IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S. AND NOT FOR DISTRIBUTION TO ANY PERSON WHICH IS NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC, AS AMENDED.

THE FOLLOWING INVESTOR PRESENTATION MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

IMPORTANT: You must read the following before continuing. The following applies to the investor presentation following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the investor presentation. In accessing the investor presentation, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS DOCUMENT CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES OF THE ISSUER IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION OF THE U.S. AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

NN

Nationale-Nederlanden Bank

Investor Presentation - Covered Bond Programme

September 2018

NN

Executive summary

NN Bank[1]

- Nationale-Nederlanden Bank ('NN Bank') started operations in April 2011 as an integral part of NN Group
- NN Group is an international financial services company that offers retirement services, pensions, insurance, investments and banking to approx. 17m customers
- NN Bank is NN Group's mortgage originator and servicer, and has a market share of 5.2% (YTD June 2018) for new mortgage production in the Netherlands
- The legal merger of NN Bank and Delta Lloyd Bank was completed on 1 January 2018
- NN Bank's total mortgage book was EUR 18.0bn as at 30 June 2018
- Strong capital and liquidity position with CET1 ratio > 16% and LCR of 188% respectively as at 30 June 2018
- NN Bank has an 'A-' rating from S&P (stable outlook)

Rationale for CB programme

- Further diversification of NN Bank's funding mix, broadening of NN Bank's investor base
- Highly suitable funding to match NN Bank asset composition

Key programme features

- Two benchmark drawings outstanding (totalling EUR 1bn) under the EUR 5bn NN Bank Covered Bond programme
- Dutch law based, registered with the Dutch Central Bank
- Target rating 'AAA' by S&P
- Contractually committed minimum over-collateralisation ("OC") of 10%
- High quality cover pool, composed of Dutch residential mortgage loans
- Industry compliance through NTT/HTT reporting, Covered Bond label from ECBC and DACB membership

Source: NN Bank

1. All financial information included in this Investor Presentation is based on 30 June 2018, except the provisional pool data (cut-off 31 July 2018) or if stated otherwise

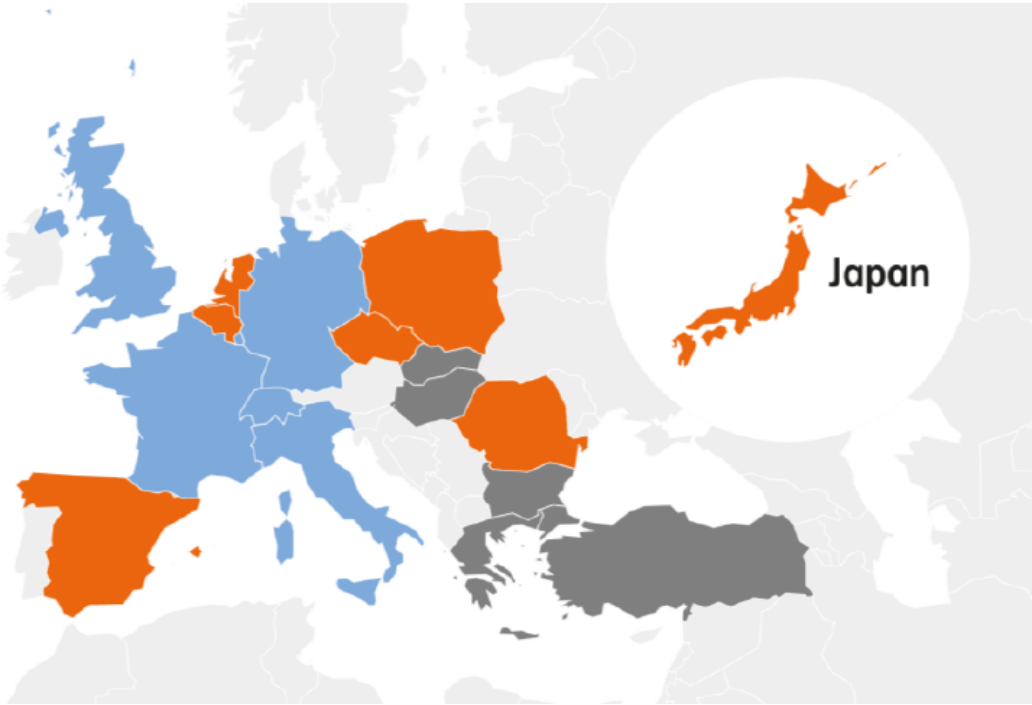
Contents

	Executive Summary	
1.	**NN Bank Introduction**	**5**
2.	**Covered Bond Programme**	**14**
3.	**NN Mortgage Business**	**17**
	Appendices	
	I. Cover pool characteristics	26
	II. Programme structure and conditional pass-through mechanism	28
	III. Distribution and underwriting criteria	30
	IV. Dutch economy and housing market developments	32
	V. NN Group	37
	VI. Glossary	39
	VII. Contact information	40

Section 1: NN Bank Introduction

NN Group

International footprint



Insurance and Asset Management | Asset Management[1] | Insurance

Overview

- NN Group is an international financial services company, active in 18 countries with a strong presence in a number of European countries and Japan
- The group offers innovative solutions and value-added products and services to retail, SME, large corporate and institutional customers
- NN Group's Financial Strength Ratings are A+/stable (Fitch) and A/stable (S&P)
- Successful IPO on Euronext Amsterdam on 2 July 2014
- Acquisition of Delta Lloyd completed in April 2017
- Shareholders' equity of EUR 23.6bn at 30 June 2018

NN Group has leading market positions

- #1 life insurer in the Netherlands: 41% market share[2] in group pensions and 22% market share[2] in individual life
- #2 non-life insurer in the Netherlands: 28% market share[2] in Disability & Accident (#1); 21% market share[2] in Property & Casualty (#2)
- Market share in new Dutch mortgage production of 5.2% (YTD June 2018)[3]
- Top 3 player in CEE focused on life and voluntary pensions, serving 11m customers in 10 countries
- Top 3 player[4] in corporate-owned life insurance (COLI) products in Japan
- International asset manager with AuM of EUR 240bn at 2Q18

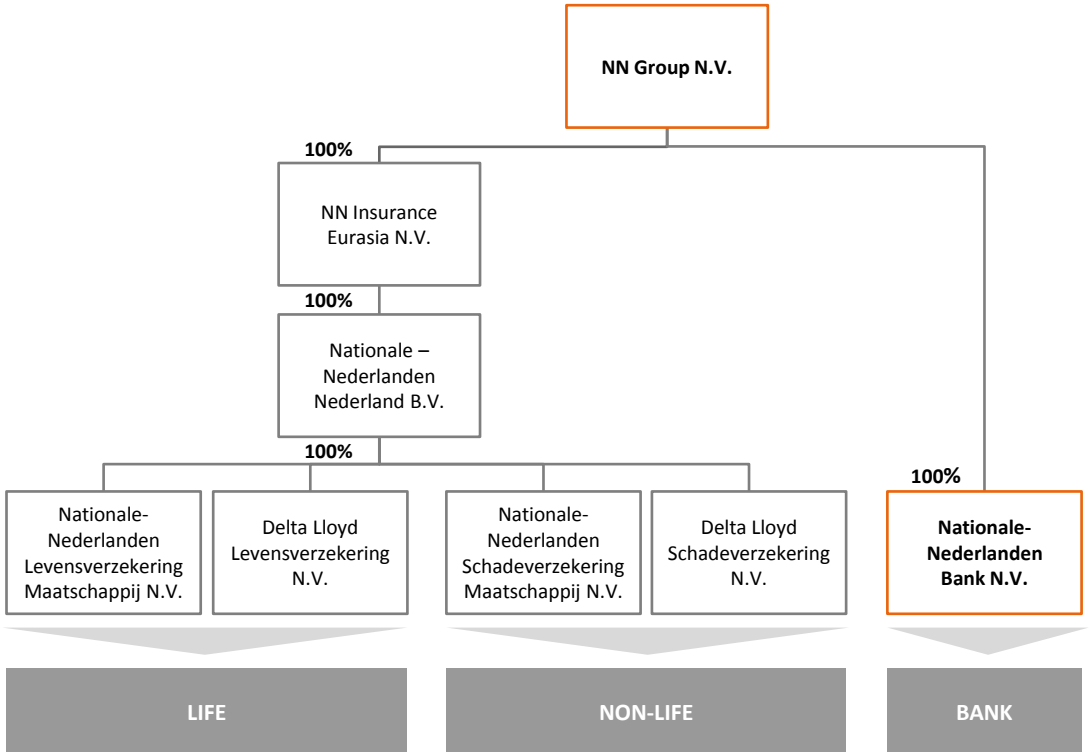
Source: NN Group

1. Outside Europe and Japan, NN Investment Partners has offices in New York and Singapore
2. Source: DNB, based on GWP 2017, only Dutch insurers that are subject to DNB-supervision, exclusive foreign insurers
3. Source: Kadaster June 2018
4. By APE (2016), source: internal estimate NN Group

NN Bank as part of NN Group

NN Bank is a fellow subsidiary of the Dutch insurance entities

(simplified chart)[1]



History of NN Bank

- Nationale-Nederlanden Bank ('NN Bank') was launched in April 2011 to take advantage of opportunities in the Dutch banking market and respond to the declining individual life insurance market
- As a result of the state aid received by ING Group in 2008/2009, the European Commission imposed remedies on ING, leading to the transformation of NN Bank into an independent and viable competitor in the Dutch retail banking market, to be divested together with NN Group
- NN Bank's growth accelerated in July 2013 via the acquisition of selected parts of Westland Utrecht Bank (WU Bank)[2], including mortgages, savings, consumer loans and a securities portfolio
- On 1 January 2018, Delta Lloyd Bank was merged into NN Bank following NN Group's acquisition of Delta Lloyd Group in April 2017

Adding value to NN Group

- NN Bank operates in the Netherlands under the Nationale-Nederlanden brand, sharing client base, distribution and marketing with other NN entities
- The broad range of banking products of NN Bank is complementary to Nationale-Nederlanden's individual life and non-life insurance products for retail customers in the Netherlands
- NN Bank is the NN Group mortgage originator and servicer in the Netherlands, providing mortgage investment opportunities for other NN companies and customers of NN Investment Partners

Source: NN Group

1. This simplified chart does not include other group entities such as Asset Management and the international Group entities
2. On 1 January 2015 WU Bank was legally merged into ING Bank N.V.

NN Bank strategy

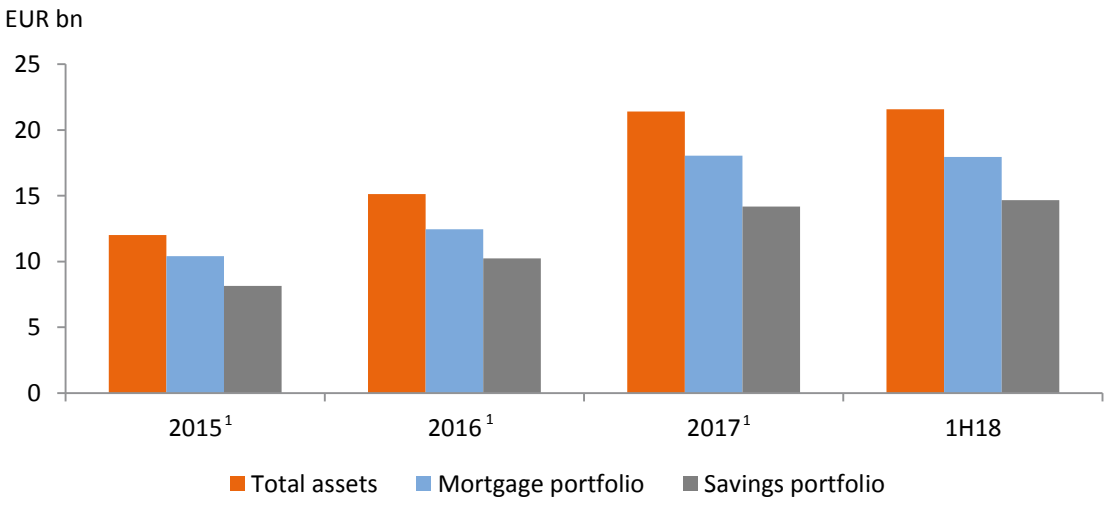
NN Bank is organised around two core value chains

- NN Bank's purpose is to support retail customers to secure their financial futures by helping them to manage and protect their assets and income. In fulfilling this purpose, NN Bank is guided by the corporate values of 'we care, we are clear, we commit'
- Two key value chains: wealth finance and wealth accumulation:

	1 Wealth Finance		2 Wealth Accumulation	
	Mortgage loans	**Consumer loans**	**Retail savings[2]**	**Investments**
Banking products	• Full range of NN-labelled prime mortgage products • HQ 50 mortgage loans • Delta Lloyd mortgage loans (no longer offered)[3] • NHG and non-NHG[4]	• Personal loans and revolving credit • Flexible credit offering at competitive rates and attractive terms	• Online savings accounts and deposits • Bank annuity product (retirement)	• Investment services (discretionary management) • Offers clients the option to invest with NN asset management tool
Amounts	EUR 18.0bn	EUR 0.3bn	EUR 14.7bn	EUR 1.2bn

