



Second quarter 2017 results

17 August 2017

Highlights

Lard Friese, CEO



Highlights 2Q17

Operating result

EUR 404m

(2Q16: EUR 321m)

Net result

EUR 240m

(2Q16: EUR 335m)

Net Operating ROE

10.7%

(2Q16: 8.6%)

Holdco cash capital

EUR 1.7bn

(2Q16: EUR 2.3bn)

Solvency II ratio

196%

(1Q17: 238%)

Interim dividend

EUR 0.62

(FY16: EUR 1.55)

- Operating result ongoing business EUR 404m, of which Delta Lloyd contributed EUR 49m
- Increase in operating result excluding Delta Lloyd driven by higher results at most segments partly offset by strengthening of P&C insurance liabilities in Netherlands Non-life
- Strong commercial momentum sustained: APE up 43% from 2Q16 and VNB of EUR 170m for 6M17, up 68%, both at constant currencies
- Strong capital position: Solvency II ratio at 196%; holding company cash capital at EUR 1.7bn

Our focus has remained on our customers and on our business



Multi-access distribution

- NN Hayat ve Emeklilik launched a partnership with Abank in Turkey
- NN in Poland is offering health insurance packages through its strategic partnership with ING Bank Śląski



Capturing growth

- NNIP net flows of third party assets for the fourth consecutive quarter, this quarter for EUR 3.1bn
- Bank mortgage portfolio grew to EUR 17.4bn and customer savings grew to EUR 13.7bn



Transparent products and services

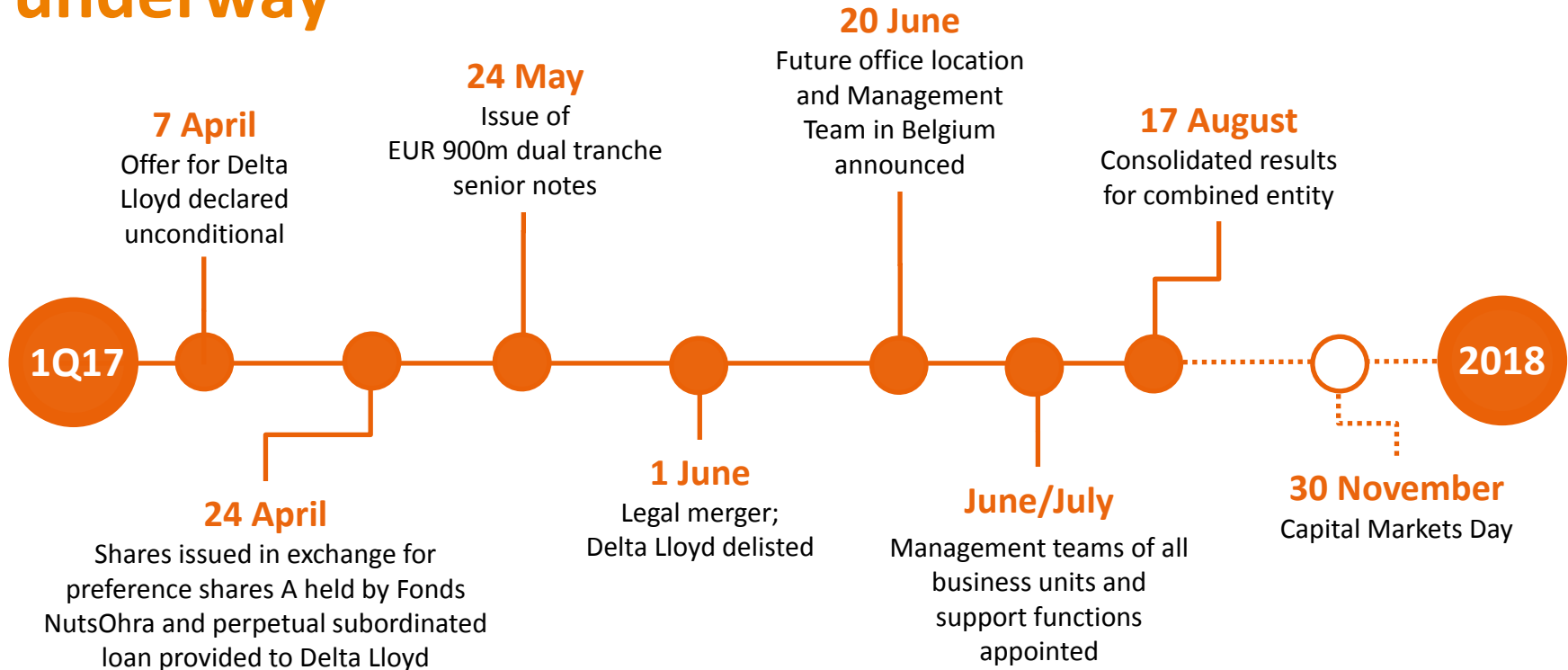
- Good demand for NN Accident Insurance packages offered by NN Hungary as customers become more conscious about protection cover
- Steady inflow of new industry pension fund contracts at AZL, bringing total number of participants to over 1.2m



