Fair value through Other Comprehensive Income
3. 'Government bonds' includes supranational and government bonds from European Union member states and Great Britain.

Investment securities by type 31 December 2023

	AC ¹	FVOCI ²	31 December 2023
Government bonds ³	52,699	191,218	243,917
Covered bonds	0	636,982	636,982
Corporate bonds	0	12,363	12,363
Asset backed securities	7,616	0	7,616
Investment securities - before loss provisions	60,314	840,563	900,877
Investment securities loss provisions	-11	-39	-50
Investment securities - after loss provisions	60,304	840,523	900,827

1. AC= Amortised Cost
2. FVOCI = Fair value through Other Comprehensive Income
3. 'Government bonds' includes supranational and government bonds from European Union member states and Great Britain.

Changes in investment securities

	6-month period ended 30 June 2024	Year ended 31 December 2023
Investment securities – opening balance	900,877	1,023,712
Additions	0	6,499
Amortisation	-2,894	-7,097
Changes in unrealised revaluations	7,232	35,778
Disposals and redemptions	-154,400	-158,015
Investment securities – closing balance	750,815	900,877

In the first half of 2024, unrealised gains on investment securities amounted to EUR 7.2 million (after tax: EUR 5.4 million). Reference is made to the Statement of comprehensive income.

Notes to the Condensed consolidated interim accounts continued

4 Loans

Loans by type

	30 June 2024	31 December 2023
Loans secured by mortgages, guaranteed by public authorities	5,750,745	5,757,304
Loans secured by mortgages	16,534,058	16,448,407
Loans secured by mortgages, hedged items	-1,152,500	-980,873
Consumer lending	9,960	12,220
Group companies	300,028	290,919
Loans – before loan loss provisions	21,442,291	21,527,977
Loan loss provisions	-3,609	-3,280
Loans	21,438,682	21,524,697

'Loans secured by mortgages' includes Purchased or Originated Credit-Impaired loans.

Loans by stage 30 June 2024

	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit-Impaired	No allocated stage	30 June 2024
Loans - before loan loss provisions	21,630,378	802,908	103,990	26,522	-1,121,507	21,442,291
Loan loss provisions	-227	-1,520	-1,811	-51	0	-3,609
Loans - after loan loss provisions	21,630,151	801,388	102,179	26,471	-1,121,507	21,438,682

Loans by stage 31 December 2023

	Stage 1	Stage 2	Stage 3	Purchased or Originated Credit-Impaired	No allocated stage	31 December 2023
Loans - before loan loss provisions	21,410,242	959,106	92,106	26,871	-960,348	21,527,977
Loan loss provisions	-336	-1,954	-932	-58	0	-3,280
Loans - after loan loss provisions	21,409,906	957,152	91,174	26,813	-960,348	21,524,697

'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	6-month period ended 30 June 2024	Year ended 31 December 2023
Loans – opening balance	21,410,242	959,106	92,106	26,871	-960,348	21,527,977	20,319,255
Mortgage portfolio transfer	57,123	1,325	0	150	0	58,598	51,641
Partial transfer of mortgage loans	39,376	-10,911	96	0	0	28,561	62,187
Origination	1,004,544	20,766	2,715	0	0	1,028,025	2,765,644
Premium new mortgages	0	0	0	0	-3,021	-3,021	-2,479
Amortisation mortgage premium	0	0	0	39	-5,448	-5,409	-16,180
Fair value change hedged items	0	0	0	0	-171,627	-171,627	542,340
Other changes ¹	-14,434	12,572	2,849	5	18,424	19,416	-70,557
Modifications ²	0	0	0	0	513	513	1,018
Redemptions	-963,011	-62,445	-14,743	-543	0	-1,040,742	-2,066,708
Reclassifications to assets held for sale	0	0	0	0	0	0	-58,186
Transfers to ³ :						0	
– Stage 1	0	-366,461	-546	0	0	-367,007	-121,414
– Stage 2	-255,582	0	-9,421	0	0	-265,003	-663,038
– Stage 3	-14,887	-16,047	0	0	0	-30,934	-34,277
Transfers from ³ :						0	
– Stage 1	0	255,582	14,887	0	0	270,469	657,952
– Stage 2	366,461	0	16,047	0	0	382,508	136,525
– Stage 3	546	9,421	0	0	0	9,967	24,254
Loans – closing balance	21,630,378	802,908	103,990	26,522	-1,121,507	21,442,291	21,527,977

