

Shaping our tomorrow

NN Group N.V.
2018 Annual Review

Lard Friese, CEO
Annual general meeting,
The Hague, 29 May 2019



Management Board members appointed in 2018



Fabian Rupprecht
CEO International Insurance

- Responsible for Insurance Europe, Japan Life, and Japan Closed Block VA businesses
- Worked for AXA from 1996 to 2018
- At AXA, he was CEO Middle East & Africa, and Regional CFO and member of the regional executive committee at AXA Emerging Markets



Janet Stuijt
General Counsel

- Responsible for the legal and compliance function and holds the position of company secretary
- In financial services since 1993 with a focus on legal, regulatory, compliance and governance
- Previous international leadership roles at NN, ING Bank and ABN AMRO, primarily relating to corporate strategic and investment banking activities



Dailah Nihot
Chief Organisation & Corporate Relations

- Responsible for corporate relations, sustainability, branding, public affairs, human resources, facility management
- Management board representative in the NN Central Works Council
- More than 18 years in the financial services industry
- Previous international leadership roles both at NN and ING, focusing predominantly on strategic communications, stakeholder relations, business ethics and organisational identity



Tjeerd Bosklopper
Chief Transformation Officer

- Responsible for three areas: IT, driving (technological) transformation, and innovation
- In financial services since 1999
- Previous roles include Head of Integration of Nationale-Nederlanden Netherlands and Belgium, Head of Individual Life at NN Group in the Netherlands, and CEO at Nationale-Nederlanden Life & Pensions in Poland

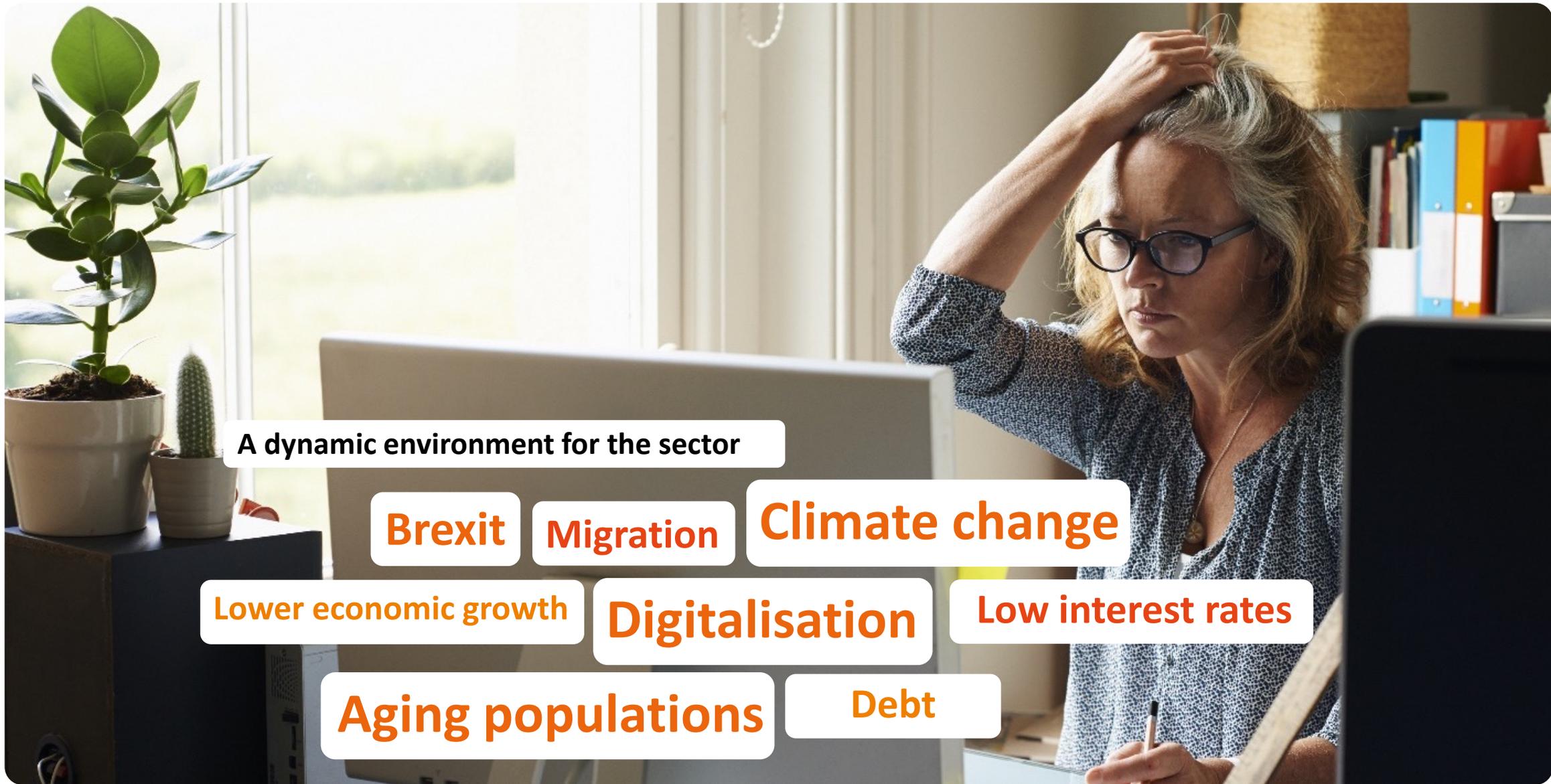
The 2018 Annual Report provides an integrated review of the performance of our company