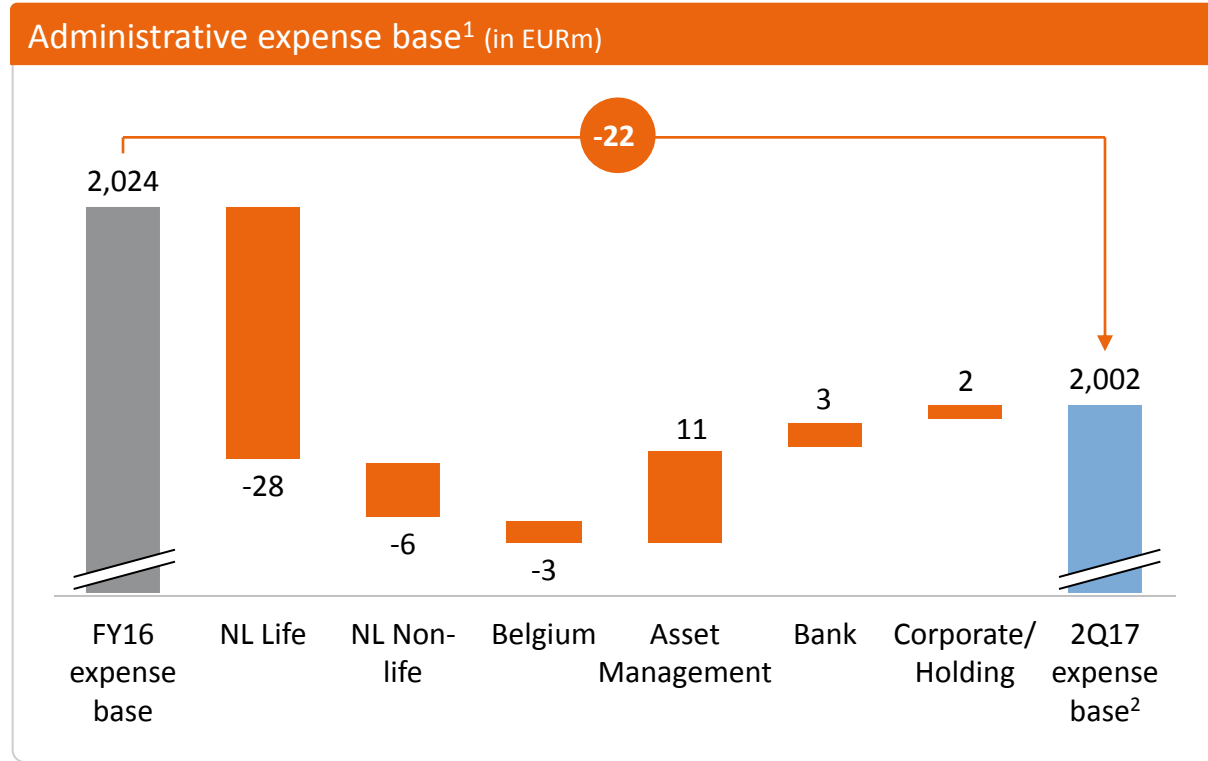
Innovation

- Sparklab in the Netherlands launched 'Bundelz', the first prepaid car insurance
- Movir joined forces with innovative start-up Totem Open Health aimed at detecting and addressing high stress levels

Delta Lloyd acquisition complete and integration underway



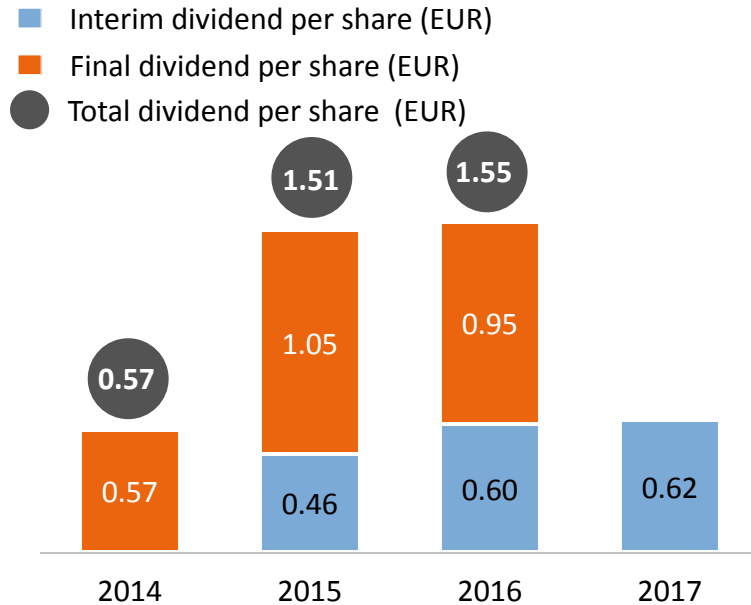
Further reduction of the expense base



- Focus to achieve cost synergies in Netherlands Life, Netherlands Non-life, Asset Management, the segment Other and Belgium
- Administrative expenses of Delta Lloyd businesses for 2016 and 1Q17 restated to NN Group reporting treatment
- YTD expense reduction of EUR 22m
- New cost reduction target to be announced at Capital Markets Day on 30 November

We aim for sustainable and predictable dividends

Interim dividend announced in line with dividend policy



Strong capital position and free cash flow generation support sustainable dividends

- Interim dividend of EUR 0.62 calculated as 40% of prior year full-year dividend per share
- Anticipated double digit increase in DPS for 2018
- Acquisition of Delta Lloyd expected to increase free cash flow available to shareholders by EUR 100-150m initially, rising to EUR 250-300m per annum by 2020

