

NN Group

Financial and capital update

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Capital Markets Day

19 November 2015



1

We have made good progress on achieving the financial targets set at the IPO

2

Our capital position is strong and will also remain so under Solvency II

Good progress on targets set at IPO

On
track

Annual earnings¹ growth of 5-7% on average in the medium term

On
track

Over time generate free cash available to shareholders in a range around the net operating result of the ongoing business²

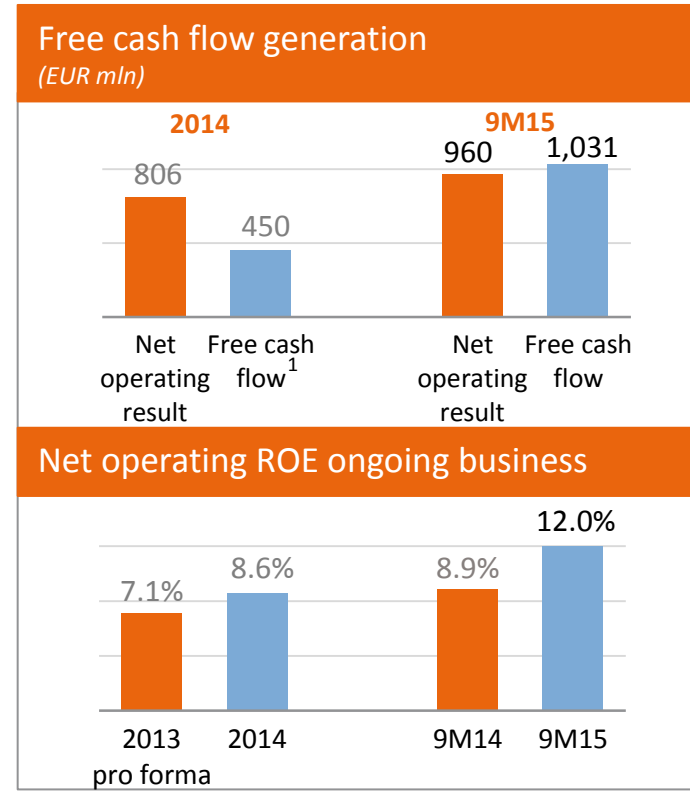
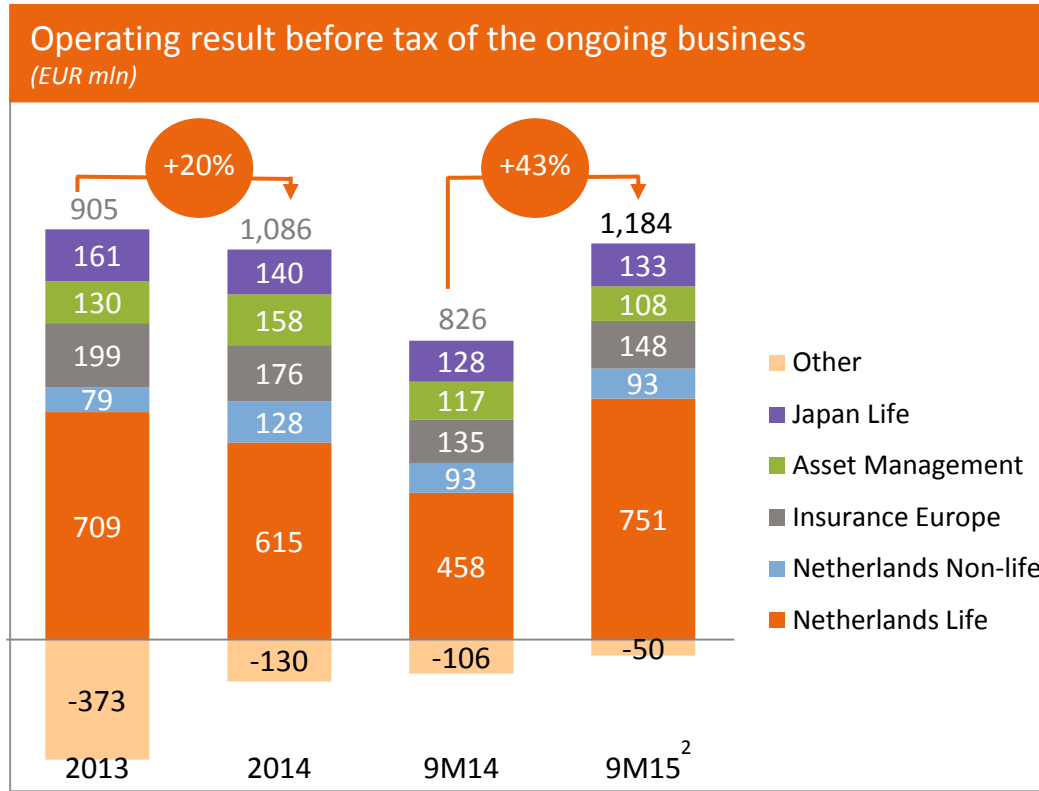
On
track

