Credit Risk Sharing

PGGM

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All figures in the presentation refer to amounts as of 31 December 2025, unless stated otherwise. For all figures in the presentation the source is PGGM NV (PGGM), unless stated otherwise.

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PGGM overview

We work for good, affordable and sustainable pensions for pension funds - our clients - and their participants

PGGM

A permanent fixture in health and welfare

- PGGM is a leading Dutch pension fund investor
- The vast majority of pension assets are for Stichting Pensioenfonds Zorg en Welzijn ("PFZW"), the pension fund for the care and health care sector
- PGGM adds value by focusing on two clear objectives:
  - Realising a valuable future by investing with a long-term focus and taking sustainability into account across all asset categories
  - Generating a high and stable return for our clients

Pensioenfonds Zorg & Welzijn

€ 251 billion
Assets under Management

5.8 million
Participants

Realized average annual return for PFZW of **7.3%** between 1971 and 2025

Dedicated Credit Risk Sharing mandate since 2006

PGGM is one of the largest and longest-standing investors in Credit Risk Sharing

- Investing in balance sheet synthetic securitisation since 2006, which PFZW and PGGM refer to as ‘Credit Risk Sharing’ (“CRS”)
- Structural allocation in PFZW’s investment portfolio since the start, investing in first and second loss tranches on a no-name basis
- Enables diversification of credit risk exposure
- As one of the largest CRS investors globally, actively shaping market standards (e.g. STS)
- Since 2020, Alecta has subscribed to our standards through a co-investment agreement

Credit Risk Sharing transactions

Sharing in core credit risks banks have on their balance sheets

Credit Risk Sharing in a nutshell

Credit Risk Sharing

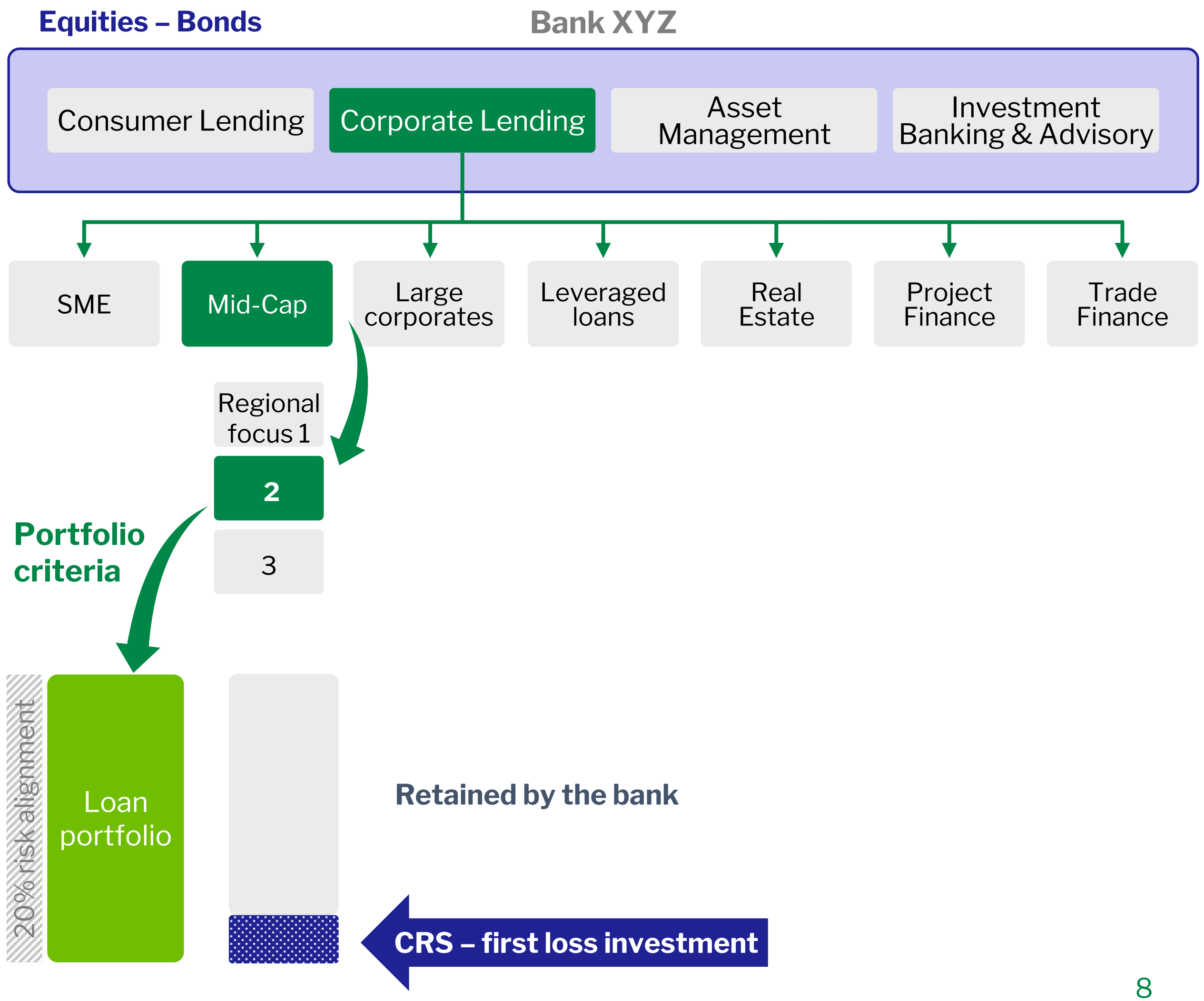
In a CRS transaction, the investor covers the losses experienced by the bank on the loans **in the reference portfolio**. The loans stay on the balance sheet of the bank.

