

NN Group

Driving performance forward

Lard Friese, Chief Executive Officer

Capital Markets Day

19 November 2015



Announced today

Administrative expenses

- Further expense reduction in the Netherlands of approx. 15%
- Administrative expense base in the Netherlands of EUR 700 mln by end of 2018

Solvency II

- Solvency II ratio of 214% at 30 September 2015 based on the Standard Formula and our current interpretation of Solvency II
- Partial Internal Model under discussion with Dutch regulator

1

Our management team has executed the strategy and delivered on the targets since the IPO

2

We will continue to drive customer satisfaction and shareholder value

Our achievements since the IPO

- ✓ Expense reduction target achieved ahead of schedule
- ✓ Significant cash generated with continued strong solvency ratios
- ✓ Externalisation of debt and credit rating upgrade
- ✓ Businesses rebranded to NN, Nationale-Nederlanden, and NN Investment Partners
- ✓ Head office relocation
- ✓ Customer satisfaction¹ and staff engagement improved
- ✓ EUR 849 mln returned to shareholders



1. 17 out of the 22 business lines (i.e. Life, Pensions, Non-life and Banking by country where applicable) maintained or improved their NPS (Net Promoter Score) after rebranding

We are continually enhancing customer experience supported by an increased focus on innovation

Netherlands

Customer behaviour is changing, society is individualising

Customers expect relevant product offerings and service anytime, anywhere

- Withdrawing government leads to a more individual approach in securing people's financial future
- Shift in pension market from DB to DC (pillar 2)
- More individual pensions and savings (pillar 3)
- Due to technological developments customers are used to and expect digitalised, personal and relevant interactions

Investing to meet customers' demand for personal and relevant servicing

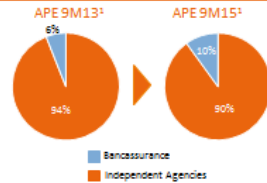
- One on-line portal for customer investments and banking need
- Strengthen our intermediary distribution channels by improving servicing
- More relevant offerings based on analytics
- Further reduce costs by decreasing



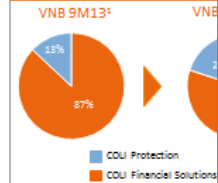
Japan

Product and distribution diversification strategy

Distribution Diversification: Expand Bancassurance COU



Business Diversification: Expand COU Protection

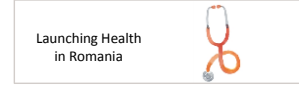
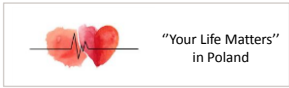


1. Field: In COU (incl. all units)
2. Independent Agencies: Agent, Insurance Professionals, Top Consultants, Corporate Agents, *B2C Drivers

Insurance Europe

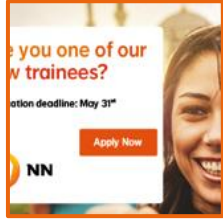
Growing through innovation in our markets

- NN has history of product innovation: right propositions tailored for local markets
- NN Hungary regained #1 position, market share up from 15.6% to 19.0%, and grew new business by 10%¹
- Synergies across Europe – MCPPI: Sales grew 14%² in Spain; Greece EUR 19 mln APE since launch in March



1. From 2014 to 2015
2. From 9M14 and 9M15

Supported by our brand promise 'You matter'