2Q17 results

Delfin Rueda, CFO



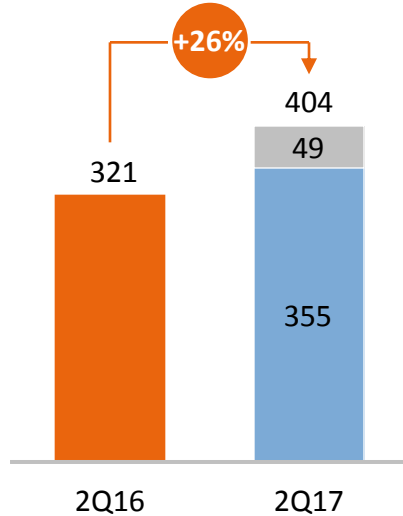
Inclusion of Delta Lloyd and accounting alignment

- Acquisition date of Delta Lloyd under IFRS is 7 April 2017, however 1 April 2017 used as a proxy; full quarter of Delta Lloyd earnings consolidated in 2Q17
- All Delta Lloyd assets and liabilities remeasured to fair value
- Acquisition related intangibles recognised for EUR 447m; amortisation will be included below the operating result line
- Delta Lloyd equity of EUR 1.3bn as at 1 April 2017; goodwill of EUR 1.1bn recognised on acquisition
- NN Group accounting principles applied for all Delta Lloyd entities as from 1 April:
 - Investment yield on fixed income assets generally recognised based on market yield at acquisition date
 - Insurance liabilities generally recognised going forward on a locked-in basis based on acquisition date assumptions
- Classification of administrative expenses aligned with NN reporting treatment
- Calculation methodology for Netherlands Non-life combined ratio aligned with market practice

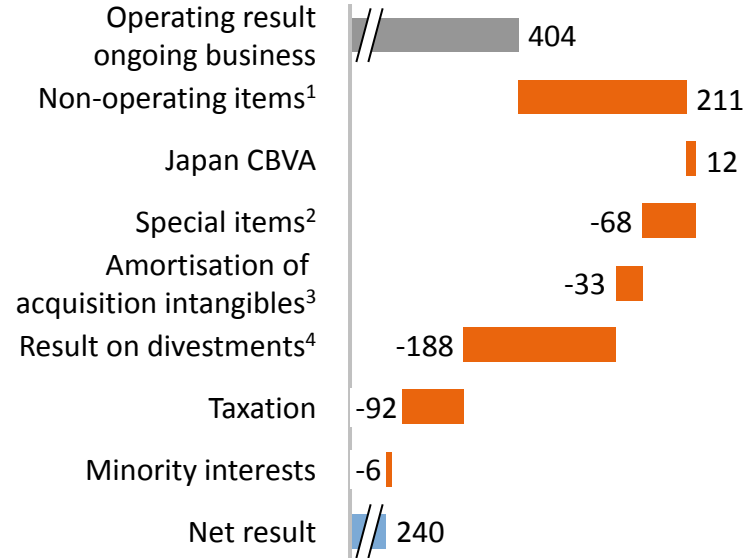
2Q17 Operating result and Net result

Operating result ongoing business (in EURm)

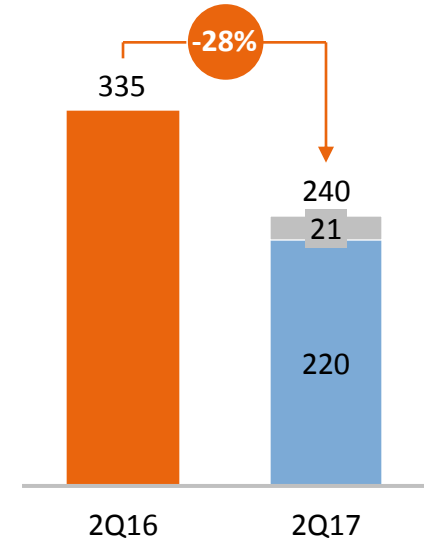
- Contribution of NN in 2Q17
- Contribution of Delta Lloyd in 2Q17



Operating result to Net result (in EURm)