Long-term partnership focus

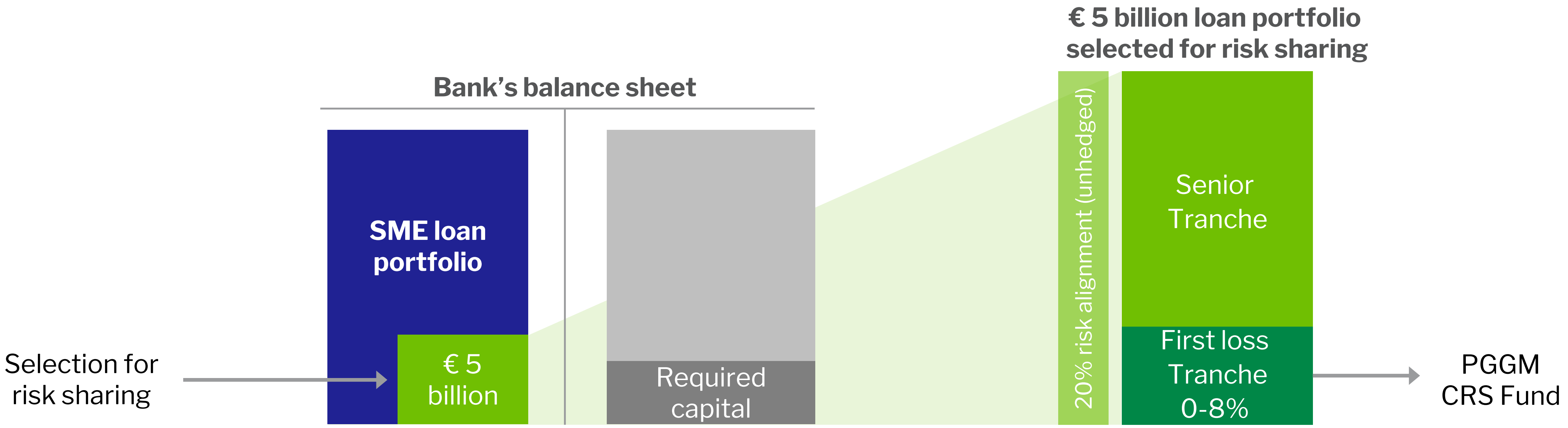
We **partner** with banks, based on thorough **due diligence,** including their sustainability profile.

