ACHMEA MORTGAGES

Investment Update H2 2025

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Mortgages

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1. Introduction

The first half of 2025 has been marked by rising uncertainty, from escalating geopolitical tensions and trade disputes to the collapse of the Dutch coalition government. These developments have increased the number of "known unknowns" affecting both global and domestic economic outlooks. In such an environment, the value of stable, low-risk investments becomes even more apparent.

Dutch residential mortgages stand out as a reliable asset class in this climate. Their stability is supported not only by historical performance, including very low credit losses over the past decade, but also by limited sensitivity to known future risks. For example, the Dutch Central Planning Bureau (CPB) expects that the economic impact of a potential EU–U.S. trade war will be modest, primarily affecting exports and private investment, with only limited effects on employment and household income. Similarly, political instability in the Netherlands is not a new phenomenon and has historically had minimal macroeconomic fallout. As a result, the implications for mortgage credit risk remain limited.

At the same time opportunities within the market remain. Mortgage spreads for shorter fix-rate period mortgages have increased due to yield curve steepening, mainly caused by central bank rate cuts. In parallel, new data on homeowner behavior shows a strong willingness to improve home sustainability, as discussed more in the ESG-chapter of this update. This presents further potential for mortgage portfolio greening in the coming years.

2. Macro-Economic Developments

DUTCH ECONOMIC PERFORMANCE

GDP: weakness ahead

Following a year of very low growth in 2023, the Dutch economy recovered modestly in 2024, posting 1.1% year-on-year growth. However, this recovery lost momentum in Q1 2025, driven by a combination of global and domestic headwinds. Global instability, especially U.S. trade policy shifts, weighed on exports and investment. Domestically, growth was dampened by the end of a temporary investment surge, which had been driven by pre-2025 purchases of fossil fuel vans ahead of a new tax (CBS). Despite early 2024 weakness, the economy recorded 2.2% year-on-year growth in Q1 2025, primarily due to a low base effect.

The collapse of the Dutch government coalition has further contributed to political and economic uncertainty. Amid these uncertainties, the economy is supported by increased government spending (source: CPB) and resilient long-term consumption. While consumption declined in Q1 2025, rising wages and easing inflation are expected to support a rebound in spending later this year.

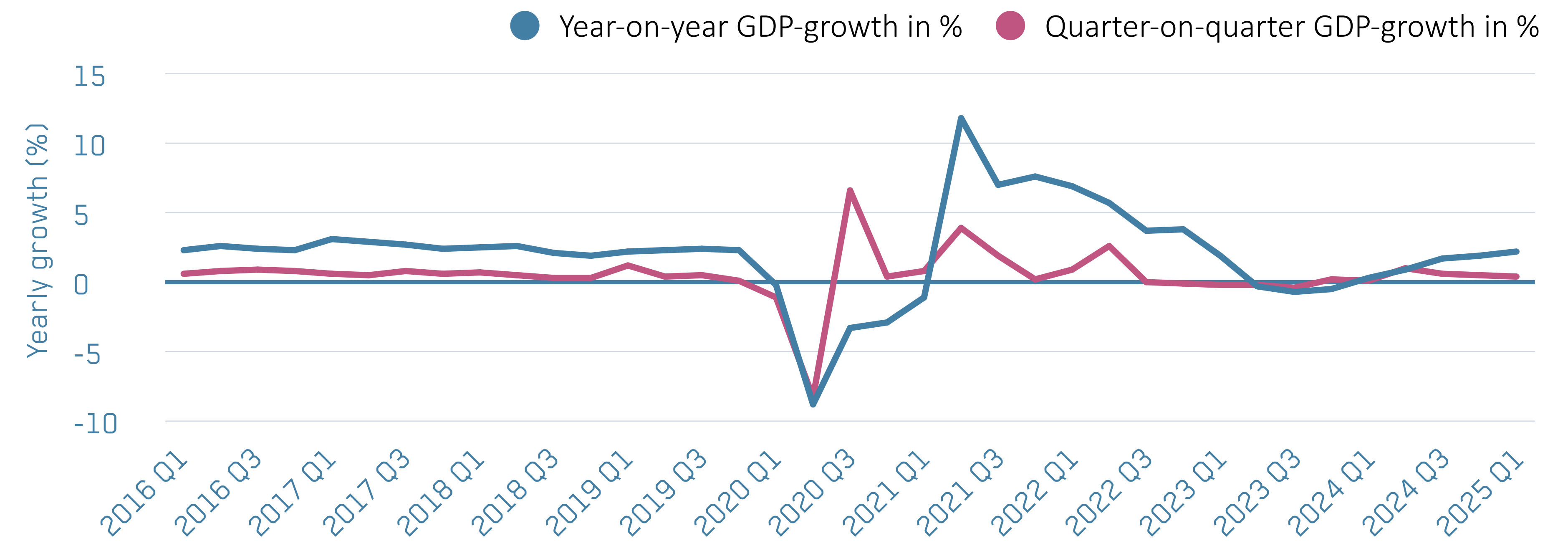
The full impact of U.S. tariffs remains uncertain. According to the Dutch Central Planning Bureau (CPB), the possible 20% tariffs on EU goods could reduce Dutch GDP growth by a cumulative 1% over 2025 and 2026. The most affected sectors would be private investment and exports, while the effects on consumption and unemployment are expected to be limited.

Labor market and credit risk: unemployment remains low

The unemployment rate is a key indicator for assessing credit risk in residential mortgages. This is because job loss is one of the primary reasons mortgage holders fall into arrears. Since early 2024, the unemployment rate has increased by 0.2 percentage points. However, it remains low compared to the long-term average of 4.6% (since 2016).

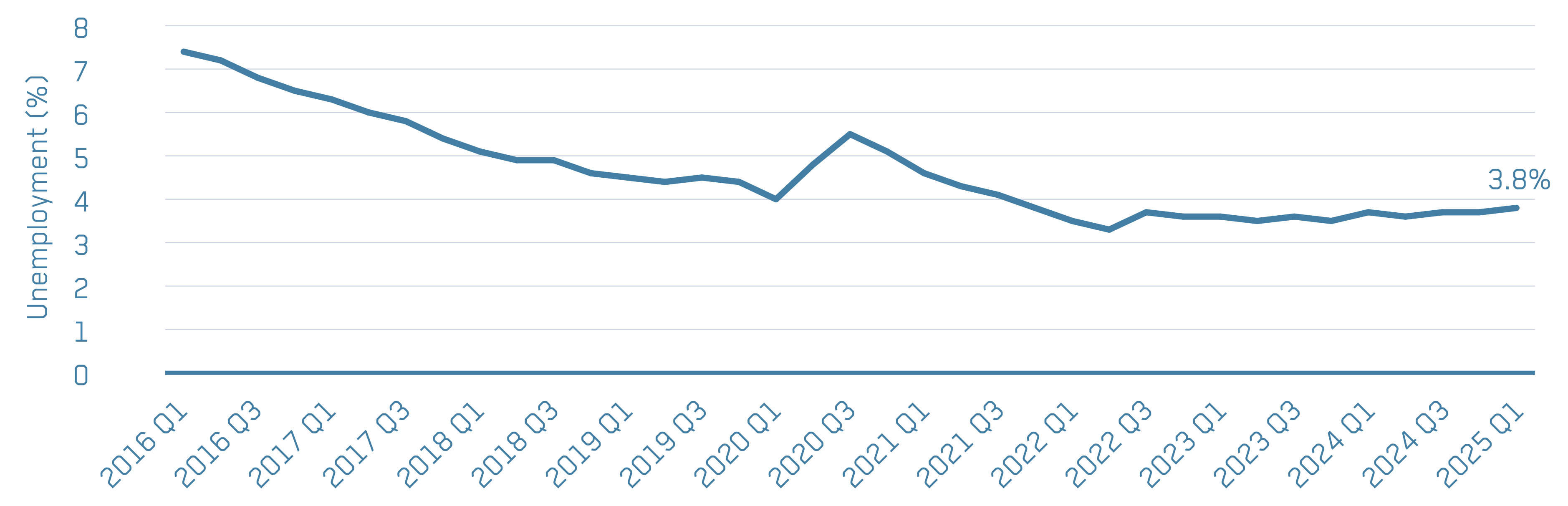
GRAPH 1. GDP-GROWTH

Source: CBS



GRAPH 2. UNEMPLOYMENT

Source: CBS



A significant rise in unemployment would likely require a sharp economic downturn combined with demographic shifts, such as a surge in domestic labor supply. Given that domestic employment growth is expected to remain limited or even stagnate in the coming years, the risk of a sharp rise in unemployment appears low.

Inflation: higher for longer

Although inflation has declined from its peak of over 14% during the COVID-19 pandemic, it remains above the ECB's 2% target. The yearly inflation rate has been hovering around 3% to 4% since July of 2024. In May the yearly inflation rate (CPI, consumer price index) was 3.3%. On average, consumer prices were 3.3% higher in 2024 than in 2023, when the yearly rate was 3.8%. This indicates a gradual decline in the average inflation rate. According to the CPB the inflation rate is expected to be above 2% until at least 2028.

The elevated level of wage growth is now a key driver of inflation. This is most visible in the core inflation rate, which excludes volatile categories such as energy and food. During the pandemic, headline inflation exceeded core inflation due to external supply shocks. Now, both rates have converged around 3–4%, indicating underlying domestic price pressure.

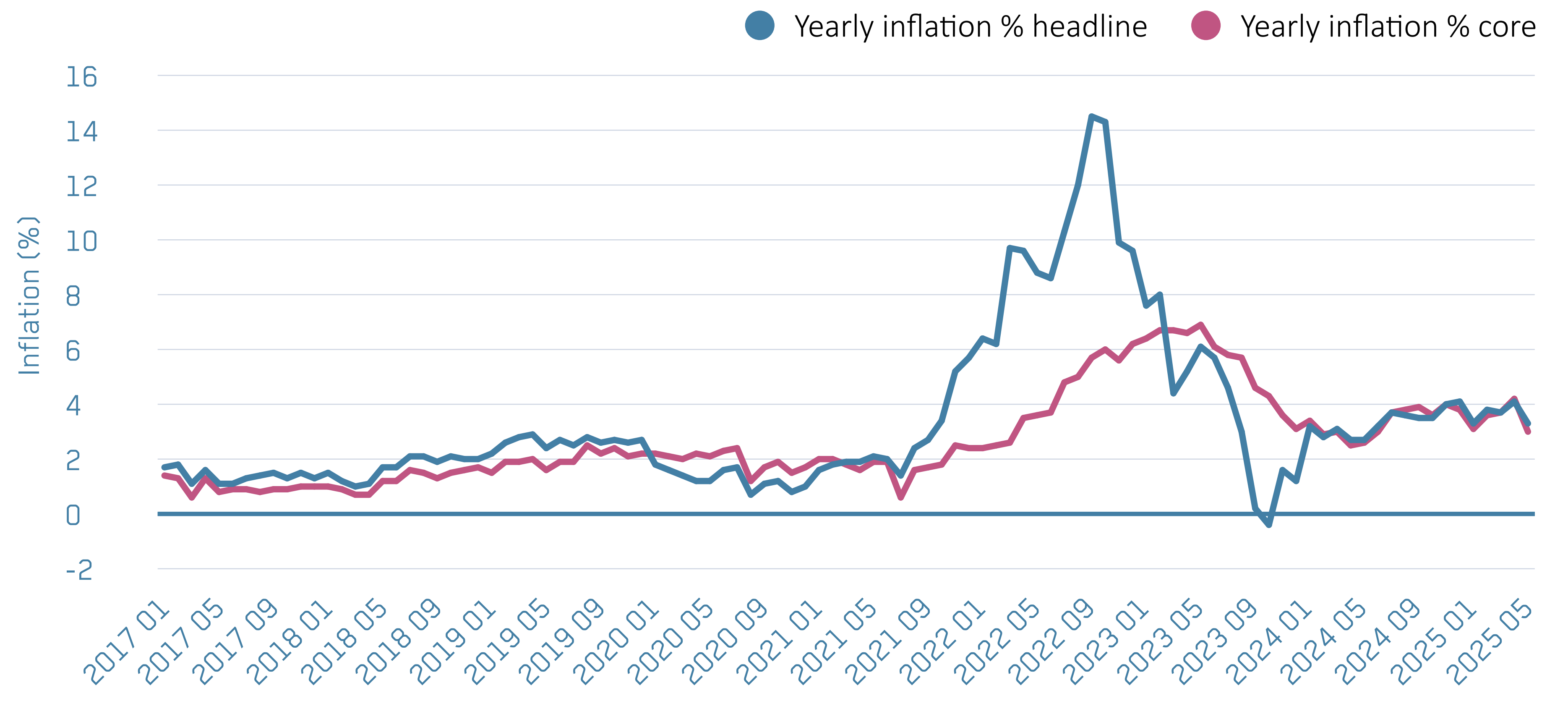
High wage growth contributes to inflation remaining above the ECB's target

Wage growth has accelerated since 2022, peaking at 6.9% and remaining elevated at 5.5% in early 2025. This trend reflects inflation compensation and labor market tightness. With labor force growth expected to stagnate, upward wage pressure may persist, reinforcing core inflation for longer.