- 'Other changes' mainly reflects the differences that result from 'Transfers to/Transfers from', which are based on year-to-date (YtD) and other movements based on month-to-date (MtD). The transfers are based on the YtD methodology to avoid double-counting movements whereby a loan can change stages multiple times a year. Additionally, it reflects changes in the drawn amounts of the construction deposits.
- '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.
- '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 2024	Year ended 31 December 2023
POCI - opening balance	26,871	29,025
Mortgage portfolio transfer	150	0
Amortisation value adjustment	39	76
Redemptions	-543	-2,240
Unfavourable changes in credit quality	-13	-30
Favourable changes in credit quality	18	40
POCI - closing balance	26,522	26,871

'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 2024	31 December 2023
Loans secured by mortgages	3,347	2,957
Consumer lending	262	323
Loan loss provisions by type	3,609	3,280

Compared with 31 December 2023, the loan loss provision for mortgages increased by EUR 0.4 million to EUR 3.3 million in the first half of 2024. The increase in provisions is largely driven by the increase Stage 3 provisions, due to slight increase in the number of non-performing loans. The increase was slightly offset by the 4.1%^[1] increase in housing prices in the first half of 2024. The provisions for consumer lending decreased by EUR 0.1 million, due to repayments of the loans.

1. According to CBS.

Notes to the Condensed consolidated interim accounts continued

Total write-offs minus recoveries were negative– i.e., profit was realised– (EUR 1.0 million), mainly as result of low unemployment.

Macro-economic scenarios

NN Bank has updated its macro-economic scenarios. The assumptions on 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 ongoing inflationary trends and the reaction of the monetary authorities. 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 effects of the political situation and monetary interventions in the economy. Due to this continued uncertainty, 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 continuous basis and adjusted, if necessary, based on the further economic developments.

In a neutral scenario, NN Bank expects the economy to grow by 0.5% in 2024. In 2025, GDP growth is expected to be below the long-run average of 2.0%. We expect the unemployment rate to rise slightly in 2024 and 2025, however the labour market will likely remain tight. Therefore, the labour market is expected to remain relatively flat from a historical perspective. Housing prices increased in the second quarter of 2024 to a higher level than the last peak in the third quarter of 2022. Housing price increases are mainly driven by higher nominal wages and slightly declining mortgage rates, in combination with continuous low supply. NN Bank expects that housing prices will increase by 6% in 2024 and another 4% in 2025.

Scenario / Weighting	Macro-economic variable	2024	2025	2026	Long-Term Rate	Unweighted ECL	Weighted ECL
	Unemployment	3.4%	2.5%	3.3%			
Up / 10%	Housing Price index growth	8.3%	15.1%	8.7%		3,377	
	GDP growth	0.6%	3.5%	2.8%			
	Unemployment	4.0%	4.2%	4.1%	4.1%		
Neutral / 50%	Housing Price index growth	6.0%	4.0%	2.3%	2.3%	3,517	3,609
	GDP growth	0.5%	1.0%	2.0%	2.0%		
	Unemployment	4.1%	5.0%	4.6%			
Down / 40%	Housing Price index growth	0.9%	-11.4%	-4.5%		3,781	
	GDP growth	-1.4%	-5.8%	-1.9%			

Changes in housing price index is the main driver for the provisions. In NN Bank's mortgage portfolio, the Loan-to-Value is relatively low, which results in weighted provisions to be close to unweighted provisions.