Diversifying exposure to the real economy

CRS enables effective **engagement** with banks and helps steer **capital allocation** to the real economy in line with PFZW's strategy.



Structure of a first loss tranche



The bank transfers the first loss position to the investor, being the PGGM CRS Fund:

- Perfect hedge for credit events such as bankruptcy, failure to pay, and restructuring
- At least 20% risk alignment: For each credit event resulting in a loss, a maximum of 80% is covered by the investor and at least 20% of the realized loss affects the bank's P&L account

Mutual benefits for partner banks and PGGM

Partner bank

- Reliable and experienced long-term partner
- Efficient capital management applicable across multiple loan books
- Perfect hedge of credit risks in core activities

PGGM

- Attractive risk-return profile
- Exposure to illiquid and unique credit risks
- Close collaboration with high-quality credit originators
- Investment in the real economy aiming to make it greener, facilitated by both banks and CRS investors

Tailor-made transaction structures that benefit from shared experience of growing partnership

PGGM

Our philosophy

Portfolio of high-quality CRS transactions

- In-depth understanding of underlying credit risks
- Strong alignment of interest through 20% risk retention by partner bank
- Risk sharing in successful core activities of partner bank
- Reliable and flexible partner, aiming to build long-term partnerships
- Bilateral transactions of meaningful size and simple terms
- Focus on a selected number of market leading originators
- Thorough quantitative and qualitative due diligence, including sustainability

Positive contribution: CRS has an amplifying effect

Paris alignment

- The CRS team actively partners with banks that have publicly committed the goals of the Paris Agreement and have implemented interim science-based emission reduction targets for high-emitting sectors

Sustainable Development Investments

- Risk sharing in loans that contribute to the sustainable development goals, thereby providing targeted capital to banks to grow the lending which fits specific SDGs, such as:
  - Use of proceeds for mortgages for female homeowners;
  - Sustainability linked loans or transition loans; or
  - Loans to projects supporting the energy transition, hospitals or nursing homes

Active engagement

- As one of the largest and longest-standing investors in CRS, PGGM is uniquely positioned to drive dialogues with partner banks
- When structuring transactions, the CRS team aims to receive sustainability assessments for the underlying obligors from banks, such as a transition readiness score to be able to track progress through time

Process and structures

Working together to find the optimal structure

Overview of investment process

Quick Scan

- Initial analysis on proposed transaction
- Decision to allocate resources to work on transaction

Due Diligence

Qualitative analysis

- Credit origination, monitoring and recovery management
- Business strategy
- Division of roles and responsibilities
- Integration of sustainability

Quantitative analysis

- Long-term track record in credit risk management
- Internal credit rating models and procedures

