

NN Group

Lard Friese, CEO

Bank of America Merrill Lynch conference

25 September 2018



Leading Dutch insurer with strong businesses in European insurance, asset management and Japan

Some facts and figures

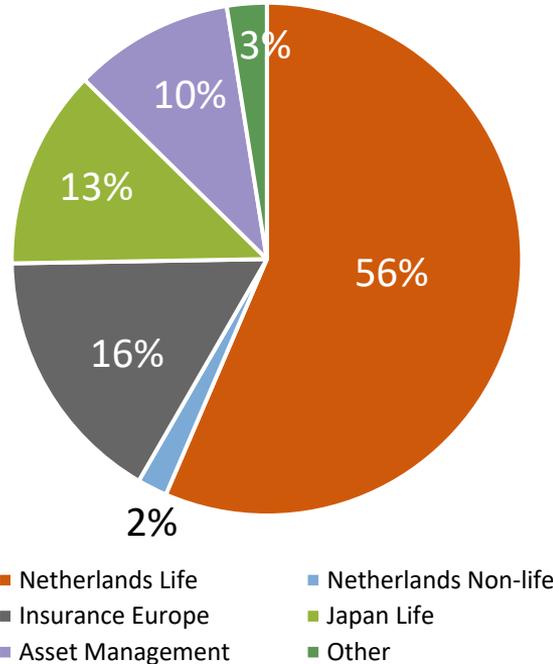
- History dating back to 1845
- Strong business positions
- Active in 18 countries
- Unified international culture with shared best practices
- Approx. 17 million customers
- Successful IPO on Euronext Amsterdam on 2 July 2014
- Acquisition of Delta Lloyd completed in April 2017
- NN Group includes Nationale-Nederlanden, NN, Delta Lloyd, NN Investment Partners, ABN AMRO Insurance, Movir, AZL, BeFrank and OHRA
- Committed and experienced Management Board
- Shareholders' equity of EUR 23.6bn at 30 June 2018
- Credit ratings¹: A/stable (S&P), A+/stable (Fitch)

Our brand promise 'You matter'



Diversified businesses in Europe and Japan

NN Group operating result before tax of the ongoing business¹



Asset Management

- International asset manager
- EUR 240bn AuM at 2Q18
- Offers a wide variety of actively managed investment products and advisory services; also manages the assets of NN's insurance businesses

Japan Life

- Top 3 player² in corporate-owned life insurance (COLI) products in Japan

Insurance Europe

- Top 3 player in CEE focused on life and voluntary pensions
- Serving 11m customers in 10 countries
- Large and diverse footprint, mainly built organically

Netherlands Life

- #1 position: 41% market share³ in group pensions and 22% market share³ in individual life
- Offers a range of pension and individual life insurance products in the Netherlands
- Run-off blocks; significant contributor to remittances

Netherlands Non-life

- 28% market share³ in D&A (#1) and 21% market share³ in P&C (#2)
- Offers a broad range of non-life insurance products in the Netherlands, including income protection, fire and motor

Banking business⁴

- Complementary product range, offering mortgages and savings in the Netherlands



1. Percentages based on total operating result before tax of the ongoing business for 2017 of EUR 1,586m

2. By APE (2016), source: internal estimate NN Group

3. By GWP (2017, for NN and Delta Lloyd combined), source: DNB and CVS

4. The banking business is reported in the segment Other; the 2017 operating result of the segment Other was EUR 40m, of which EUR 124m relates to the banking business

Integration on track while continuing to enhance the customer experience

Delta Lloyd integration

- Legal mergers of bank, asset management and Belgian life completed
- Integration of asset management and head office finalised
- Most Delta Lloyd products have been rebranded to NN

Innovating the core

Digital, personal and relevant customer experience developed at NN and through partnerships

Multi-access distribution

Collaborations and distribution agreements to further expand and diversify distribution channels



SUMITOMO LIFE



Our priorities going forward ...

1. Deliver on the Delta Lloyd transaction

- Clear roadmap to deliver on the financial and non-financial benefits within the expected timeline
- Strengthened competitive positions delivering sustainable cash flow

2. Improve performance further

- Improve profitability of underperforming units
- Capture growth opportunities in a disciplined manner

3. Accelerate the transformation of the business model

- Create the customer experience of tomorrow
- Use technology to make the company more agile and efficient

4. Continue to allocate capital rationally

- Generate cash flow in all business segments and upstream to holding
- Excess capital to be returned to shareholders unless it can be used for value-creating opportunities

... to achieve our medium-term targets

NN Group financial targets

- EUR ~400m cost reduction¹ by 2020, reflecting cost synergies from Delta Lloyd acquisition and existing standalone cost reduction plans
- Annual earnings growth of 5-7% on average in the medium term²
- Over time, generate free cash available to shareholders in a range around the net operating result of the ongoing business³



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 of the ongoing business on average in the medium term; based on 2017 operating result
3. Net operating result of the ongoing business, 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

Disciplined capital framework

Operating units

- Manage operating units to commercial capital levels
- Surplus capital to be returned to holding subject to regulatory restrictions

Cash capital at holding

- Hold cash capital to cover stress events and to fund holding costs
- Target cash capital position within a range of EUR 0.5-1.5bn
- Cash capital requirement to reduce on the merger of the legal entities²