Increase in ROE³ in medium term compared with 2013 pro-forma 7.1%

Done

EUR 200 mln reduction of administrative expenses⁴

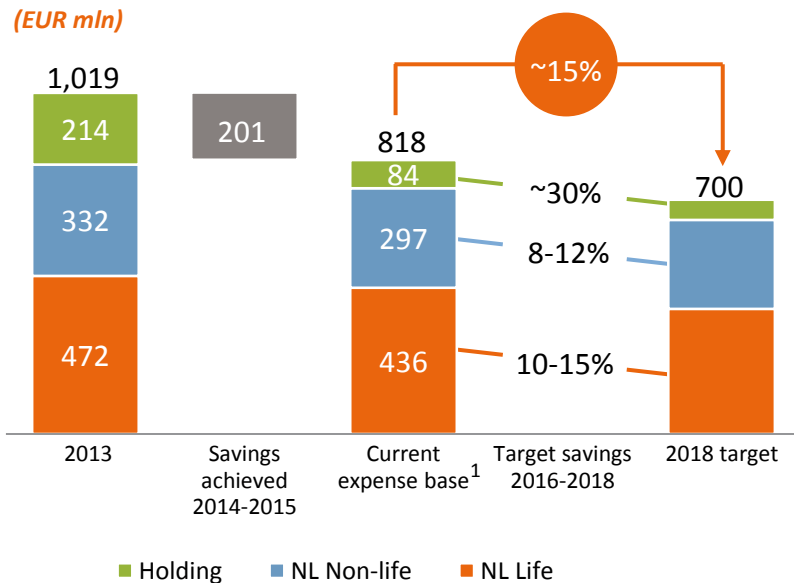
Delivering on our financial targets and generating cash



- Free cash flow excluding EUR 874 mln IPO-related capital adjustments regarding capital strengthening of NN Life (EUR 1,050 mln) and cash proceeds received from divestment of SulAmérica (EUR 176 mln) upstreamed to ING Group
- Increase of the operating result ongoing business reflects expense reductions and private equity dividends in 9M15 of EUR 221 mln

Expense reduction target of EUR 200 mln achieved, new target expense base in the Netherlands of EUR 700 mln by 2018

Administrative expenses of Netherlands Life, Netherlands Non-life and Corporate/Holding entities



Pressure on expense base, investments needed

- New expense reduction target will absorb upward pressure such as inflation, regulatory changes and investments
- Approximately 30% of expense reductions expected in 2016, rest in 2017-2018

Initiatives include

- Further simplification of operational processes and increase of efficiency
- Conversion to lower-cost platforms and straight-through-processing
- Outsourcing of non-core roles and moving to digital cloud