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 2024	Year ended 31 December 2023
Loan loss provisions – opening balance	185	1,796	918	58	2,957	5,439
Addition (release from) to the loan loss provisions	-8	-248	450	-7	187	-1,225
Changes in models and methodologies	0	0	0	0	0	-1,517
Transfers to ¹ :						
– Stage 1	0	-237	-1		-238	-215
– Stage 2	-5	0	-49		-54	-310
– Stage 3	-0	-39	0		-39	-53
Transfers from ¹ :						
– Stage 1	0	190	141		331	602
– Stage 2	5	0	188		193	213
– Stage 3	0	10	0		10	23
Loan loss provisions – closing balance	177	1,472	1,647	51	3,347	2,957
Write-offs	0	0	7	0	7	293
Recoveries	0	0	-500	0	-500	-979

1. '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 2024	Year ended 31 December 2023
Loan loss provisions – opening balance	151	158	14	323	4,642
Addition (release from) to the loan loss provisions	-102	-94	114	-82	-3,989
Changes in models and methodologies	0	0	0	0	0
Transfers to ¹ :					
– Stage 1	0	-38	0	-38	-567
– Stage 2	0	0	-4	-4	-288
– Stage 3	0	-12	0	-12	-27
Transfers from ¹ :					
– Stage 1	0	34	0	34	413
– Stage 2	1	0	40	41	92
– Stage 3	0	0	0	0	47
Loan loss provisions – closing balance	50	48	164	262	323
Write-offs	0	0	-230	-230	1,196
Recoveries	0	0	-243	-243	-1,993

1. '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.

Delinquency

	Mortgages		Consumer lending		Total ¹	
	31 December		31 December		31 December	
	30 June 2024	2023	30 June 2024	2023	30 June 2024	2023
0 days	22,372,053	22,269,555	9,844	12,093	22,381,897	22,281,648
1 – 30 days	49,136	72,712	0	85	49,136	72,797
31 – 60 days	24,203	23,414	69	0	24,272	23,414
61 – 90 days	27,299	34,180	0	0	27,299	34,180
> 90 days	81,147	76,244	47	42	81,194	76,286
Total	22,553,838	22,476,105	9,960	12,220	22,563,798	22,488,325

1. 'Total' reconciles to Stage 1-3 and purchased credit-impaired loans, excluding the category 'no allocated stage'.

Loans exposed to credit risk

Amounts in millions of euros	Stage 1		Stage 2		Stage 3		POCI assets		Total ¹	
	31		31		31		31		31	
	30 June 2024	December 2023	30 June 2024	December 2023	30 June 2024	December 2023	30 June 2024	December 2023	30 June 2024	December 2023
Mortgages	21,620.6	21,398.2	802.8	958.9	103.9	92.1	26.5	26.9	22,553.8	22,476.1
Consumer loans	9.8	12.0	0.1	0.2	0.1	0.0	0.0	0.0	10.0	12.2
Total	21,630.4	21,410.2	802.9	959.1	104.0	92.1	26.5	26.9	22,563.8	22,488.3

1. 'Total' 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 2024	31 December 2023
Savings	7,628,368	7,445,540
Bank annuities	7,483,291	7,184,281
Bank annuities related to mortgages	1,760,382	1,712,204
Group companies	118,760	122,626
Customer deposits and other funds on deposit	16,990,801	16,464,651

Notes to the Condensed consolidated interim accounts continued

Changes in Customer deposits and other funds on deposit

	6-month period ended 30 June 2024	Year ended 31 December 2023
Customer deposits and other funds on deposit – opening balance	16,464,651	16,227,542
Deposits received	2,317,405	4,239,937
Withdrawals	-1,791,255	-4,002,828
Customer deposits and other funds on deposit – closing balance	16,990,801	16,464,651

6 Other borrowed funds

Other borrowed funds

	30 June 2024	31 December 2023
Other borrowed funds	125,000	305,000
Other borrowed funds	125,000	305,000

Changes in other borrowed funds

	6-month period ended 30 June 2024	Year ended 31 December 2023
Other borrowed funds – opening balance	305,000	318,000
Issuances	100,000	305,000
Redemption	-280,000	-318,000
Other borrowed funds – closing balance	125,000	305,000

In 2024, NN Group provided a revolving credit facility commitment to NN Bank, up to an amount of EUR 250 million (2023: EUR 250 million). The facility was fully undrawn at 30 June 2024.

The Central Clearing Borrowing Facility provided by NN Group was undrawn and has been terminated in March 2024 (2023: EUR 1,300 million).