The higher level of wage growth also supports prospective homebuyers' borrowing capacities and, consequently, house price growth. This has also been one of the main drivers of house price growth in recent years.

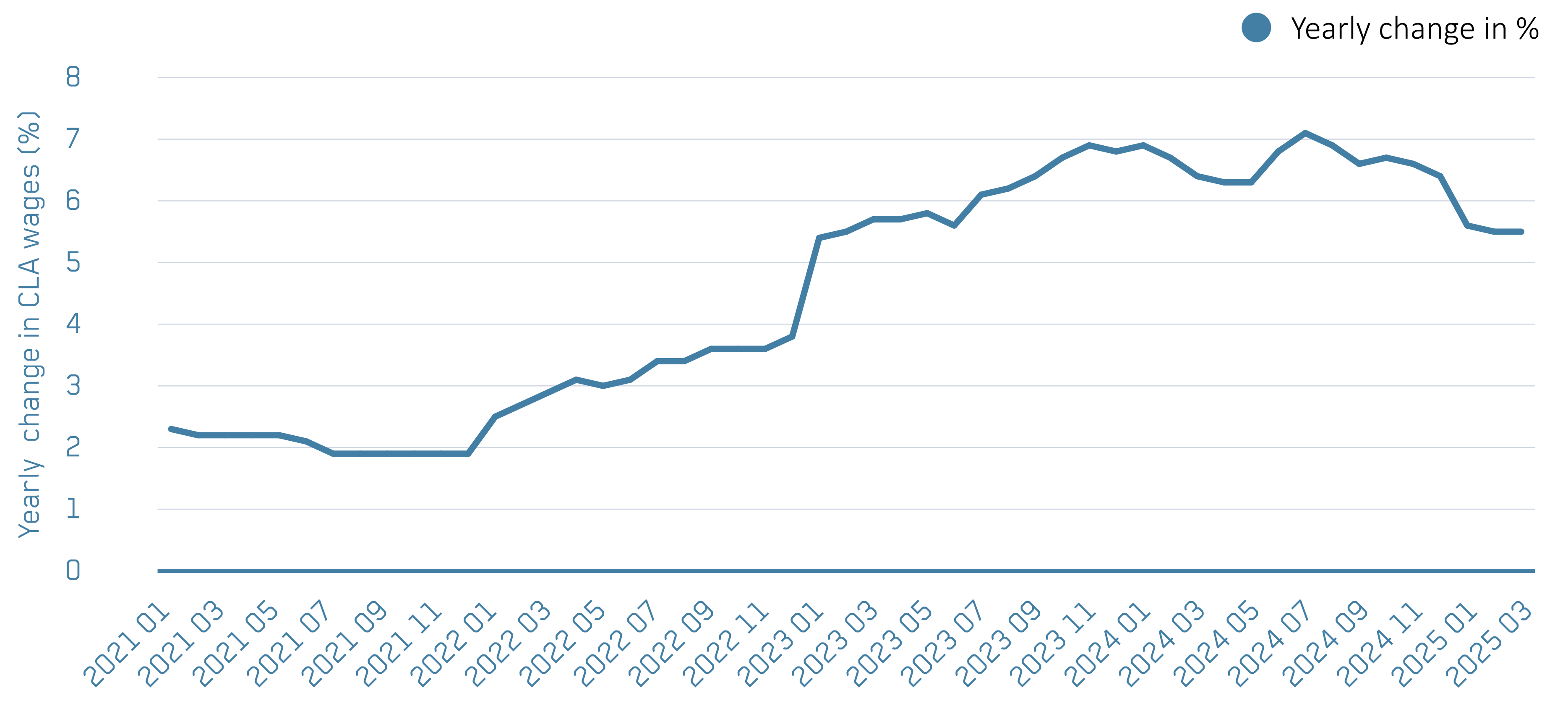
GRAPH 3. HEADLINE AND CORE INFLATION

Source: CBS



GRAPH 4. COLLECTIVE LABOUR AGREEMENT WAGE GROWTH IN %

Source: CBS



INTERNATIONAL COMPARISON

GDP: The Netherlands has been one of the quickest growing economies since COVID-19

Since the COVID-19, most major European economies have struggled, but the Dutch economy has shown remarkable resilience during the downturn and has grown substantially more afterward. The Dutch economy is now, on an inflation-adjusted basis, 10.1% larger than at the beginning of 2019, whereas, on average, economies within the Eurozone have grown by 6.3%. The German and French economies have grown by 0.6% and 4.8%, respectively.

However, the difference is less pronounced when looking at unemployment trends. Since the beginning of 2019, the unemployment rate in the Netherlands has fallen by 0.8 percentage points, while, on average, the unemployment rate in the Eurozone has decreased by 1.8 percentage points. Strong economic performance by countries like Spain and Italy has contributed to the fall in the Eurozone unemployment rate. Conversely, the unemployment rate in Germany has actually risen since the beginning of 2019, particularly in 2023. Despite this increase, the German unemployment rate remains low, currently standing at 3.5%, which represents an 0.4 percentage point rise since the beginning of 2019.

These figures indicate that the Dutch economy, compared to its European peers, is in a position of relative strength. The data provides insight into the high growth of wages in the Netherlands and the resulting rise in home prices.

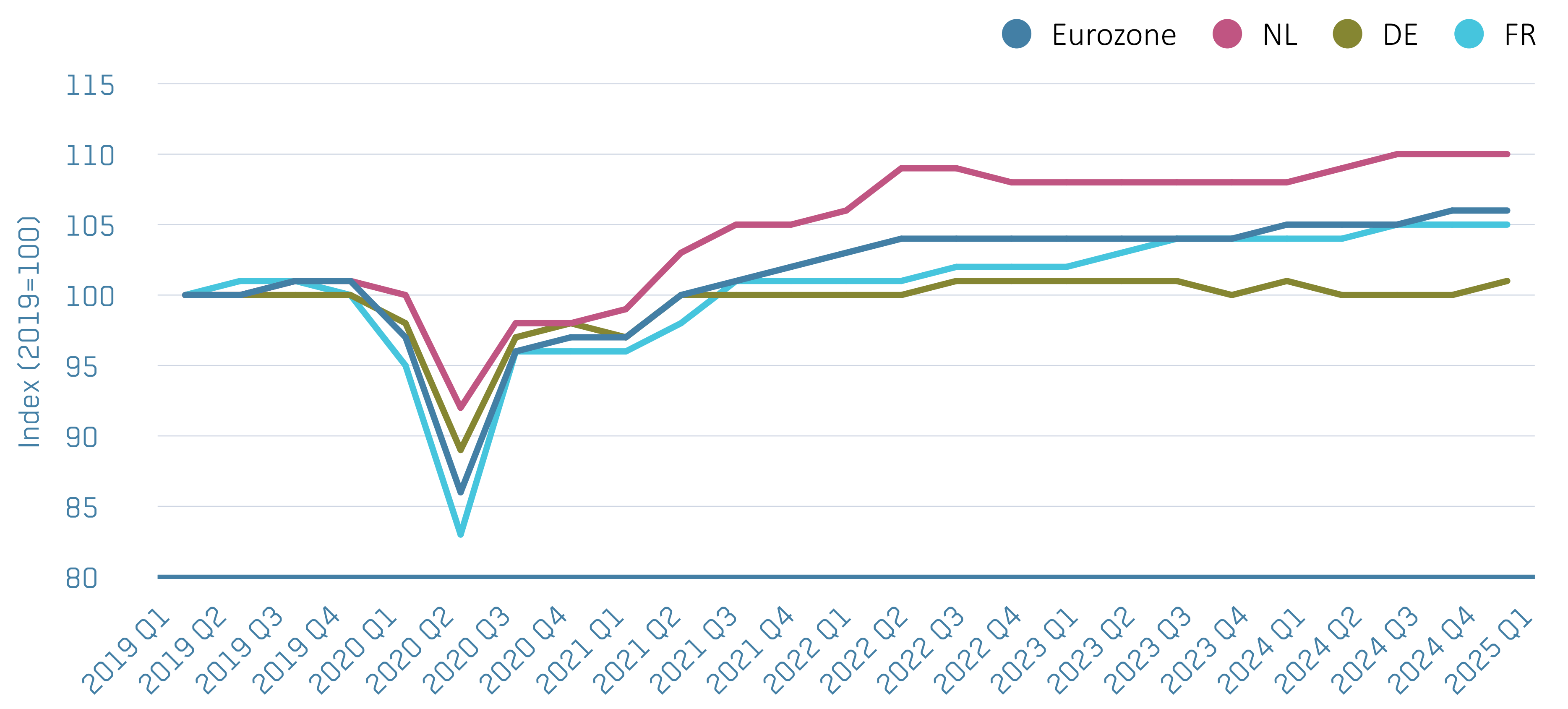
Inflation: Dutch inflation especially higher in 2024

Inflation in the Netherlands has been especially sticky. In the peer group of France, Germany and the rest of the Eurozone the inflation rate is also above the rate targeted by the European Central Bank of 2%, but lower than in the Netherlands. In the Netherlands the price level grew by 3.2% in 2024, while in France it grew by 2.3%, in Germany by 2.5% and in the Eurozone by 2.4%. This difference in inflation rates is mainly due to the Dutch inflation rate falling by less than in the other countries from 2023 to 2024.

The trend has continued into 2025, with the gap widening further. In May the HICP price level grew by 3.0% year-on-year in the Netherlands. In the other countries the rise was between 0.6% and 2.1%.

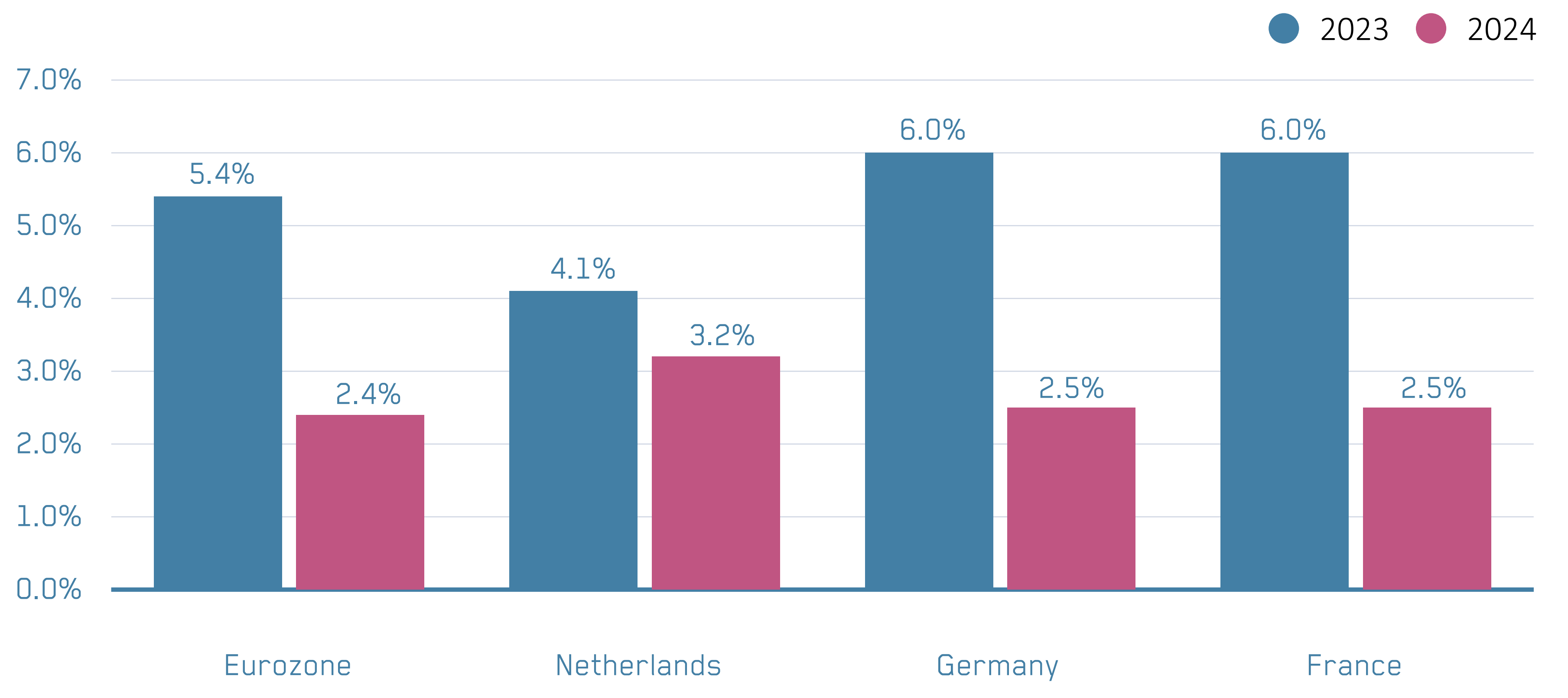
GRAPH 5. GDP GROWTH SINCE 2019 (INDEX, 2019 = 100)

Source: Eurostat



GRAPH 6. YEARLY INFLATION RATE (%)

Source: Eurostat



INTEREST RATES

ECB cuts rates once more while the FED keeps rates steady

To combat the inflation surge of 2022, the European Central Bank (ECB) implemented multiple rate hikes. The peak rate was 4%, this was in August of 2023. As inflation declined, the ECB responded with several rate cuts. So far, in 2025, the ECB has cut interest rates four times. However, these cuts occurred despite persistent inflation in the Netherlands, as Eurozone inflation has declined more significantly. Due to these cuts the ECB rate has come down to 2% at the moment of writing.