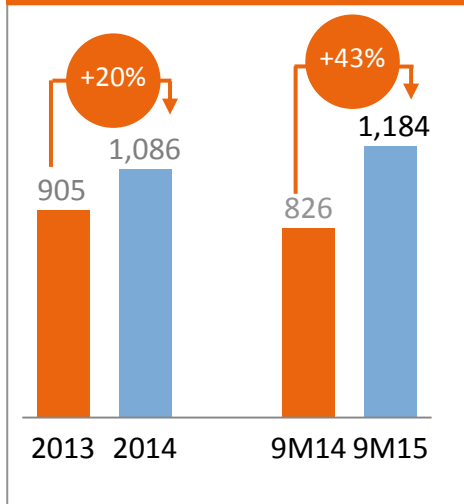


Care - Clear - Commit

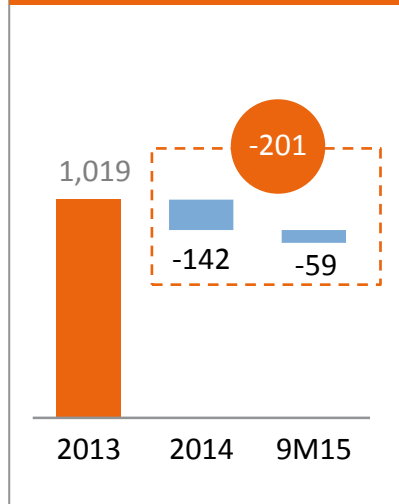


Delivering on the financial targets set at the IPO

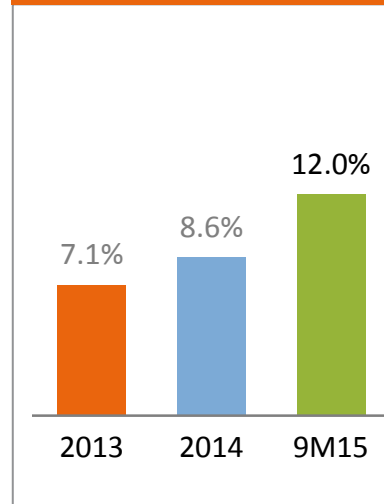
Annual earnings¹ growth of 5-7% on average in the medium term
(EUR mln)



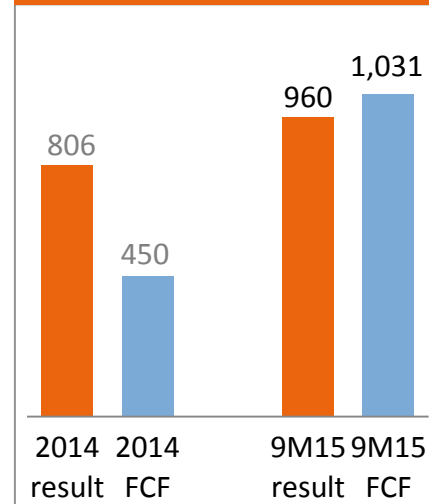
EUR 200 mln reduction of administrative expenses²
(EUR mln)



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



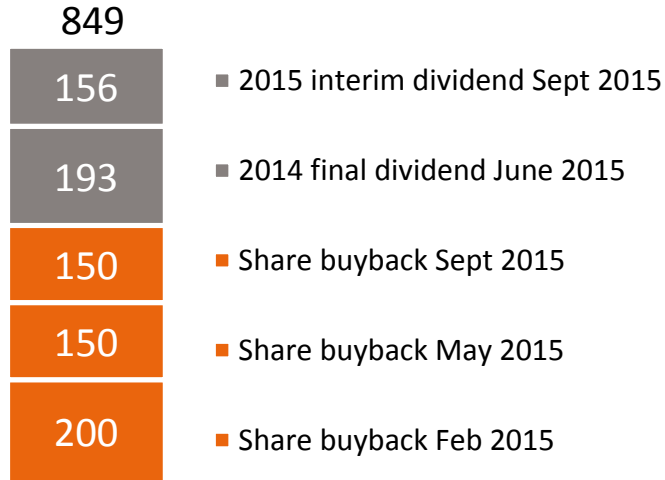
Generate free cash available to shareholders in a range around the net operating result of the ongoing business⁴ (EUR mln)



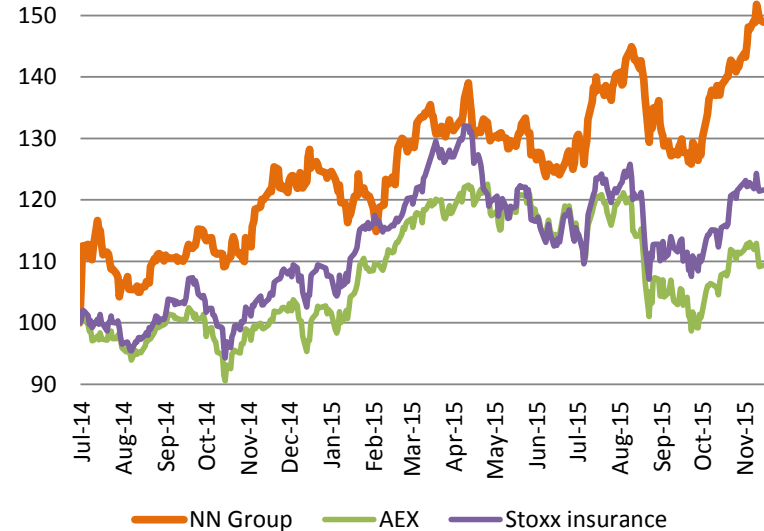
1. Operating result before tax ongoing business
2. Administrative expenses of Netherlands Life, Netherlands Non-life and Corporate/Holding
3. Net operating ROE ongoing business
4. Assuming normal markets and no material special items; Free cash flow 2014 excluding EUR 874 mln IPO-related capital adjustments 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