7 Provisions

Provisions

	30 June 2024	31 December 2023
Provision for client compensation schemes	2,753	8,441
Restructuring provisions	1,308	2,916
Provisions	4,061	11,357

Changes in provisions

	Provision for client compensation schemes		Restructuring provisions		Other provisions	
	6-month period ended 30 June 2024	Year ended 31 December 2023	6-month period ended 30 June 2024	Year ended 31 December 2023	6-month period ended 30 June 2024	Year ended 31 December 2023
Provisions - opening balance	8,441	23,127	2,916	4,237	0	30
Additions	365	8,325	944	9,652	0	0
Releases	-456	-7,801	-788	-7,274	0	-30
Charges	-5,597	-15,210	-1,764	-3,699	0	0
Provisions - closing balance	2,753	8,441	1,308	2,916	0	0

'Provision for client compensation schemes' is mainly recognised for the interest compensation consumer credit, which is a compensation scheme regarding revolving consumer credit with a floating interest rate. In the first half of 2024, the actual payments for client compensation amounted to EUR 5.0 million.

Notes to the Condensed consolidated interim accounts continued

'Restructuring provisions' are recognised for expected future redundancy costs. The addition in the first half of 2024 is mainly the result of a reorganisation within NN Bank's mortgages & consumer loans department. 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 programme.

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

8 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 2024

	Less than 1 year	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
Covered bonds	496,391	491,082	1,503,043	0	491,186	2,499,684	5,481,386
Fixed rate unsecured debt securities	494,775	0	27,436	24,969	437,646	44,717	1,029,543
Floating rate unsecured debt securities	0	0	24,957	0	0	0	24,957
Debt securities issued	991,166	491,082	1,555,436	24,969	928,832	2,544,401	6,535,886

Debt securities issued – maturities 31 December 2023

	Less than 1 year	1-2 years	2 - 3 years	3 - 4 years	4 - 5 years	Over 5 years	Total
Covered bonds	990,420	489,425	764,694	763,088	495,487	2,525,808	6,028,922
Fixed rate unsecured debt securities	0	491,448	0	32,430	460,562	44,702	1,029,142
Floating rate unsecured debt securities	0	0	24,947	0	0	0	24,947
Debt securities issued	990,420	980,873	789,641	795,518	956,049	2,570,510	7,083,011

Secured debt securities

	Maturity date	30 June 2024	31 December 2023
Soft Bullet Covered Bond October 2017	10-10-2024	499,981	499,928
Soft Bullet Covered Bond June 2018	11-9-2025	499,239	498,988
Soft Bullet Covered Bond September 2018	25-9-2028	497,058	496,548
Soft Bullet Covered Bond February 2019	27-2-2024	0	499,959
Soft Bullet Covered Bond March 2019 - 1	18-3-2039	24,843	24,837
Soft Bullet Covered Bond March 2019 - 2	21-3-2039	19,925	19,922
Soft Bullet Covered Bond July 2019	25-9-2028	51,605	51,794
Soft Bullet Covered Bond September 2019	24-9-2029	498,854	498,744
Soft Bullet Covered Bond July 2020	8-7-2030	495,757	495,826
Soft Bullet Covered Bond September 2020	24-9-2035	497,782	497,481
Soft Bullet Covered Bond November 2020	12-11-2040	247,463	247,509
Soft Bullet Covered Bond March 2021	4-3-2041	500,054	500,019
Soft Bullet Covered Bond May 2022	17-5-2032	497,497	497,246
Soft Bullet Covered Bond February 2023	28-5-2027	746,826	746,285
Soft Bullet Covered Bond June 2023 (retained)	9-6-2032	0	0
Soft Bullet Covered Bond September 2023 (retained)	6-9-2030	0	0
Soft Bullet Covered Bond October 2023	16-10-2026	748,086	747,662
Fair value change hedged items and other items		-343,584	-293,826
Total		5,481,386	6,028,922

The Soft Bullet Covered Bond February 2019 was redeemed at the maturity date.