Controlled growth of NN Bank's balance sheet

- Balanced growth in mortgage loans and savings
- NN Bank mortgage loan portfolio increased further due to:
  - steady market share in growing Dutch mortgage market (new production);
  - acquisition of Delta Lloyd Bank in 2017; and
  - mortgage loan transfers from ING Bank to NN Bank at respective interest reset date



Source: NN Bank

1. 2015 and 2016 NN Bank figures excluding Delta Lloyd Bank. Pro-forma combined bank figures as at 31 December 2017
2. NN Bank does not offer current accounts to its customers
3. From 1 February 2018, Delta Lloyd labelled mortgage loans are no longer offered
4. Dutch National Mortgage Guarantee, guarantee provided by *WEW* (*Stichting Waarborgfonds Eigen Woning*)

Balance sheet composition

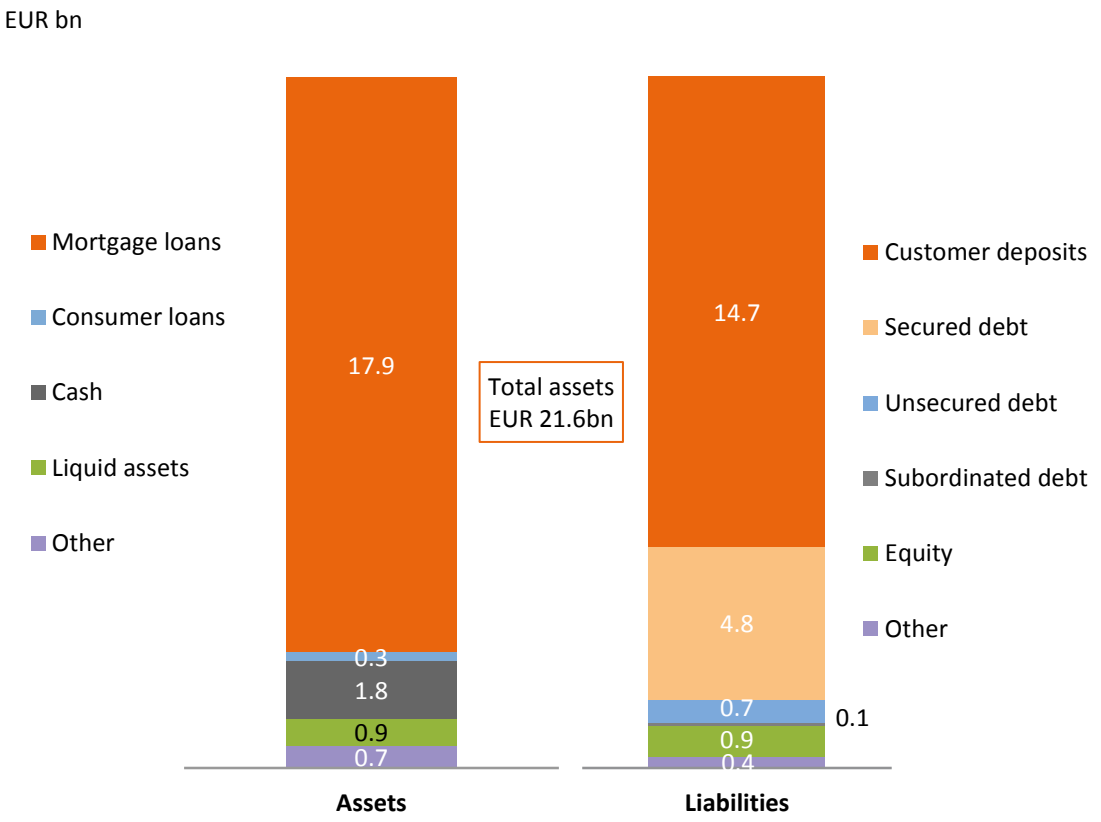
Composition of assets

- NN Bank's assets mainly consist of mortgage loans, a small consumer loan portfolio and liquid assets
- The mortgage portfolio consists of EUR 12.6bn NN-labelled mortgages, EUR 1.1bn Quion (HQ 50) mortgages and EUR 4.3bn Delta Lloyd mortgages
- 30% of the outstanding mortgage amounts are guaranteed through NHG

Composition of liabilities

- NN Bank has a well-diversified funding mix, containing internet savings, deposits, bank annuities, secured (RMBS and covered bonds) and unsecured long-term funding
- The customer savings portfolio remains the main funding source for NN Bank (two-third of balance sheet size)
- Total secured funding portfolio of EUR 4.8bn, of which EUR 3.8bn in RMBS and EUR 1bn in covered bonds

Balance sheet composition as at 30 June 2018



Source: NN Bank

Profit and loss account

Observations

Interest result

- Mortgage margins are under pressure due to persistent and intense competition in the Dutch mortgage market, partly compensated by lower interest rates on savings and wholesale funding
- A one-off charge of EUR 21.6m as a result of the amendment of the risk-based pricing system for mortgage loans was recognised in 1H18

Other income

- Fee and commission income stabilised in 2017
- Gains on financial transactions comprise origination fees and premiums on assets sold to Group entities. In 2017, the volume ceded to other entities was almost 25% lower than in 2016, while premiums were lower due to interest rate developments

Costs

- NN Bank invests in growth, technology, e.g. new back office systems, and the integration with Delta Lloyd Bank
- The integration with Delta Lloyd Bank will lead to synergies (target cost reduction of ~10-15% of 2016 combined cost base of EUR 235m by 2020)

Addition to loan loss provisions

- NN Bank benefits from a positive economic climate; increasing house prices and a decreasing unemployment rate
- The number of delinquencies decreases over the last few years due to the economic climate and improved (pro active) arrears management

Summary profit and loss account

(Amounts in EUR m)	2016[1]	2017[1]	1H18
Interest income	498	539	301
Interest expense	(295)	(307)	(192)
Interest result	203	233	109
Fee and commission income	48	48	38
Gains and losses on financial transactions and other income	41	14	13
Valuation results on non-trading derivatives	(6)	(6)	(10)
Total income	**287**	**289**	**150**
Staff expenses	(93)	(100)	(56)
Other operating expenses	(82)	(79)	(55)
Total operating expenses	**(175)**	**(179)**	**(110)**
Addition to loan loss provisions	(5)	4	4
Result before tax	**107**	**113**	**44**
Taxation	(27)	(28)	(11)
Net result	**80**	**85**	**33**

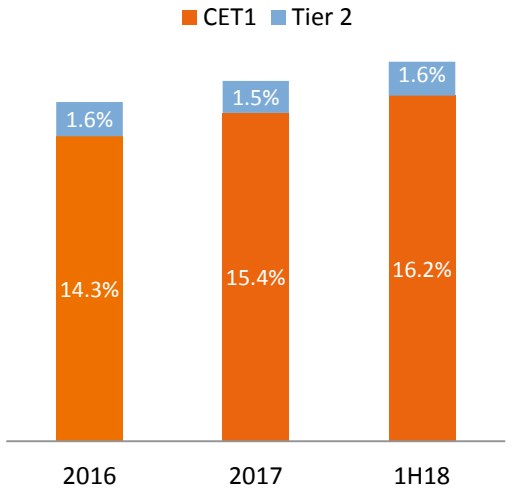
Source: NN Bank

1. NN Bank figures, excluding Delta Lloyd Bank numbers

NN

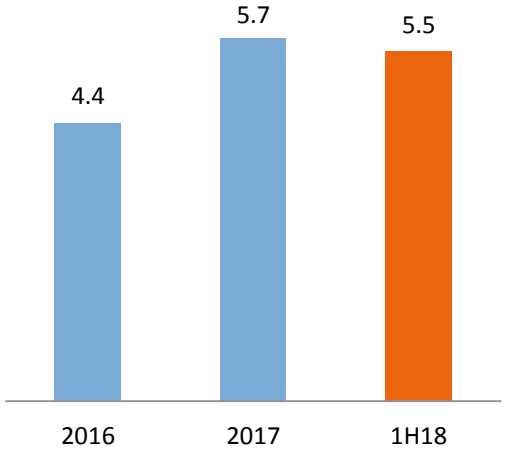
Solid capital position and robust liquidity position[1]

Total capital ratio[2]



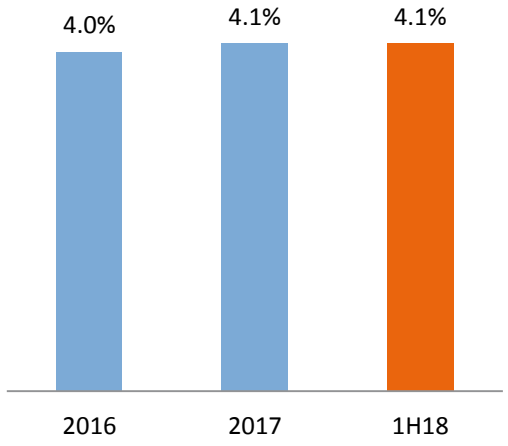
- NN Bank maintains a solid capital position
- Additional capital through internal capital generation and a Tier 2 capital contribution from NN Group
- CET1 ratio increased despite growing total assets

Risk weighted assets



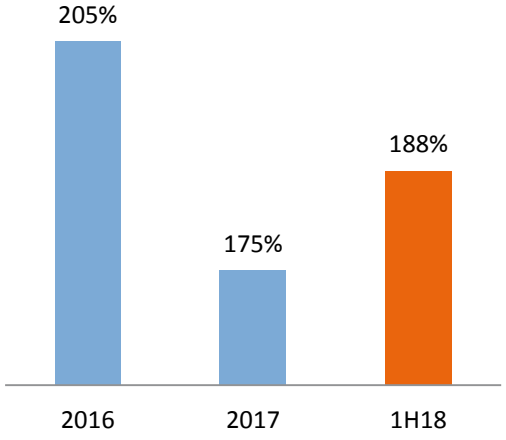
- YTD June 2018 decrease in RWA due to increasing house prices and decreasing non-performing loans
- NN Bank applies the Standardised Approach to calculate its minimum capital requirements

Leverage ratio



- Leverage ratio has remained stable over time, despite the growing balance sheet

LCR



- LCR well above the regulatory and internal limits

Source: NN Bank and Delta Lloyd Bank

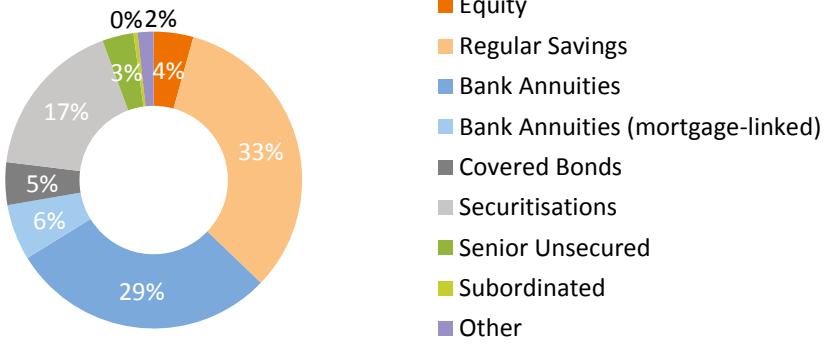
1. 2016 NN Bank figures as at 31 December 2016, excluding Delta Lloyd Bank. Pro-forma combined bank figures as at 31 December 2017
2. CRDIV Transitional total capital ratio

NN

Diversified funding mix

Further diversification of funding mix…

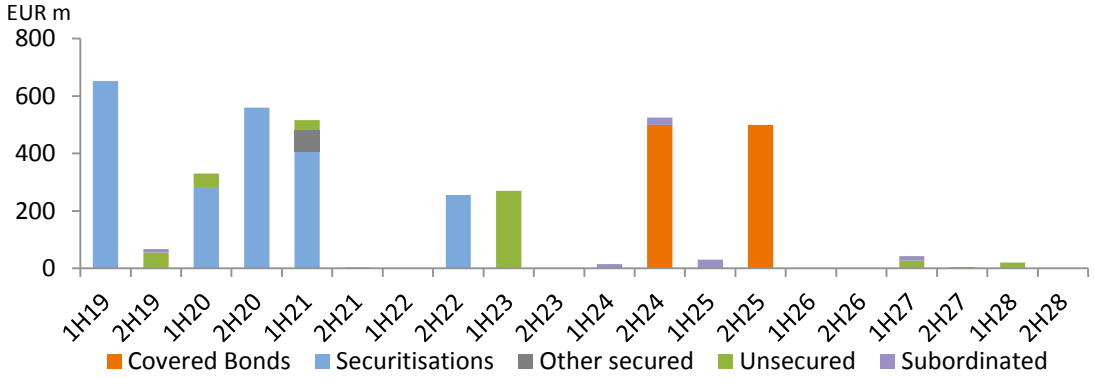
Total Equity & Liabilities 1H18



Balance sheet composition as at 30 June 2018

- NN Bank manages and executes its own retail and wholesale funding strategy
- Key funding sources include regular savings, deposits and bank annuities (retail) as well as covered bonds, securitisation (RMBS) and senior unsecured debt
- Stable retail funding consisting of online savings, term deposits and bank annuities. Bank annuities offer customers a tax-friendly way to either save or pay for their retirement and hence can be considered a relatively stable funding source
- NN Bank has launched an online savings product similar to the current Dutch product (internetsparen) in Spain to diversify its retail funding base