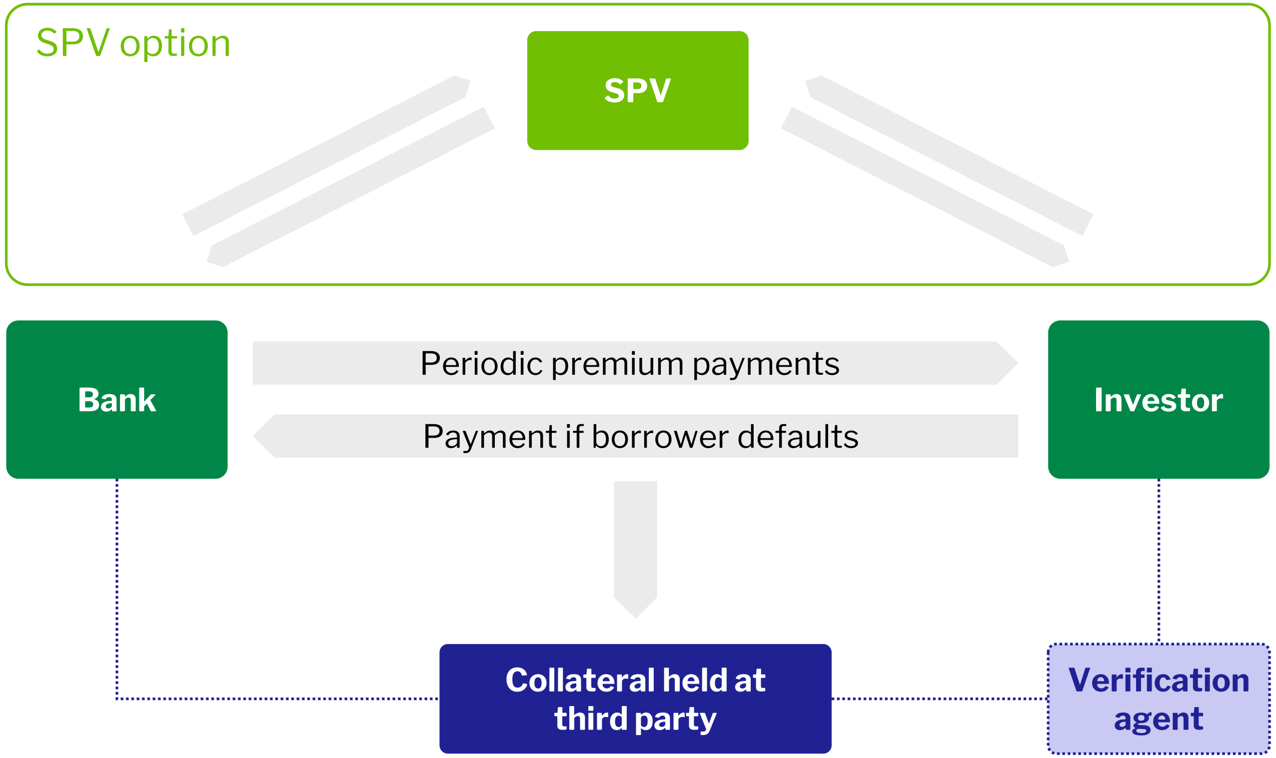
Documentation

- Legal contracts
- Verification agent procedures

Investment Committee

- Investment decision by CRS Team IC
- Senior management approval only in exceptional cases

Basic investment structures



Basic process

- Bank buys credit protection from investor directly, or indirectly through a Special Purpose Vehicle (SPV)
- Bank transfers fixed periodic payments based on negotiated coupon rate and invested notional amount
- Investor covers credit losses if borrower in referenced loan portfolio defaults. The total cover for a transaction is limited to the invested notional amount
- No counterparty credit risk for either side: investor fully funds transaction while bank secures repayment obligation to PFZW
- Independent verification agent verifies eligibility of referenced loans, credit events and loss amounts before pay-out
- Exact structuring can be tailored to meet bank and investor needs

Track record and team

PGGM has realised over 100 transactions and has built long-term relationships with partner banks

PGGM

Global CRS portfolio built since 2006

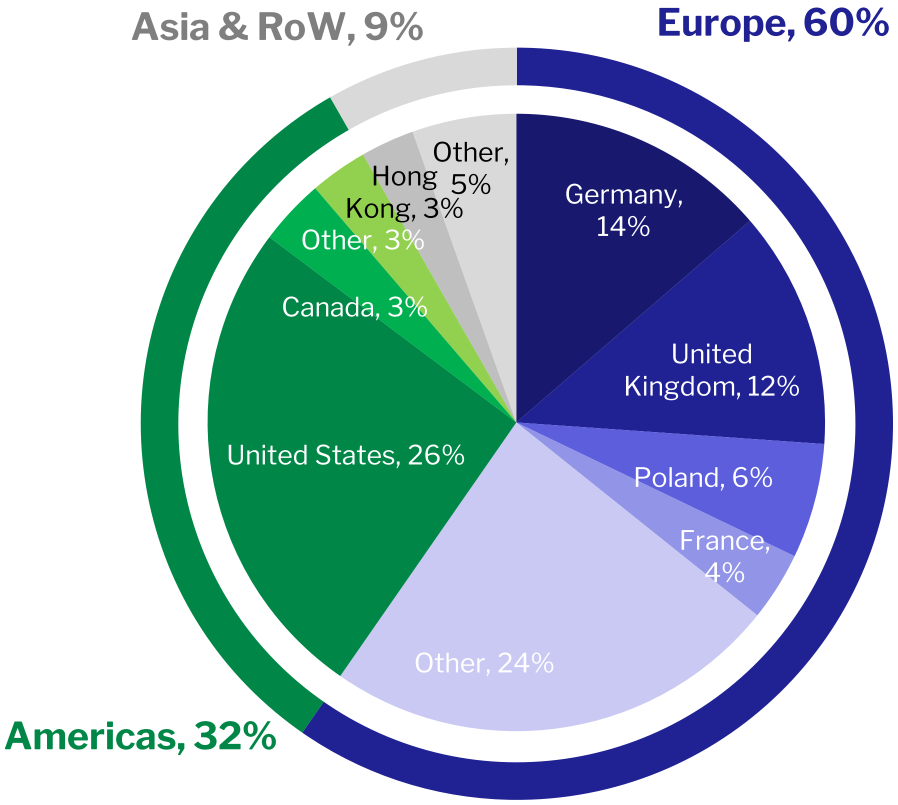
€ 6.4 billion
Outstanding invested notional

