

NN Group

Second quarter 2015 results

Lard Friese – CEO

Delfin Rueda – CFO

The Hague – 5 August 2015



Highlights and financial targets

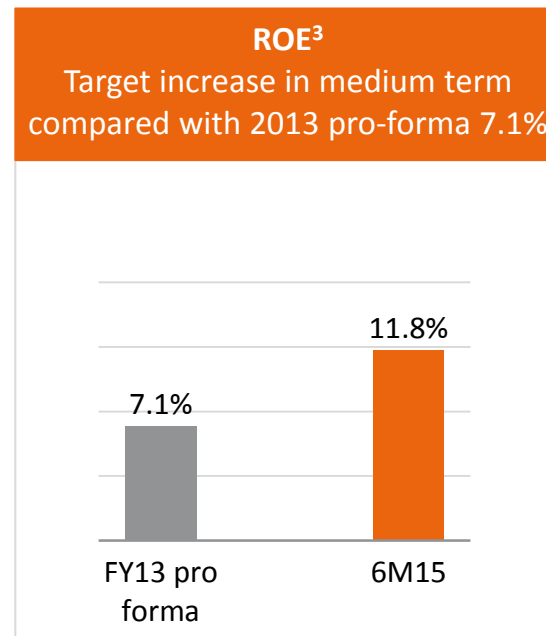
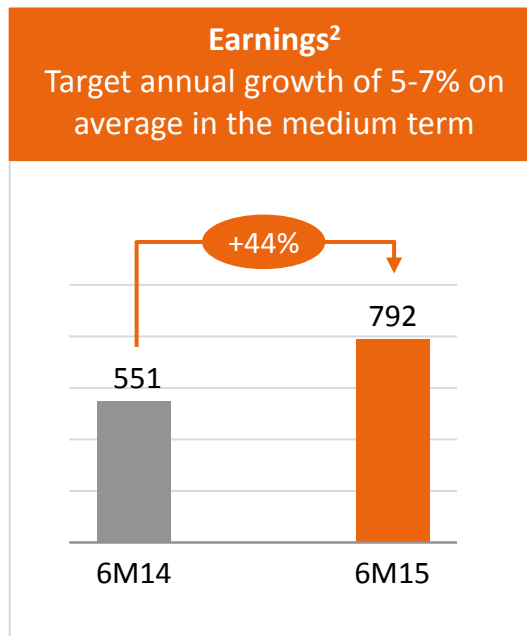
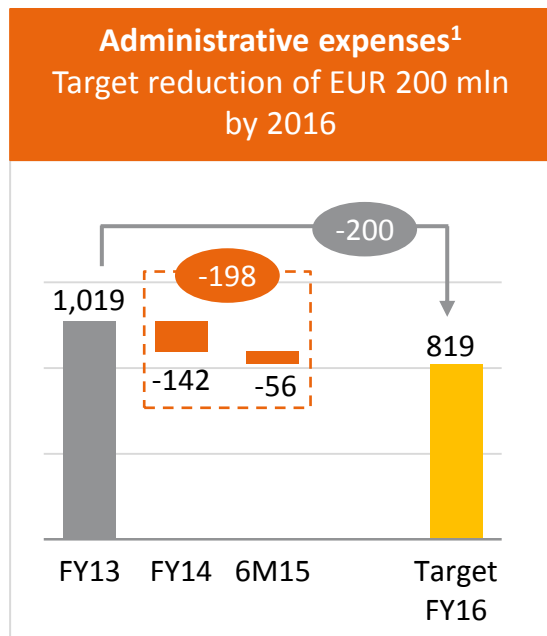
Lard Friese – CEO

2Q15 highlights

Operating result ongoing business	Net result	Net operating ROE ongoing business	IGD
EUR 488 mln	EUR 392 mln	14.9%	306%
<i>EUR 257 mln in 2Q14</i>	<i>EUR 252 mln in 2Q14</i>	<i>8.7% in 2Q14 Pro forma 7.1% in 2013</i>	<i>335% in 1Q15</i>