Generating total shareholder return¹ of 54%

Total capital returned to shareholders EUR 849 mln
(EUR mln)



Share price performance



1. Total shareholder return since IPO: 2 July 2014 to 16 November 2015; calculated assuming cash dividends

1

Our management team has executed the strategy and delivered on the targets since the IPO

2

We will continue to drive customer satisfaction and shareholder value

Our investment proposition is unchanged

Strong business positions and balance sheet

- Committed management team focused on shareholder value
- Strong business positions
- Robust balance sheet and cash flow

Transformation in the Netherlands

- Large closed book of individual life
- Scale player with growth in pensions
- Continued focus on cost reductions
- Actions to restore non-life profitability

Profitable growth and operating leverage in other segments

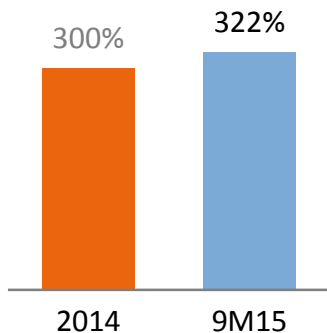
- Primarily fee and premium-based businesses
- Growth in Insurance Europe, Asset Management and Japan Life
- Drive operating leverage across segments

Focus on generating capital and improving earnings

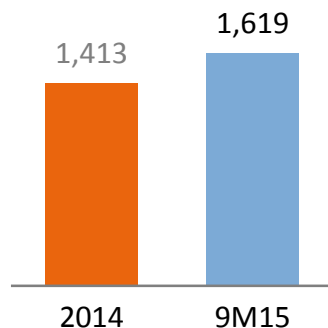
- Significant cumulative cash generation
- Ordinary dividend of 40-50% of net operating result ongoing business
- Base case of returning capital in excess of capital ambition to shareholders¹
- M&A where NN will be the right owner and creates value

Robust balance sheet

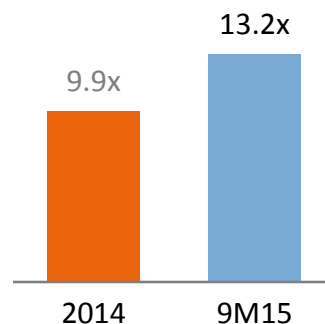
IGD ratio *(end of period)*



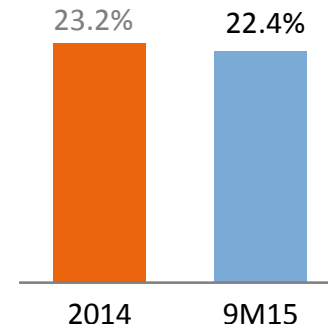
Cash capital at holding *(EUR mln, end of period)*



Fixed-cost coverage ratio¹ *(end of period)*



Financial leverage ratio *(end of period)*



Solvency II ratio of 214% at 30 September 2015 based on Standard Formula²

Recognising our strengths and weaknesses

STRENGTHS

- Trusted brand
- Well-diversified sources of cash generation
- Large in-force customer base
- Strong risk and customer culture
- Large and high quality distribution platform