Capital framework remains unchanged under Solvency II



1 Operating units well capitalised and generating capital

Legal entity / Segment (EUR mln)	2013			2014			9M15		
	Solvency I ratio	Capital generation (excl. net capital flows)	Net capital flows to/(from) Holding	Solvency I ratio	Capital generation (excl. net capital flows) ²	Net capital flows to/(from) Holding	Solvency I ratio	Capital generation (excl. net capital flows)	Net capital flows to/(from) Holding
NN Life	223%	136	-600	258% ³	1,013	-1,019	299% ⁴	1,471	505
NN Non-life	260%	-5	-216	263%	220	185	245%	48	90
Insurance Europe ¹	N/A	99	177	N/A	200	116	N/A	121	142
NN Life Japan	1,366%	67	183	1,359%	99	90	942%	-165	74
NN Re	1,219%	46	-600	1,336%	91	100	1,023%	-5	150



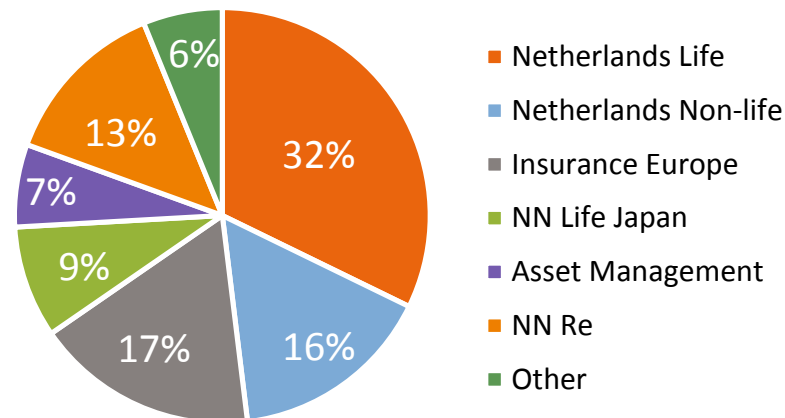
1. Refers to Insurance Europe entities' consolidated totals excluding Czech Life insurance business (branch of NN Life)
2. The capital generation in 2014 excludes the impact of the agreement to make ING's DB pension plan in the Netherlands financially independent and the impact for NN Re from the move towards fair value accounting of the Japan CBVA business
3. Reflects the EUR 350 mln dividend paid by NN Life to NN Group in February 2015
4. Reflects the EUR 125 mln dividend paid by NN Life to NN Group in October 2015

1 All segments upstream dividends

Dividends upstreamed by segments/subsidiaries
(EUR mln)

	2014	9M15
Netherlands Life	60	546
Netherlands Non-life	208	90
Insurance Europe ¹	145	181
NN Life Japan	90	74
Asset Management	61	60
NN Re	100	150
Other	45	71
Total	710	1,172