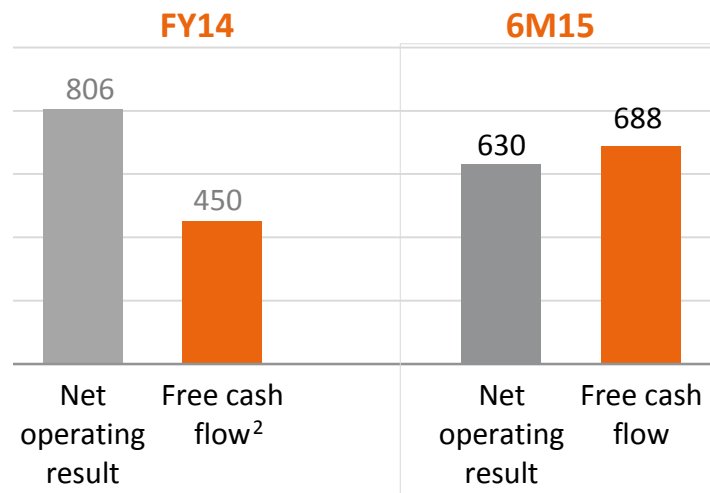
- Operating result ongoing business significantly higher at EUR 488 mln, supported by a private equity dividend and technical provision releases in the Netherlands
- Net result increased to EUR 392 mln
- Cumulative cost savings in the Netherlands of EUR 198 mln, achieving our EUR 200 mln target ahead of schedule
- Capital position remains strong; IGD ratio at 306%; holding company cash capital up at EUR 1.6 bln
- Interim dividends to be paid based on approximately 40% of prior year's full year dividend; 2015 interim dividend of EUR 0.46 per share, or EUR 156 mln in total

Delivering on our financial targets ...

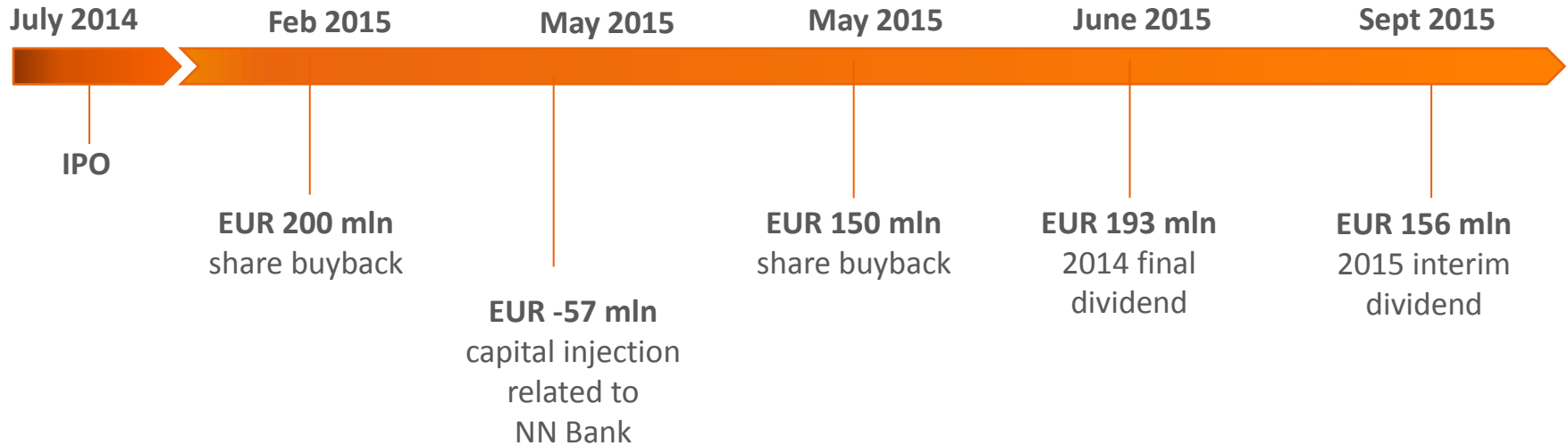


... and generating free cash

Over time NN Group expects to generate free cash available to shareholders in a range around the Group's net operating result of the ongoing business¹



Track record of returning capital to shareholders



- Total capital returned to shareholders – in the form of dividends and share buybacks – to date of EUR 543 mln
- 2015 interim dividend of EUR 156 mln to be paid in September, bringing total capital return to shareholders to EUR 699 mln
- EUR 57 mln capital injection from ING Group to fulfil EC commitment pertaining to the capitalisation of NN Bank
- Total outstanding NN Group shares (net of treasury shares) at 30 June 2015 was 338,576,478

Capital position remains strong

Operating units

- Manage operating units to commercial capital levels
- Surplus capital above commercial levels to be returned to holding

NN Life solvency I ratio 281%¹
(296% at 1Q15)

Cash capital at holding

- Hold cash capital in holding to cover stress events and to fund holding costs

Cash capital at holding EUR 1.6 bln
(EUR 1.4 bln at 1Q15)