Notes to the Condensed consolidated interim accounts continued

Unsecured debt securities

	Maturity date	30 June 2024	31 December 2023
Debt Issuance Programme August 2019	3-9-2029	19,916	19,908
Debt Issuance Programme November 2019	26-2-2025	499,555	499,212
Debt Issuance Programme September 2021	21-9-2028	498,230	498,020
Other unsecured debt securities	n/a	77,205	77,182
Fair value change hedged items		-65,363	-65,180
Fixed rate unsecured debt securities		1,029,543	1,029,142
Floating Rate Note July 2019 - 2	10-7-2026	24,957	24,947
Floating rate unsecured debt securities		24,957	24,947

Green bonds issued

NN Bank issues green bonds under its Green Bond Framework to align the Bank's funding strategy with its sustainability strategy. NN Bank updated the framework in February 2024 to incorporate regulatory developments, such as the EU Taxonomy, and to ensure it is fully aligned with the ICMA Green Bond Principles. The framework, with a focus on green buildings, allows NN Bank to raise sustainable financing that meets regulatory criteria and market best practices regarding sustainability. Under the framework, NN Bank is able to issue green unsecured debt under the Debt Issuance Programme, green covered bonds under the Soft Bullet Covered Bond Programme, as well as green (subordinated) loans. Since the publication of the initial Framework in 2021, the Bank has issued the following green debt instruments under the framework (in notional amounts):

	Maturity date	30 June 2024	31 December 2023
Senior Non-Preferred Bond September 2021 issued under Debt Issuance Programme 2021	21-09-2028	500,000	500,000
Subordinated debt February 2022 (Note 9 'Subordinated debt')	27-2-2032	15,000	15,000
Soft Bullet Covered Bond May 2022	17-5-2032	500,000	500,000
Soft Bullet Covered Bond February 2023	28-5-2027	750,000	750,000
Total		1,765,000	1,765,000

9 Subordinated debt

Interest rate	Year of issue	Due date	First call date	Notional amount		Balance sheet value	
				30 June 2024	31 December 2023	30 June 2024	31 December 2023
2.55%	2022	27 February 2032	27 February 2027	15,000	15,000	15,000	15,000
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	0	15,000	0	15,000
Subordinated debt				70,000	85,000	70,000	85,000

The subordinated loan issued in 2019 was redeemed on the first call date, 26 June 2024, for the full notional amount of EUR 15 million.

10 Equity

Total equity

	30 June 2024	31 December 2023
Share capital	10,000	10,000
Share premium	481,000	481,000
Revaluation reserve	-14,632	-20,207
Retained earnings and unappropriated result	703,515	685,581
Shareholder's equity	1,179,883	1,156,374

Notes to the Condensed consolidated interim accounts continued

Changes in equity (2024)

30 June 2024	Share capital	Share premium	Reserves	Total shareholders' equity
Equity – opening balance	10,000	481,000	665,374	1,156,374
Total amount recognised directly in equity (Other comprehensive income)	0	0	5,575	5,575
Net result for the period	0	0	61,872	61,872
Dividend paid	0	0	-44,000	-44,000
Change in employee share plans	0	0	62	62
Equity – closing balance	10,000	481,000	688,883	1,179,883

Changes in equity (2023)

31 December 2023	Share capital	Share premium	Reserves	Total shareholders' equity
Equity – opening balance	10,000	481,000	550,390	1,041,390
Total amount recognised directly in equity (Other comprehensive income)	0	0	7,799	7,799
Net result for the period	0	0	127,086	127,086
Dividend paid	0	0	-20,000	-20,000
Change in employee share plans	0	0	99	99
Equity – closing balance	10,000	481,000	665,374	1,156,374

Appropriation of result 2023

On 29 May 2024, following the adoption of the 2023 Consolidated annual accounts by the general meeting of NN Bank (General Meeting), the 2023 net result of EUR 127.1 million was added in full to the retained earnings. Subsequently, a final cash dividend of EUR 44.0 million was approved by the General Meeting and paid from retained earnings.

Interim dividend 2024

NN Bank will not propose a dividend to be paid out from the first half-year result 2024, due to the (intended) redemption of subordinated debt (Tier 2) in 2024. NN Group granted these subordinated loans to NN Bank.