The report was drawn up in accordance with:

- Applicable Dutch law and IFRS
- Global Reporting Initiative's Sustainability Standards
- Guidelines of the International Integrated Reporting Council
- The revised Corporate Governance Code

We endorse the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), and made progress in integrating them in our own reporting





A dynamic environment for the sector

Brexit

Migration

Climate change

Lower economic growth

Digitalisation

Low interest rates

Aging populations

Debt

Integration milestones



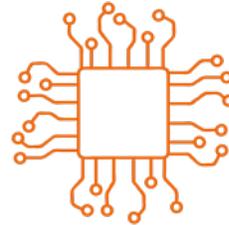
Approval from the Dutch Central Bank was obtained to expand the Partial Internal Model to include the Dutch Delta Lloyd Life and Non-life entities as from 31 December 2018.



Rebranding of Delta Lloyd's products and services to the Nationale-Nederlanden brand is virtually complete.



Following execution of legal mergers of Life and Non-life businesses of NN and Delta Lloyd on 1 January 2019, the legal mergers of all businesses are now completed.



System migration is ongoing; 30% of head office applications have been decommissioned and all Delta Lloyd Asset Management portfolios have been onboarded onto NN Investment Partners' systems.

Partnerships and innovation



Carefree retirement

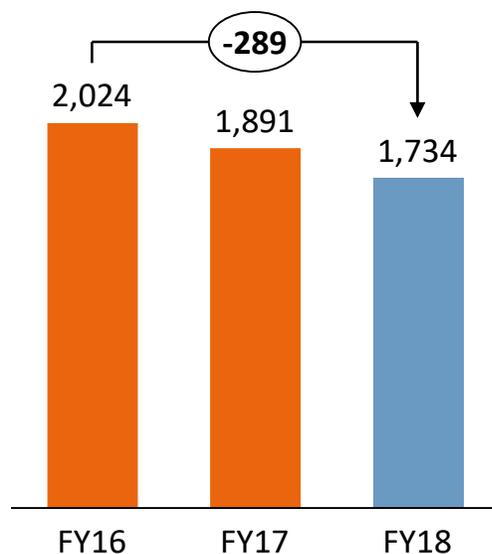


Cybersecurity

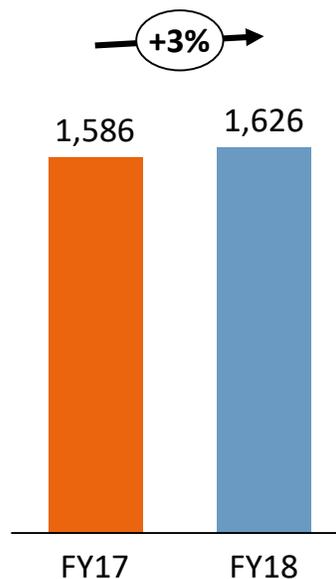
Vitality

Progress on Group medium-term financial targets in 2018

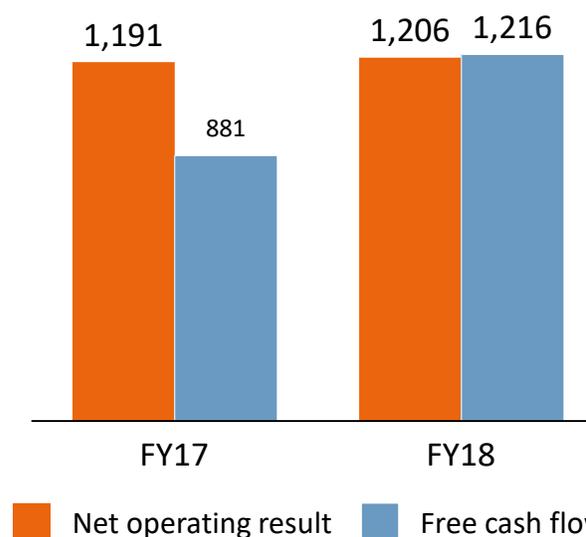
EUR ~400m cost reduction¹ by 2020 compared with 2016 full-year expense base (EURm)



Annual earnings growth of 5-7% on average in the medium term² (EURm)



Over time, generate free cash available to shareholders in a range around the net operating result³ (EURm)

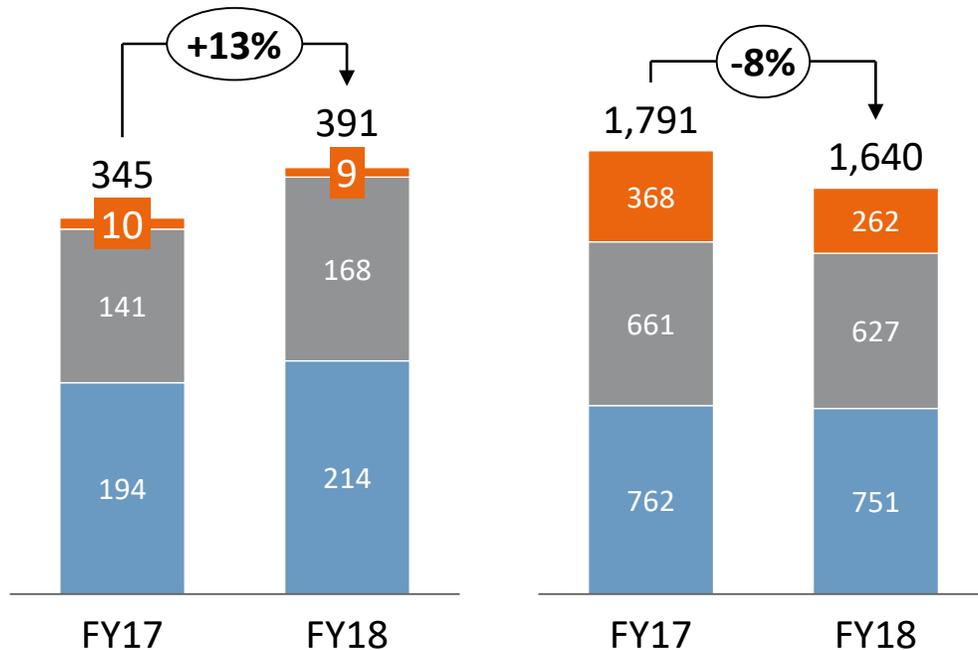


1. In total for the following units: Netherlands Life, Netherlands Non-life, Belgium, Asset Management, Banking business and Corporate / Holding entities
2. Annual growth rate of operating result before tax on average in the medium term; based on 2017 operating result
3. Net operating result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity; assuming normal markets, no material regulatory changes and no material special items other than restructuring charges