Redemption profile



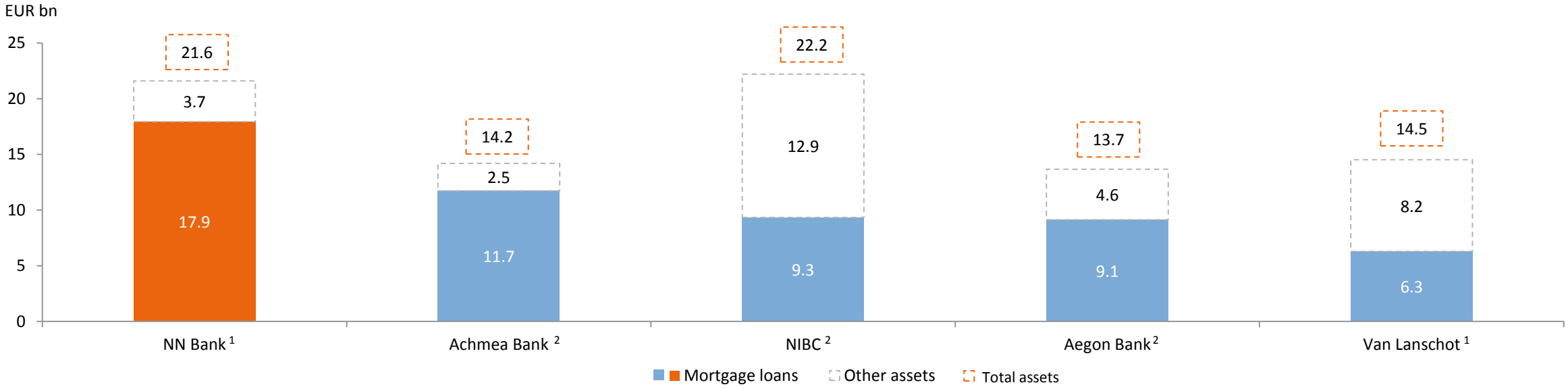
Credit rating reflect NN Bank's highly strategic importance for NN Group

- NN Bank is a fully owned subsidiary of NN Group and operates in the Netherlands
- NN Bank is highly integrated within the group
- NN Bank is closely linked to the group's reputation and dependent on its brand recognition
- NN Bank operates in business lines integral to the group's overall strategy
- NN Bank supports the group's cross selling strategy in the Netherlands and facilitates the group's asset and liability management
- On 11 May 2017, S&P revised the long-term credit rating on NN Bank N.V. to 'A-' from 'A' (due to the rating downgrade of NN Group's Financial Strength Rating, following NN Group's acquisition of Delta Lloyd). S&P reconfirmed these ratings in its report dated 16 August 2018

Source: NN Bank

NN Bank's mortgage book

NN Bank has largest on-balance sheet mortgage book compared with its Dutch peers (excluding 4 largest banks)



Covered bond programmes

Repayment type	CPTCB[3]	CPTCB	CPTCB	CPTCB	CPTCB
Programme size	EUR 5.0bn	EUR 5.0bn	EUR 5.0bn	EUR 5.0bn	EUR 5.0bn
Outstanding bonds	EUR 1.0bn	EUR 0.5bn	EUR 2.5bn	EUR 2.25bn	EUR 1.5bn

Source: NN Bank, Bloomberg, annual reports of Achmea Bank, Aegon Bank, NIBC and Van Lanschot

1. NN Bank and Van Lanschot Bank figures as at 30 June 2018
2. Achmea Bank, Aegon Bank and NIBC figures as at year-end 2017
3. Conditional Pass-Through Covered Bond

Section 2: Covered Bond Programme

Programme highlights

Robust structure

NN Bank's Conditional Pass-Through Covered Bond programme characteristics:

- EUR 5bn programme size
- Target rating 'AAA' by S&P
- NN Bank long-term credit rating 'A-' by S&P (stable outlook)
- Rating stability due to de-linkage from the issuer rating
- Bullet obligation for NN Bank (no flexibility to switch to pass-through)
- Maximum extension period: 32 years
- Dual recourse to the issuer and CBC[1]
- Over-Collateralisation ('OC') and asset percentage:
  - Regulatory minimum OC of 5%
  - Contractually committed minimum OC of 10%
- Loan receivables will be transferred through assignment[2]
- Minimum Mortgage Interest Rate of 1%
- No hedging instrument included at closing (optional)
- All cover assets are NN-labelled and originated by NN Bank and NN Life, i.e. Quion (HQ50) and Delta Lloyd originated mortgage loans are not included in the pool
- High quality Dutch residential mortgage loans

Regulatory treatment for investors

- Dutch law and Dutch Central Bank registered
- UCITS and CRR article 129 compliant
- LCR eligible (level 1)
- Solvency II compliant
- ECB repo eligible

Transparency

- Dedicated portal for investor reporting
- Both National Transparency Template (NTT) and Harmonised Transparency Template (HTT) are available
- Member of the Dutch Association of Covered Bond Issuers (DACB)[3]
- Covered Bond Label from ECBC

DACB
DUTCH ASSOCIATION OF COVERED BOND ISSUERS

COVERED BOND
LABEL

NN

Source: NN Bank

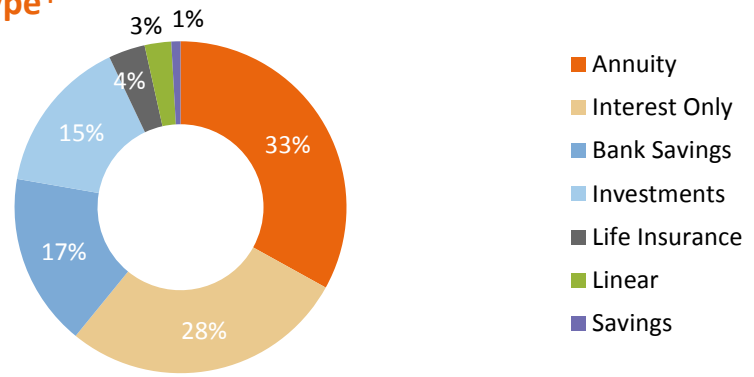
1. Covered Bond Company
2. Cash flows do not run through the CBC as long as there has not been a breach of the Asset Cover Test (ACT), an issuer event of default or a notice to pay has been served on the CBC
3. The DACB was established in January 2011. The aim of the DACB is to strengthen the market and product offering of Dutch covered bonds through – amongst others – improving transparency and standardisation. More information can be found at www.dacb.nl

Key characteristics cover pool[1]

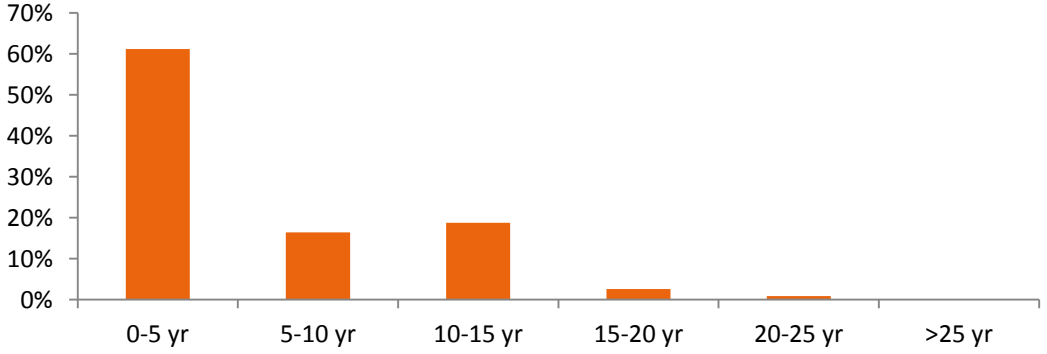
Key charateristics[2]

Cut-off date	31-07-2018
Principal balance (EUR)	1,927,593,583
Value of saving deposits (EUR)	88,367,806
Net principal balance (EUR)	1,839,225,777
Construction deposits (EUR)	5,225,572
Net principal balance excl. construction and saving deposits (EUR)	1,834,000,205
Number of loans	6,594
Number of loan parts	14,800
Average principal balance (borrower) (EUR)	278,924
Weighted average current interest rate	3.1%
Weighted average remaining fixed rate period (yrs)	11.5
Weighted average seasoning (yrs)	5.8
Weighted average LTMV (CLTOMV)	85.2%
Weighted average LTMV (indexed)	73.9%
NHG(%)[3]	0%

Redemption type[4]



Seasoning



Source: NN Bank

1. NN Bank preliminary cover pool with cut-off date 31 July 2018
2. Quion (HQ50) and Delta Lloyd labelled mortgage loans are not eligible to be included in the cover pool
3. NHG mortgage loans can be included in the cover pool
4. Small differences are possible due to rounding

Section 3: NN Mortgage Business

Long-standing history

Successful NN-labelled mortgage business can be traced back to 1963

- Nationale-Nederlanden was founded in 1845, and evolved as a well-known brand with a multi-product focus and multi-distribution platforms in the Netherlands
- In 1963 Nationale-Nederlanden started originating mortgage loans ('NN-labelled mortgage loans')[1]
- NN Bank was launched in 2011 to take advantage of opportunities in the Dutch banking market and in response to declining individual life savings insurance market
- Growth accelerated in 2013 with the acquisition of parts of WU Bank, gaining product expertise and a solid banking platform
- On 1 January 2018, Delta Lloyd Bank was merged into NN Bank
- NN-labelled originated mortgage loans are serviced by NN Bank; NN-labelled mortgage loans are eligible for inclusion in the cover pool[3]

1963 – Start of NN Mortgage loans

2007 – NN NL sells NNHB[2] to ING

2010 – WestlandUtrecht Bank: NNHB becomes subsidiary of WU bank

2011 – NN Bank launched

2012 – RVS merged with NN; only one originator within NN

2013 – Banking license renewed Transfer of EUR 3.7bn of NNHB[1] portfolio to NN Bank

2017 – Covered bond Series 1 (inaugural)

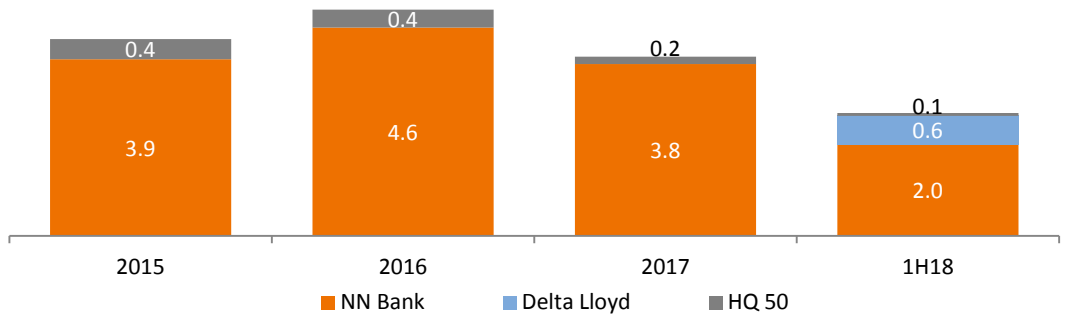
2018 – Delta Lloyd: Legal merger with Delta Lloyd Bank; Covered bond Series 2

Source: NN Bank

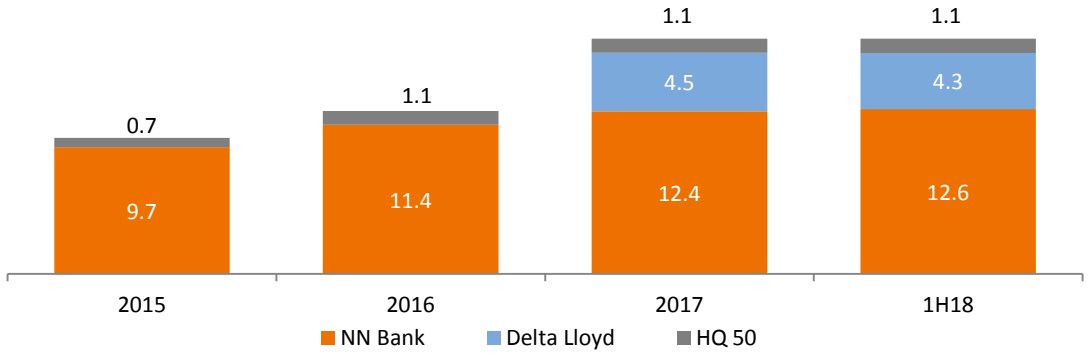
1. NN-labelled mortgage loans prior to 1 July 2013 were originated by NN Life and RVS Life; since 1 July 2013 NN-labelled mortgage loans have been originated by NN Bank
2. NNHB (NN Hypotheek Bedrijf) is a mortgage book held by ING Bank
3. Quion (HQ50) and Delta Lloyd originated mortgage loans are not eligible for inclusion into the cover pool (hence left out of scope for the remainder of the presentation)