11 Net interest income

Net interest income

	1 January to 30 June 2024	1 January to 30 June 2023
Interest income on loans	312,068	276,524
Modifications	519	511
Interest income on non-trading derivatives	288,456	163,945
Negative interest on liabilities	0	8
Interest income using effective interest rate method	601,043	440,989
Other interest income	53,224	35,468
Total interest income	654,267	476,456
Interest expenses on amounts due to banks	0	808
Interest expenses on customer deposits and other funds on deposit	173,288	93,480
Interest expenses on debt securities issued and other borrowed funds	45,952	34,515
Interest expenses on non-trading derivatives	217,133	131,653
Interest expenses on subordinated loans	688	689
Negative interest on assets	750	1,058
Interest expenses using effective interest rate method	437,811	262,203
Other interest expenses	18,254	12,282
Total interest expenses	456,065	274,485
Net interest income	198,202	201,971

Notes to the Condensed consolidated interim accounts continued

12 Staff expenses

Staff expenses

	1 January to 30 June 2024	1 January to 30 June 2023
Salaries	43,445	40,745
Pension and other staff-related benefit costs	8,448	8,029
Social security costs	6,048	5,498
Share-based compensation arrangements	62	75
External staff costs ¹	16,028	18,411
Education	828	685
Other staff costs	2,055	1,173
Staff expenses	76,914	74,617

1. The comparative figures changed due to the new category 'External advisory fees and contributions' in 'other operating expenses'.

13 Regulatory levies

Regulatory levies represent contributions to Deposit Guarantee Schemes (DGS) and the Single Resolution Fund (SRF). In the first half of 2024, contributions to DGS were EUR 6.0 million (1H23: EUR 7.8 million) and there were no contributions to the SRF (1H23: EUR 6.3 million). The Single Resolution Fund no longer collects contributions from banks in 2024, as the target level has been reached.

14 Other operating expenses

Other operating expenses

	1 January to 30 June 2024	1 January to 30 June 2023
Computer costs	11,447	9,477
Office expenses	252	126
Travel and accommodation expenses	472	1,002
Advertising and public relations	584	1,297
External advisory fees and contributions ¹	4,232	4,378
Bank costs	65	109
Net release from (addition to) restructuring provisions	156	-499
Amortisation and impairments of intangible assets	601	1,769
Other ¹	855	1,715
Other operating expenses	18,664	19,373
Customer & Commerce	13,053	11,154
IT	6,651	5,907
Facility Management	2,440	2,443
General Management	3,897	3,150
Group HR	1,597	1,621
Finance Service Centre	684	623
Total Group Services	28,322	24,898
Total other operating expenses	46,986	44,271

1. The comparative figures changed due to the new category 'External advisory fees and contributions' in 'other operating expenses'.

Notes to the Condensed consolidated interim accounts continued

15 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.

Fair value of financial assets and liabilities

	Balance sheet value		Estimated fair value	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Financial assets				
Cash and balances at central banks	2,391,482	2,155,834	2,391,482	2,155,834
Amounts due from banks	219,342	260,317	219,342	260,317
Financial assets at fair value through profit or loss:				
– non-trading derivatives	14,548	39,098	14,548	39,098
Investment securities	750,777	900,827	750,617	900,154
Loans	21,438,682	21,524,697	20,897,528	20,788,028
Financial assets	24,814,831	24,880,773	24,273,517	24,143,431
Financial liabilities				
Customer deposits and other funds on deposit	16,990,801	16,464,651	16,637,625	16,190,521
Other borrowed funds	125,000	305,000	126,094	311,160
Debt securities issued	6,535,886	7,083,011	6,163,416	6,717,324
Subordinated debt	70,000	85,000	68,062	81,976
Financial liabilities	23,721,687	23,937,662	22,995,197	23,300,981

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. When 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 based on the price that would be received to sell a net long position or settle a net short position.