€ 85 billion
Notional of underlying exposures referenced

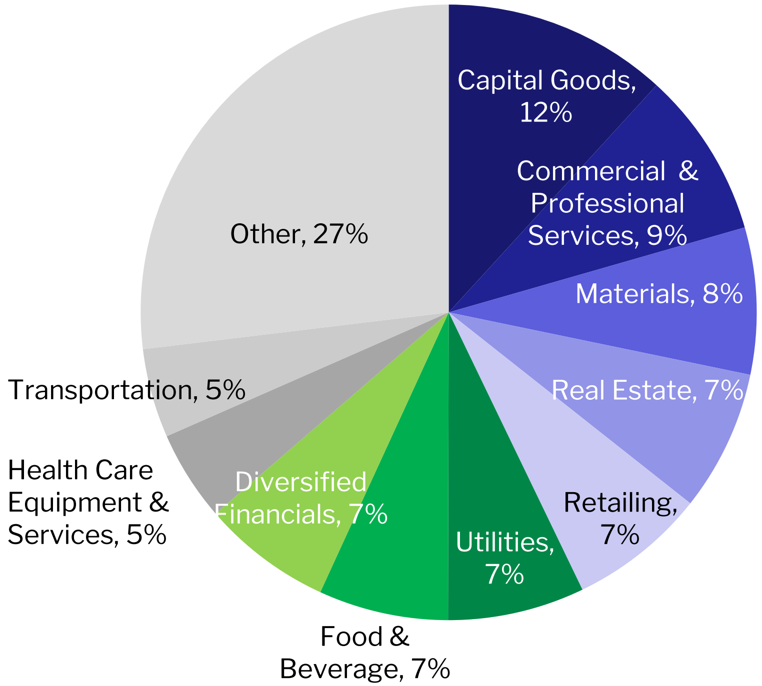
>100
Transactions since inception in 2006

18
Risk sharing partners

Geographic exposure



Sector exposure



Gaining exposure to the real economy through a range of credit risk types

PGGM

Examples of our CRS transactions

Global Corporates

Bank	Size	Transaction	Date
BNP PARIBAS	€ 8.8 billion	Resonance XIV Corporate Loans	December 2025
Deutsche Bank	US$ 2.0 billion	Darts V Corporate Loans	December 2025
UBS	€ 4.0 billion	Aries VI-1 & 2 US Corporate Loans	July 2025
Rabobank	€ 750 million	Pommes III Dutch and US Corporate Loans	December 2024
BBVA	€ 6.0 billion	Verano IV Corporate Loans incl. SLLs	October 2024
citi	US$ 3.5 billion	Terra XVII Corporate Loans	March 2024
JPMorgan Chase & Co.	US$ 3.8 billion	Appia I Corporate Loans	December 2023
BMO	US$ 10 billion	Algonquin I Corporate Loans	November 2022
BARCLAYS	US$ 9.7 billion	Colonnade Global V Corporate Loans	September 2022