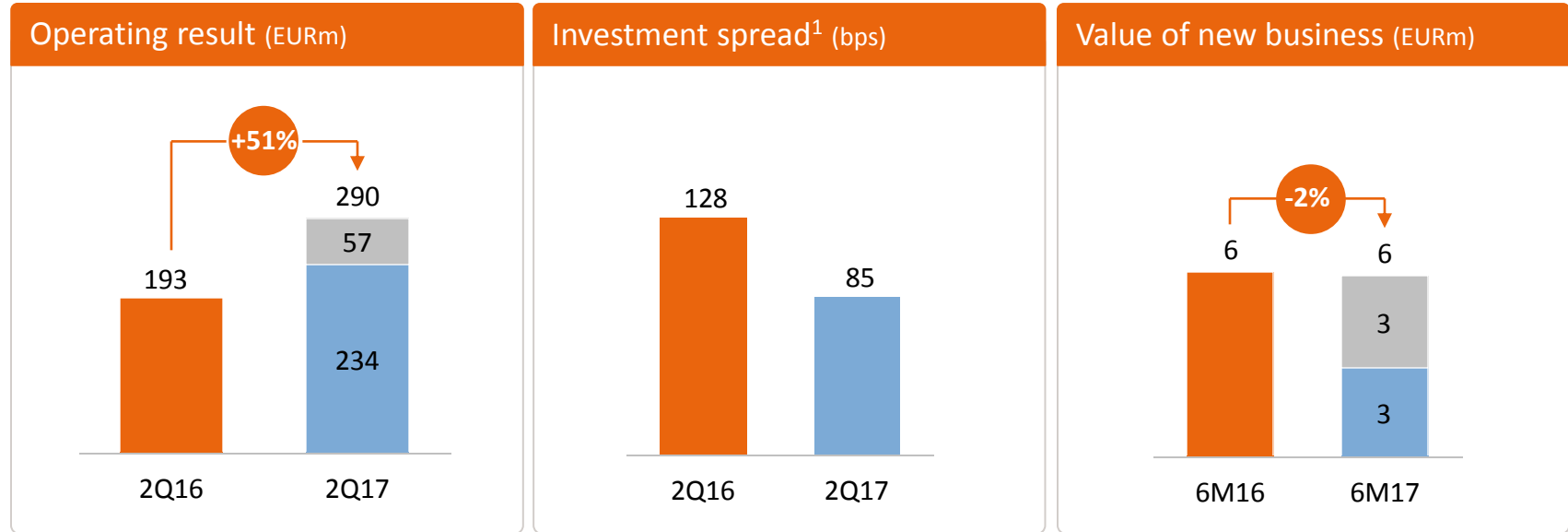


Net result (in EURm)



- Includes realised capital gains/losses and impairments, revaluations and market & other impacts
- Includes rebranding costs, restructuring expenses, and expenses related to the acquisition and integration of Delta Lloyd
- Includes the amortisation of intangibles related to the Delta Lloyd acquisition
- Includes a provision related to ING Australia Holdings

Netherlands Life



- Operating result 2Q17 increased to EUR 290m, reflecting inclusion of Delta Lloyd for EUR 57m, a higher investment margin and lower administrative expenses
- Investment margin includes EUR 14m dividend from an indirect stake in ING Life Korea; lower investment spread reflects inclusion of Delta Lloyd invested assets and insurance liabilities at market yields as at 1 April 2017

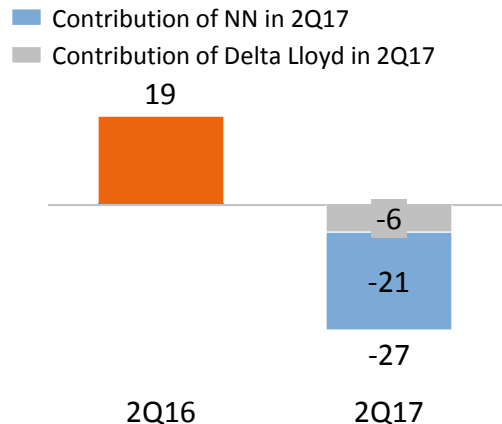


1. Four-quarter rolling average

- Contribution of NN in 2Q17
- Contribution of Delta Lloyd in 2Q17

Netherlands Non-life

Operating result (EURm)



Combined ratio¹

	2Q17	2Q16
D&A ²	92%	79%
P&C ³	115%	118%
Total	107%	100%

Strengthening of P&C liabilities

- Positive impact of measures taken offset by adverse developments observed in bodily injury claims in the Motor portfolio
- Review of provisions has led to strengthening of NN's P&C liabilities by EUR 40m at best estimate levels
- Additional measures, including premium increases, to be implemented going forward

- Operating result 2Q17 down at EUR -27m, reflecting inclusion of Delta Lloyd for EUR -6m, as well as EUR 40m strengthening of insurance liabilities in P&C, mainly Motor
- D&A – operating result EUR 29m; 2Q16 included favourable claims development and IBNR update
- P&C – operating result EUR -63m; reflecting strengthening of insurance liabilities and large fire claims of EUR 16m
- 2Q17 includes EUR 8m of broker results reflecting the inclusion of Delta Lloyd broker business including Health

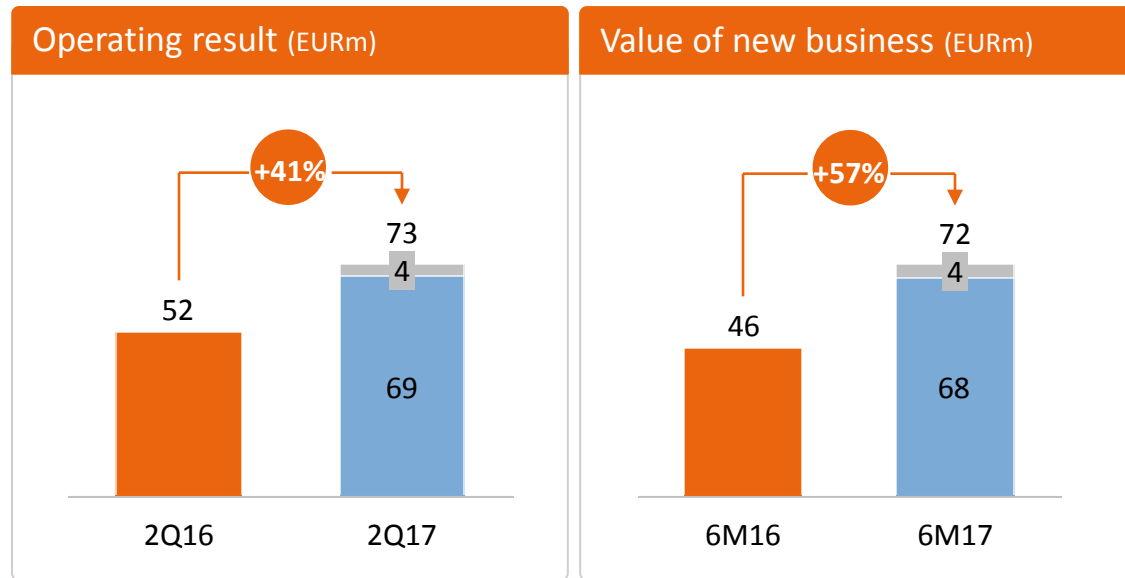


1. Calculation methodology of combined ratio changed in 2Q17 and now excludes the unwind of the discount rate on the D&A liabilities; comparative ratios have been restated accordingly