Financial leverage

- Maintain financial leverage and fixed-cost cover ratios consistent with single 'A' financial strength rating

Fixed-cost coverage ratio 12.9x
(11.8x at 1Q15)

Financial leverage ratio 22.1%
(22.1% at 1Q15)

Financial leverage EUR 3.7 bln
(EUR 3.7 bln at 1Q15)

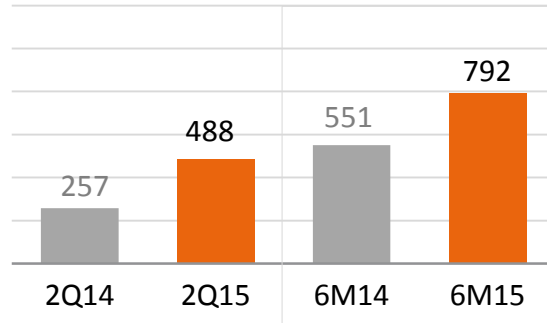
IGD ratio 306%²
(335% at 1Q15)

Discussion of 2Q15 results

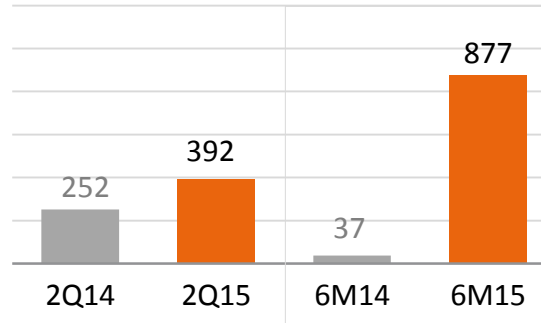
Delfin Rueda – CFO

Operating result ongoing business of EUR 488 mln in 2Q15

Operating result ongoing business
(EUR mln)



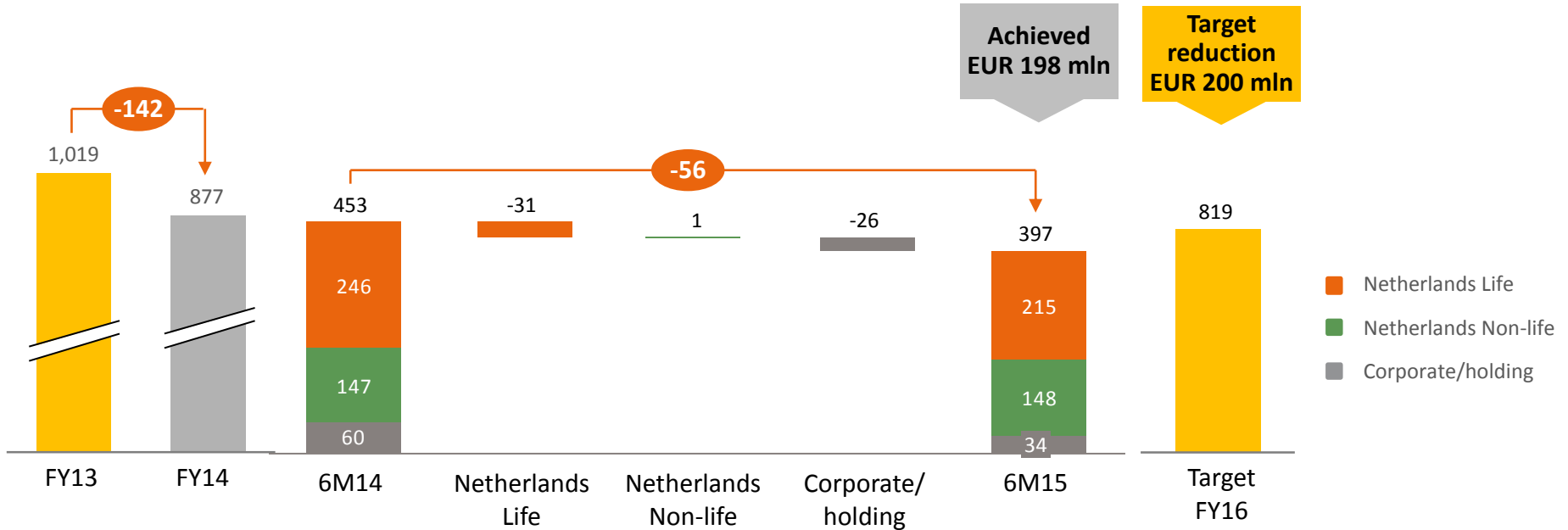
Net result
(EUR mln)