WEAKNESSES

- Legacy IT systems
- Relatively expensive distribution
- Pace of change

OPPORTUNITIES

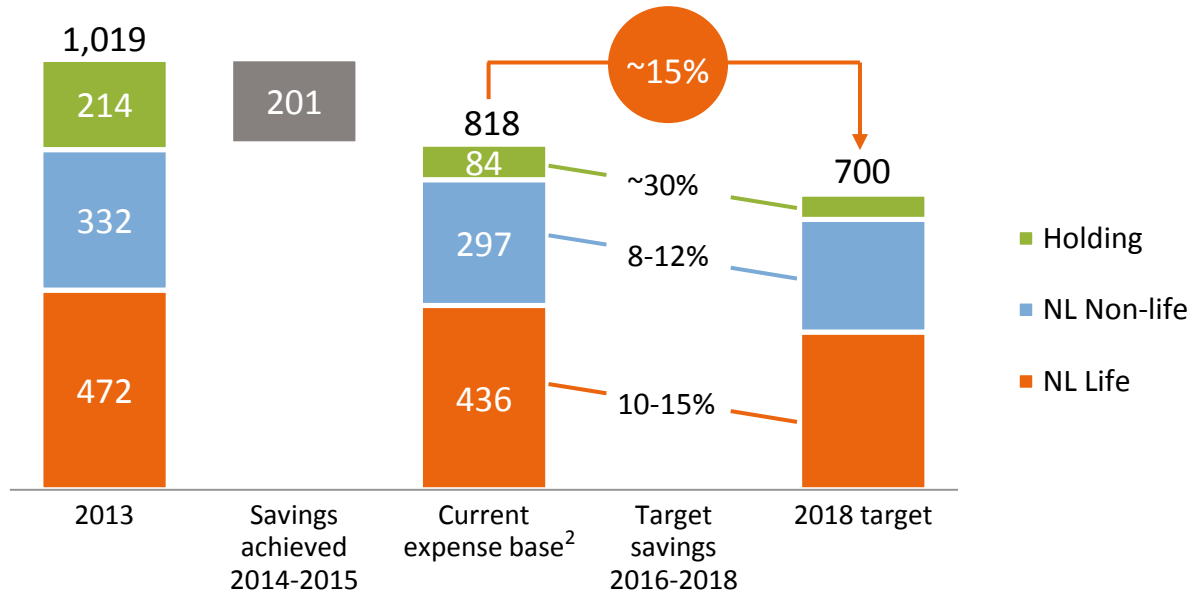
- Potential to upgrade distribution efficiency
- Long-term structural drivers of private pension demand
- Use of technology to enhance customer experience and increase efficiency

THREATS

- Continued low interest rate environment and financial markets volatility
- Low industry growth rate and pace of technology and industry change
- New competitors and business models
- Uncertainty on unit-linked in the Netherlands

Continuing focus on efficiency

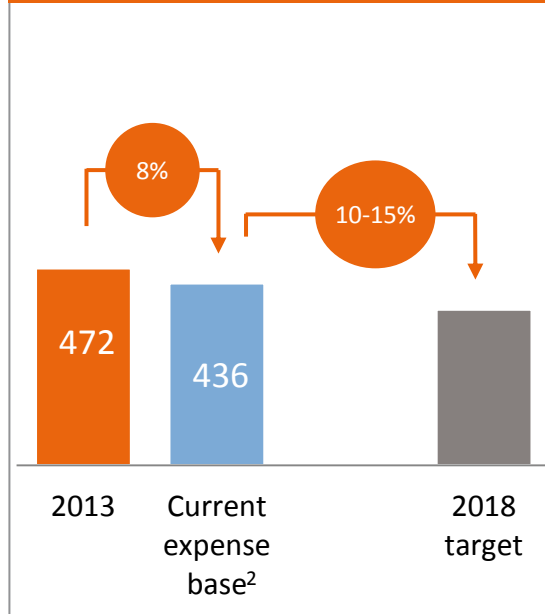
New target administrative expense base in the Netherlands¹ of EUR 700 mln by 2018
(EUR mln)



Netherlands Life is generating cash

Further reduce administrative expenses by 10-15%

(EUR mln)



Manage our investment margin

- Prudent investment mix
- Ongoing opportunities to raise mortgage allocation while spreads are attractive
- Since the IPO, we have increased our exposure to higher-yielding assets
- Investment spread¹ of 143 bps at 3Q15 vs 104 bps in 2013