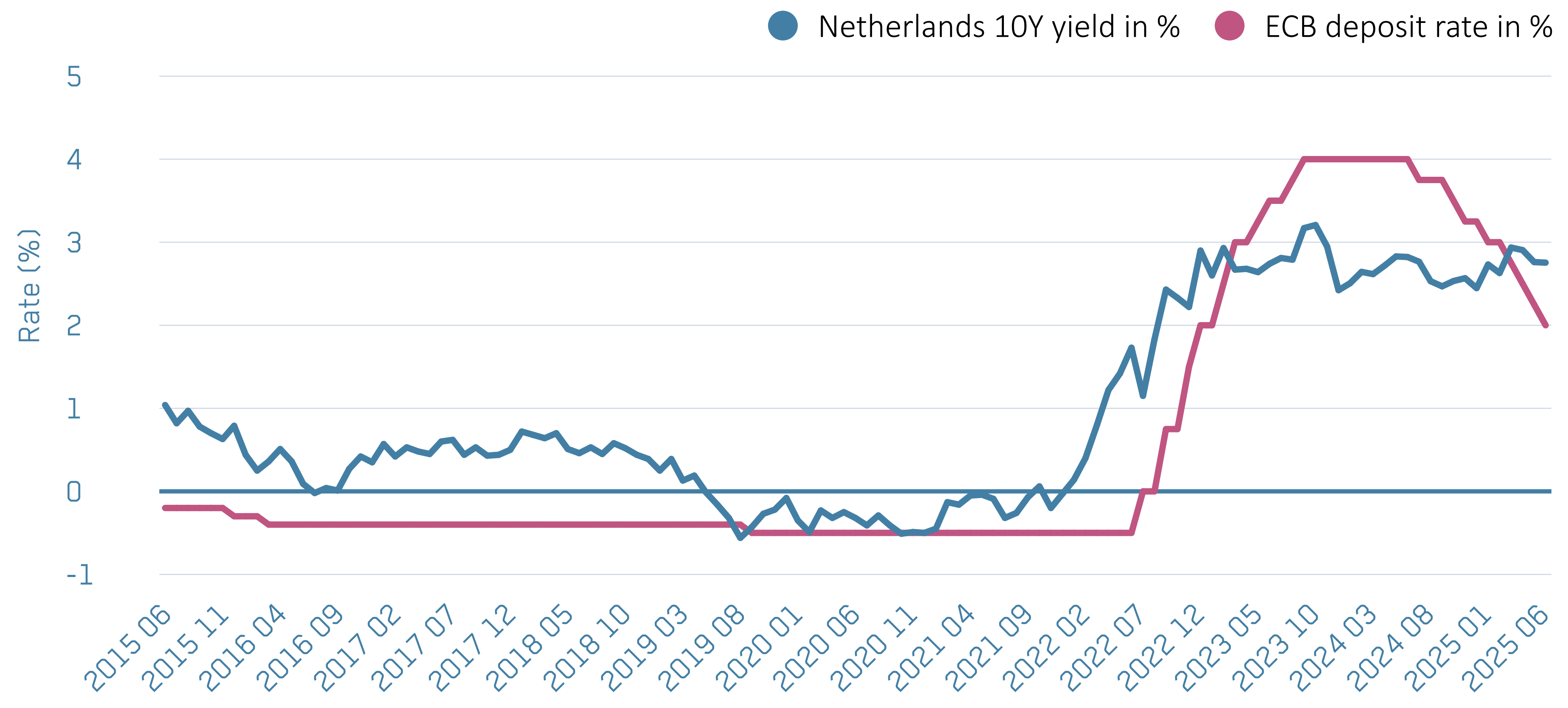
The Federal Reserve (Fed) acted more aggressively in raising rates. The peak upper bound of the Fed funds rate was 5.5%, this has been cut to 4.5% through three rate cuts at the end of 2024. However, the Fed has not cut rates at all in 2025. Solid economic performance plus possibly higher inflation due to tariffs has made the Fed hit the brakes. Looking ahead, if the US economy takes a hit from the imposed tariffs there is a chance the FED will start cutting once more.

In contrast, the ECB appears more open to further rate cuts. Appreciation of the euro, compared to the dollar, and falling energy prices create an environment where it is possible that the ECB will bring the deposit rate down to 1.75% at the end of 2025. The President of the ECB has suggested that at the next meeting in July the deposit rate will be kept at 2%.

During the second half of 2024, longer-term swap rates were below central bank rates. However, this trend reversed in early 2025. The European Central Bank's (ECB) easing measures lowered the deposit rate, while longer-term swap rates remained relatively stable. This stability was largely due to increased fiscal spending by Germany and other European countries on defense, climate, and infrastructure, which put upward pressure on European bond yields. As a result, the yield curve has steepened. This upwards pressure remains for long-term swap rates (20 and 30 years), as these rates are driven more by investor demand than interest rate policy. These rate dynamics directly influence Dutch mortgage pricing and spreads, as discussed in the following section.

GRAPH 7. INTEREST RATES (%)

Source: ECB, Macrobond



3. Mortgage market developments

An increase of €35 billion of outstanding mortgage debt in 2024

The Dutch mortgage market continues to offer strong fundamentals from a credit risk and investment perspective. Market size is one important factor supporting this strength.

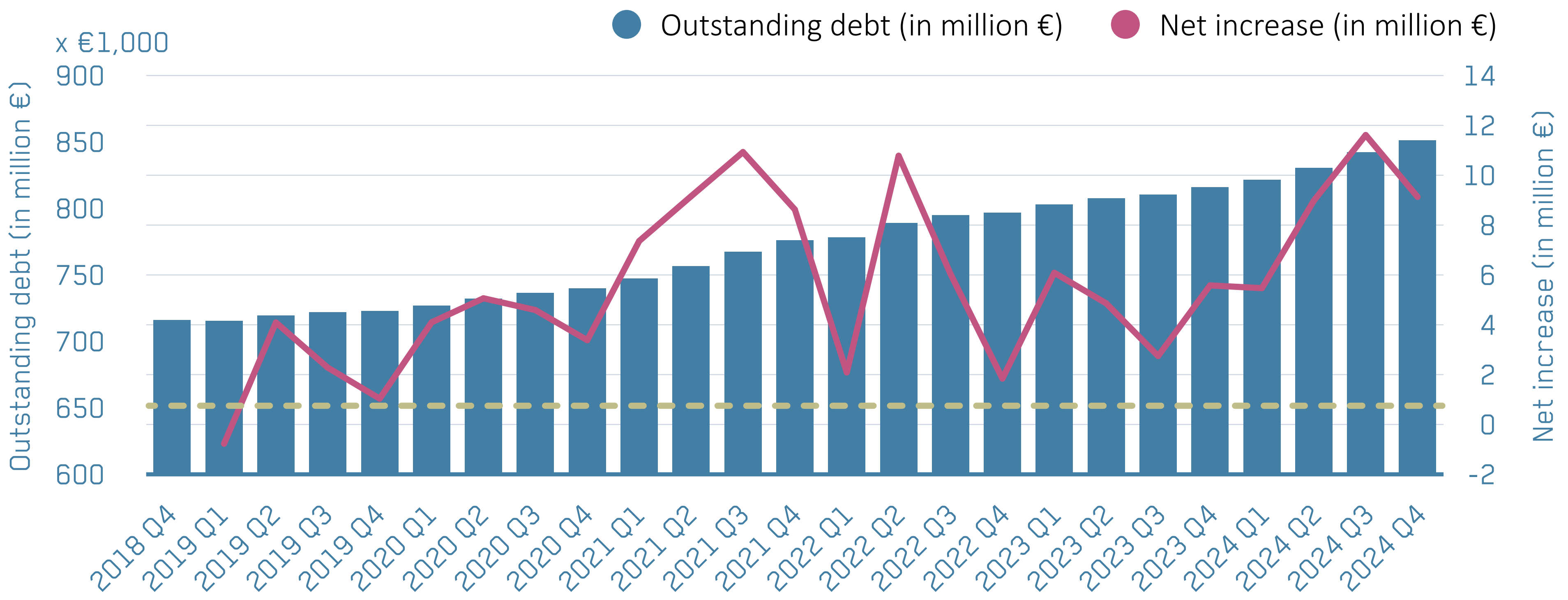
The mortgage market expanded significantly in 2024, with outstanding mortgage debt reaching over €850 billion by year-end, this is a rise of around €35 billion compared to the end of 2023. This growth accelerated during the second half of 2024, driven by falling mortgage rates, rising home prices and increased housing transactions. The market demonstrates clear sensitivity to rate cycles: inflow typically decreases during periods of market stress, as was evident in 2023 when mortgage rates surged and affordability declined. As rates fell again in 2024, net inflow recovered accordingly.

Credit risk keeps improving, even for first-time-buyers

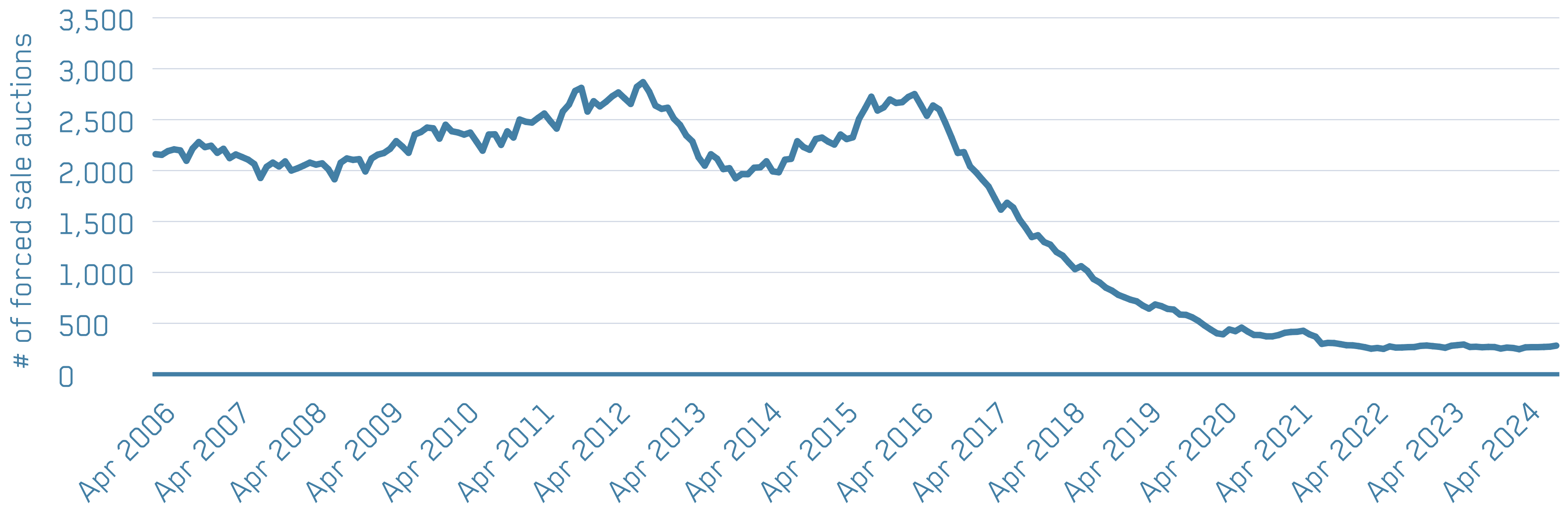
Household credit risk has substantially improved in recent years. This is especially visible when looking at the number of foreclosures, as these have declined substantially in the last ten years. From a level of around 2500 to 3000 forced auction sales due to foreclosures the number has declined to around 250 to 300 forced auction sales now. Importantly, despite higher mortgage rates in recent quarters, foreclosure numbers have remained stable, reflecting both the strong payment behavior of Dutch households and income security supported by the robust Dutch economy.