- Operating result ongoing business up 89.9%, driven by improved results in all segments and supported by a private equity dividend, technical provision releases in Netherlands Life and expense reduction programme in the Netherlands
- Net result improved to EUR 392 mln, driven by the higher operating result and higher capital gains, partly offset by a movement in the provision for guarantees on separate account pension contracts in Netherlands Life

Total expense reductions of EUR 198 mln from 2013 levels

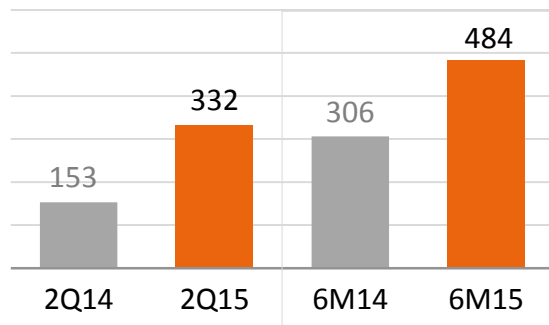
Administrative expenses in the Netherlands¹ (EUR mln)



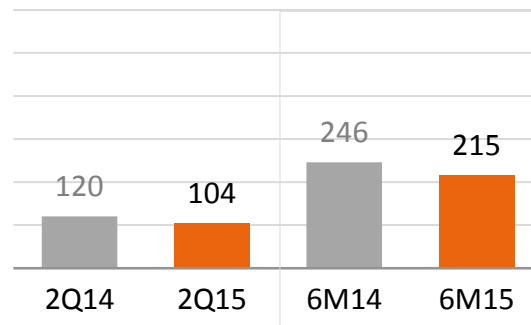
1. Netherlands Life, Netherlands Non-life and Corporate/holding

Netherlands Life

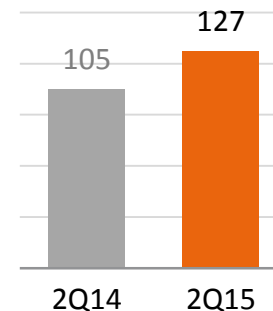
Operating result before tax
(EUR mln)



Administrative expenses
(EUR mln)



Investment spread¹
(bps)

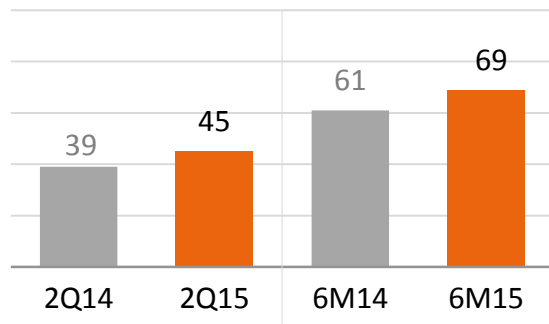


- Operating result up supported by private equity and public equity dividends, higher technical margin on provision releases, as well as lower administrative expenses
- Administrative expenses down driven by lower project expenses and lower staff costs
- Investment spread benefited from private and public equity dividends

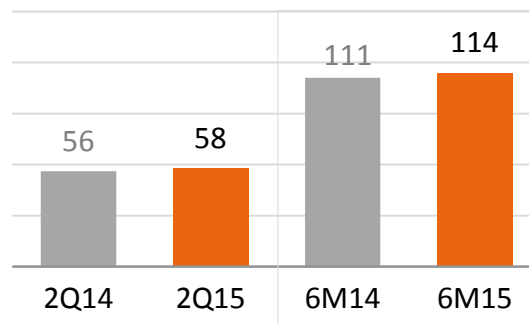
1. Four-quarter rolling average

Netherlands Non-life

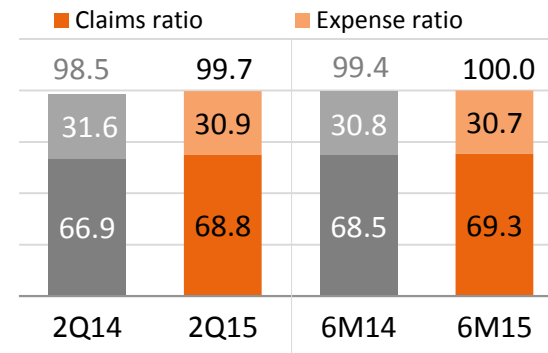
Operating result before tax
(EUR mln)



Administrative expenses¹
(EUR mln)



Combined ratio¹
(%)