Mortgage loan production

NN Bank annual mortgage loan production (in EUR bn)



NN Bank mortgage loan book (in EUR bn)[1]



Mortgage production driven by competition and long tenors

- Compared with year-end 2017, the Dutch mortgage market grew by 7% (EUR 50.4bn) during the first half of 2018. NN's new mortgages market share (NN Bank, HQ50 and Delta Lloyd) in 1H18 was 5.2% (EUR 2.7bn) and hence lower than in 2017 due to strong competition
- The larger part of the new mortgage production was on behalf of NN Life or ceded to other NN Group companies (NN Belgium and NN Non-Life) and NNIP's Dutch Residential Mortgage Fund
- Since 2015, NN Bank offers 30-year fixed mortgage interest rates, given the increased appetite for longer terms by NN Life and NN Non-life
- Since 2016 NN Bank has been compliant with MCD standards and has offered interest rate averaging[2]
- Mortgage production is mainly driven by NN Bank's share in long tenors, competitive pricing and an uplift in the Dutch housing and mortgage market
- The announcement of an amended pricing system for mortgage loans in 1H18 will support new origination going forward

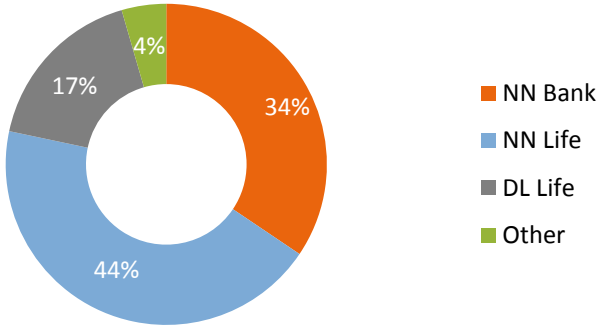
Source: NN Bank, HQ 50, Delta Lloyd Bank

1. All results presented are as at the end of the year; 2017 numbers on a pro forma basis for NN Bank
2. "Rentemiddeling"

Mortgage loan distribution and portfolio

Newly-originated mortgage loans[1]…

Mortgage production 1H18 (EUR 2.7bn)

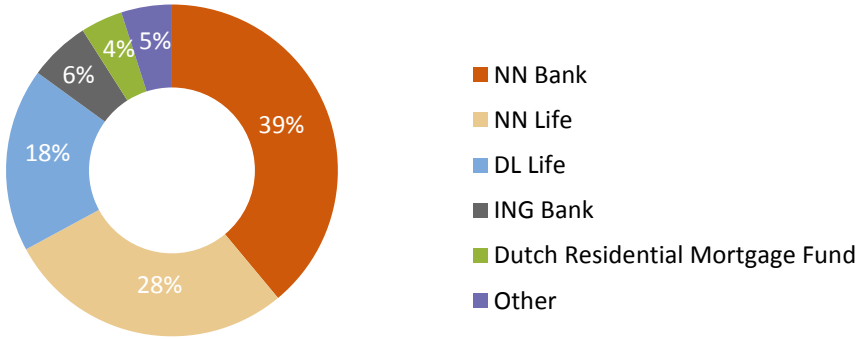


… well distributed within NN Group

- NN Bank supports other business units within NN Group by generating profitable assets which are transferred to NN Group companies
- Mortgage loans are seen as an attractively yielding investment opportunity by these companies (buy and hold)

Mortgage loans being serviced for multiple entities[2] …

Portfolio as at 30 June 2018 (EUR 46.0bn)



… with a continuing shift from ING Bank to NN Bank

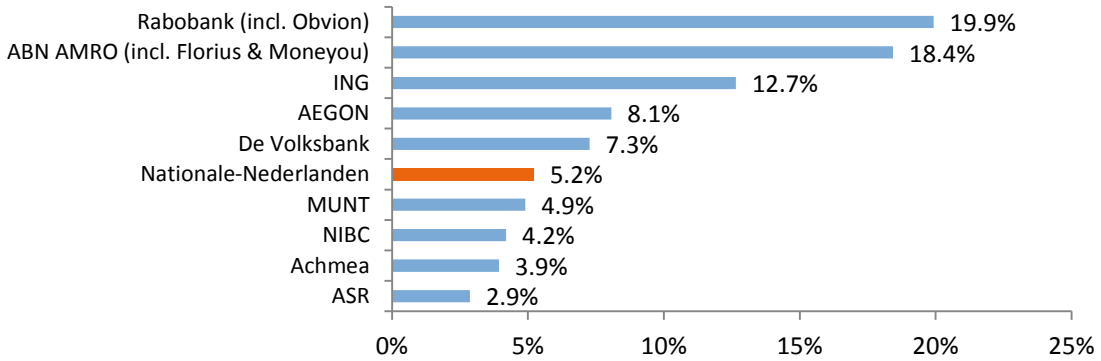
- In line with the transfer agreement, NN Bank purchases NN-labelled mortgage loans held by ING Bank (NNHB) at their reset date
- Consequently, the NN Bank portfolio will see an additional increase due to these transfers (still a total of EUR 2.7bn to be transferred over time)

Source: NN Bank

1. New mortgage loan production includes origination of NN Bank, Quion (HQ50) and Delta Lloyd mortgage loans; 'Other' includes NNIP, NN Non-Life and NN Belgium
2. Excluding Quion (HQ50) labelled mortgage loans

Market developments

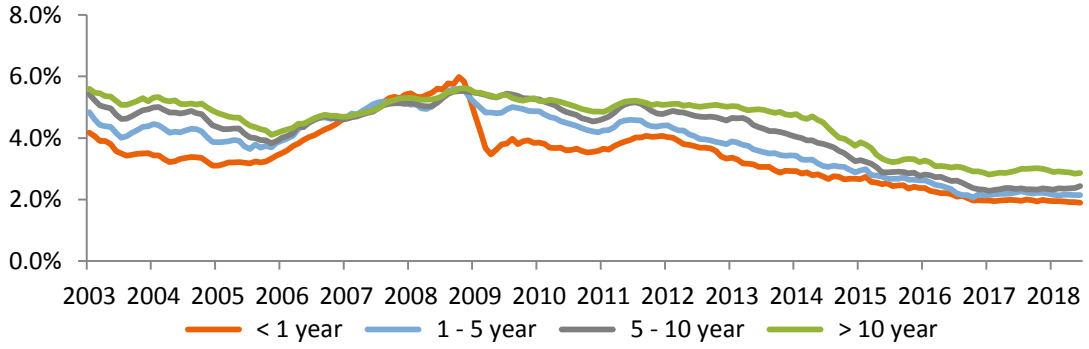
Significant player in the Dutch (new production) mortgage market[1] …



… with a combined market share of 5.2%[2]

- Compared with year-end 2017, the Dutch mortgage market grew by 7% to EUR 50.4bn in the first half of 2018
- NN market's share (NN Bank, HQ50 and former Delta Lloyd) was 5.2% in 1H18

Stabilising mortgage rates



- Following a gradual decrease since 2008, the mortgage rates have stabilised since September 2017

Source: NN Bank

1. 1H18 figures, legend reflects the order of the respective banks
2. Kadaster, June 2018

Dutch loan-to-value should be considered in perspective

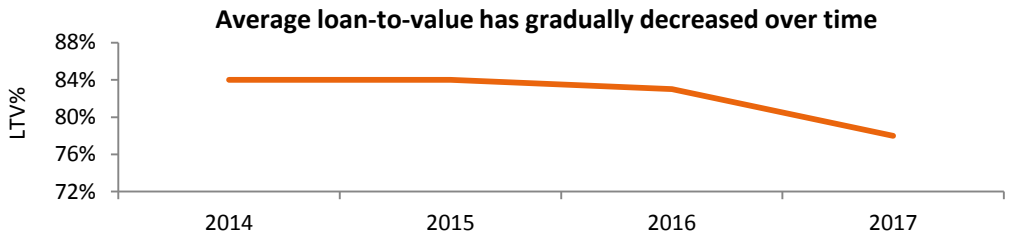
Trend to lower LTV and higher (p)repayments …

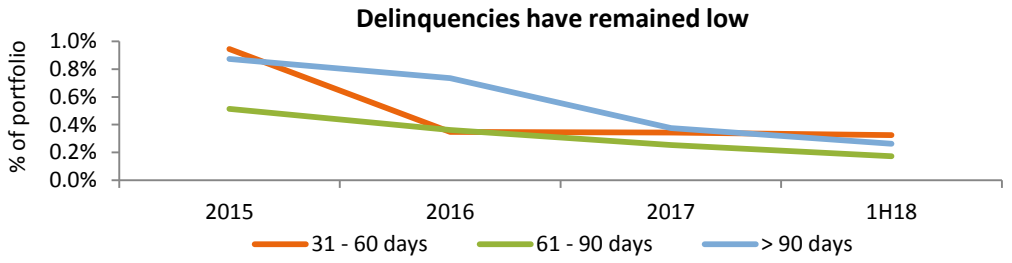
- LTV cap of 105% and legal loan-to-income limits introduced in 2013
- Since 2013, the LTV cap has been decreased by 1%-point per annum, to 100% in 2018
- Changes to tax deductibility, whereby new mortgage loans have to be full annuity (or linear) to be eligible for tax benefits, trigger more amortisation (contractual repayments) of the mortgage loan
- Accelerated reduction in tax deductibility in 2020-2023 is expected to trigger higher prepayments
- Consequently, the average LTV on the mortgage book will continue to decrease further

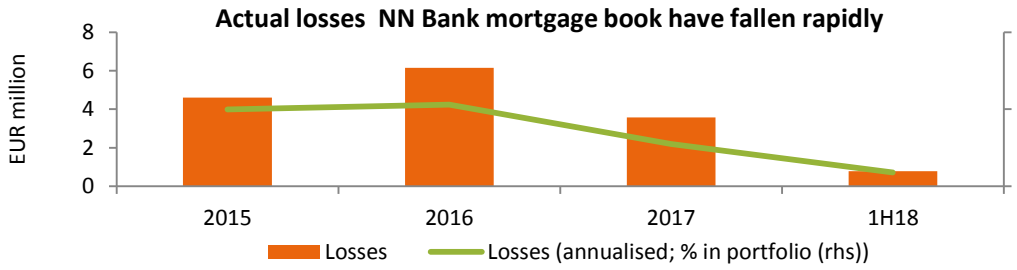
… in combination with several mitigating factors …

- All NN-labelled mortgage loans are prime Dutch mortgage loans (i.e. no subprime)
- A mortgage loan is typically the only debt of an average Dutch household (total outstanding consumer credit volume is 2% of total outstanding mortgage loan volume in the Netherlands)[1]
- Strict underwriting criteria under Code of Conduct and Dutch legislation (since 2013) apply
- High payment moral of Dutch borrower
- Strong legal and regulatory framework of full recourse, whereby lender has a secured claim to current and future wealth of the borrower (i.e. borrower can not just hand in the keys and walk away)
- Meeting affordability (debt to income) criteria is decisive in underwriting, not the level of LTV

… to further support historically good performance numbers







Source: NN Bank

1. Central Bureau of Statistics (CBS)

NN-labelled mortgage loan operations[1]

Loan origination
(intermediary administration, underwriting, documentation and closing at notary)

Regular loan servicing

Special loan servicing

Origination stages
- Borrower
- Intermediary / own advisors
- Skydoo (pre-screening) / HDN
- Mortgage offering
- Mortgage administration

Underwriting criteria
- Code of Conduct, Dutch Law
- NHG, BKR
- NN Bank acceptance criteria

Electonic archives
- Conversions
- Interest rate renewals
- Depot requests
- Partial redemptions
- Full redemptions

Client portal (web)

Aim: borrower back on track

Arrears position
- Preventive actions
- Short-term recovery
- Long-term recovery

Aim: loss reduction

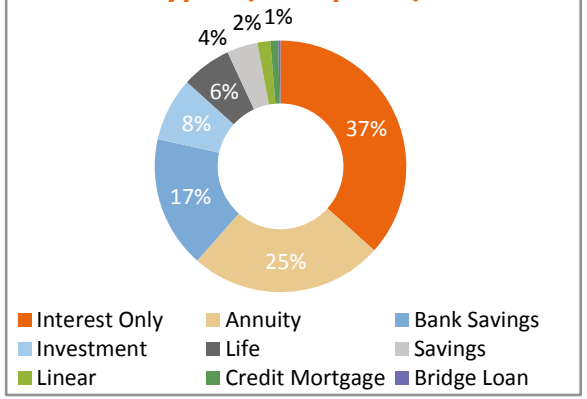
Loss position
- Sale of property
- Management of residual debt