Generate and upstream capital

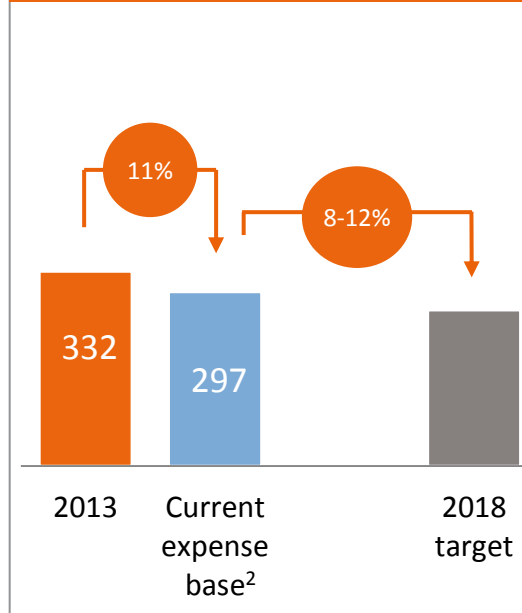
- NN Life has paid dividends of EUR 600 mln since the IPO
- NN Life to generate cash and pay dividends to the holding
- Run-off of individual life closed block continues with approx. 55% of technical reserves expected to run off by 2025
- Growth opportunities in pensions

Netherlands Non-life to make improvements

More needed to reach COR target <97% by 2018

	9M15	2014	2013
D&A ¹	97%	97%	102%
Fire	107%	98%	101%
Motor	108%	111%	105%
Total	102%	99%	101%

Further reduce administrative expenses by 8-12%
(EUR mln)



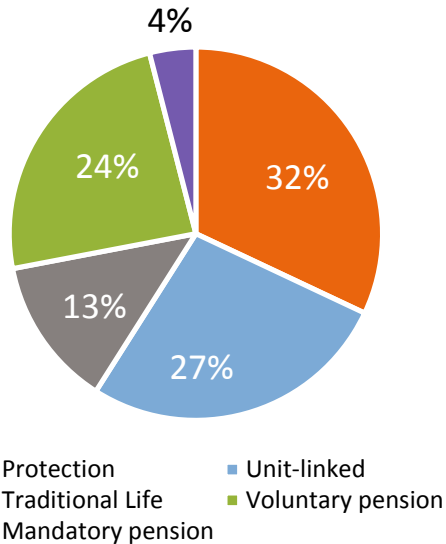
Growth ambitions secondary to profitability

- Priority is to drive combined ratio to target level:
 - Premium rate increases
 - Improve underwriting performance
 - Rationalisation of Motor portfolio

Insurance Europe focusing on profitable growth

Product mix focused on life and voluntary pensions

(by APE 9M15)



Leveraging distribution platform

- Distribution further diversified, mainly through bancassurance channel
- Driving efficiency through digitalisation and Tied Agency transformation
- Limited direct distribution across markets

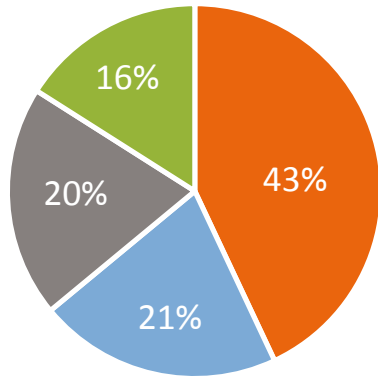
Operational improvement

- Customer satisfaction better than main competitors in majority of markets
- Focus on profitable fee-based business to improve VNB¹
- Operating result improved 9%² in 9M15 vs 9M14
- Benefiting from operating leverage through disciplined cost management
- Self-funded growth and cash generative

Japan Life is performing well

COLI segment is 21%¹ of Japanese Life market by APE

Total market EUR 21 bln



- Individual Savings and Protection
- COLI
- Individual Investment
- Individual Health