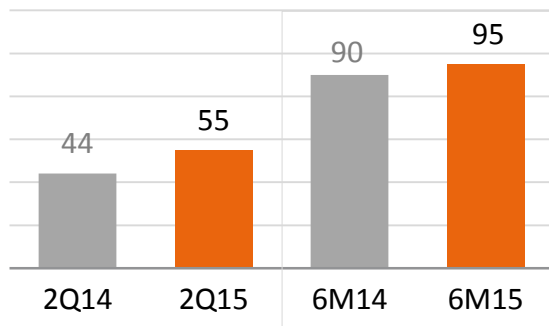


- Operating result up driven by EUR 9 mln private equity dividend
- Administrative expenses increased, including EUR 4 mln of restructuring expenses
- Total combined ratio higher at 99.7% as an improvement in Motor was more than offset by the impact of large claims in Fire and a less favourable claims development in Disability & Accident

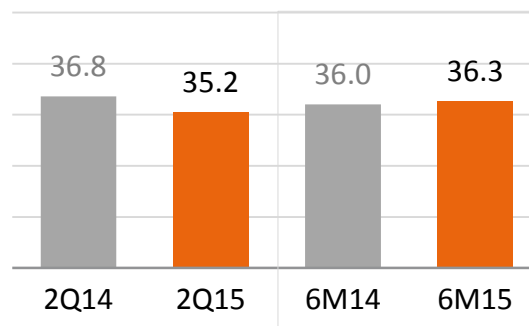
1. Excludes Mandema and Zicht broker businesses

Insurance Europe

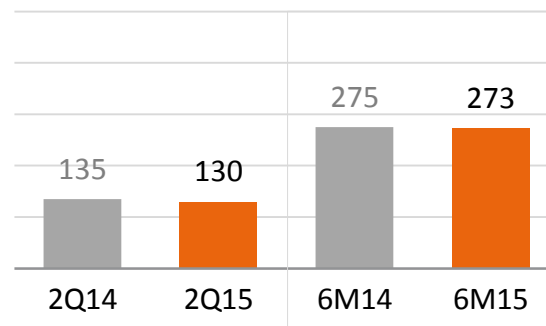
Operating result before tax
(EUR mln)



Cost-income ratio
(%)



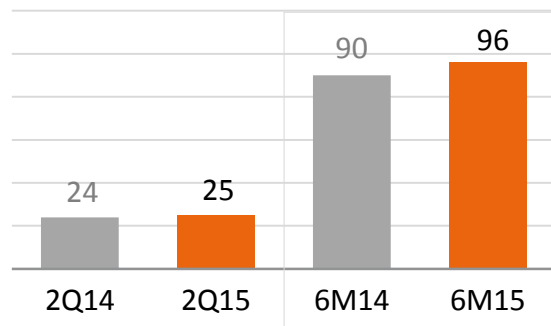
New sales (APE)
(EUR mln)



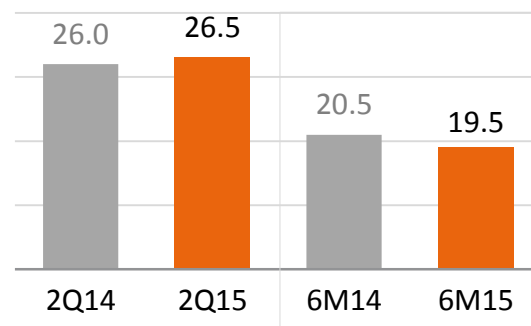
- Operating result up, reflecting higher fees and premium-based revenues and higher technical margin
- Cost-income ratio improved due to higher income, while keeping expenses broadly stable
- New sales (APE) down 4.0% at constant currencies due to lower pension sales in Turkey, partly offset by higher life sales in Greece and Spain

Japan Life

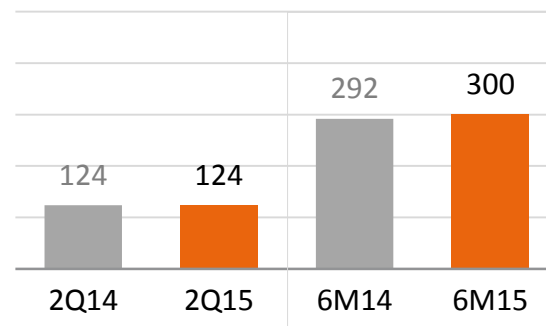
Operating result before tax
(EUR mln)



Cost-income ratio
(%)