Source: NN Bank

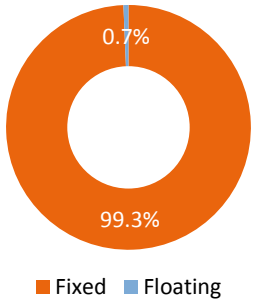
1. Mortgage operations only related to the NN-labelled mortgage loans. Origination and servicing of Quion (HQ50) and Delta Lloyd mortgage loans are not included here, since these are not eligible to the covered bond programme

Overview NN Bank mortgage book[1]

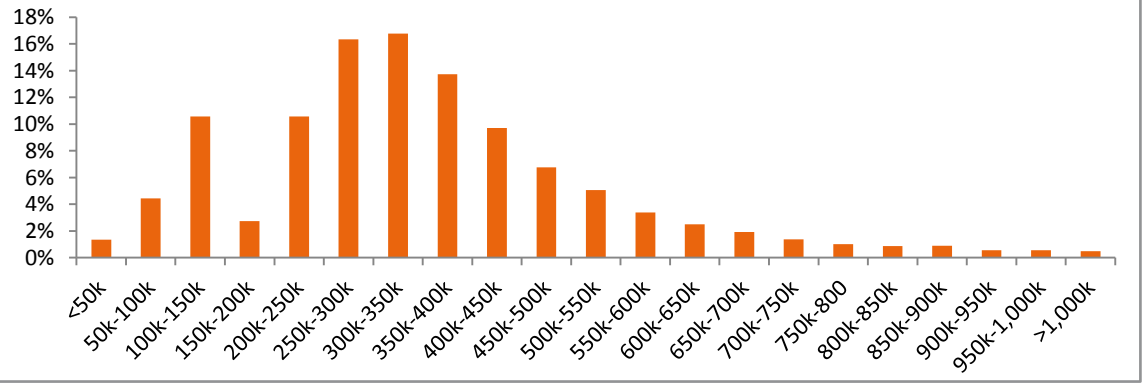
Product types (loan parts)



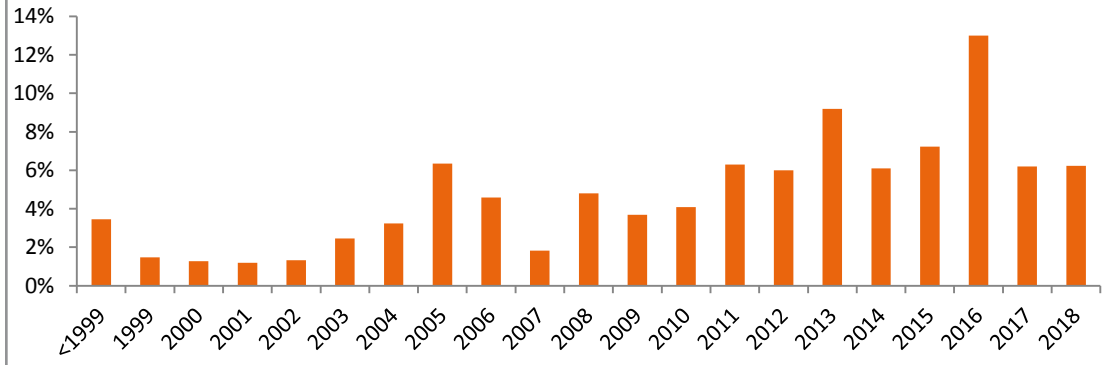
Interest payment type (loan parts)



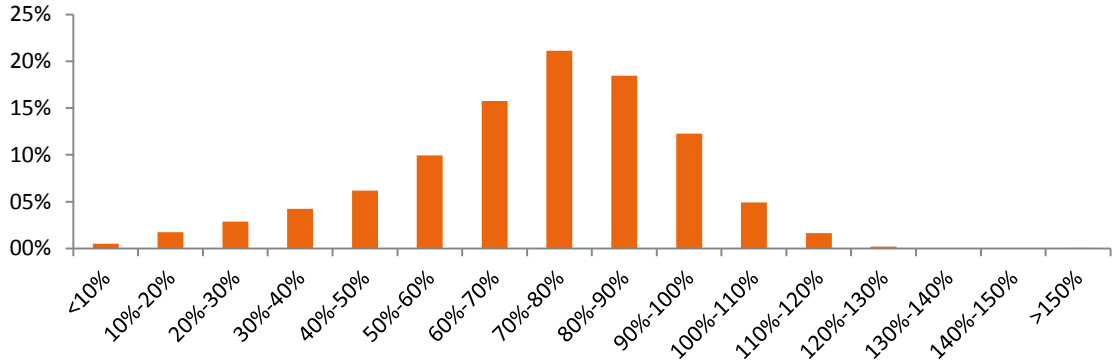
Outstanding notional amount (loans)



Origination year (loan parts)



Current loan to indexed market value (loans)



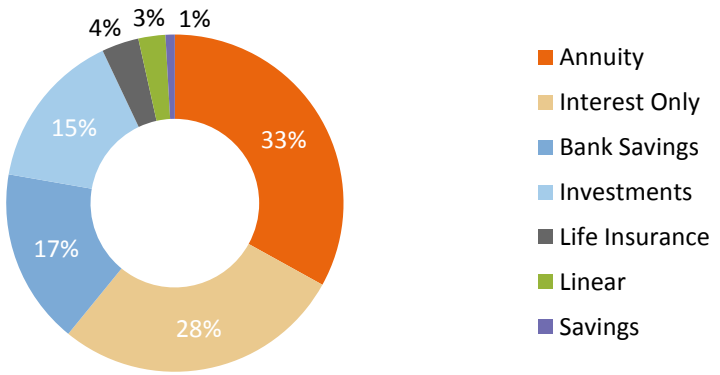
Source: NN Bank

1. Only NN-labelled mortgage loans held on NN Bank balance sheet. Quion (HQ50) and Delta Lloyd labelled mortgage loans are not included in these numbers; Cut-off date is 31 July 2018

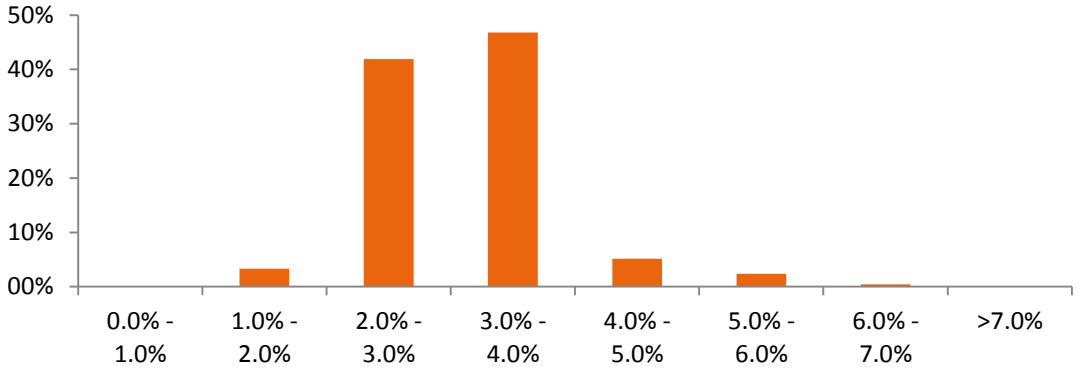
Section 4: Appendices

I - Key characteristics cover pool (I/II) [1]

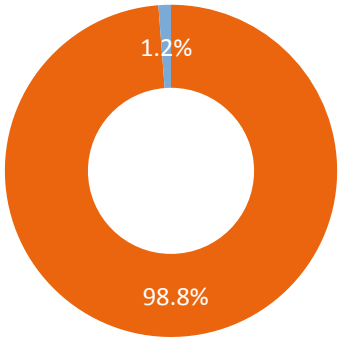
Product type



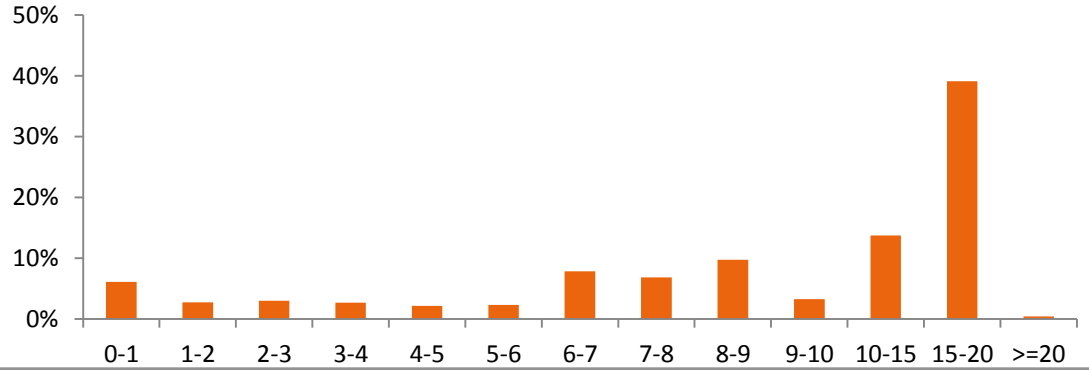
Interest rate buckets



Fixed / Floating



Time to interest rate reset date

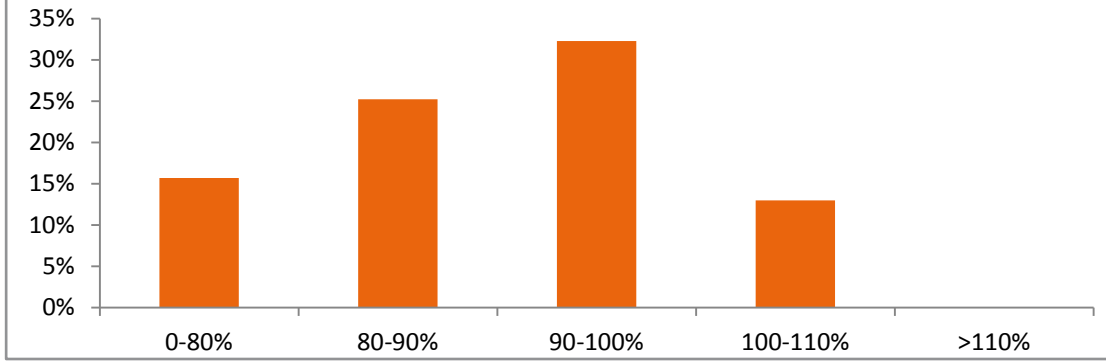


Source: NN Bank

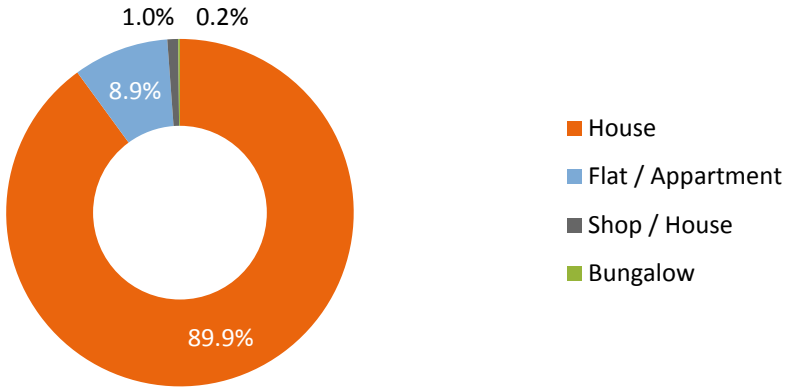
1. NN Bank preliminary cover pool with cut-off date 31 July 2018

I - Key characteristics cover pool (II/II) [1]