First-time buyer leverage has also decreased. At the end of 2024 the average loan-to-value ratio for first-time buyers was 89.3% within the four largest cities of the Netherlands (Amsterdam, Rotterdam, Den Haag, Utrecht, G4). This is a decline from a peak of 92.5% within the G4 and a peak of 95.5% outside of the G4. Both peaks were in 2020 (source: Kadaster). The development can be connected to an increasing importance of gifted money or inheritances for first-time buyers. In 2024 about a third of the first-time buyers received a gift from relatives to buy a house. The average gift size was about €60,000. The increasing reliance on gifted money may indicate underlying affordability challenges, especially for younger buyers without access to family wealth.

GRAPH 8. NET INCREASE AND TOTAL OUTSTANDING MORTGAGE DEBT Source: DNB



GRAPH 9. # OF FORCED SALE AUCTIONS Source: Land Registry



Declining debt-to-GDP ratio supports stability of the market

Despite absolute growth in mortgage debt, the Dutch economy's strong nominal expansion has reduced the mortgage debt burden relative to GDP. Outstanding mortgage debt as a percentage of GDP declined from 76.4% at end-2023 to 75.1% at the end of 2024. This continues a longer-term trend: since 2019, the mortgage debt-to-GDP ratio has fallen from 87.1% to 75.1%.

This declining ratio demonstrates that while mortgage debt has increased in absolute terms, its weight on the economy has decreased, making the debt more manageable during periods of economic uncertainty. As inflation moderates and economic growth stabilizes, this decline in the debt-to-GDP ratio is expected to become less pronounced.

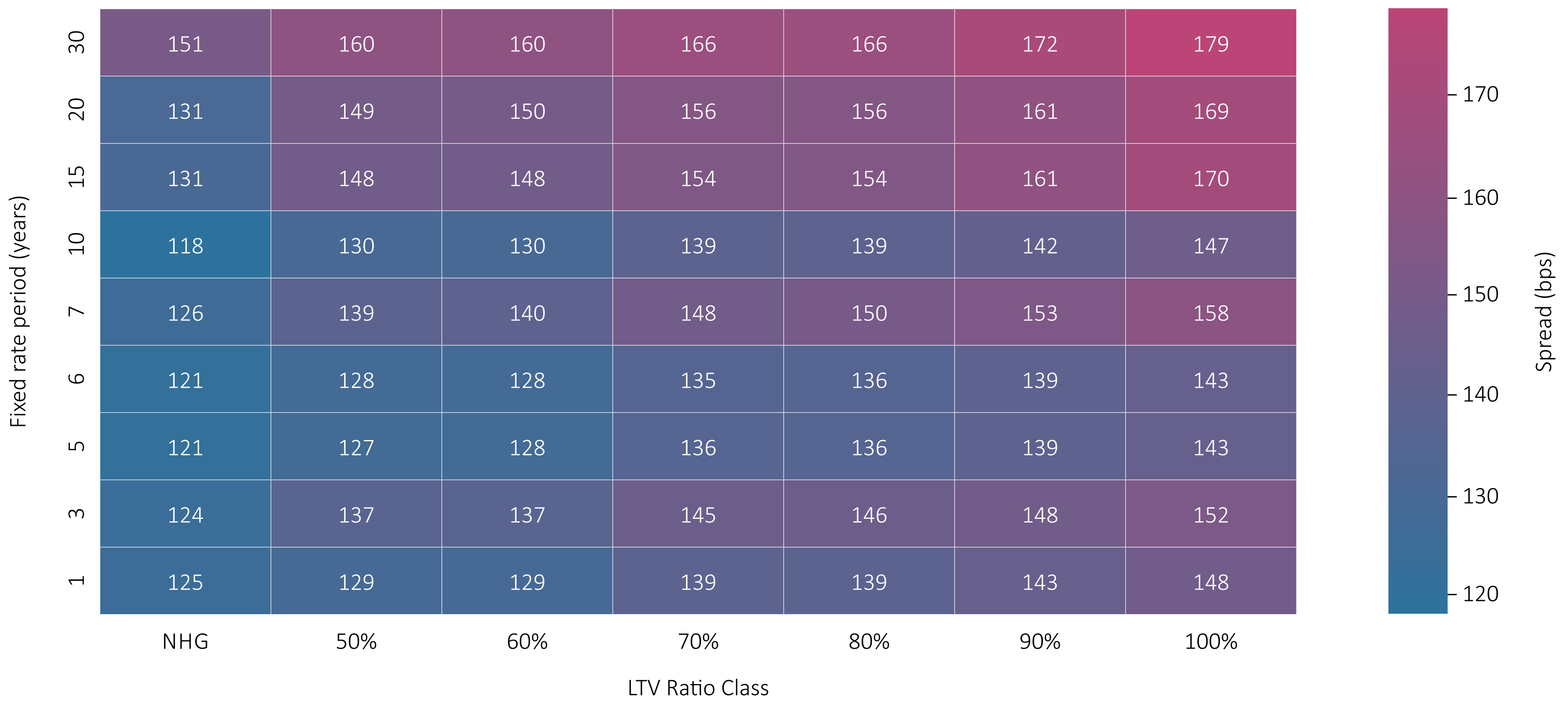
Long term fixed-rate period spreads decline, short term fixed-rate period spreads increase

The improving credit profile means that the risk profile of Dutch mortgages is especially attractive, but the return is also appealing. The margin above swap rates that mortgages can offer (the spread) is between 120 and 180 basis points, depending on the loan-to-value bucket and the fixed rate period. On average, longer fixed rate periods within higher loan-to-value buckets provide the highest margin.

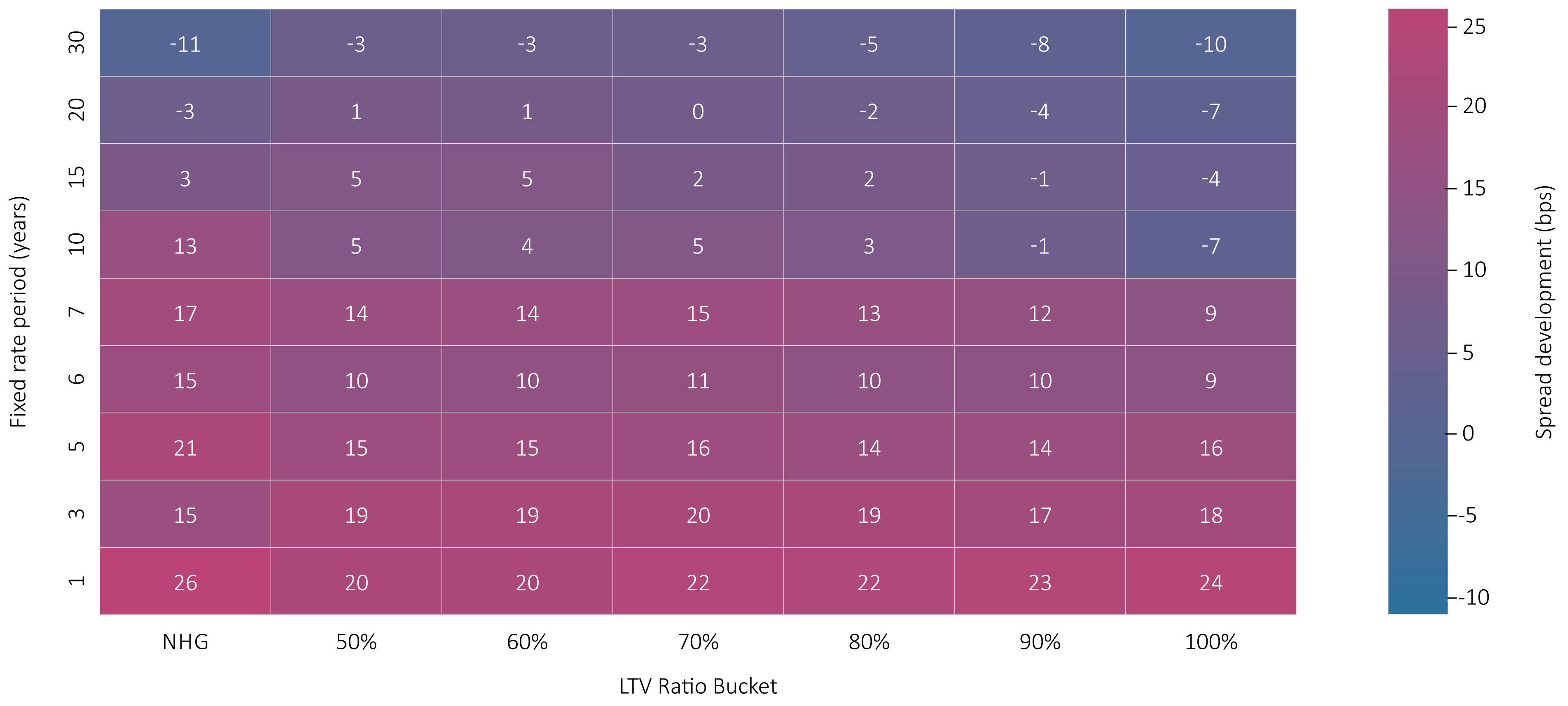
During the first months of 2025 the longer term swap rates increased, this was due to higher projected debt issuance by European governments and general instability on the bond markets. Shorter term swap rates decreased, as these rates have a stronger connection to the rates offered by the ECB.

The higher swap rates meant a slight decrease in spreads for long fixed rate period mortgages and a stronger increase in spreads for short term fixed rate periods (between 1 and 7 years). This uneven spread development can be attributed to the slight lag with which the mortgage market responds to developments in swap rates, with a reversion to the mean expected to occur in the future.

GRAPH 10. MORTGAGE SPREADS IN BASIS POINTS PER LOAN-TO-VALUE BUCKET AND FIXED RATE PERIOD (31ST OF MAY 2025)



GRAPH 11. DEVELOPMENT OF SPREADS IN BASIS POINTS BETWEEN THE 1ST OF JANUARY AND THE 31ST OF MAY PER LOAN-TO-VALUE BUCKET AND FIXED RATE PERIOD



4. Housing market developments

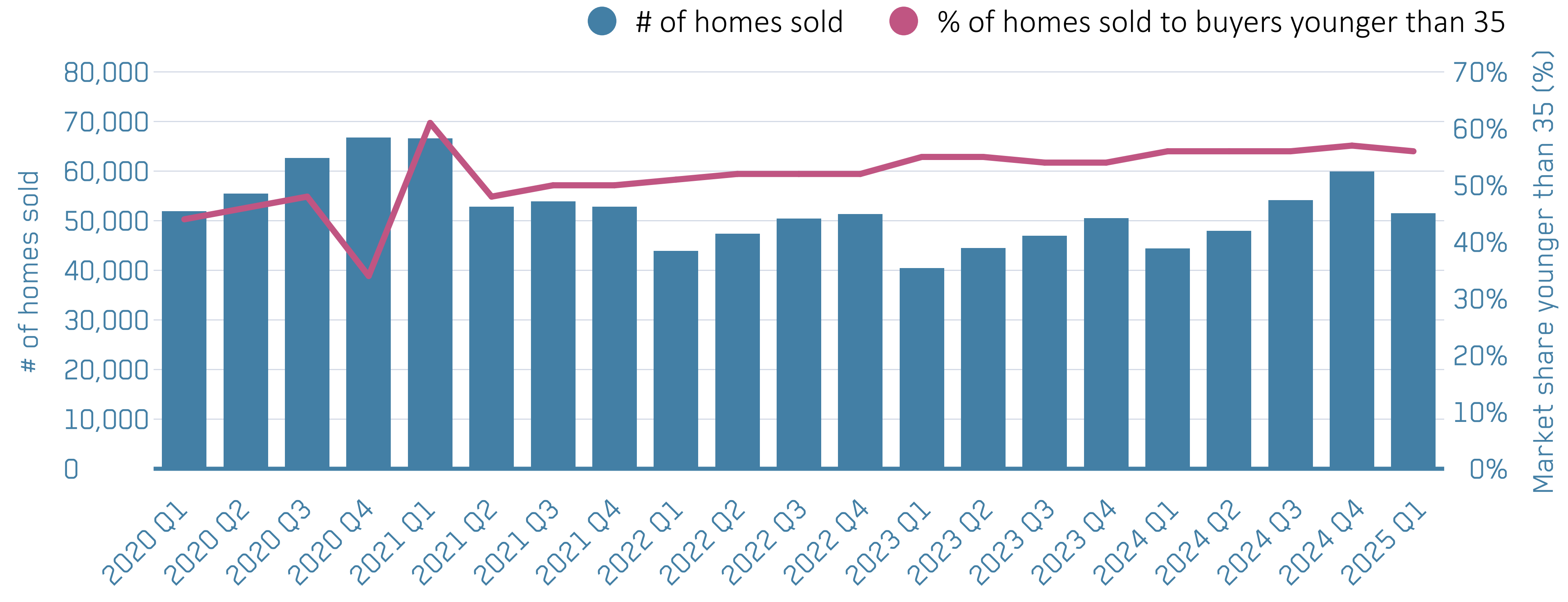
Supply and transactions: Increased supply drives uptick in housing transactions

Since the last investment update, the Dutch housing market has seen a notable increase in apartment listings, driven by landlords offloading properties. This trend is largely a response to stricter regulations on rental pricing, less favorable tax conditions, and higher mortgage costs compared to the pre-COVID period. This shift in ownership has had a noticeable impact on transaction volumes and buyer demographics.