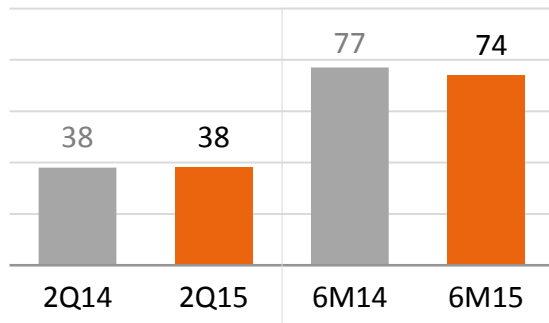
New sales (APE)
(EUR mln)



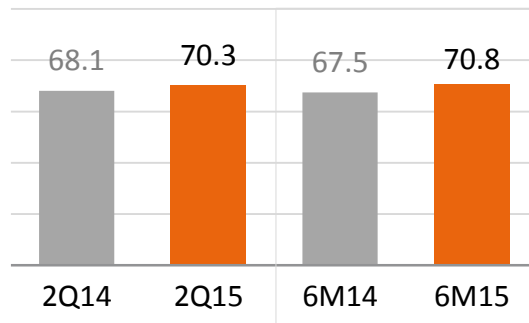
- Operating result broadly stable, reflecting higher fees and premium-based revenues, offset by lower technical margin and lower investment margin
- Cost-income ratio slightly up on higher IT-related expenses
- New sales (APE) down 3.8% at constant currencies

Investment Management

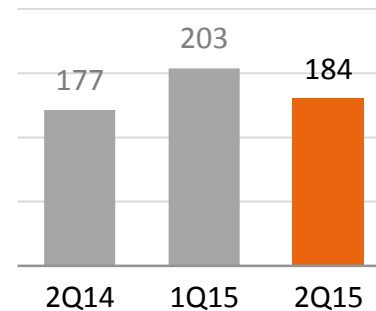
Operating result before tax
(EUR mln)



Cost-income ratio
(%)



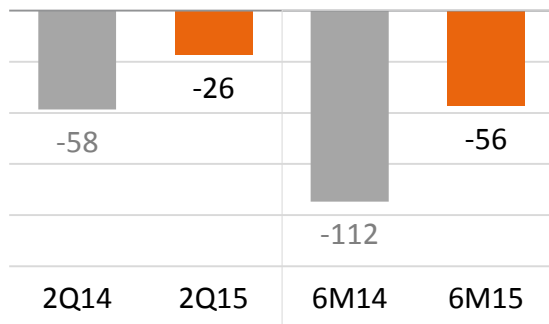
Assets under Management
(EUR bln, end of period)



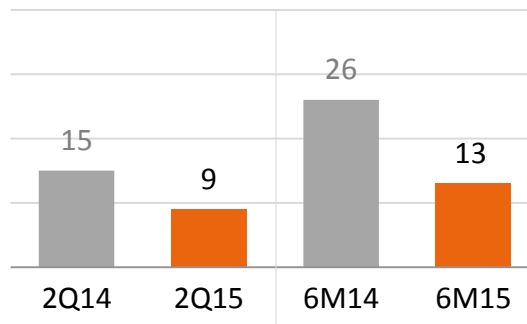
- AuM decreased mainly due to higher interest rates in 2Q15
- Operating result stable at EUR 38 mln, as increased fee income was offset by higher expenses
- Fees up 10.5% reflecting higher average AuM
- Administrative expenses up 14.3% due to higher staff, IT and market data expenses; 2Q14 benefited from EUR 5 mln of personnel provision releases

Other

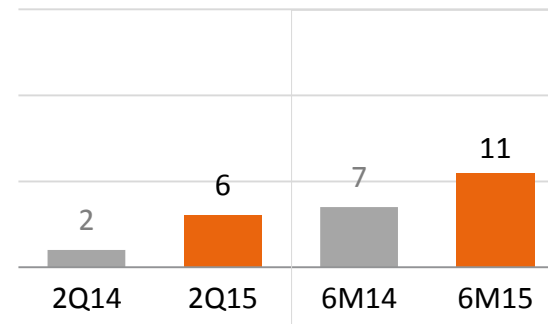
Holding - Operating result before tax (EUR mln)



Reinsurance - Operating result before tax (EUR mln)



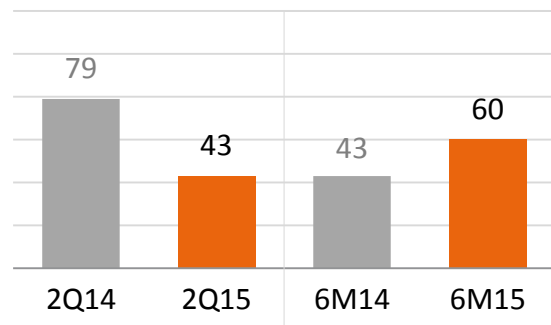
NN Bank - Operating result before tax (EUR mln)