SME/Mid-Cap

Bank	Size	Transaction	Date
UniCredit	€ 1.9 billion	Belvedere I Austrian Corporate and SME Loans	November 2025
Nordea	€ 3.0 billion	Matador III Corporate Loans	February 2025
HSBC	HK$ 19.5 billion	Aqua I Corporate Loans in Hong Kong	August 2024
NatWest	£ 3.5 billion	Lang I UK SME Loans	June 2024
COMMERZBANK	€ 1.8 billion	Garda II Corporate Loans	December 2023
Helaba	€ 2.1 billion	Kingston I Corporate and SME Loans	June 2022

Project Finance

Bank	Size	Transaction	Date
mBank	PLN 3.8 billion	Gasherbrum I Project Finance in Poland	October 2025
BNP PARIBAS	US$ 2.1 billion	Atlas I Global Project Finance	March 2025
BBVA	€ 750 million	Verano III Project Finance	November 2023
BBVA	€ 500 million	Verano I Project Finance	December 2022
Santander	€ 2.0 billion	Boadilla III European Project Finance	December 2017
Santander	€ 850 million	Boadilla II European Project Finance	December 2009

Others

Bank	Size	Transaction	Date
Rabobank	€ 1.0 billion	Scientia I Commercial Real Estate	October 2025
Standard Chartered	US$ 1.5 billion	Shangren VII Emerging Market Trade Finance	March 2025
UBS	US$ 1.3 billion	Gemini Derivative Counterparty Credit Risk	May 2023

Dedicated CRS team

12 years average work experience
Ranging from 1 to over 30 years

International working experience
Netherlands, UK, Singapore, Italy, France, Germany, China, US, Czech Republic

Diverse professional backgrounds
Asset Management, Banking, Law, Physics, Quantitative Analytics, Credit Structuring, Fixed Income Sales, Frontier Markets, (Re)insurance, Risk Modelling, Private Equity, Quantitative Trading

Broad (post-) academic background
Business Administration, Finance, Economics, Econometrics, Risk Management, Physics, Law, Aerospace Engineering, Management, Applied Mathematics, Cognitive Neuroscience, PhD, CFA, CAIA

8 different nationalities
Dutch, Italian, Chinese, German, Czech, Polish, British, Indian

10 different languages
Dutch, English, Italian, Spanish, French, Mandarin, German, Czech, Polish, Hindi

Appendix

Papers & blogs recently published by the CRS team

Blog series on the Securitisation Framework Review (2025)

Building a Bridge to Europe's Financial Stability

Barend van Drooge
Head of Credit Risk Sharing

Anna Bak
Senior Policy Advisor

PGGM perspective on the EU's Securitisation Reform

Beyond Borders: Why European Investors Need Access to Global Securitisation

Anna Bak
Senior Policy Advisor

Barend van Drooge
Head of Credit Risk Sharing

Investor sanctions in SECR: An Undesirable Duplication

Barend van Drooge
Head of Credit Risk Sharing

Anna Bak
Senior Policy Advisor

Strengthening the Securitisation Blueprint: The Missing Piece in the EC's Securitisation Reform

Barend van Drooge
Head of Credit Risk Sharing

Anna Bak
Senior Policy Advisor

Blog on Internal Model Diversity

Embrace internal model diversity

The fashion industry has long realised that commercial advertising models can and should reflect the world's diversity. Banking regulators should conclude the same for banks' internal models.

Anna Bak
Senior Policy Advisor

Barend van Drooge
Head of Credit Risk Sharing

STS for CRS is Proving a Success

STS for Credit Risk Sharing is proving a success

In April 2021, the framework for Simple, Transparent and Standardised (STS) securitisations became applicable to on-balance-sheet securitisations, which is the technical legal term for our Credit Risk Sharing (CRS) transactions.

Corporate communication

Green Securitisation: it's all about the data

Green securitisation: it's all about the data

'Greenness' in Credit Risk Sharing transactions comes down to the availability of high-quality ESG data.