Product development

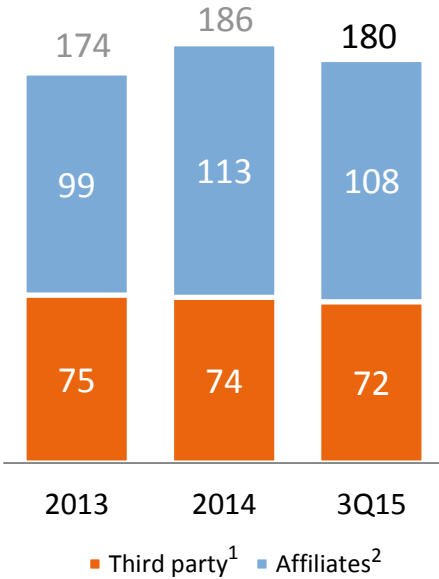
- Broad range of products with track record of innovation
- Leading player in the COLI market²
- Focus on niche COLI market allows shorter time to market
- Shifting mix to protection products
- Strong new sales level; APE of EUR 444 mln in 9M15

Operational improvement

- Operating result for 9M15 stable³ vs 9M14
- Operating leverage reflected in low cost-income ratio
- Pressure on VNB from low rate environment mitigated by management actions
- Self-funded growth and cash generative

Asset Management continues to invest in its strategy

Assets under Management (EUR bln)



Operating leverage

- Cost-income ratio higher reflecting investments made in people, processes and products, e.g.:
 - Repositioning flagship equity strategies
 - Onboarding convertible bond capabilities
 - Focus on sustainability solutions
- State-of-the-art platform highly scalable

Third-party strategy

Focus

- Pure play asset management
- Effective distribution

Simplify

- Rationalise product range
- Create scale in product offering

Optimise

- Build on fixed income franchise and prioritise flagship spread products
- Leverage multi-asset capabilities and strengthen niche equity strategies
- Broaden ESG footprint

Generating value through deployment of capital

Options

Considerations

Return to shareholders

- Priority is to deliver on our equity story:
 - improve the businesses
 - improve RoE
 - generate cash and return it to shareholders

Organic business growth

- All business segments self-funded
- Opportunities assessed based on strict financial criteria

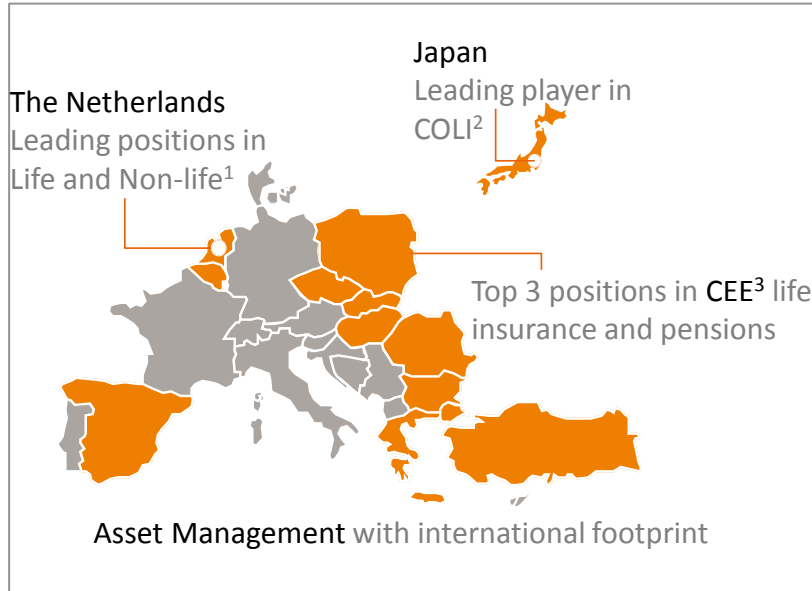
M&A

- Opportunities assessed based on strict financial and non-financial criteria
- Better return for shareholders than cost of capital
- Also on the basis of whether we are the right owner of the business

Reduce leverage

- Balance sheet composition already consistent with single A rating
- Low leverage provides financial flexibility

We continue to assess our portfolio



- **Netherlands:** market leader with capacity to play a role in potential industry consolidation
- **Europe:** strongly positioned in most markets
- **Japan:** strong niche position, performing well
- **Asset Management:** looking to build additional scale
- **New markets:** no tangible plans as of today

Capital deployment always compared to alternative of returning cash to shareholders

Key takeaways

- 1 We have made good progress since the IPO
- 2 We will further improve performance across all businesses
- 3 Our capital position is strong and we aim to maintain a strong balance sheet and solvency position
- 4 We will 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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