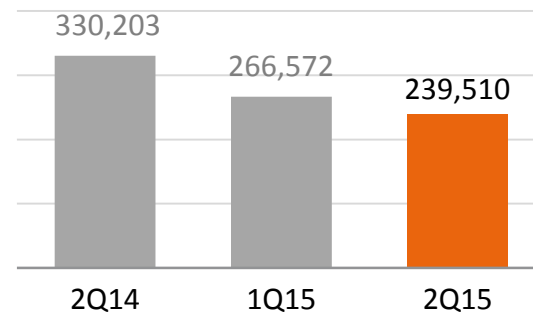
- Operating result of the segment Other improved from EUR -42 mln to EUR -7 mln
- Better holding result reflecting lower holding expenses, lower funding costs and higher investment income
- Operating result of the reinsurance business decreased due to lower hedge results, partly offset by better underwriting results
- NN Bank's operating result increased driven by a higher interest margin following growth of its mortgage and customer savings activities

Japan Closed Block VA

Result before tax (EUR mln)



Number of policies (end of period)



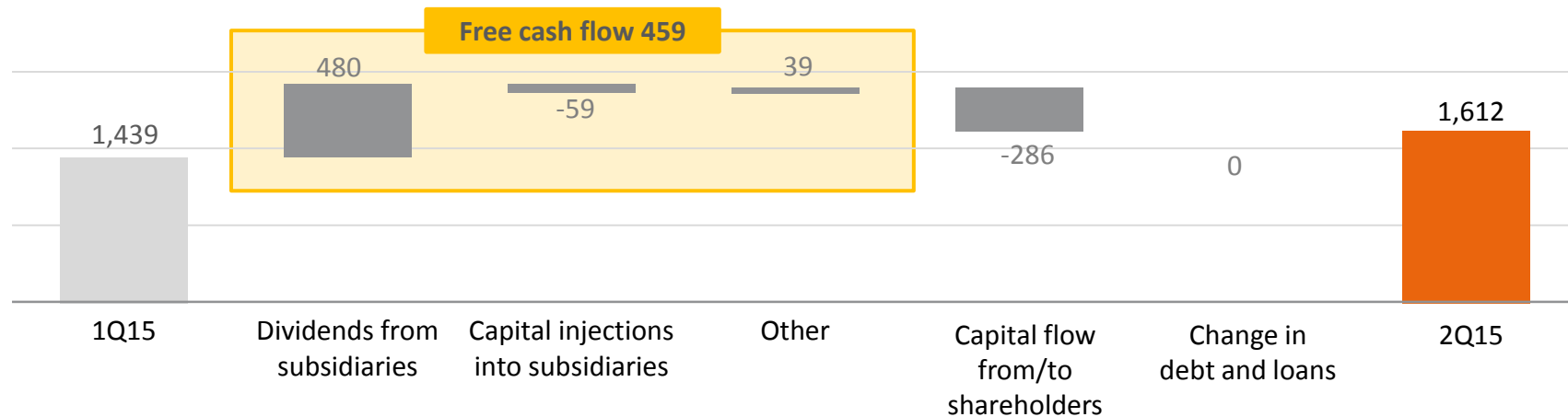
Account value, NAR and IFRS reserves

	2Q14	1Q15	2Q15
Account value (EUR bln)	14.4	13.6	11.6
NAR (EUR mln)	694	98	76
IFRS reserves (EUR mln)	1,068	517	403

- Result before tax down, reflecting lower hedge results and includes a EUR 12 mln reserve release following an update on observed lapse experience of out-of-the-money policies
- Number of policies down 10.2% compared with 1Q15 as portfolio continues to run off
- Net Amount at Risk decreased to EUR 76 mln, primarily driven by equity markets appreciation

Free cash flow

Movement in holding company cash capital in 2Q15 (in EUR mln, end of period)