2. D&A = Disability & Accident

3. P&C = Property & Casualty

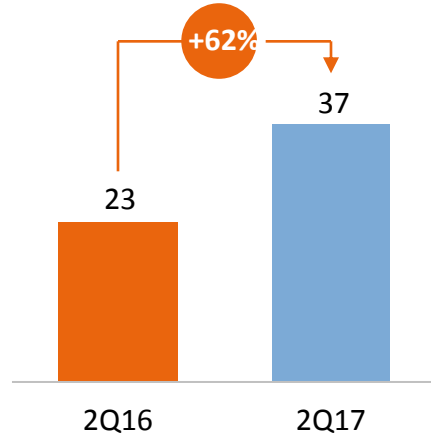
Insurance Europe



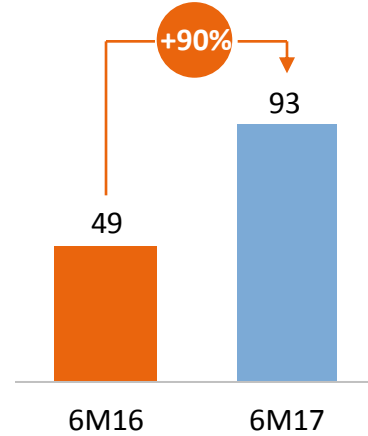
- Operating result 2Q17 increased to EUR 73m, reflecting inclusion of Delta Lloyd Belgium for EUR 4m, higher fees and premium-based revenues and lower DAC amortisation and trail commissions
- New sales (APE) up 42% at constant currencies to EUR 170m, of which Delta Lloyd contributed EUR 16m
- Value of new business (VNB) increased driven by higher sales at better margins

Japan Life

Operating result (EURm)

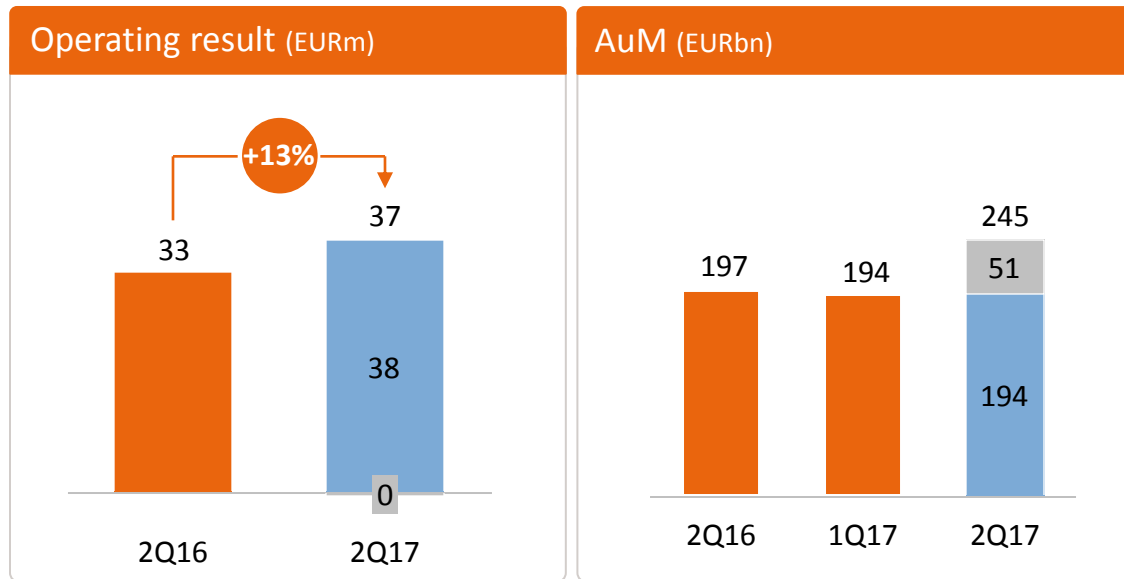


Value of new business (EURm)