Commercial momentum maintained in 2018

Value of new business
(EURm)

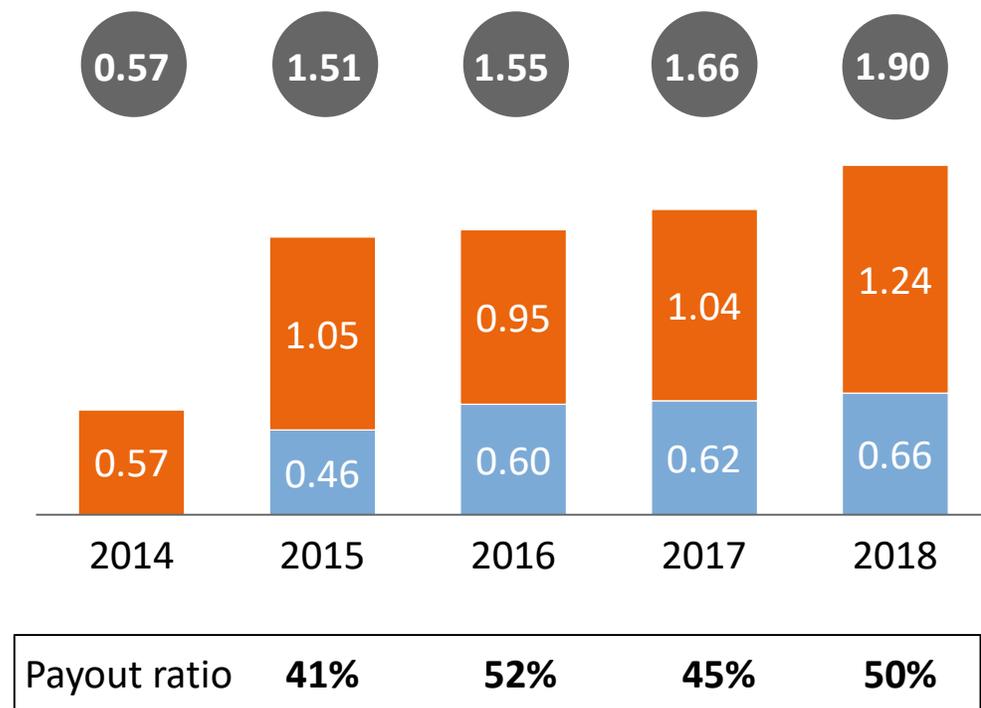
New sales (APE)
(EURm)



- VNB up 13% on 2017 mainly driven by an improved product mix at Insurance Europe and Japan Life
- APE down 8% on 2017 mainly due to a lower volume of group pension renewals at Netherlands Life
- APE at Japan Life up 1% at constant currencies, driven by sales through Sumitomo and sales of new COLI product launched in November 2018

■ Netherlands Life ■ Insurance Europe ■ Japan Life

Double-digit increase in 2018 dividend per share



■ Interim dividend per share (EUR) ■ Final dividend per share (EUR)

● Total dividend per share (EUR)

- Priority is a sustainable ordinary dividend per share
- Proposed 2018 final dividend of EUR 1.24 per share, bringing full-year 2018 dividend to EUR 1.90 per share, up 14.5% on 2017
- Equivalent to a pay-out ratio¹ of 50% of FY18 net operating result of ongoing business
- Double-digit increase in the 2018 dividend per share versus 2017, reflecting first full year of incremental free cash flows from the Delta Lloyd transaction
- Excess capital to be returned to shareholders unless it can be used for value creating opportunities
- EUR 500m share buyback programme commenced on 1 March 2019 and is to be completed in 12 months