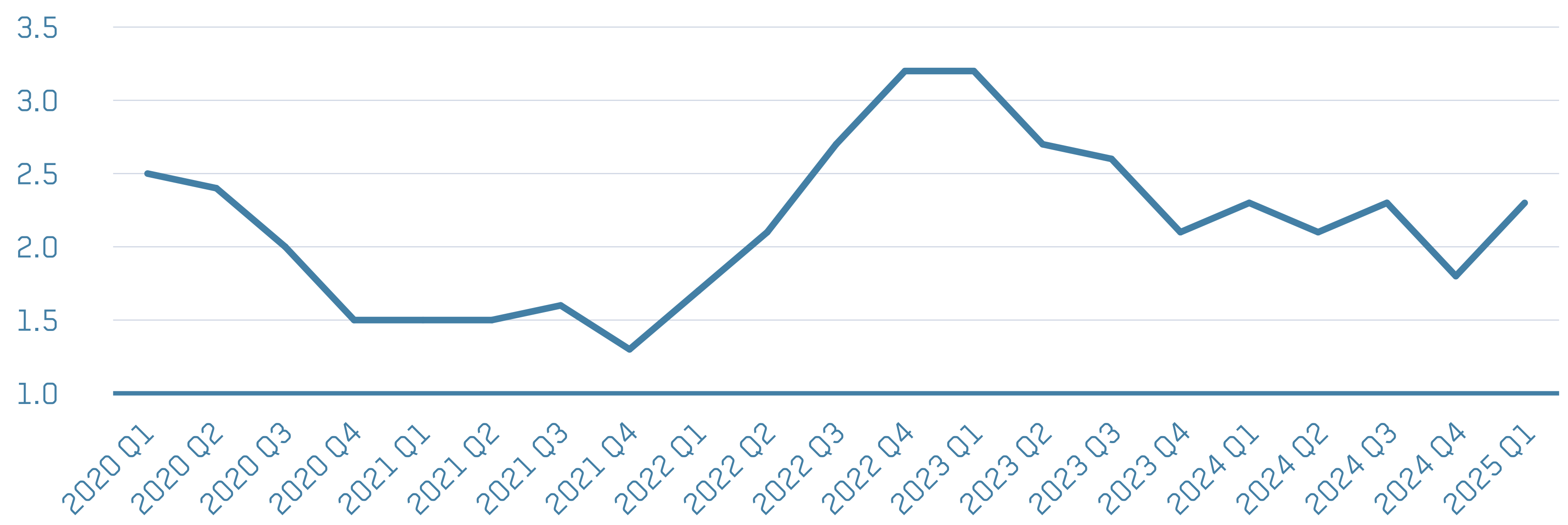
The tightness of the housing market means that these apartments have been snapped up quickly by prospective buyers. Especially for first-time buyers it has been a way to get on the property ladder in the bigger cities that most of these apartments are situated in. According to research by Brainbay about one in five of all transactions at the end of 2024 and during the first quarter of 2025 was former rental homes being sold.

This development has increased the number of homes being sold. Numbers by the land registry (Kadaster) noted an increase of 15.8% year-on-year for the first quarter of 2025. Of the total number of 51,474 homes sold, 17.760 were apartments (about 34.5%). The increase in the number of apartments being sold was even higher than the total increase, as year-on-year 30.5% more apartments were sold. These apartments were bought by buyers younger than 35 in 57.1% of all instances. This is slightly more than the average across all housing types, as 55.7% of all homes sold in the first quarter of 2025 were sold to buyers younger than 35. The market share of buyers younger than 35 has been steadily rising since 2020, showing that the housing market is becoming more accessible to first-time buyers, with ex-rental sales being a substantial factor. Despite this increased activity, the market remains structurally tight.

GRAPH 12. NUMBER OF HOMES SOLD AND MARKET SHARE FIRST-TIME BUYERS (BUYERS YOUNGER THAN 35) Source: Land Registry



GRAPH 13. MARKET TIGHTNESS INDICATOR Source: Dutch Association of Realtors



Market tightness shows the market is not "oversupplied"

Even though the number of homes sold has risen and the market share of first-time buyers is rising the housing market is still considered to be tight. Data by the Dutch Association of Realtors (NVM) makes visible that prospective buyers had only 2.3 "suitable" homes to choose from on average during the first quarter of 2025. The NVM market tightness indicator is calculated by dividing the supply of homes at the end of each quarter by the number of transactions that happened during the quarter. This gives a better indication of the market tightness than just comparing the supply and the number of transactions, as the number of homes for sale is only a snapshot of the market.

Cheaper apartments provide a drag on home prices

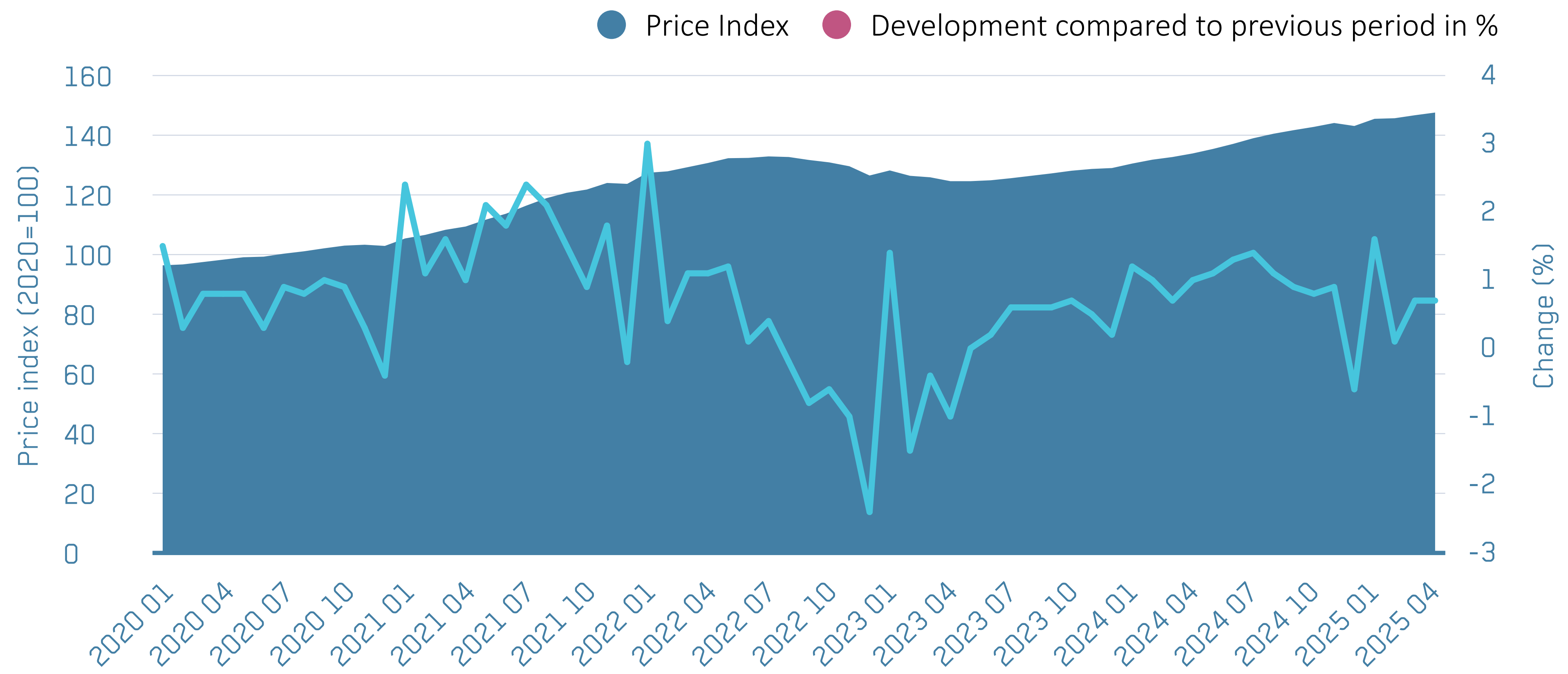
Two data sources track Dutch housing prices with different timing: the Kadaster and the NVM. The NVM registers housing transactions at the point of the purchasing contract becoming irrevocable, after which a period of waiting ensues until the home actually legally changes hands. At the point of the transactions being registered at the land registry the Kadaster registers it as a transaction. This distinction makes the data by the NVM more current, but less complete, as the market share of the NVM in the total housing market is around 70%.

Because of this difference in how transactions are registered by the two data sources it is possible to see market trends in the NVM data before it registers in the Kadaster data. According to the NVM the average transaction price for homes showed a 1.8% decline during the first quarter. Year-on-year average transaction prices still rose, namely by 9.7%. A factor in the fall in transaction prices was the high share of apartments that were sold. Research shows that the average transaction price during the first quarter of 2025 would have been €9,000 higher, were it not for the ex-rental apartments (source: Brainbay). Kadaster data, which reflects finalized transactions, paints a slightly different picture, though a lagging one.

The Kadaster data, which is also used for the graph on the right side of the page, shows an increase in the transaction price of 2.5% quarter-on-quarter and 10.6% year-on-year. It is expected that this figure will decline in the next quarter, although the decrease will likely be more limited. This is because Kadaster data places greater weight on differences in the quality of homes sold (source: CBS).

GRAPH 14. HOUSE PRICE DEVELOPMENT SINCE 2020

Source: Land Registry



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"Steady as she goes" – The housing market seems to be unaffected by global instability

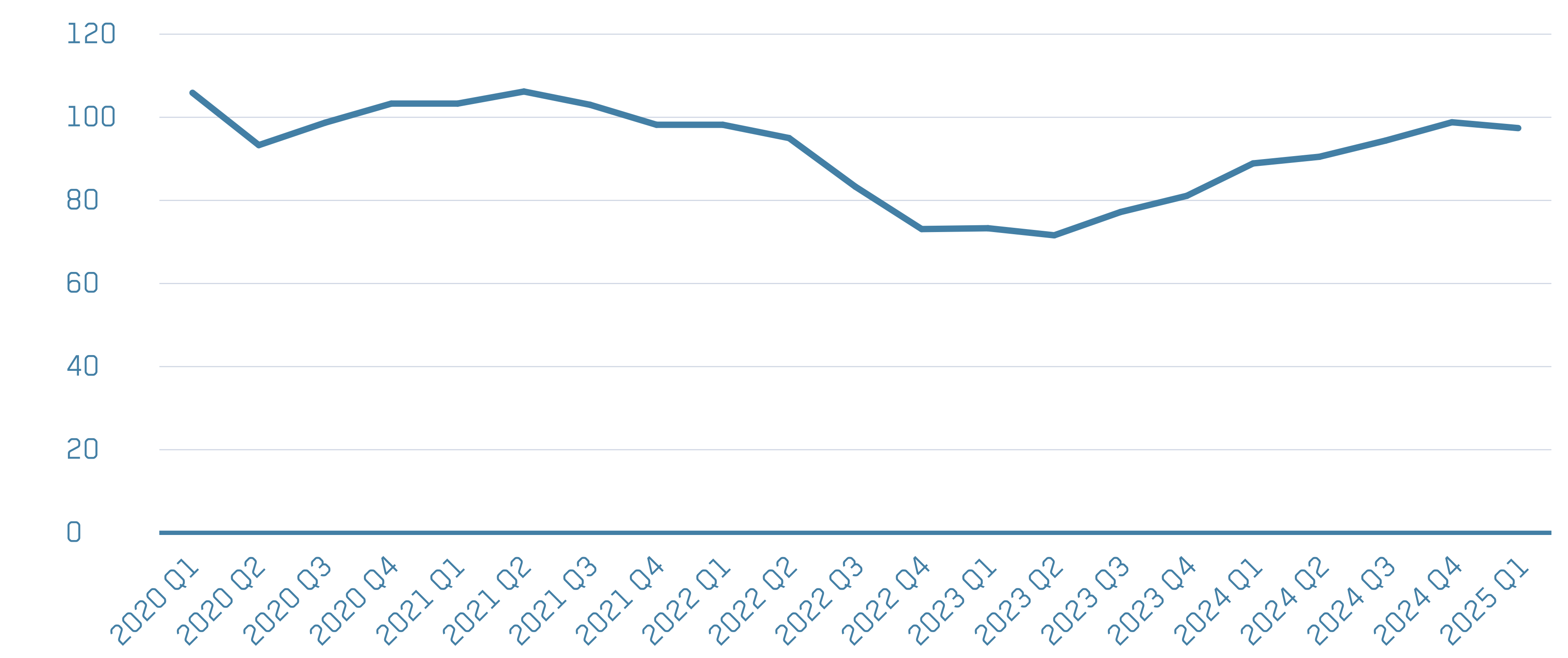
After years of strong house price growth the housing market is expected to cool down slightly in 2025 in terms of house price growth. A downward trend for inflation and CLA wage growth, coupled with mortgage rates that are unlikely to decline substantially for the rest of the year means that the borrowing capacity growth for prospective buyers is more limited than in previous years. An extra factor is the increase in supply due to ex-rental homes being sold by landlords. The tightness, that characterized the market in 2024, is expected to be less prominent in 2025. This does not mean however that house price growth will reverse into a decline, as most prognoses expect a house price growth of around 5% in 2025.