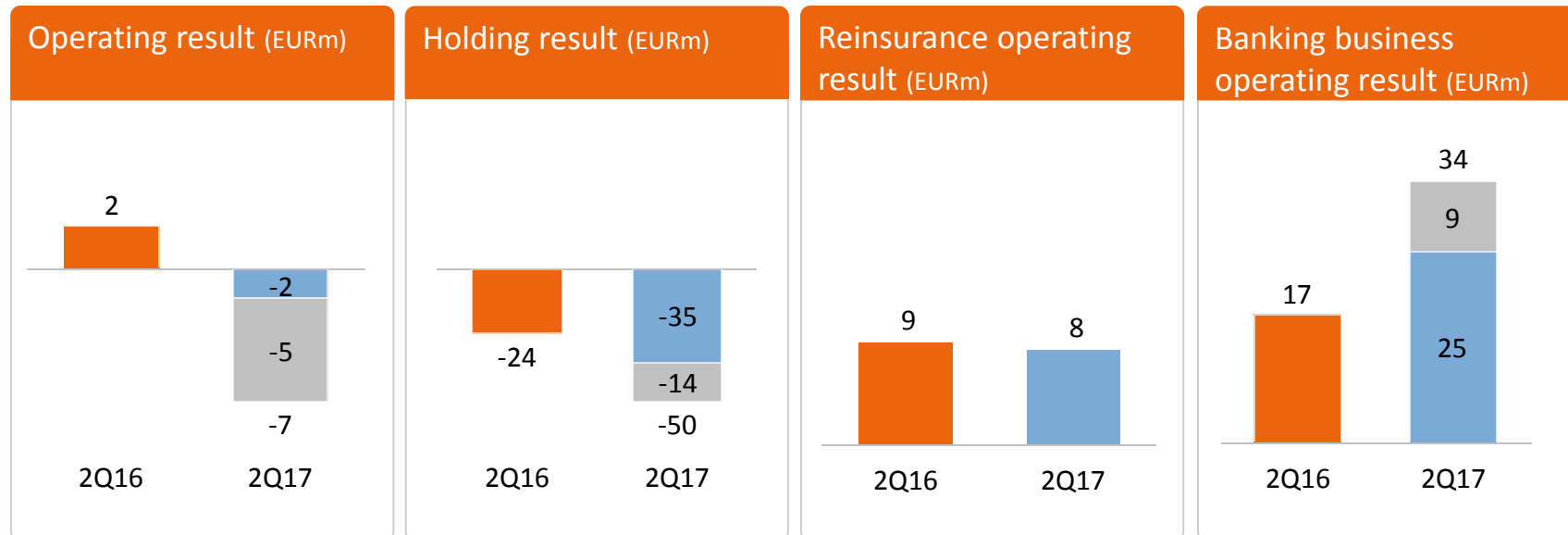
- Operating result 2Q17 increased to EUR 37m, reflecting a higher technical margin, higher fees and premium-based revenues and an improvement in the investment margin, partially offset by increased expenses
- New sales (APE) increased to EUR 145m, supported by new COLI product sales and Sumitomo partnership
- Value of new business (VNB) up 87% excluding currency effects, driven by higher sales at better margins

Asset Management



- Operating result 2Q17 increased to EUR 37m, reflecting higher fees partly offset by higher expenses
- Total Assets under Management (AuM) increased to EUR 245bn from EUR 194bn at the end of 1Q17 of which EUR 51bn relates to Delta Lloyd Asset Management
- Net inflows of Third Party assets of EUR 3.1bn partly offset by negative market performance

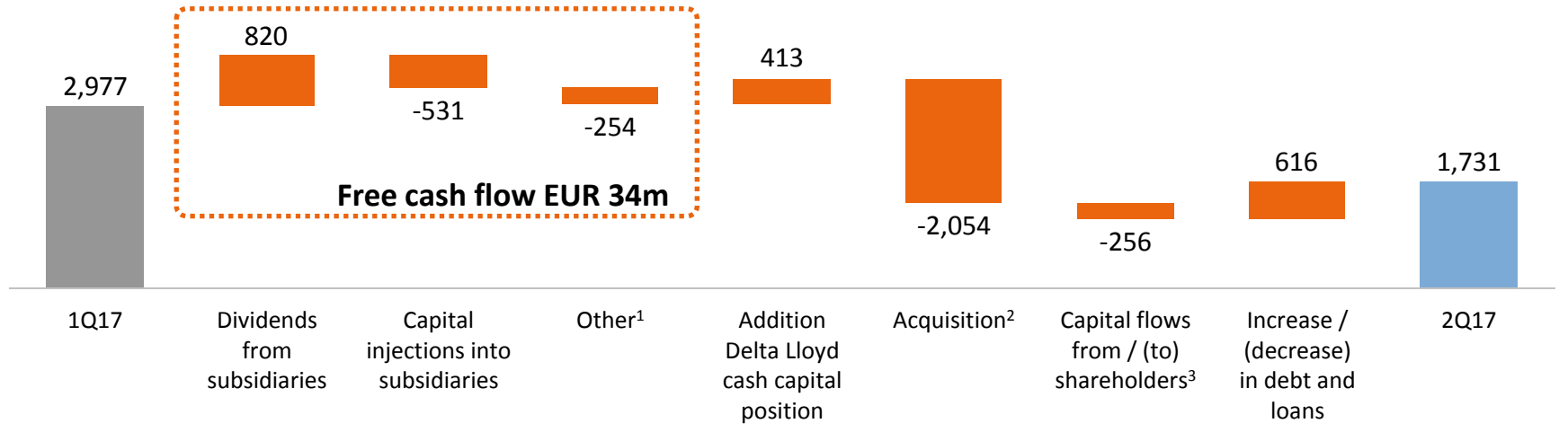
Other



- Operating result 2Q17 of segment Other of EUR -7m, of which EUR -5m related to Delta Lloyd
- Lower holding result reflects revised method for charging head office expenses to the segments
- Higher Banking result driven by inclusion of Delta Lloyd, higher interest margin and lower addition to the loan loss provision

Free cash flow 2Q17

Movement in holding company cash capital (EURm)