1. Pay-out ratio is based on the net operating result before the deduction of the accrued coupon on undated subordinated notes classified in equity

Financial highlights 1Q19

Financial results

Operating result

EUR 468m

(1Q18: EUR 313m)

Net result

EUR 512m

(1Q18: EUR 399m)

Expense savings¹

EUR 310m

(4Q18: EUR 289m)

Capital

Solvency II ratio

213%

(4Q18: 230%)

Holdco cash capital

EUR 2.0bn

(4Q18: EUR 2.0bn)

Free cash flow

EUR 183m

(1Q18: EUR 198m)

Commercial performance

New sales (APE)

EUR 945m

(1Q18: EUR 547m)



1. Expense savings of the business units in the scope of the cost reduction target, calculated on a last 12-month basis and compared with the full-year 2016 administrative expense base of EUR 1,970m



Non-financial highlights

Future Matters

Sustainability

Diversity

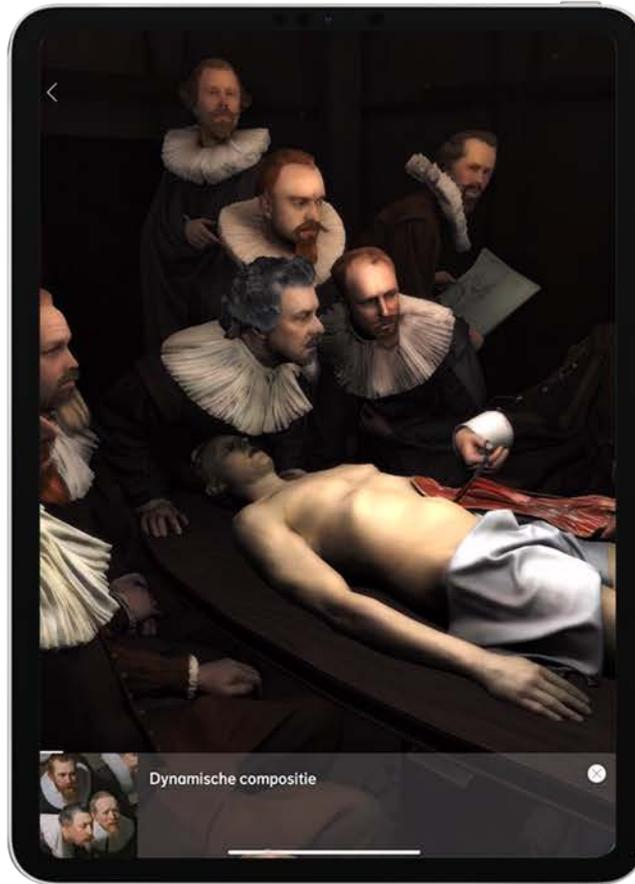
Active engagement

ESG integration

 **SUSTAINALYTICS** GLOBAL SUSTAINABILITY LEADERS INDEX

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM 

2019
=
Bloomberg
Gender-Equality Index



Share price development in 2018



Total shareholder return: 110.5%* since IPO (31 December 2018)



* this includes reinvested dividends



NN

Important legal information

NN Group's Consolidated Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and with Part 9 of Book 2 of the Dutch Civil Code. In preparing the financial information in this document, the same accounting principles are applied as in the 2018 NN Group Consolidated Annual Accounts.

Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in investor, customer and policyholder behaviour, (11) changes in general competitive factors, (12) changes in laws and regulations and the interpretation and application thereof, (13) changes in the policies and actions of governments and/or regulatory authorities, (14) conclusions with regard to accounting assumptions and methodologies, (15) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Group's ability to achieve projected operational synergies, (18) catastrophes and terrorist-related events, (19) adverse developments in legal and other proceedings and (20) the other risks and uncertainties contained in recent public disclosures made by NN Group.

Any forward-looking statements made by or on behalf of NN Group speak only as of the date they are made, and, NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

This document does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities.