A substantial deterioration in willingness to buy, due to strong economic headwinds, could impact this number. For now, willingness to buy remains relatively stable. This is reflected in the Vereniging Eigen Huis (VEH) housing market confidence indicator, which showed only a slight decline in the first quarter of 2025 and currently stands at 97.4. A score of 100 indicates a net positive view on the housing market. The housing market confidence indicator has a strong correlation with the number of transactions on the housing market, but with a two quarter lag. The increase in the fourth quarter indicates an increase in transactions in the second quarter, followed by a slight decline in the third quarter of 2025.

Another leading indicator for the future number of transactions of the housing market is the number of new build homes sold, as the purchase of a new build home tends to be followed up by a sale of the old home. Data by NVM indicates that the number of transactions of new build homes fell by 9.5% during the first quarter. Year-on-year the number of transactions fell by 1.1%. However, this fall in the number of transactions seems to be partly due to a lack of supply. The number of newbuild apartments sold rose by 31% year-on-year, while for all other categories sales fell. Supply of new build apartments on the market increased by 21.2% in the same timeframe. For other categories, like row houses and detached homes, supply shrank by 28.5%. This further supports the picture of a slight dampening in transaction growth. Yearly transaction volumes are however expected to remain elevated, as the sales of ex-rental homes continue.

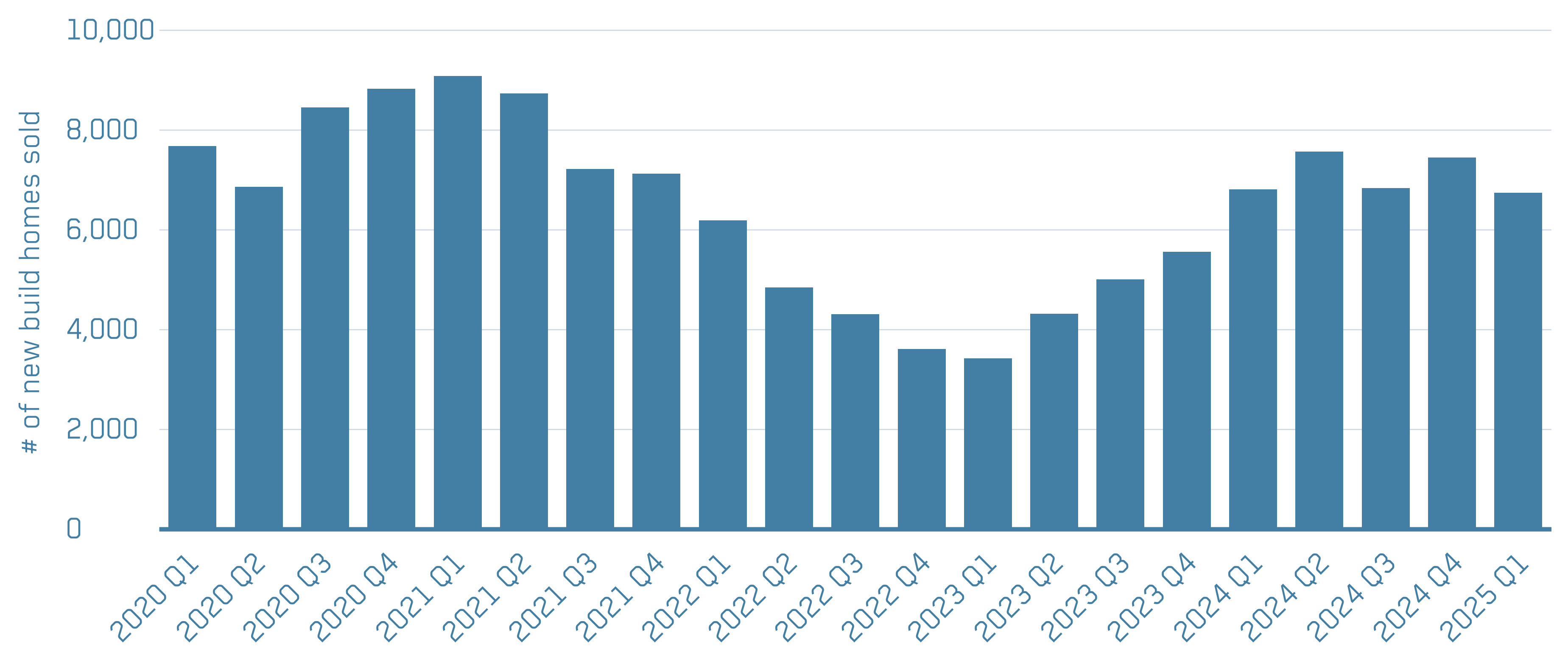
GRAPH 15. VEH HOUSING MARKET CONFIDENCE INDICATOR

Source: VEH



GRAPH 16. # OF NEW BUILD HOMES SOLD

Source: Dutch Association of Realtors



5. ESG

Past sustainable home improvements: Most of the homeowners installed at least one energy-saving measure in the past five years

Dutch homeowners have significantly engaged in sustainability. Over 72% of those in pre-2015 homes who have lived there for at least five years have implemented at least one energy-saving measure in the past five years (source: Woononderzoek Nederland, a triennial housing survey). Top measures include solar panels, new central heating boilers, or both. On average, these energy-saving measures were chosen by around 30% of homeowners. Renovation choices vary significantly by housing type, both in measure type and uptake rate.

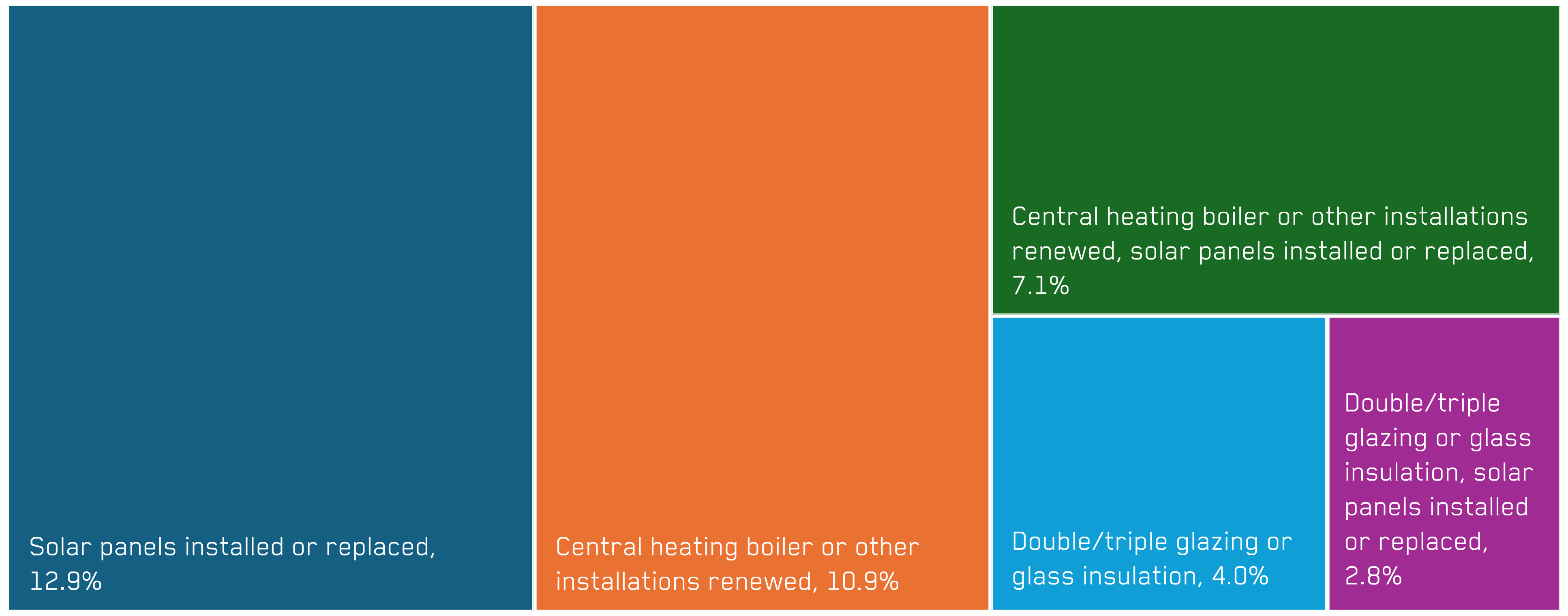
Lower uptake of sustainable measures among apartment owners

53% of apartment owners implemented at least one sustainability measure. A key factor in improving the sustainability of apartments is that renovations are decided by the association of owners (VvE). Renovations were therefore often smaller, 36.2% of apartment owners opted for only one measure, indicating smaller-scale renovations.

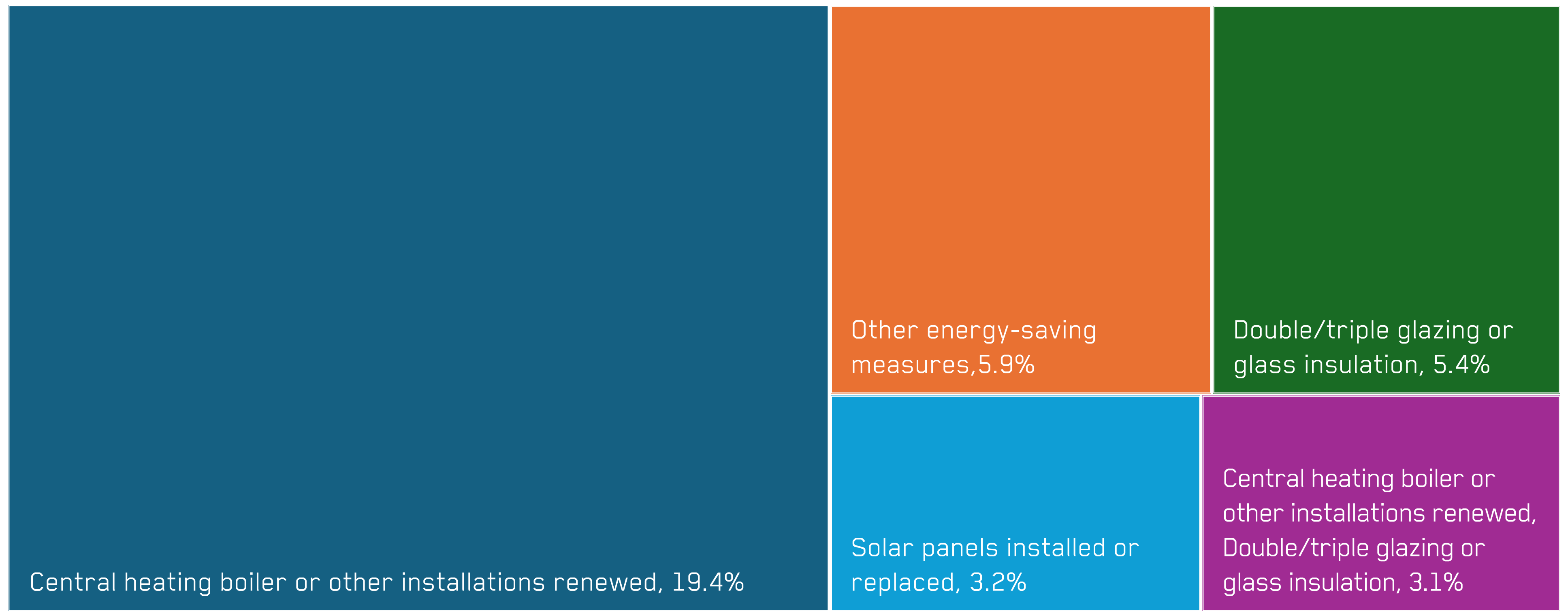
In contrast, 75.1% of house owners took sustainable action, with 33% implementing only one measure. Solar panels are the most popular measure for houses. However, this could change in the future, as the net metering scheme, which allows homeowners to offset energy generated by their solar panels against their energy bills, will end in 2027 (source: Rijksoverheid). Owners of larger houses were more likely to install solar panels. Apartment owners favored smaller interventions (other energy saving measures), such as draught strips, reflected in the top five measures for this group.

40% of homeowners living in a house built after 2015 decided to install energy-saving measures. Among them, 95% chose solar panels, with almost all of these being installed on a house and not an apartment. Most homeowners who chose not to install energy-saving measures said their home was already energy-efficient enough.