Corporate communication

More information on CRS at PGGM

Awards and recognition

SCI Capital Relief Trade Awards 2024

Emerging Markets Transaction of the Year
Winner

EMERGING MARKETS TRANSACTION OF THE YEAR
Winner: Project Patagonia (IFC, PGGM, Santander)

SCI Capital Relief Trade Awards 2023

Contribution to CRT
Winner

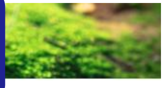
CONTRIBUTION TO CRT
WINNER: PGGM

First Polish STS transaction (2022)

mBank debuts polish synthetic ABS

mBank and PGGM have finalized a direct CLN backed by a PLN9bn portfolio of large, small and medium sized polish corporate loans. The transaction is the first Polish significant risk transfer trade sold to private investors as well as the first STS synthetic securitisation in the country.

Verano IV (2024) Transaction featuring ESG-linked coupon



25 November 2024

BBVA and PGGM entered into €2Billion ESG-Linked Corporate Loan Credit Risk Sharing transaction

BBVA Corporate & Investment Banking (CIB) entered into a groundbreaking €2 billion risk sharing transaction with PGGM, which is uniquely structured with an ESG-linked pricing mechanism that ties 40% of the portfolio to Environmental, Social, and Governance (ESG) performance metrics. By linking capital costs to sustainability targets, this transaction sets a new industry benchmark for integrating ESG factors into capital markets. It also marks BBVA's fourth partnership with Dutch pension fund investor PGGM, further strengthening a long-term collaboration focused on advancing sustainable finance.

IPE AWARDS 2020

Innovation of the Year
PGGM - Alecta co-investment

Credit & Alternatives
Winner

Alternatives
Winner

IIR

2016 IIR Securitisation Award
Winner

SCI Capital Relief Trade Awards 2022

Innovation of the Year
Sumeru IV (Alecta, PGGM, SCB)

Investor of the Year
Winner

SCI Capital Relief Trade Awards 2020

Investor of the Year
Winner
(PGGM and Alecta)