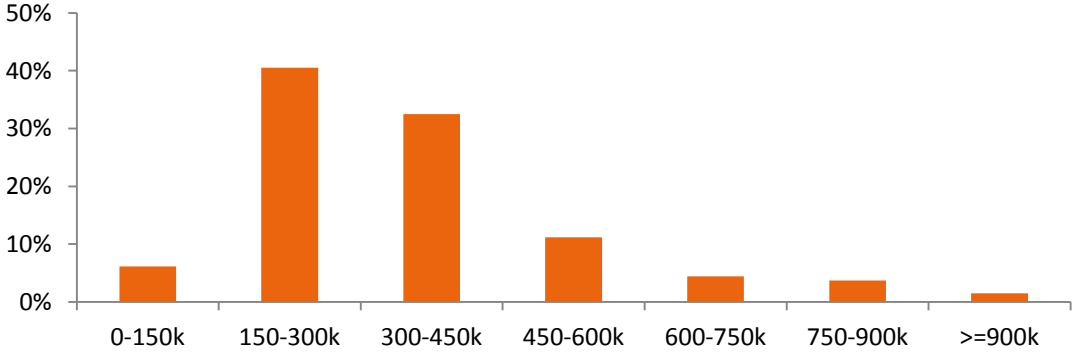
Current loan to original market value



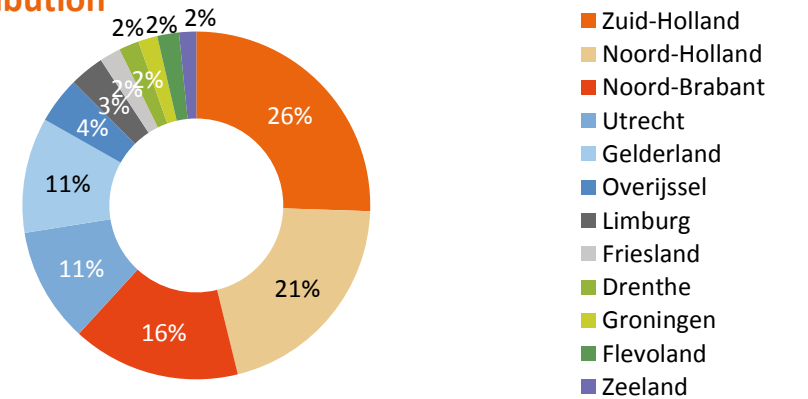
Product type



Current loan balance



Geographical distribution

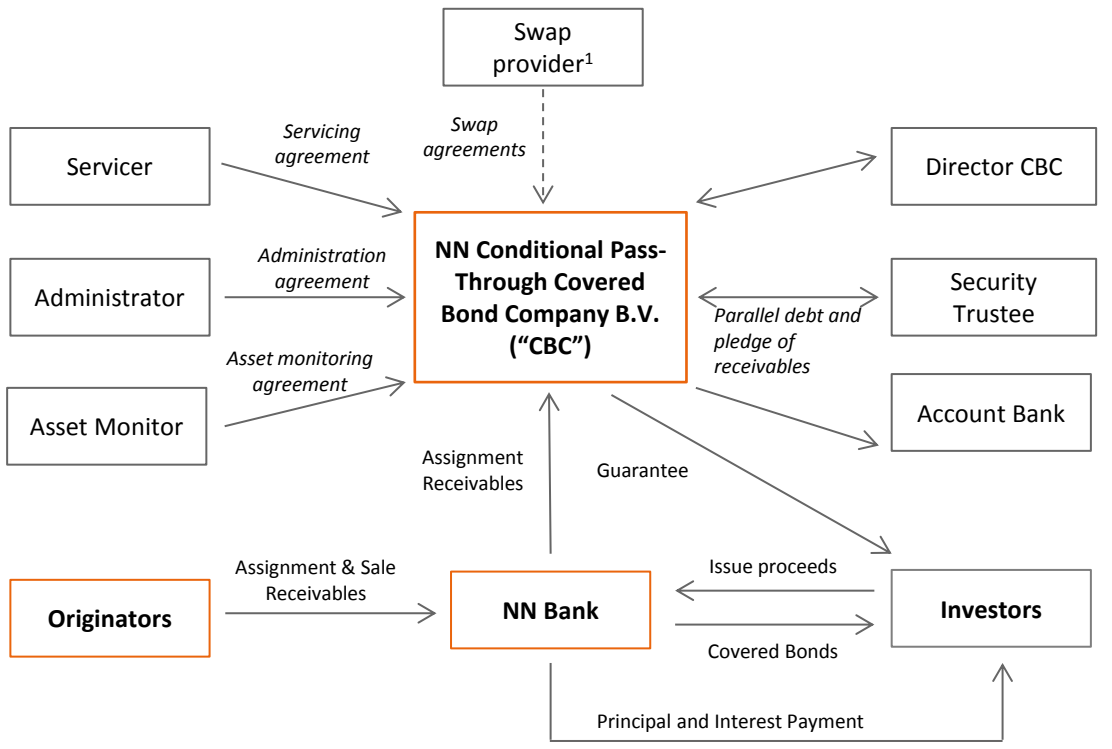


Source: NN Bank

1. NN Bank preliminary cover pool with cut-off date 31 July 2018

II - Covered bond programme structure

Indicative transaction structure



Key transaction parties

Originators	NN Bank and NN Life[2]
Transferor	NN Bank
Issuer	NN Bank
Servicer	NN Bank
Administrator	NN Bank
Guarantor	NN Conditional Pass-Through Covered Bond Company B.V.
Director CBC	Intertrust
Security Trustee	Stichting Security Trustee NN Conditional Pass-Through Covered Bond Company
Stichting Holding	Stichting Holding NN Conditional Pass-Through Covered Bond Company
Arranger	ABN AMRO
Asset Monitor	KPMG
CBC Account Bank	N.V. Bank Nederlandse Gemeenten
Rating Agency	Standard & Poor's

Source: NN Bank

1. Portfolio swap and Interest rate swap are optional
2. Mortgage loans that have been originated by NN Life and are held on NN Bank's balance sheet

II - Conditional pass-through mechanism

Going concern

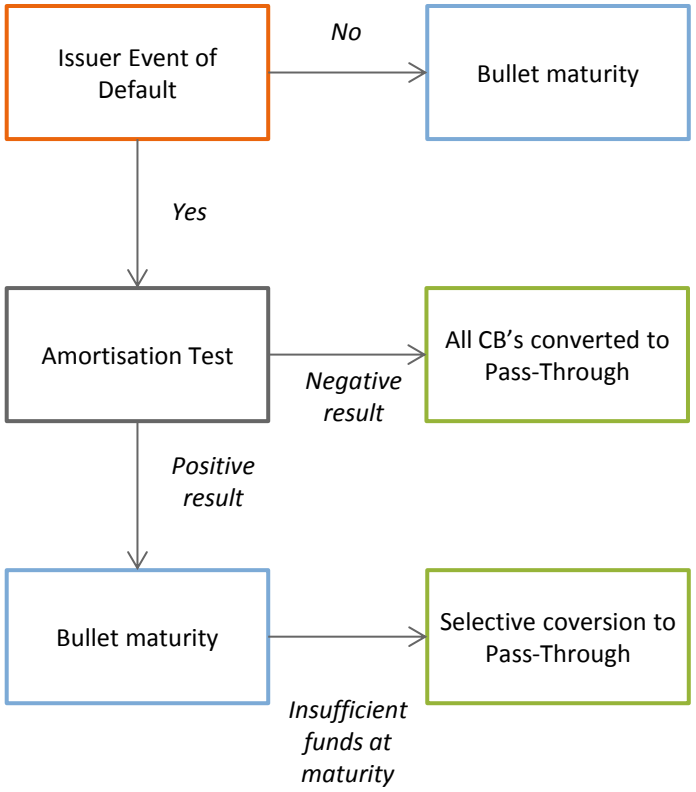
- Under going-concern conditions, the covered bonds are bullet securities
- The Asset Cover Test (ACT) ensures that the cover pool meets the minimum OC criteria (tested monthly)

Issuer event of default

When do CPTCB move into pass-through mode?

- In the case of issuer default and, if a covered bond reaches its maturity date, then the covered bonds will be redeemed at their respective maturities providing there are sufficient funds available in the CBC
- However, in the case that (i) the CBC does not have sufficient funds to redeem the covered bonds and (ii) the proceeds of a partial sale of the cover pool would not be sufficient to redeem the covered bond then the pass-through mechanism would be triggered for this bond
- After a bond has moved into pass-through mode, every six months the CBC tries to sell a proportionate and randomly selected part of the cover pool at a price sufficient to redeem the bond(s)
- Otherwise coupon payments continue on a monthly basis, while proceeds from (p)repayments and excess interest will be used to gradually pay back investors
- After a default of the issuer the Amortisation Test (AT) replaces the ACT. A breach of the AT will result in all bonds becoming pass-through

Event diagram



Source: NN Bank

III – Distribution and underwriting criteria[1]

All mortgage production was originated via intermediary channels

- NN Bank's mortgage origination network comprises of over 1,700 active intermediaries
- Every intermediary which works with NN Bank needs a license in accordance with the Dutch Financial Services Act. Intermediaries are regulated by the AFM
- Ongoing screening of intermediaries is performed
- Since 2012, intermediaries do not receive commissions from NN Bank on new mortgage loan origination
- Since 2014 NN Bank has introduced Skydoo, an automatic pre-screening application:
  - 100% of intermediaries connected
  - handling time per application reduced by up to 70%
  - all pre-approved mortgage applications still subject to complete underwriting process

All mortgage production is originated via intermediary channels

- A dedicated team is involved in initiating and maintaining contacts with intermediaries
- Both pro-active acquisition and reversed enquiry take place
- Intermediaries that want to work with NN Bank need to fulfil certain requirements, including a license in accordance with the Dutch Financial Services Act (Wet Financieel Toezicht) and a strategic long-term business plan
- Always physical due diligence at premises of the intermediary

All mortgage production is originated via intermediary channels

- Performance of ongoing screening of intermediaries by NN Bank
- In addition, ad-hoc screenings may be required on occasional basis

Source: NN Bank

1. Underwriting criteria only related to the NN-labelled mortgage loans. Origination and servicing of Quion (HQ50) and Delta Lloyd mortgage loans are not reflected here, since these are not eligible to the covered bond programme

III – Distribution and underwriting criteria[1]

Code of conduct

- NN Bank complies with the Financial Supervision Act, the Mortgage Credit Directive and special underwriting legislation ("Tijdelijke regeling hypothecair krediet")
- Affordability calculations are based on figures of the National Institute for Family Finance Information ("NIBUD")
- Loan-to-income and Debt-to-income ratios are compliant with Dutch Code of Conduct ("Gedragscode Hypothecaire Financiering")

Borrower criteria

- Credit history is checked in several registers (e.g. BKR and Fraud Register)
- Applicants that are registered at the National Credit Register (BKR) with a negative credit profile are rejected
- Specific underwriting criteria apply if one of the applicants has a non-EU nationality and is self-employed
- Loan-to-income ratios conform to GHF (Code of Conduct)
- Self-certified income is not taken into account in the application process

Collateral criteria

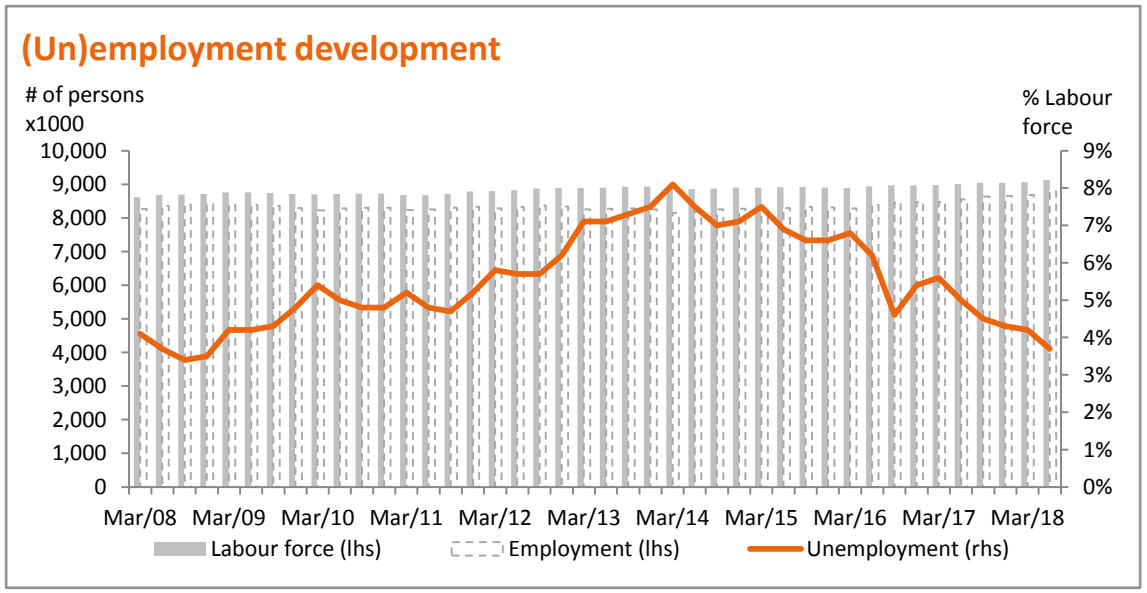
- All properties must be located in the Netherlands
- Properties with a market value above EUR 1,000,000 in most cases have a maximum loan amount of 80% of the market value
- For collateral with market value < EUR 1,000,000, max. LTMV is 100% (2018)
- Full valuation is commonly used. WOZ reports are only utilised for further advances