Notes to the Condensed consolidated interim accounts continued

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 2024)

	Balance sheet				
	value	Total fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value					
Non-trading derivatives	14,548	14,548	0	14,548	0
Investment securities - FVOCI	738,162	738,183	723,681	14,502	0
Financial assets not measured at fair value					
Cash and balances at central banks ¹	2,391,482	2,391,482	2,391,482	0	0
Amounts due from banks ¹	219,342	219,342	219,342	0	0
Investment securities - AC	12,615	12,434	0	4,994	7,440
Loans - AC	21,438,682	20,897,528	0	0	20,897,528
Financial assets	24,814,831	24,273,517	3,334,505	34,044	20,904,968
Financial liabilities not measured at fair value					
Customer deposits and other funds on deposit ¹	16,990,801	16,637,625	9,171,664	7,448,379	17,582
Other borrowed funds	125,000	126,094	0	126,094	0
Debt securities issued	6,535,886	6,163,416	6,094,816	68,600	0
Subordinated debt	70,000	68,062	0	68,062	0
Financial liabilities	23,721,687	22,995,197	15,266,480	7,711,135	17,582

1. 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.

Methods applied in determining the fair value of financial assets and liabilities (31 December 2023)

	Balance sheet				
	value	Total fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value					
Non-trading derivatives	39,098	39,098	0	39,098	0
Investment securities - FVOCI	840,523	840,562	815,426	25,136	0
Financial assets not measured at fair value					
Cash and balances at central banks ¹	2,155,834	2,155,834	2,155,834	0	0
Amounts due from banks ¹	260,317	260,317	260,317	0	0
Investment securities - AC ²	60,304	59,592	42,311	9,951	7,330
Loans - AC	21,524,697	20,788,028	0	0	20,788,028
Financial assets	24,880,773	24,143,431	3,273,888	74,185	20,795,358
Financial liabilities not measured at fair value					
Customer deposits and other funds on deposit ¹	16,464,651	16,190,521	9,337,824	6,830,715	21,982
Other borrowed funds	305,000	311,160	0	311,160	0
Debt securities issued	7,083,011	6,717,324	6,647,895	69,429	0
Subordinated debt	85,000	81,976	0	81,976	0
Financial liabilities	23,937,662	23,300,981	15,985,719	7,293,280	21,982

1. 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.

2. Change in comparative figures for 'Investment securities - AC' in 2023 due to a refinement in the methodology applied for determining fair value levels.

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.

Notes to the Condensed consolidated interim accounts continued

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 portion 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.

16 Contingent liabilities and commitments

Compared with 31 December 2023, the outstanding mortgage offerings increased by EUR 128 million to EUR 477 million (31 December 2023: EUR 349 million). Construction depots decreased by EUR 61 million to EUR 284 million (31 December 2023: EUR 345 million).

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

For NN Bank's other contingent liabilities and commitments as at 31 December 2023, reference is made to Note 32 'Contingent liabilities and commitments' of the 2023 NN Bank Consolidated annual accounts.

17 Legal proceedings

NN Bank is, or may become, involved in regulatory arbitration and legal proceedings and investigations and may be subject to third-party claims. While it is not feasible to predict or determine the ultimate outcome of pending proceedings and investigations, some of them may potentially influence NN Bank's financial position, profitability or reputation. NN Bank is investigating compliance with mortgage lending criteria. Pending this investigation, the financial impact of possible non-compliance cannot be reliably assessed.

18 Subsequent and other events

Other events

On 16 August 2024, NN Bank entered into a legal merger with Woonnu B.V. (Woonnu), a fully owned subsidiary of NN Bank, which merger became effective on 17 August 2024. As a result of this merger, Woonnu ceased to exist as a separate legal entity and NN Bank acquired all assets and liabilities of Woonnu under universal title of succession. In accordance with the deed of merger, Woonnu's financial data will be included in the NN Bank annual accounts as of 1 January 2024.

Notes to the Condensed consolidated interim accounts continued

19 Capital and liquidity management

Capital adequacy

Capital position

Amounts in millions of euros	30 June 2024	31 December 2023
Common Equity Tier 1 Capital	1,092	1,069
Total capital ¹	1,162	1,154
Risk Weighted Assets ²	6,357	6,482
Common Equity Tier 1 ratio ¹	17.2%	16.5%
Total capital ratio ^{1/2}	18.3%	17.8%

1. 'Total capital' would be EUR 1,223 million, 'CET1 ratio' would be 18.1% and 'Total capital ratio' would be 19.2% after inclusion of the net result.'
2. The Total capital ratio per year-end 2023 has been restated from 17.9% to 17.8% and the Risk Weighted Assets changed from EUR 6,465 million to EUR 6,482 million due to a resubmission of 2023 Regulatory returns.