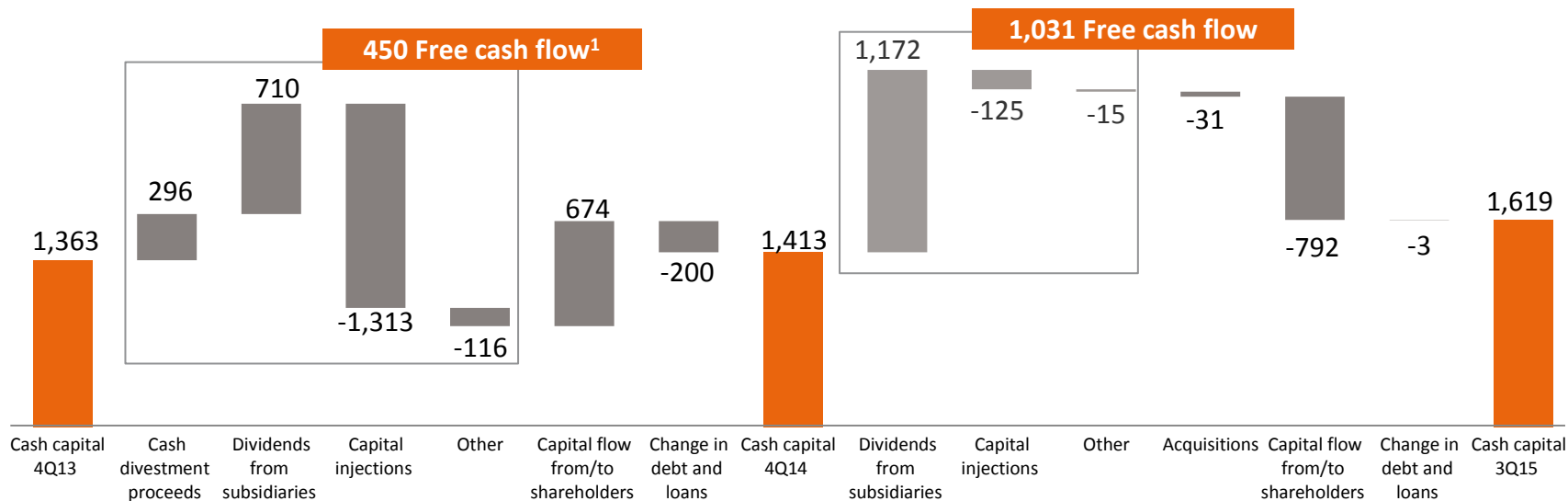
Dividends by segment/subsidiary based on total of
2014 and 9M15 remittances



- Strong dividends from subsidiaries in 2014 and 9M15, broadly spread across the segments

2

Cash capital at holding improved since the IPO

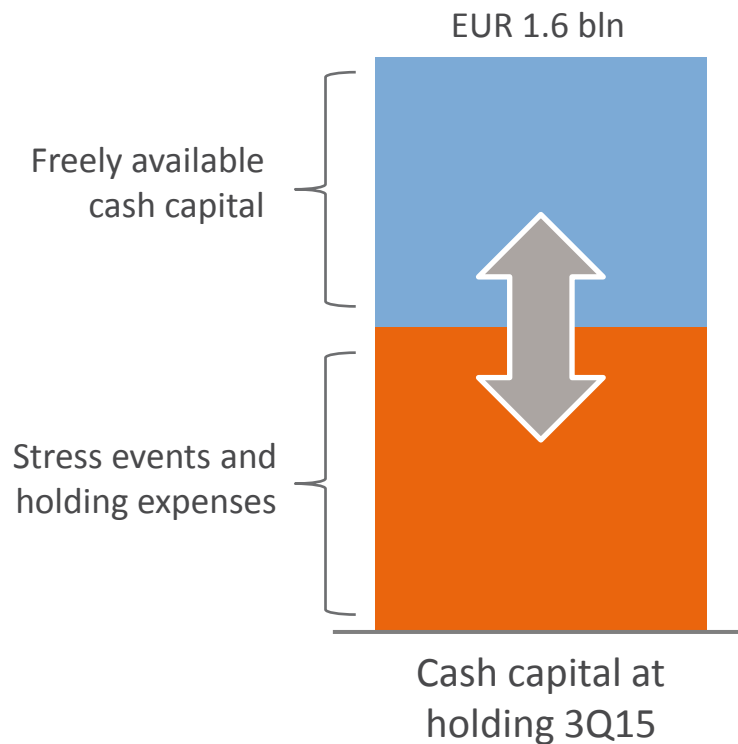


- Free cash flow is the change in cash capital at holding, excluding acquisitions and capital transactions with shareholders and debtholders
- Adjusted free cash flow in 2014 was EUR 450 mln, excluding EUR 874 mln IPO-related capital adjustments
- 9M15 free cash flow driven by EUR 1,172 mln dividends from subsidiaries

Cash capital buffer

Hold cash capital at holding to cover stress events and to fund holding costs

- Stress events (1-in-20 years scenario)
- Level of holding cash capital requirement not fixed
 - Driven by solvency capital level and risk position of business units
 - More risk and/or lower business unit capitalisation equals higher cash capital requirement, and vice versa
- Excess cash also evaluated based on final outcome of Solvency II, market volatility and outlook, unit-linked issue and other factors at any point in time