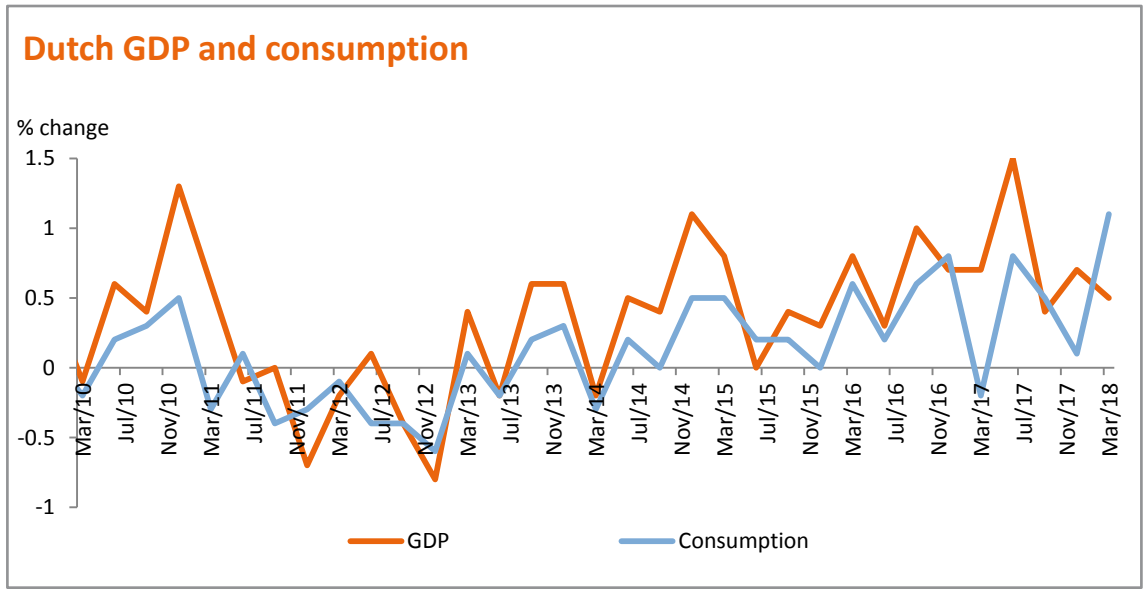
Source: NN Bank

1. Underwriting criteria only related to the NN-labelled mortgage loans. Origination and servicing of Quion (HQ50) and Delta Lloyd mortgage loans are not reflected here, since these are not eligible to the covered bond programme

IV - Dutch economy

- Employment in the Netherlands keeps the labour force growing pace, resulting in a decreasing unemployment rate (3.7% 2Q18)
- The Dutch economy grew by 3.1% in the period Q1 2017 – Q1 2018



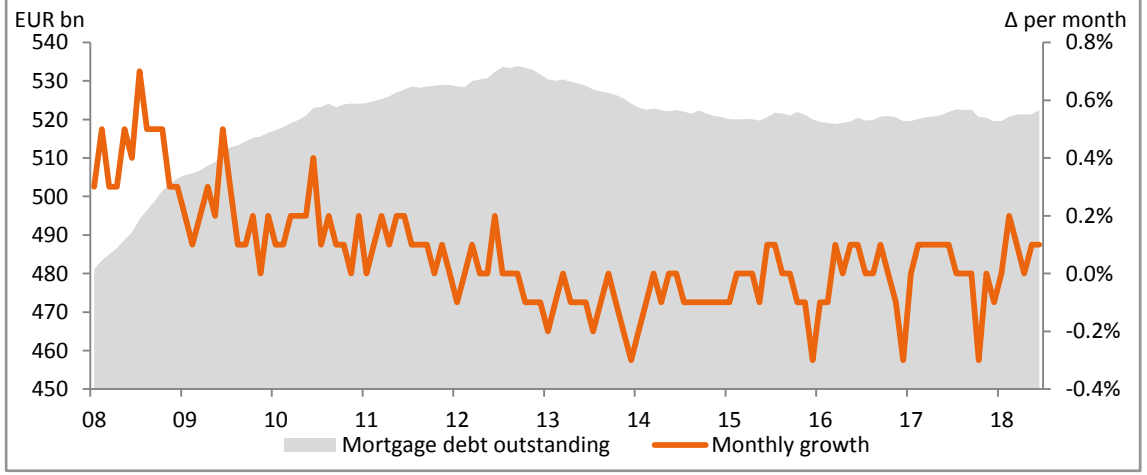


Source: CBS, ABN AMRO Insights: Housing Market Monitor July 2018, unless stated otherwise

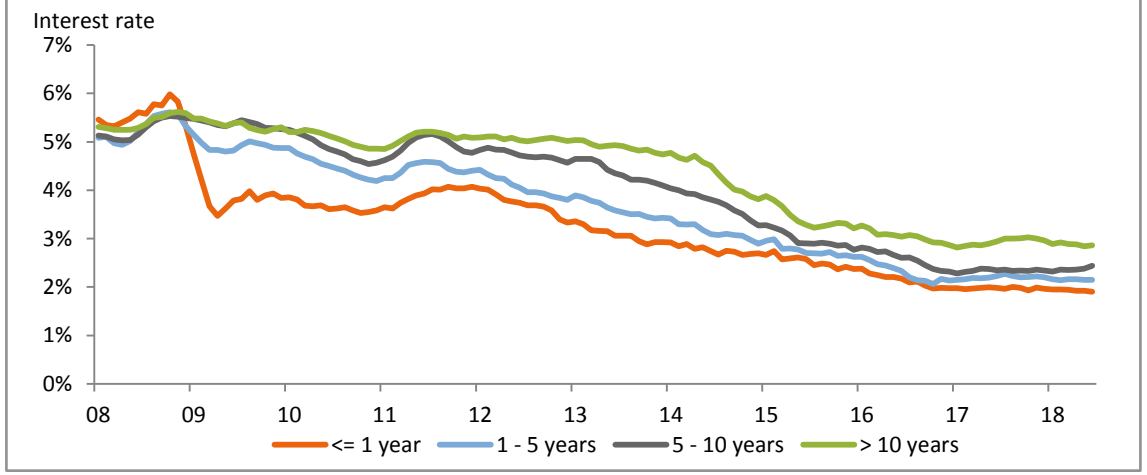
IV - Dutch housing market developments

- New mortgage volumes slightly dropped in the first months of 2018 which is in line with falling transaction volumes. As housing prices increased the average mortgage sum continued to rise. The average mortgage sum was at EUR 289,000
- The outstanding mortgage amount in 1Q18 was EUR 698bn, which is EUR 9bn more than a year ago
- Interest rates remain low and stable, stemming from the monetary policy of the ECB
- The share of re-mortgages (“oversluitingen”) has risen, this is partly related to the high mortgage volumes in 2005-2008 with a fixed 10 year rate

Mortgage debt outstanding



Average mortgage rates per fixed interest rate period

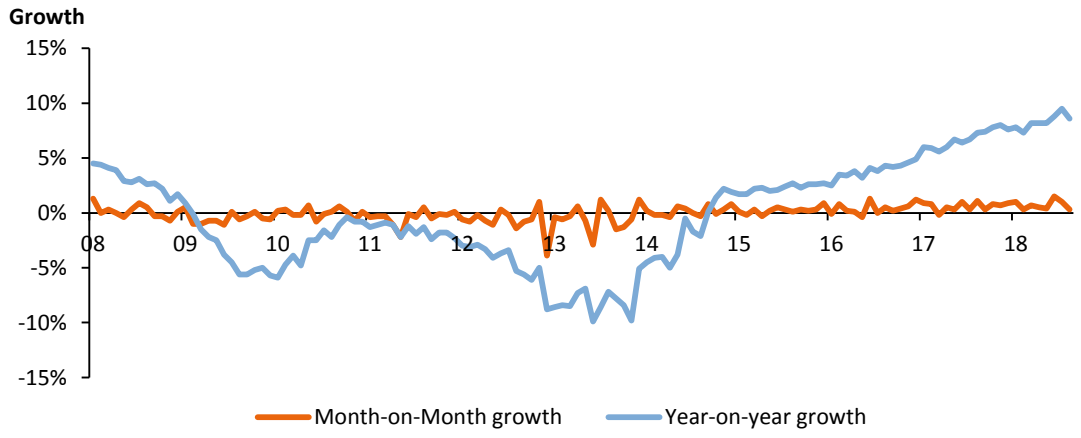


Source: CBS, ABN AMRO Insights: Housing Market Monitor July 2018, unless stated otherwise

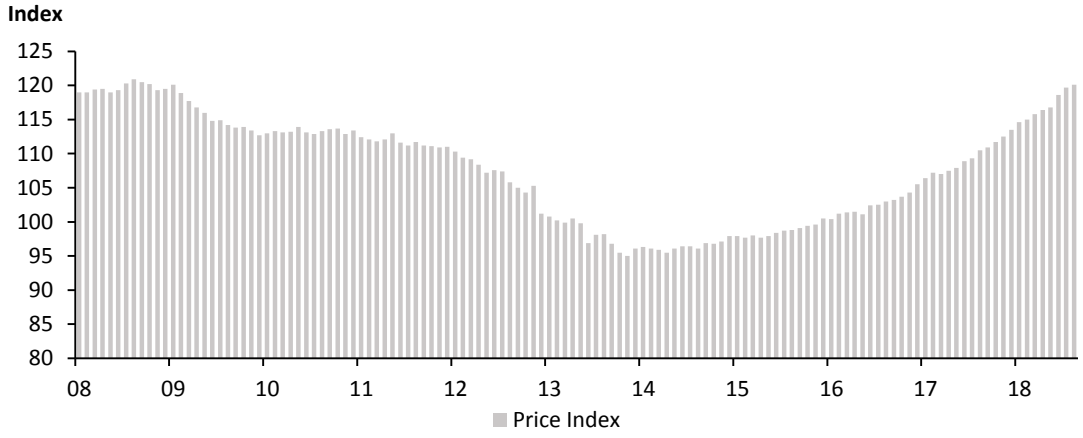
IV - Dutch housing market developments

- The average asking price was EUR 377,000 in 2Q18, which is 12% higher than one year ago
- House prices keep climbing higher, on the back of current low level of interest rates
- People are now buying a house first and then selling their own home, opposite to the trend observed during the crisis
- The elevated price levels are keeping first-time buyers out of the market as loan-to-value criteria have become stricter

Dutch housing price development



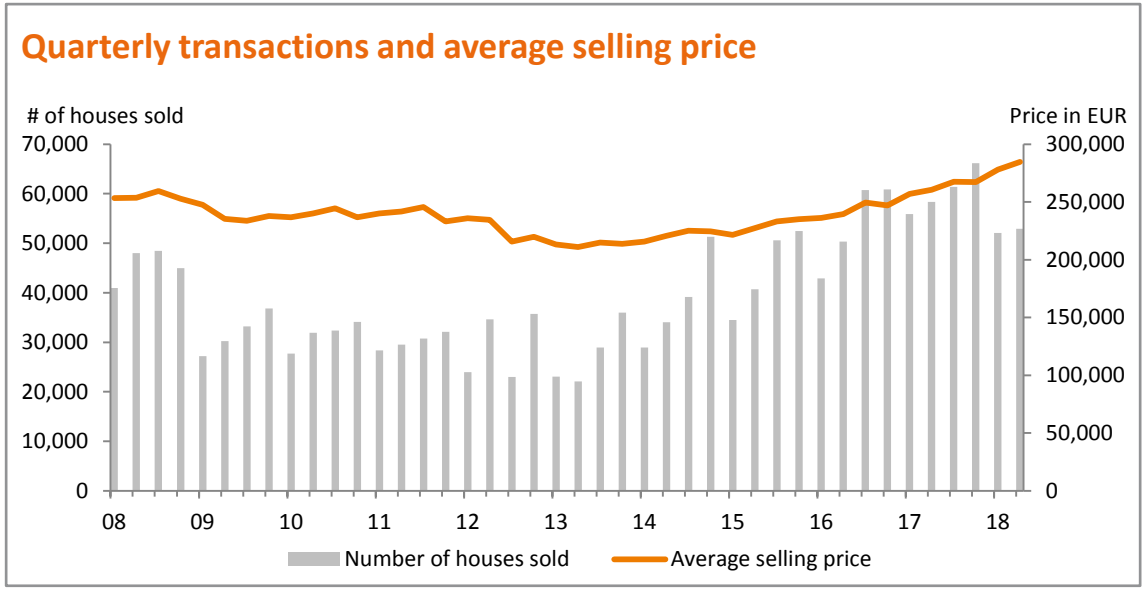
Dutch house price index development (2015=100)



Source: CBS, ABN AMRO Insights: Housing Market Monitor July 2018, unless stated otherwise