NN Bank has maintained a solid capital position with a Total capital ratio of 18.3% (31 December 2023: 17.8%) and a CET1 ratio of 17.2% as of 30 June 2024 (31 December 2023: 16.5%). Common Equity Tier 1 Capital increased to EUR 1,092 million (31 December 2023: EUR 1,069 million), mainly driven by capital generation in the form of retained profits, partially offset by EUR 44.0 million in final dividend over the 2023 financial year.

Liquidity adequacy

	30 June 2024	31 December 2023
Liquidity Coverage Ratio (LCR)	193%	197%
Net Stable Funding Ratio (NSFR)	137%	133%
Loan-to-Deposit ratio (LtD)	133%	137%

The Liquidity Coverage Ratio (LCR) decreased from 197% at 31 December 2023 to 193% at 30 June 2024, and remains well above regulatory and internal minimum requirements. The increased cash position due to retail funding growth, the redemption of HQLA bonds and the variation margin inflow is partly offset by the redemption of wholesale funding.

Alongside the available liquidity as captured by the LCR, NN Bank has other sources of liquidity available. NN Bank has recently issued retained covered bonds, for which the notes are included in the Bank's liquidity buffer. These can be used as eligible collateral for ECB open market operations and standing facilities (excluding emergency facilities). Further, NN Bank has an intra-group credit facility 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 and the LtD. At 30 June 2024, NN Bank had a NSFR ratio of 137%, which is well above regulatory and internal minimum requirements. At 30 June 2024, NN Bank had a LtD ratio of 133%, which is well within the 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.

NN Bank will not propose a dividend to be paid out from the first half-year result 2024, due to the redemption of subordinated debt (Tier 2) in 2024.

Authorisation of the Condensed consolidated interim accounts

The Condensed consolidated interim accounts of NN Bank for the period ended 30 June 2024 were authorised for issue in accordance with a resolution of the NN Bank Management Board on 27 August 2024.

The Hague, 27 August 2024

The Management Board

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

N.A.M. (Nadine) van der Meulen, CFO

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

The Supervisory Board

E. (Erik) Muetstege, chair

T. (Tjeerd) Bosklopper

A.M. (Anne) Snel-Simmons

A.T.J. (Annemiek) van Melick

Independent auditor's review report

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

Our conclusion

We have reviewed the accompanying condensed consolidated interim accounts for the six-month period ended 30 June 2024 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 endorsed by the European Union.

The condensed consolidated interim accounts comprise:

- 1 the condensed consolidated statement of financial position as at 30 June 2024;
- 2 the following statements for the six-month period ended 30 June 2024: 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 material accounting policy information 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 endorsed 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 review 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.

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

Independent auditor's review report continued

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, 27 August 2024

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 2023 NN Bank Consolidated annual accounts, except as indicated in Note 1 of the 30 June 2024 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) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit and capital markets generally, (5) changes affecting interest rate levels, (6) changes affecting currency exchange rates, (7) changes in investor and customer behaviour, (8) changes in general competitive factors, (9) changes in laws and regulations and the interpretation and application thereof, (10) changes in the policies and actions of governments and/or regulatory authorities, (11) conclusions with regard to accounting assumptions and methodologies, (12) changes in ownership that could affect the future availability to NN Bank of net operating loss, net capital and built-in loss carry forwards, (13) changes in credit and financial strength ratings, (14) NN Bank's ability to achieve its strategy, including projected operational synergies, (15) operational and IT risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (16) risks and challenges related to cybercrime including the effects of cyberattacks and changes in legislation and regulation related to cybersecurity and data privacy, (17) business, operational, regulatory, reputation and other risks and challenges in connection with ESG related matters and/or driven by ESG factors including climate change, (18) the inability to retain key personnel, (19) catastrophes and terrorist-related events, (20) adverse developments in legal and other proceedings and (21) 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.

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