GRAPH 17: TOP FIVE ENERGY-SAVING MEASURES HOUSES



GRAPH 18. TOP FIVE ENERGY-SAVING MEASURES APARTMENTS



Newly moved homeowners also installed energy-saving measures less often

61% of homeowners who moved within the last two years into a residence built before 2015 installed energy-saving measures either during or shortly after the move. However, 58.3% of recent apartment movers reported not installing energy-saving measures in their new homes.

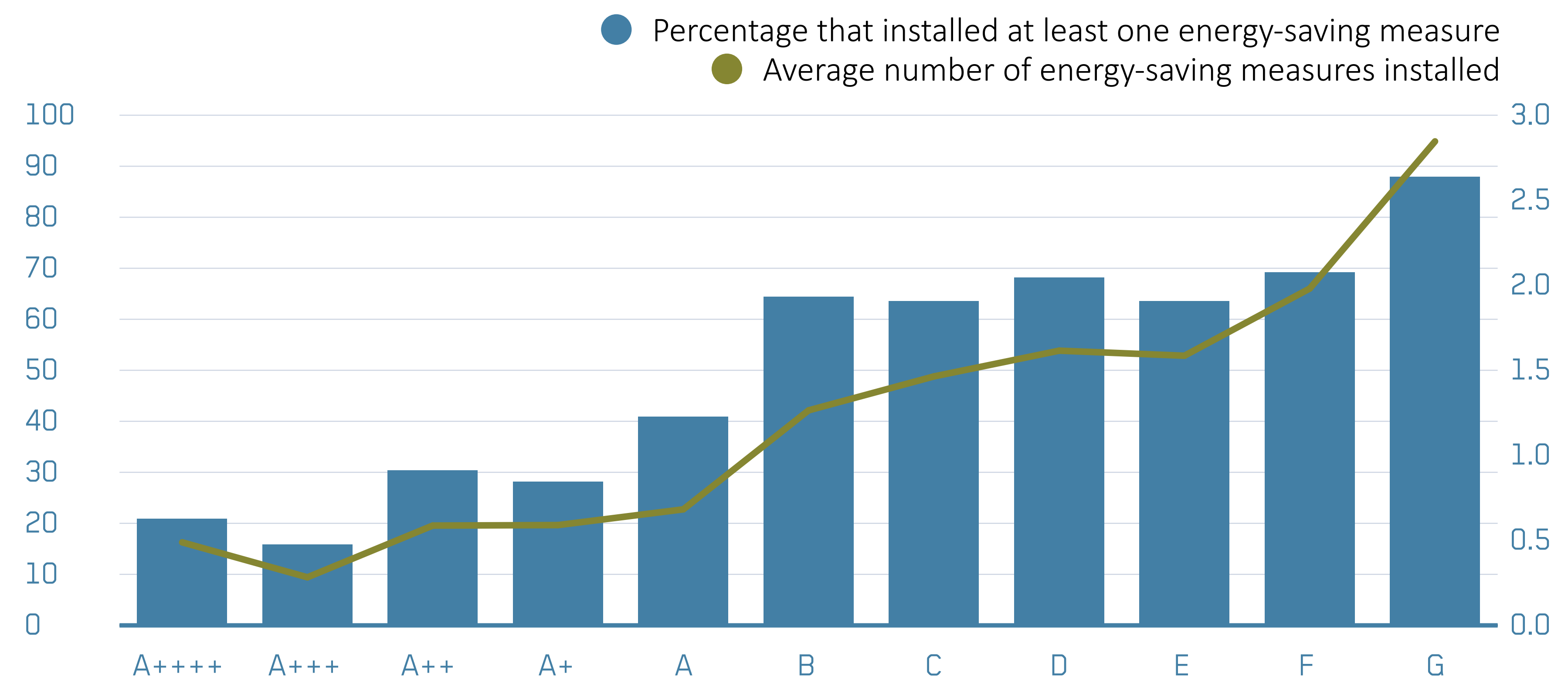
The difference between recent movers and homeowners living in their residence for at least five years is illustrated in the accompanying graphs. New homeowners install fewer energy-saving measures than those who have lived in their homes for at least five years. An exception is homes with an energy label G, which new owners tend to renovate upon purchase. New homeowners in energy label G homes installed more measures on average (2.8) compared to existing homeowners (2.2).

Homeowners in homes with energy label A+ or higher cited their home's existing energy efficiency as the reason for not installing measures in 90% to 100% of cases. For homes with lower energy labels, other reasons for not installing measures were cited more frequently. Between 10% and 18% of homeowners in homes with energy labels B through G cited affordability as a barrier to sustainability improvements.

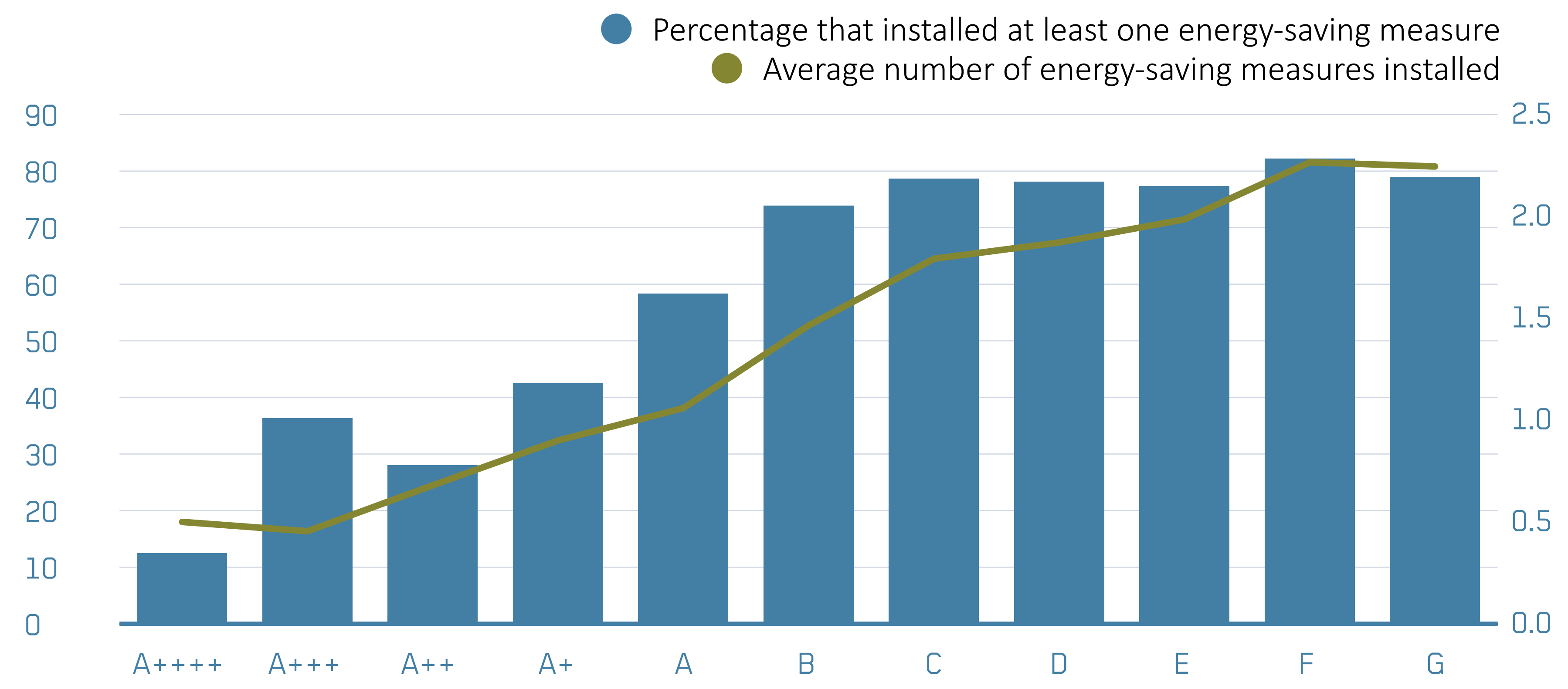
Approximately 30% of recent movers into homes with energy labels B to G reported not yet having taken action due to lack of time, not prioritizing it, or simply not having considered it. This underscores the importance of early, clear communication to homeowners about sustainable options and financing opportunities.

Between 13% and 20% of apartment owners cited the association of owners' (VvE) reluctance to approve measures as a barrier to sustainability improvements. This situation is expected to improve from mid-2026 onwards, when possible new legislation will facilitate associations of owners in approving sustainability improvements (source: Volkshuisvesting Nederland).

GRAPH 19. % OF NEWLY MOVED HOMEOWNERS WHO INSTALLED AT LEAST ONE ENERGY-SAVING MEASURE IN THE LAST FIVE YEARS, AND THE AVERAGE NUMBER OF MEASURES INSTALLED, CATEGORIZED BY HOME ENERGY LABEL



GRAPH 20. % OF ESTABLISHED HOMEOWNERS WHO INSTALLED AT LEAST ONE ENERGY-SAVING MEASURE IN THE LAST FIVE YEARS, AND THE AVERAGE NUMBER OF MEASURES INSTALLED, CATEGORIZED BY HOME ENERGY LABEL



SUSTAINABLE HOME IMPROVEMENTS BY HOMEOWNERS

Financing of past sustainable home improvements was often done using own money

Woononderzoek 2024 shows homeowners use various funding streams to finance sustainable home improvements. The tables to the right compare funding choices between new movers (less than two years in their home) and established homeowners (more than five years). A substantial percentage of homeowners finance energy-saving measures with their own money. In fact, 72% of established homeowners installed energy-saving measures in the last five years. Half of established homeowners primarily used their own money to pay for these improvements. 7.5% financed their improvements with a mortgage, or a mortgage combined with other funding sources. The remaining 14.5% used other funding sources, such as a loan, a subsidy, or family contributions.

For new movers, the pattern differs somewhat. Personal funds were used in just 32.6% of cases. A mortgage, alone or combined with own money or subsidies, funded 14% of new mover improvements. A subsidy was the main funding source for 5.5% of new movers. Another 9.1% relied on alternative funding, such as a loan or family contributions.

Homeowners with higher energy labels tend to use mortgages less often: only 4.7% of established owners with label A used a mortgage, compared to 12.7% of those with label G. Motivation for installing measures correlates with funding choice: 50% of homeowners using a loan or a subsidy said their main reason was that the investment would pay off through lower energy bills. This compares to 29–40% among homeowners using other funding sources. Only 1–3% of homeowners cited increased home value as motivation, despite evidence that better energy labels can substantially raise property value (source: Brainbay). Among homeowners using a mortgage, 24% said their motivation was to make their home more comfortable, higher than any other funding group.

TOP FIVE FUNDING COMBINATIONS USED BY ESTABLISHED HOMEOWNERS

Funding combination	Used by which %
Own money	49.4%
Other	5.4%
Mortgage	4.8%
Subsidy + own money	4.3%
Subsidy	2.0%

TOP FIVE FUNDING COMBINATIONS USED BY NEWLY MOVED HOMEOWNERS

Funding combination	Used by which %
Own money	32.6%
Mortgage	8.8%
Other	6.4%
Subsidy + own money	3.4%
Mortgage + own money	3.3%

Data shows funding choices depend on the scale of improvements and how much homeowners expect to recoup costs through savings. Mortgages are more commonly used to finance larger, more intensive renovations.

Future sustainable home improvements: High willingness by homeowners to improve the sustainability of their home, but guidance is needed

Fewer homeowners plan to install energy-saving measures in the next two years than those who did in the past five. Plans differ by housing type. Among homeowners, 40.3% of house owners and 26.3% of apartment owners intend to invest in sustainability within the next two years.

A key reason for the lower numbers is that around 39% of homeowners are unsure whether they will install energy-saving measures. Consistent, clear guidance from mortgage lenders can support these undecided homeowners.