IV - Dutch housing market developments

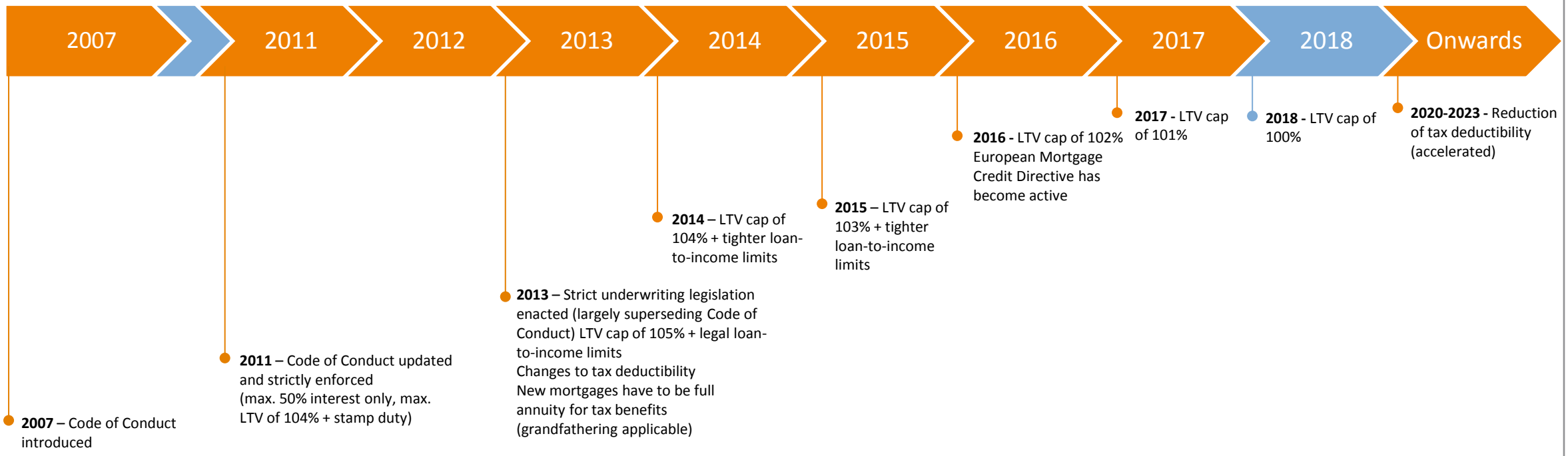
- There is a strong sales momentum in the Dutch housing market causing contraction of supply. The housing supply has dropped by a third in one year
- The chance of selling properties that come onto the market has increased further. 72% of new properties on the market are sold within 90 days
- After the record level in 2017, the number of transactions fell in the first and second quarter of 2018. According to the Land Registry, 87,000 pre-owned homes were sold in the first five months of 2018 – 6,000 less than in the same period of 2017
- This trend is expected to continue due to the lack in supply of existing houses and new housing development



Source: CBS, ABN AMRO Insights: Housing Market Monitor July 2018, unless stated otherwise

IV – Dutch housing market developments

Recent developments



Source: DSA

V – NN Group

Corporate history

- **1845** – De Nederlanden established as a fire insurance company
- **1863** – De Nationale Levensverzekering-Bank founded as a Dutch life insurance company
- **1963** – The two biggest Dutch insurers at the time – De Nederlanden and De Nationale – merge to form Nationale-Nederlanden
- **1991** – Nationale-Nederlanden and NMB Postbank Group merge to form ING Groep N.V.
- **2013** – ING Insurance's mortgage business is concentrated within NN Bank
- **2014** – As of 1 March 2014, ING Insurance rebranded to NN Group
- **2014** – NN Group listed on Euronext Amsterdam on 2 July 2014
- **2017** – NN Group completes acquisition of Delta Lloyd Group in April 2017
- **2018** – Legal Merger of NN Bank and Delta Lloyd Bank, effective on 1 January 2018

nationale nederlanden

ING INSURANCE

NN

Source: NN Group

V – NN Group

Highlights 2Q18

Operating result	Net result
EUR 508m	**EUR 463m**
(2Q17: EUR 404m)	(2Q17: EUR 240m)

Solvency II ratio	Holdco cash capital
226%	**EUR 1.8bn**
(1Q18: 213%)	(1Q18: EUR 1.6bn)

Interim dividend
EUR 0.66
(FY17: EUR 1.66)

- Operating result of the ongoing business up 26% from 2Q17 reflecting an improved underwriting performance at Netherlands Non-life, private equity dividends at Netherlands Life and lower expenses
- Net result reflects the higher operating result and higher capital gains
- Cost reductions at business units in scope of the integration of EUR 62m in 2Q18; total cost reductions to date of EUR 236m[1]
- Solvency II ratio at 226%; holding company cash capital at EUR 1,799m

Source: NN Group

1. Cost reductions calculated on a last 12-month basis and are compared with the full-year 2016 administrative expense base of EUR 2,024m

VI - Glossary

Glossary

Abbreviation	Definition	Abbreviation	Definition
ACT	Asset Cover Test	GHF	Code of Conduct Mortgage Loans
AT	Amortisation Test	HDN	Hypotheek Data Network
AFM	Dutch Authority for the Financial Markets	HTT	Harmonised Transparency Template
APE	Annual Premium Equivalent	LCR	Liquidity Coverage Ratio
AuM	Assets under Management	LTV	Loan-to-Value
BKR	Dutch Office for Credit Registration	MCD	Mortgage Credit Directive
C/I	Cost / Income Ratio	NHG	Dutch National Mortgage Guarantee
CBC	Covered Bond Company	NNHB	NN Hypotheek Bedrijf N.V.
CET	Common Equity Tier	NTT	National Transparency Template
COLI	Corporate-Owned Life Insurance	OC	Over-Collateralisation
CPTCB	Conditional Pass-Through Covered Bond	RMBS	Residential Mortgage-Backed Security
CRDIV	Capital Requirements Directive IV	RVS	Rotterdamse Verzekering Sociëteiten
CRR	Capital Requirements Regulation	RWA	Risk weighted assets
DACB	Dutch Association of Covered Bonds Issuers	UCITS	Undertakings for Collective Investment in Transferable Securities
DGS	Deposit Guarantee Scheme	VNB	Value of New Business
DNB	Dutch Central Bank	WA CLTOMV	Weighted Average Current Loan to Original Market Value
ECB	European Central Bank	WA CLTOMV (indexed)	Weighted Average Current Loan to Indexed Original Market Value
ECBC	European Covered Bond Council	WEW	Stichting Waarborgfonds Eigen Woningen
FTE	Full-time Equivalent	WU Bank	WestlandUtrecht Bank

Source: NN Bank

VII – Contact information

For questions please contact:

Kees van Kalveen
NN Bank Treasury
T: +31 70 513 1334
M: +31 6 30070440
E: kees.van.kalveen@nn.nl

Rolf-Pieter ter Horst
NN Bank Treasury
T: +31 70 513 1332
M: +31 6 21841550
E: rolf-pieter.ter.horst@nn.nl

Hendrik-Jan Luikinga
NN Bank Treasury
T: +31 70 513 1504
M: +31 6 30452215
E: h.j.Luikinga@nn.nl

Geraldine Bakker - Grier
Investor Relations Officer
T: +31 88 663 9590
M: +31 6 3094 0051
E: geraldine.bakker-grier@nn-group.com

Disclaimer

This material has been prepared by Nationale-Nederlanden Bank N.V. ("NN Bank" or the "Company") for informational purposes only. This material is distributed upon the express understanding that no information contained herein has been independently verified by NN Bank or any other person. Material information may have changed since the date the information was compiled.

Some of the information is based on the 2018 Condensed consolidated interim accounts of NN Bank as published on 29 August 2018. These Condensed consolidated interim accounts should be read in conjunction with the 2017 NN Bank Consolidated annual accounts. The figures in the 2018 Condensed consolidated interim accounts are unaudited and may have changed since the date of publication.

This material is not intended as an offer to buy or sell, or the solicitation of an offer to buy or sell, any security, instrument or any participation in any transaction, either in the United States of America or in any other jurisdiction or as an inducement to enter into an investment activity. This material should also not be treated as giving investment advice. It has no regard to specific investment objectives, financial situation or particular needs of any recipient.

Except where otherwise indicated, the information provided in this material is based on matters as they exist as of the date stated or, if no date is stated, as of the date of preparation and not as of any future date, and the information and opinions contained herein are subject to change without notice. None of the Company or any of its subsidiaries accepts any obligation (i) to update or otherwise revise or keep current any such information to reflect information that subsequently becomes available or circumstances existing or changes occurring after the date hereof; (ii) to correct any inaccuracies or errors in the information; or (iii) to provide anyone with access to any additional information. No representation or warranty, either express or implied, or undertaking of any nature, is provided by NN Bank in relation to the accuracy, completeness or reliability of the information contained herein.

This material should not be regarded by recipients as a substitute for the exercise of their own judgment. Any recipient should consult with his own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent that he deems necessary, and make his own investment, hedging and trading decisions (including decisions regarding the suitability of any investment) based upon his own judgement and advice from such advisers as he deems necessary and not upon any view expressed in this material.

The recipient of this information acknowledges that the Company does not owe or assume any duty of care or responsibility to the recipient or any other person who uses the presentation or any information derived from its use. None of the Company or any of its subsidiaries or any of their respective directors, officers, employees or agents shall have any liability whatsoever (in negligence or otherwise) for any loss or damage of any kind arising from any use or reliance upon all or any part of this this material or otherwise arising in connection with the presentation and any and all such liability is expressly disclaimed.

Persons who attend or view this presentation are required to make themselves aware of and adhere to any and all restrictions applicable to them.

This presentation is not for publication, release or distribution in, nor does it constitute an offer of securities in the United States, Canada, Japan or Australia. Neither the presentation nor any copy of it may be taken or transmitted into the United States of America, its territories or possessions (collectively, the "United States") or distributed, directly or indirectly, in the United States or to any U.S. person as defined in regulation S under the U.S. Securities Act of 1933 (the "Securities Act"), except that it may be transmitted to non- U.S. persons outside the United States who are not acting for the account or benefit of a U.S. person, in reliance on Regulation S under the Securities Act. This presentation is not a public offer of securities for sale in the United States and any offering of securities to be made in the U.S. will be by means of an offering memorandum that may be obtained by the dealers. Any failure to comply with these restrictions may constitute a violation of U.S. securities laws, as applicable.

Any historical information is not indicative of future performance. Opinions and estimates may be changed without notice and involve a number of assumptions which may not prove valid. Average lives of and potential yields on any securities cannot be predicted as the actual rate of repayment as well as other relevant factors cannot be determined precisely. No assurance can be or is given that the assumptions on which such information are made will prove correct. Information of this kind must be viewed with caution.

This material contains "forward-looking statements", which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could", "estimates", "predicts", "counts on", plans", "continues", "wants", "forecasts", "goals", "is confident" or similar expressions or the negative thereof. Such forward-looking statements involve

Disclaimer

known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These forward-looking statements speak only as at the date as of which they are made and the Company accepts no obligation to update the forward-looking statements contained herein to reflect actual results, changes in assumptions, or changes in factors affecting these statements.

The information contained herein must be kept strictly confidential and may not be reproduced , disclosed or redistributed, in whole or in part, in any format without the express written approval of the Company. Any failure to comply with these restrictions may constitute a violation of U.S., the United Kingdom or other securities laws, as applicable. The distribution of this material in other jurisdictions may also be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, such restrictions. The use of the information is restricted to the recipient. The Company shall own all right, title, and interest in and to the information and all intellectual property rights therein.

No licence or conveyance of any rights in any intellectual property owned by the Company is granted or implied by the recipient’s use of the information

NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AS TO, AND NO RELIANCE SHOULD BE PLACED ON, THE FAIRNESS, ACCURACY, COMPLETENESS OR CORRECTNESS OF THE INFORMATION OR THE OPINIONS CONTAINED HEREIN. THIS PRESENTATION IS NOT TO BE RELIED UPON IN ANY MANNER AS LEGAL, TAX, REGULATORY, ACCOUNTING OR ANY OTHER ADVICE AND SHALL NOT BE USED IN SUBSTITUTION FOR THE EXERCISE OF INDEPENDENT JUDGMENT AND EACH PERSON MADE AWARE OF THE INFORMATION SET-FORTH HEREOF SHALL BE RESPONSIBLE FOR CONDUCTING ITS OWN INVESTIGATION AND ANALYSIS OF THE INFORMATION CONTAINED HEREIN. THE COMPANY DOES NOT ACCEPT ANY OBLIGATION TO UPDATE OR OTHERWISE REVISE ANY INFORMATION CONTAINED IN THIS PRESENTATION TO REFLECT INFORMATION THAT SUBSEQUENTLY BECOMES AVAILABLE AFTER THE DATE HEREOF.

THE INFORMATION CONTAINED HEREIN MUST BE KEPT STRICTLY CONFIDENTIAL AND MAY NOT BE REPRODUCED OR REDISTRIBUTED (IN WHOLE OR IN PART) IN ANY FORMAT WITHOUT THE EXPRESS WRITTEN APPROVAL OF THE COMPANY.

NN Bank is authorised by the Dutch Central Bank.

NN