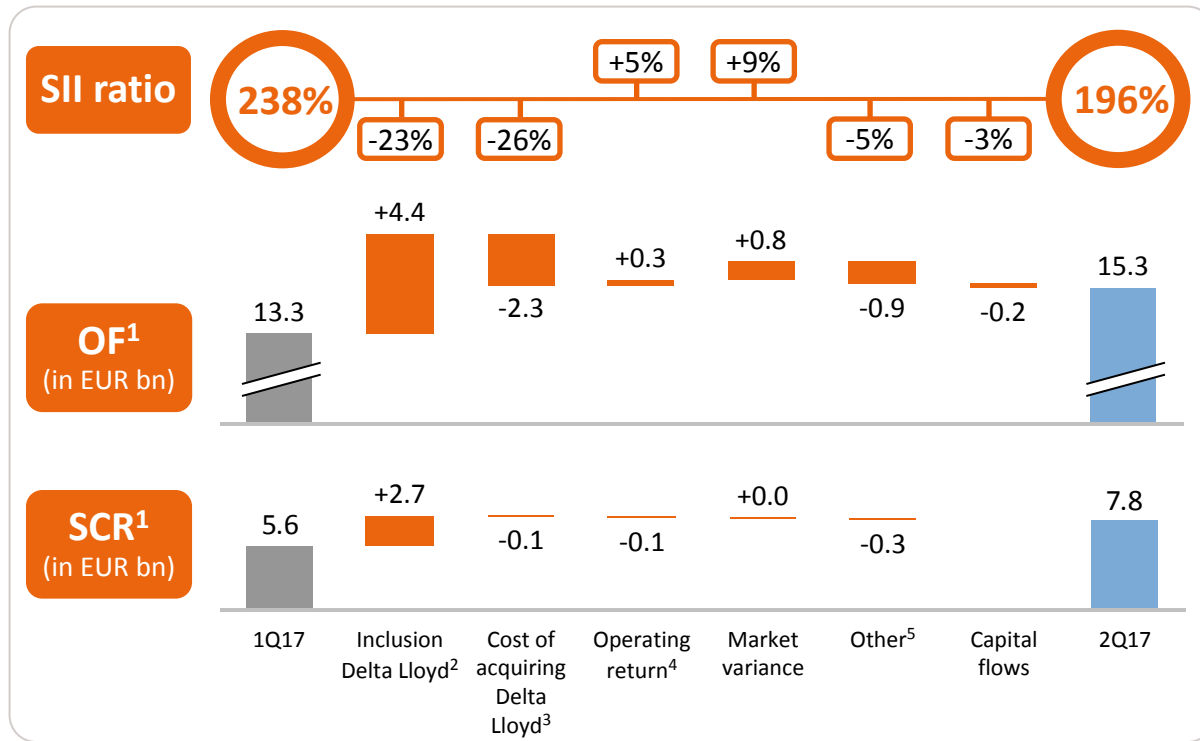
- Free cash flow of EUR 34m mainly reflecting EUR 820m of dividends from all segments, a EUR 500m capital injection into Delta Lloyd Life and a provision related to ING Australia Holdings
- Change in debt and loans reflects the issue of new senior debt (EUR 900m), the repayment of operational leverage from NN Bank (EUR 200m) and the repayment of non-qualifying subordinated notes (EUR 476m)

1. Includes holding company expenses and other cash flows, as well as a provision related to ING Australia Holdings

2. Acquisition reflects the cash payment of EUR 2.1bn for Delta Lloyd

3. Capital flows to shareholders represents the cash part of the 2016 final dividend of EUR 187m and shares repurchased in 2Q17 for an amount of EUR 69m

Solvency II movement 2Q17



- Solvency II ratio declined reflecting the acquisition of Delta Lloyd, model and assumption alignments and the 2017 interim dividend, partly offset by market variance and operating return
- Operating return includes a contribution from Delta Lloyd of EUR ~50m to OF and a small release of SCR
- Market variance mainly driven by lower credit spreads on French government bonds and positive performance of equity and real estate investments
- Other includes model and assumption alignments on the inclusion of Delta Lloyd and the provision related to ING Australia Holdings

NN Group and subsidiaries strongly capitalised

- Key assumption alignments on inclusion of Delta Lloyd in Solvency II balance sheet:
 - Longevity reserving aligned with NN
 - Higher investment expenses of Delta Lloyd Life partly offset by lower investment expenses of NN Life
 - Negative adjustment to Delta Lloyd mortgage valuation
- Capital position of Delta Lloyd Life strengthened through EUR 500m capital injection in 2Q17
- NN Life paid total dividend of EUR 450m to holding company in 2Q17

NN Group

196%

(1Q17: 238%)

NN Life

220%

(1Q17: 197%)

Delta Lloyd Life

139%

(1Q17: 139%)

Wrap up

Lard Friese, CEO

Key takeaways

- 1 Strong operating result ongoing business of the combined group
- 2 Integration of Delta Lloyd into NN Group underway
- 3 Strong capital position: Solvency II ratio of 196%; holding company cash capital at EUR 1.7bn

Q&A

Lard Friese, Delfin Rueda, Jan-Hendrik Erasmus

Appendices

Delta Lloyd activities included in existing NN segments

Netherlands Life	Netherlands Non-life	Insurance Europe	Asset Management	Other
<ul style="list-style-type: none">• Delta Lloyd Life• Life results of ABN AMRO Insurance• BeFrank	<ul style="list-style-type: none">• Delta Lloyd Non-life• Non-life results of ABN AMRO Insurance• Broker results health insurance	<ul style="list-style-type: none">• Delta Lloyd Life Belgium	<ul style="list-style-type: none">• Delta Lloyd Asset Management	<ul style="list-style-type: none">• Delta Lloyd Bank• Delta Lloyd holding entities

Breakdown of operating result between NN Group and Delta Lloyd

2Q17 operating result before tax (EURm)

	2Q17 total	NN Group	Delta Lloyd
Netherlands Life	290	234	57
Netherlands Non-life	-27	-21	-6
Insurance Europe	73	69	4
Japan Life	37	37	
Asset Management	37	38	-
Other	-7	-2	-5
Operating result before tax	404	355	49