PGGM expands Asian footprint with landmark Singapore capital relief deal

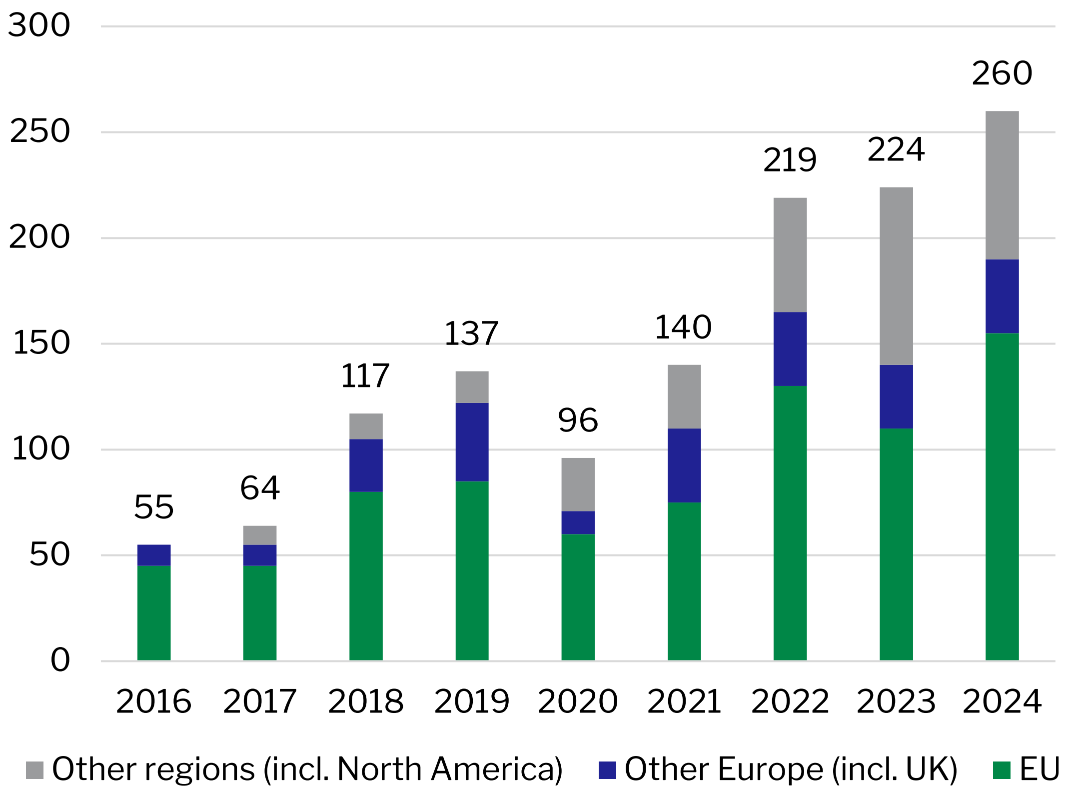
Lucas Cacioli
Aug 7, 2025

First capital relief in Singapore (2025)

CRS market dynamics

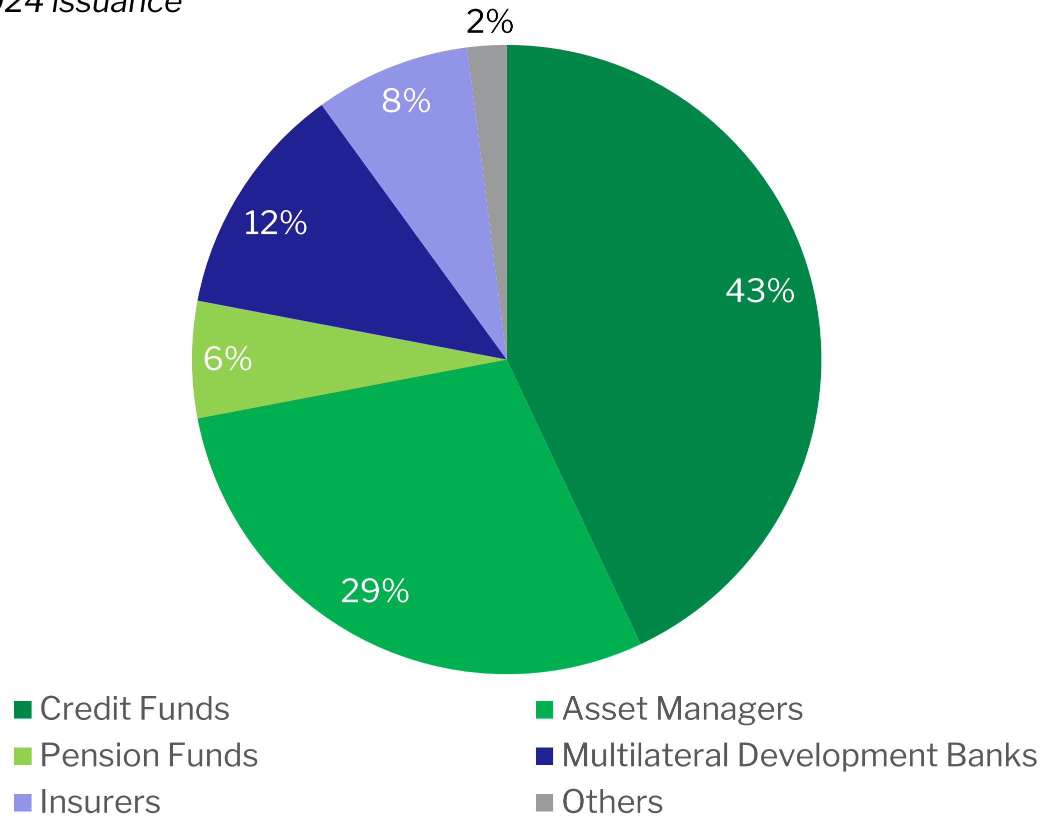
Global issuance volumes grew by +20% p.a. since 2016

€ billion



Increasingly diversified investor base

2024 issuance



Source: IACPM Global SRT Bank 2016-2024 Survey Results