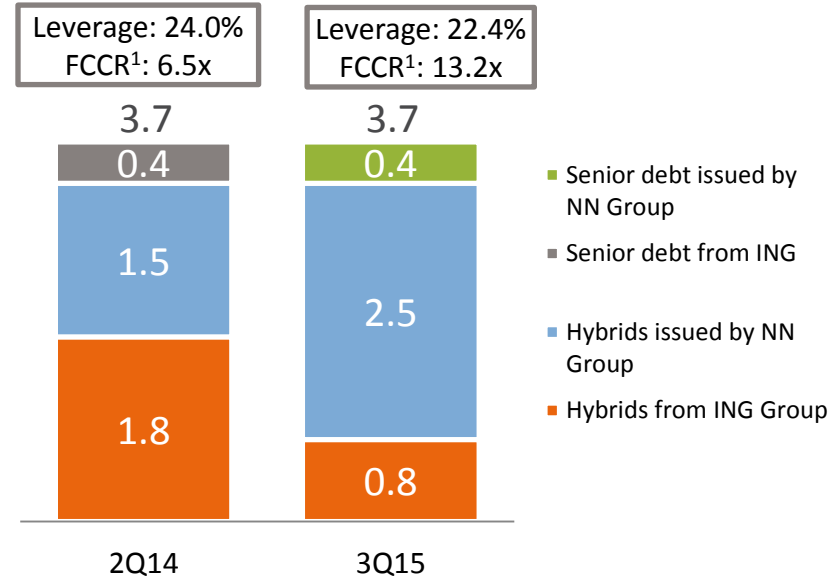


3

Financial leverage has remained stable since IPO, ratios improved

Financial leverage

(EUR bln)



- Successfully externalised our debt at attractive rates
- Refinancing of EUR 0.8 bln ING hybrids and EUR 0.5 bln non-qualifying hybrid debt to be considered on an opportunistic basis and depending on final outcome of Solvency II
- Rating S&P: A-, Moody's: Baa2, both with a stable outlook
- Current financial leverage and fixed charge coverage ratios provide additional financial flexibility

1. Calculated on a last 12-months basis

1

We have made good progress on achieving the financial targets set at the IPO

2

Our capital position is strong and will also remain so under Solvency II

All units strongly capitalised in Solvency II

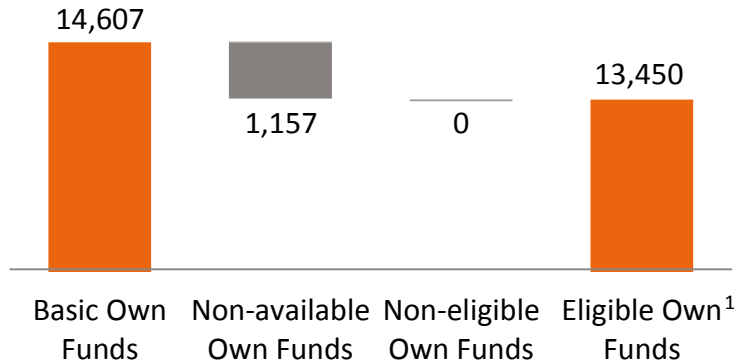
Legal entity 3Q15	Solvency II Own Funds ¹ <i>(in EUR bln)</i>	Solvency II SCR (SF) <i>(in EUR bln)</i>	Solvency II ratio (SF)
NN Group	13.5	6.3²	214%
NN Life	7.4	4.2	176%
NN Non-life	0.6	0.5	122%
NN Re	1.1	0.3	312%
NN Life Belgium	0.5	0.3	187%
NN Poland Life	0.5	0.2	316%

- Discussions with Dutch regulator on Partial Internal Model approval are progressing
- Uncertainties remain on some interpretations of Solvency II regulations