Dividends upstreamed

Dividends upstreamed by segments/subsidiaries (EURm)

	2Q17	1Q17	2016
Netherlands Life ¹	501	160	642
Netherlands Non-life ¹	5	-	154
Insurance Europe ^{1,2}	172	13	251
NN Japan Life	57	-	80
Asset Management	31	-	93
NN Re Netherlands	50	50	250
Other ¹	3	73	140
Total	820	296	1,611



1. Includes interest on subordinated loans provided to subsidiaries by the holding company

2. Refers to Insurance Europe entities' consolidated totals excluding Czech Life insurance business (branch of NN Life)

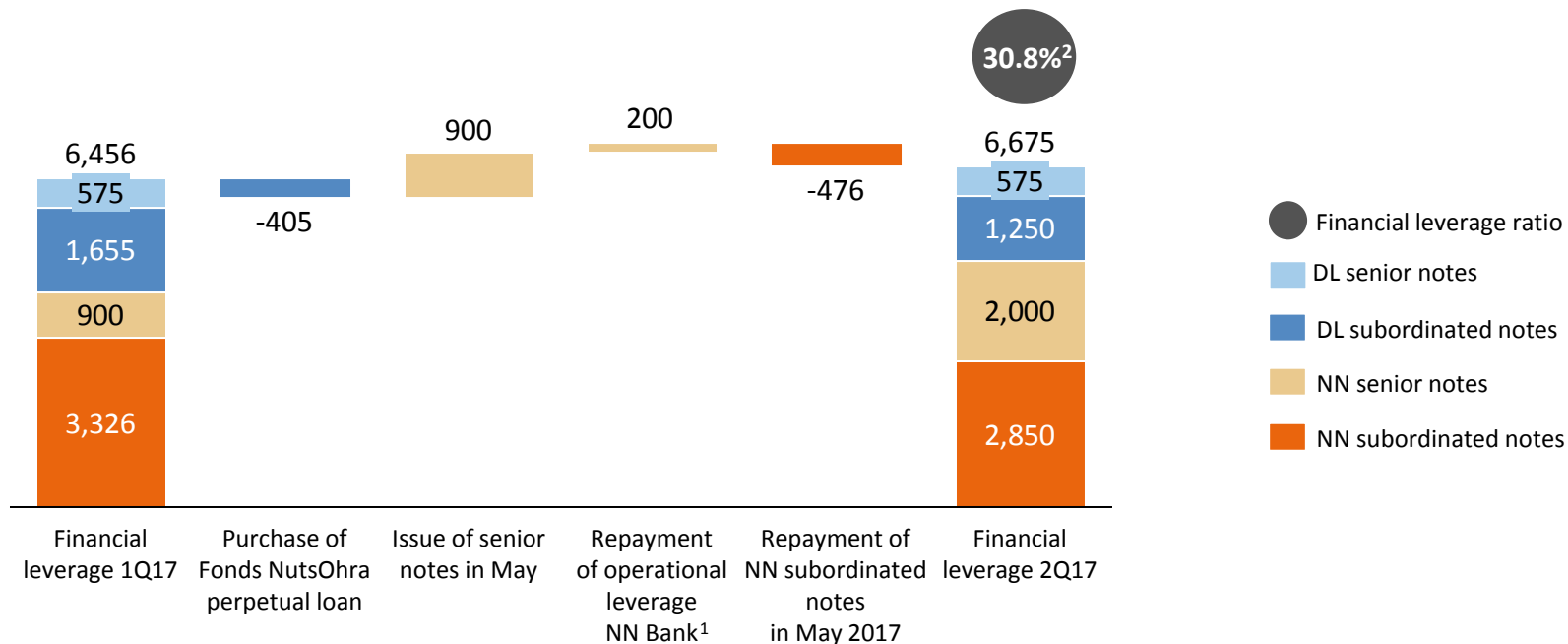
Sensitivities of the NN Group Solvency II ratio to specified shocks

Sensitivities to shocks ¹ at 2Q17	Δ OF (in EURbn)	Δ SCR (PIM) (in EURbn)	Δ Solvency II ratio (in %-points)
Interest rate: Parallel shock +50bps	-0.5	-0.4	+4%
Interest rate: Parallel shock -50bps	+0.5	+0.5	-6%
Interest rate: 25bps steepening between 20y-30y	-1.2	+0.0	-16%
Credit spread: Parallel shock for AAA-rated government bonds +50bps	-1.1	-0.0	-13%
Credit spread: Parallel shock for AA and lower-rated government bonds +50bps	-1.2	-0.1	-13%
Credit spread: Parallel shock corporate bonds +50bps	+0.6	-0.2	+12%
Equity: Downward shock -25%	-1.3	-0.3	-10%
Real estate: Downward shock -15%	-1.1	-0.1	-12%
UFR: Downward adjustment to 4.05%	-0.3	+0.0	-4%

1. Sensitivities are performed for Solvency II entities and NN Life Japan

Financial leverage

Combined financial leverage at 2Q17 (notional, in EURm)



1. Repayment of EUR 200m operating leverage by NN Bank to the holding company in April 2017

2. As of 2Q17, the calculation methodology for the financial leverage ratio has been updated to better align with market practice. Goodwill is no longer deducted from the capital base for financial leverage

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 NN Group N.V. condensed consolidated interim financial information for the period ended 30 June 2017.

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 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.

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