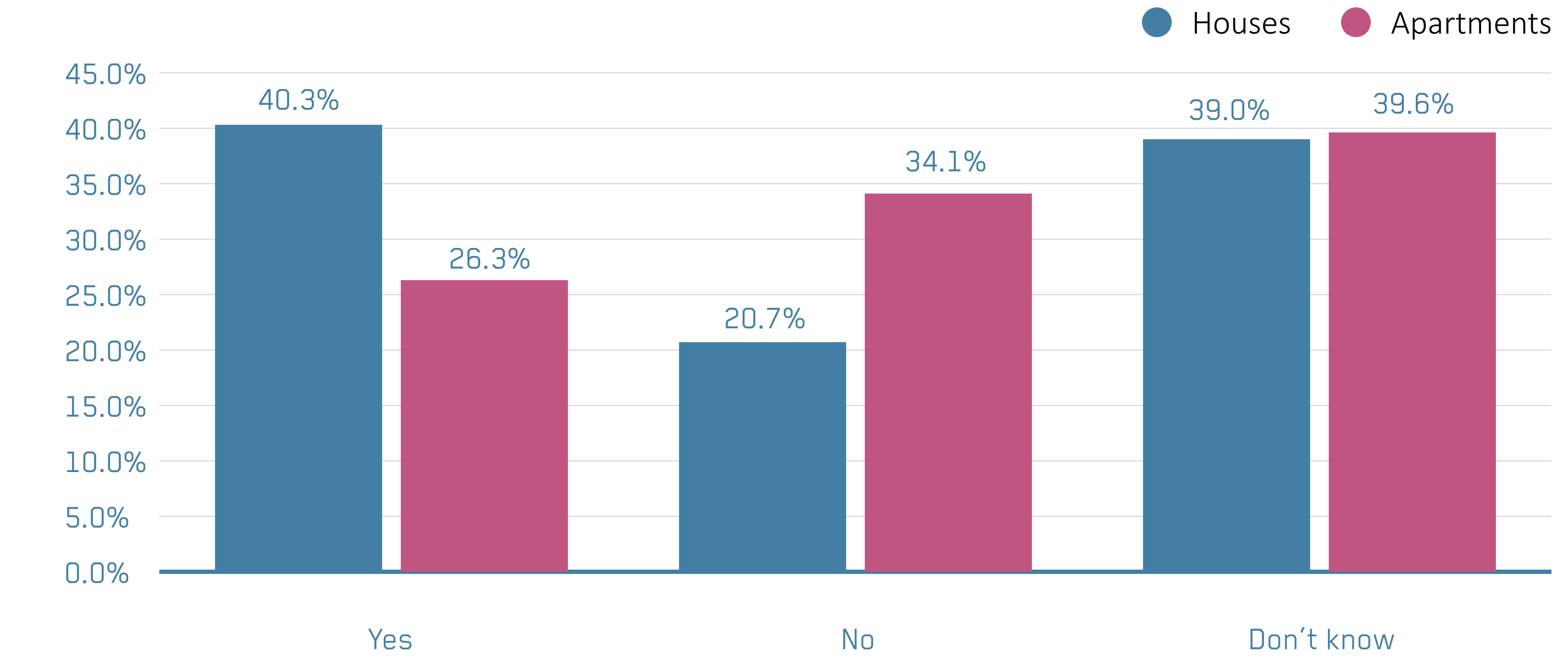
Achmea Mortgages provides extensive guidance to homeowners via the Duurzaam Woongemak platform, offering a quick climate scan that identifies the most effective energy-saving measures, along with cost estimates, financing information, and access to a Climate Store where they can use their climate budget for upgrades.

Of those planning to install energy-saving measures in the next two years, around 60% intend to finance the work using their own money. This is slightly lower than in the past five years, when 70% of homeowners who installed energy-saving measures primarily used their own money. Between 8% and 12% of these homeowners plan to use a mortgage to finance their improvements. Homeowners aiming to improve insulation are most likely to use a mortgage, while those replacing their central heating boiler are least likely.

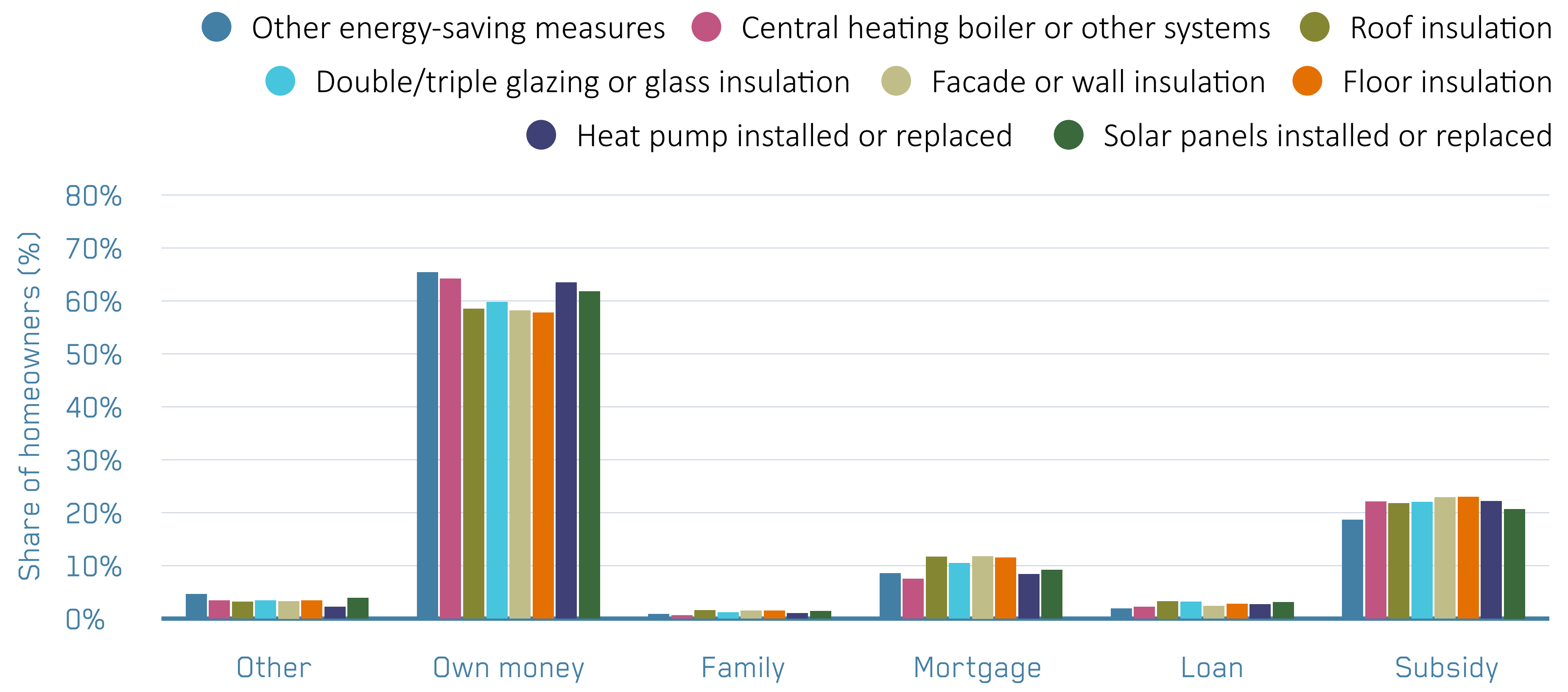
Over the longer term, willingness to install energy-saving measures increases substantially. 48.1% of homeowners would install additional energy-saving measures if they can recoup the cost through lower energy bills. Another 15.8% are willing to install measures even if they cannot recoup the costs. 20.4% are undecided, and only 15.8% have decided not to install new energy-saving measures.

This shows Dutch homeowners' strong willingness to make their homes more sustainable, provided the benefits outweigh the cost.

GRAPH 21. % OF HOMEOWNERS WANTING TO INVEST IN ENERGY-SAVING MEASURES IN THE NEXT TWO YEARS



GRAPH 22. FUNDING HOMEOWNERS WANT TO USE PER TYPE OF ENERGY-SAVING MEASURE



6. Outlook for the asset class

#1. Steepening of the yield curve opens up opportunities at the short end

The steepening of the yield curve in the first half of 2025 appears to be a persistent development, likely to continue in the near term. With the Federal Reserve expected to begin rate cuts later this year, and the ECB continuing on its path of easing, further steepening could occur across both U.S. and global yield curves.

This has opened up opportunities at the short end of the curve, as spreads for mortgages with a fixed rate period of 7 years or less have widened, increasing their appeal to investors with a preference for shorter durations, such as banks.

At the same time, long fixed-rate mortgage products remain attractive, as their spreads are still substantially higher than those shorter-term mortgages. Also, in an environment of ongoing macro-economic uncertainty and bond market volatility, they continue to provide interest rate stability and duration, making them well suited for liability-matching strategies and long-term income planning.

#2. The fundamentals of the owner-occupied housing market are expected to remain strong

In the short term, the outlook for the Dutch owner-occupied housing market remains moderately positive. House price growth is expected to slow slightly, but transaction volumes remain elevated. This combination supports further growth in mortgage origination. Over the longer term, transaction growth may taper once the wave of ex-rental homes entering the market subsides. Still, several structural factors continue to support market stability and long-term mortgage demand.

1. First-time buyer activity has increased

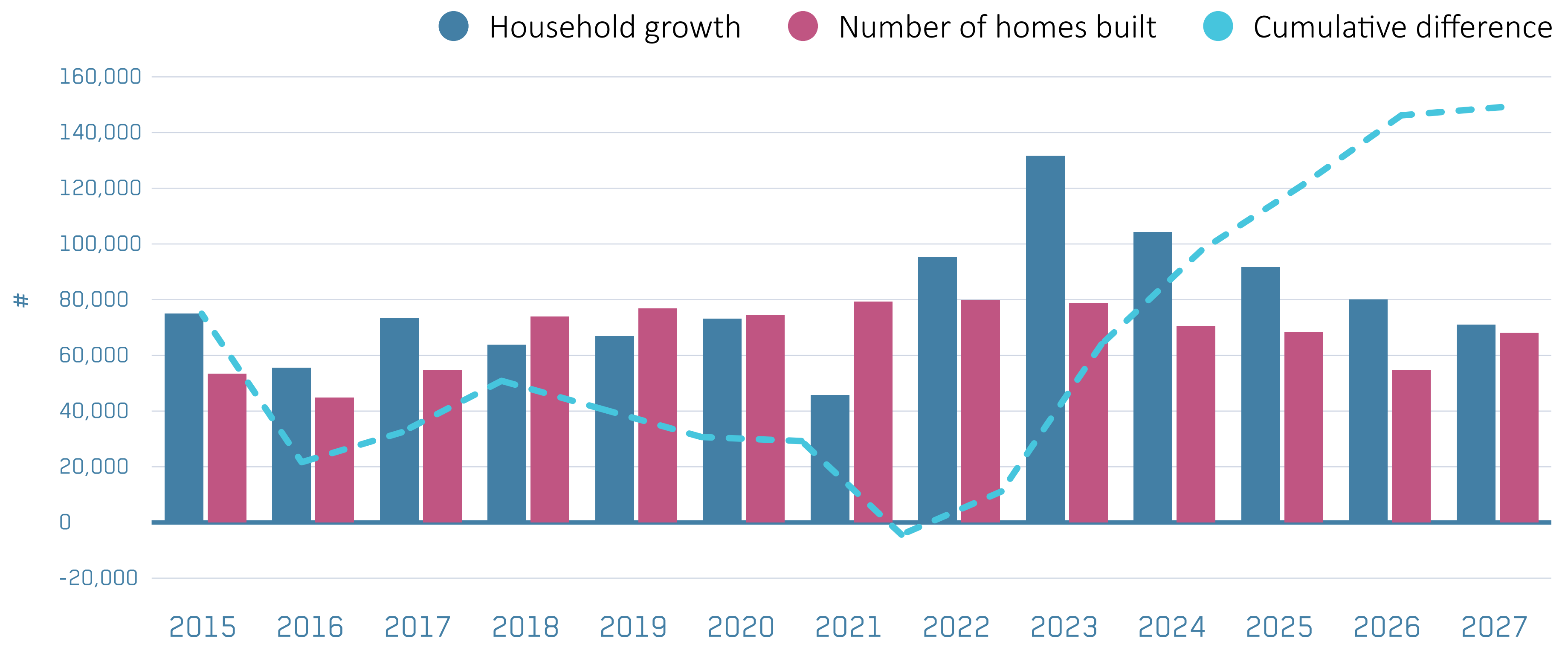
The influx of ex-rental homes, often priced below market average, has improved accessibility for younger buyers. This group accounted for more than half of apartment purchases in early 2025. Early entry onto the housing ladder can support long-term market liquidity, as these buyers accumulate equity and trade up over time.

2. Structural housing shortages persist

Migration to the Netherlands has increased substantially in recent years, while new construction has lagged due to nitrogen regulations and permitting bottlenecks. This is further deepening a structural undersupply in the housing market. To fix this undersupply a strong increase in the number of homes built is needed, providing chances for the mortgage market to grow.

GRAPH 23. HOUSEHOLD GROWTH VERSUS NUMBER OF HOMES BUILT

Source: CBS



From 2025 onwards, the figures are projections. The number of homes built from that point onward is based on housing permits issued, applying a two-year lag.

3. Borrower leverage is declining
Average loan-to-value ratios among first-time buyers have fallen. This trend is partly due to a growing reliance on financial gifts or inheritances. With a lower aggregate leverage position across new borrowers, the market is better positioned to absorb future economic shocks.

#3. High willingness of homeowners to make their homes more sustainable supports portfolio greening

Dutch homeowners continue to demonstrate a strong willingness to invest in energy-saving measures. More than 70% of long-term owner-occupiers have already implemented at least one improvement, most commonly solar panels or heating system upgrades.

Data from the Woononderzoek 2024 shows that over 63% of homeowners are certain they will install additional energy-saving measures in the future. However, a significant share remains undecided. Targeted support and clear guidance can help these homeowners take action, further accelerating the greening of the mortgage portfolio.

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