Split of Solvency II Basic Own Funds

Basic Own Funds vs Eligible Own Funds 3Q15

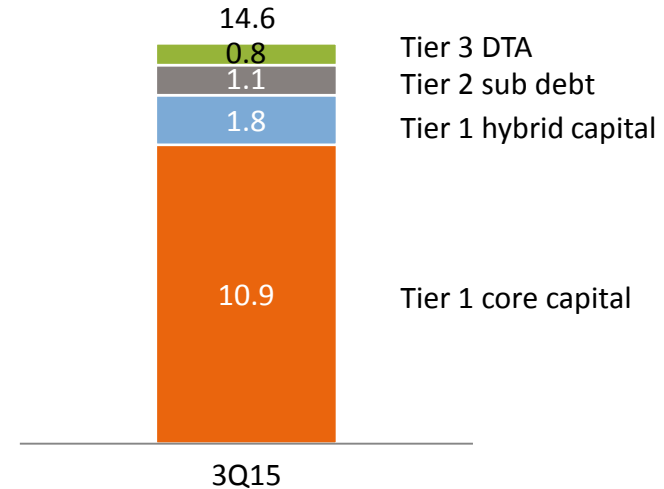
(EUR mln)



- Non available Own Funds includes tied up capital Japan Life, embedded future profits UL portfolios CRE and restricted equity NN Bank

Tiering Solvency II Basic Own Funds

(EUR bln)



- Tier 1 hybrid capital includes the EUR 1.0 bln undated hybrid and EUR 0.8 bln hybrids to ING Group

1. Eligible Own Funds under Solvency II based on Standard Formula

Remittances under Solvency II in line with Solvency I

Segment	Drivers remittances Solvency II			Remittances vs Net operating result
	Own Funds expected return ¹	SCR development ¹ impact run-off (✓) new business growth (✗)	Reduction surplus capital	
Netherlands Life	✓	✓	✓	>
Netherlands Non-life	✓			=
Insurance Europe	✓	✗	✓	<
Asset Management	✓			=
Japan Life	✓	✗		<
Japan Closed Block VA	✓	✓	✓	>
Other	(-) Holding interest expenses, (-) holding expenses, (+/-) FX movements, (+/-) other holding flows (-) NN Bank (investment in growth of NN Bank)			

Over time and assuming normal markets and no material special items, NN Group expects to generate free cash available to shareholders in a range around the Group's net operating result of the ongoing business

1. Available and required regulatory capital for Asset Management and Japan Life

NN Life Solvency II Own Funds development 9M15

NN Life (in EUR bln)	Own Funds ¹ 9M15
Opening²	6.7
Expected return	0.2
Market performance	1.9
Other (e.g. new business, model and assumption changes)	-1.1
Net capital flows ³	-0.3
Closing	7.4



Change in interest rates	0.0
Change in credit spreads	1.3
Change in equity	0.6

- Expected return includes investment return in excess of interest required on liabilities, the unwind of the UFR and the release of risk margin if best estimate assumptions materialise

Committed to our dividend policy

Ordinary dividend

- In line with medium term financial performance
- Dividend pay-out ratio of 40-50% of IFRS net operating result ongoing business

Excess capital

- Distributing excess capital to shareholders, unless it can be used for other value creating opportunities

Considerations

- When proposing a dividend, we will consider our capital position, leverage and liquidity position and strategic considerations as well as the expected developments thereof
- Interim dividend at 40% of prior year's full year dividend to achieve predictability and stable evolution of ordinary dividends

Key takeaways

- 1 Continue to improve business performance in line with targets and focus on efficiency
- 2 Capital framework with focus on generating cash for shareholders unchanged
- 3 Under Solvency II we remain very well capitalised
- 4 Dividend policy remains to return excess capital to shareholders unless it can be used for other value creating opportunities

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 on the Dutch Civil Code. In preparing the financial information in this document, the same accounting principles are applied as in the NN Group N.V. condensed consolidated interim financial information for the period ended 30 June 2015.

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

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