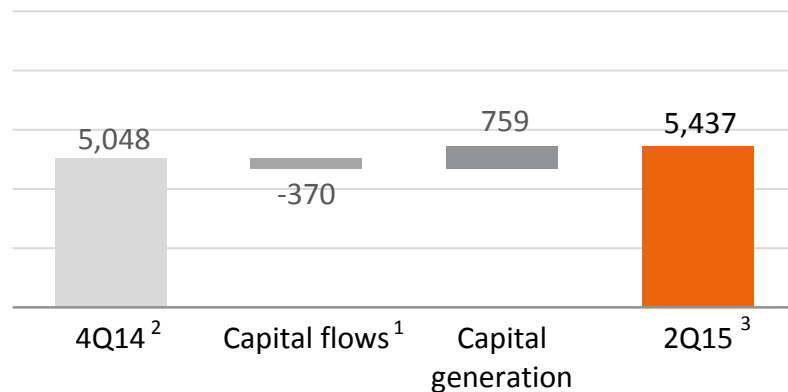
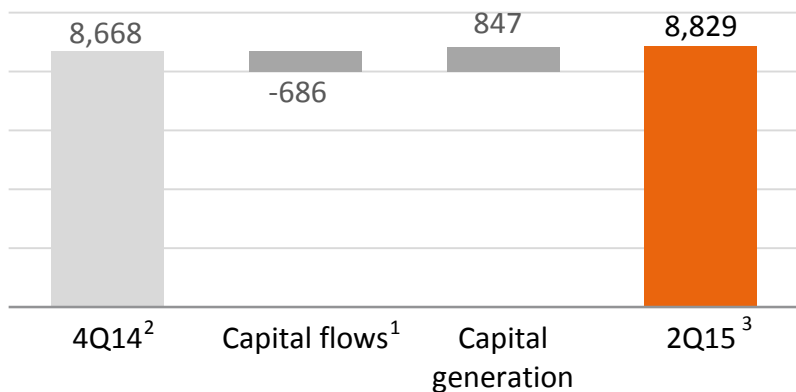
- Free cash flow at the holding company is the change in cash capital position, excluding capital flows with shareholders and debtholders
- Free cash flow at the holding company of EUR 459 mln in 2Q15 mainly due to dividends received from subsidiaries
- Capital flows with shareholders included EUR 150 mln share buy-back in May 2015, the 2014 final dividend of EUR 193 mln and a EUR 57 mln capital injection by ING Group related to NN Bank

Capital generation

Available over minimum required capital (EUR mln, end of period)

Total subsidiaries (excl. discontinued operations)

NN Life



- Capital generated by subsidiaries of EUR 847 mln in the first six months of 2015
- Capital generated by NN Life of EUR 759 mln reflects positive revaluations of public and private equity and real estate investments, as well as tightening of credit spreads during 1Q15 which partly reversed in 2Q15






1. Capital flows reflect capital injections (including subordinated loans) net of dividends (including interest on subordinated loans) for all subsidiaries (excluding discontinued operations)

2. The available capital at 31 December 2014 reflects the final figures filed with the regulators and also includes the EUR 350 mln dividend paid by NN Life to NN Group in February 2015

3. The available capital at 30 June 2015 includes the EUR 125 mln dividend paid by NN Life to NN Group in July 2015

Value of New Business

VNB 6M15 and 6M14 (EUR mln)

		VNB	IRR	Payback period	
Netherlands Life	6M15	8	8.6%	12	 <ul style="list-style-type: none"> VNB and IRR down mainly due to an overall decline in interest rates
	<i>6M14</i>	<i>22</i>	<i>21.7%</i>	<i>7</i>	
Insurance Europe	6M15	55	11.7%	8	 <ul style="list-style-type: none"> VNB and IRR increased, largely reflecting higher sales of protection products, partly offset by lower interest rates
	<i>6M14</i>	<i>47</i>	<i>9.5%</i>	<i>9</i>	
Japan Life	6M15	50	12.9%	8	 <ul style="list-style-type: none"> VNB and IRR down reflecting lower interest rates, partly offset by a favourable shift in the product mix
	<i>6M14</i>	<i>53</i>	<i>16.6%</i>	<i>7</i>	

1. 2015 new business metrics have been calculated in line with NN Group's pricing methodology. The 2014 new business metrics have been restated for comparability

Wrap-up

Lard Friese – CEO

Wrap-up

- NN Group reports strong operating result of EUR 488 mln for 2Q15
- Cumulative cost savings in the Netherlands of EUR 198 mln, achieving our EUR 200 mln target ahead of schedule
- Capital position remains strong; IGD ratio 306%; holding company cash capital EUR 1.6 bln
- 2015 interim dividend of EUR 0.46 per share, or EUR 156 mln in total

Q&A

Lard Friese – CEO

Delfin Rueda – CFO

Doug Caldwell - CRO



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 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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