Financial leverage

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

NN Life Solvency II ratio 239%

DL Life Solvency II ratio 190%

Cash capital at holding EUR 1.8bn

LTM fixed charge coverage ratio 14.1x

Leverage ratio 27.2%

Gross financial leverage¹ EUR 6.1bn

NN Group Solvency II ratio 226%

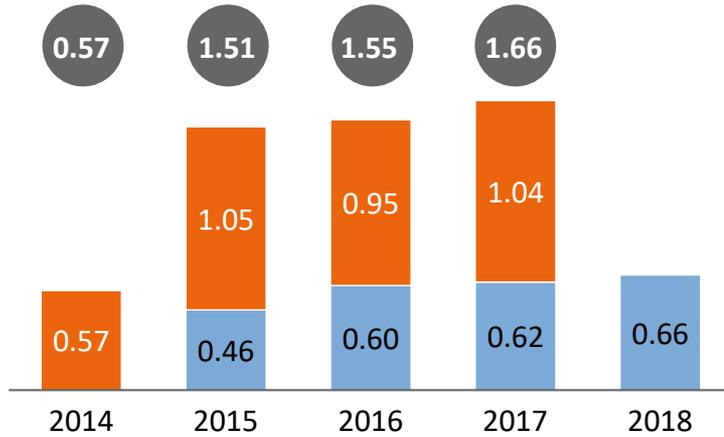


All figures at 2Q18 end of period

1. Notional financial leverage
2. Depending on capitalisation of legal entities

Committed to our dividend policy

- Interim dividend per share (EUR)
- Final dividend per share (EUR)
- Total dividend per share (EUR)



Payout ratio	41%	52%	45%
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- Priority is a sustainable ordinary dividend per share
- NN Group intends to pay an ordinary dividend in line with its medium term financial performance and envisages an ordinary dividend pay-out ratio of 40-50% of the net operating result from ongoing business
- Double-digit increase in full-year dividend per share anticipated for 2018 versus 2017, reflecting first full year of incremental free cash flows from the Delta Lloyd transaction
- Excess capital returned to shareholders unless it can be used for value creating opportunities
- Interim dividend at 40% of prior year's full-year dividend

Our capital allocation decisions focus on creating value

Invest to realise our ambitions and strategy

- Innovation
- Agility
- Value discipline



Innovate to transform the business model and deliver excellent customer experience

Invest to strengthen current position of our business units

- Hurdle rates
- Market and business position
- Readiness



Focus on driving efficiency, writing profitable new business and disciplined capital allocation

Invest in value-creating opportunities

- Best owner concept
- Risk versus return
- Readiness and deliverability



Deploy capital based on clear principles around return, risk and understanding of the opportunity; otherwise return capital to shareholders in most efficient form

NN Group's investment proposition

Strong business positions and balance sheet

- Leading market player
- Competitive positions strengthened
- Solvency II ratio of 226%¹

Transformation in the Netherlands

- Continued focus on cost reductions
- Scale player with growth in pensions
- Large closed books releasing capital
- Continued risk return optimisation of investment portfolio
- Actions to restore non-life profitability

Profitable growth in other segments

- VNB growth in Insurance Europe and Japan Life
- Continued expense discipline resulting in operating leverage
- Focused asset manager (AuM EUR 240bn¹)

Focus on generating capital and improving earnings

- Since IPO, EUR 2.9bn of cumulative dividends and share buybacks
- EUR 2.4bn of cash deployed in acquisition of Delta Lloyd
- Free cash flow has been in a range around the net operating result

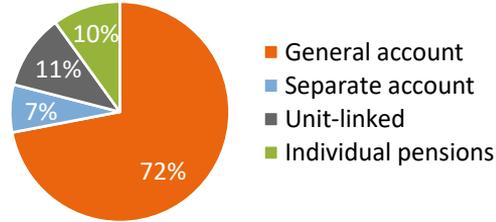
1. Figures at 2Q18 end of period

Appendices

Netherlands Life

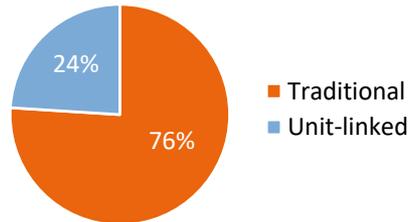
Pensions

(technical reserves 4Q17: EUR 77bn)



Individual Life Closed Blocks

(technical reserves 4Q17: EUR 32bn)



Driving efficiency and optimising asset portfolio

- ~20% cost reduction by 2020
- Optimising risk return of investment portfolio by increasing net allocations to mortgages and loans, corporate bonds and real estate and reducing government bonds

Delivering significant and reliable cash flows over time

- Remittances from operating capital generation and surplus capital
- Capturing opportunities in changing pension market
- Managing run-off of closed books
 - Expected SCR release of EUR ~1.5bn by 2028
 - Transition from capital intense DB to capital light DC pensions over long term

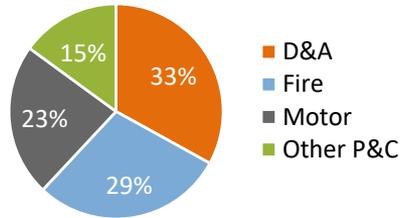
Target: Maintain operating result before tax broadly stable over the medium term¹

1. Annual growth rate of operating result before tax of the ongoing business on average in the medium term; based on 2017 operating result

Netherlands Non-life

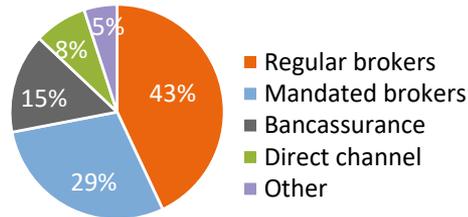
Product mix

(by GWP FY17: EUR 3.0bn¹)



Distribution channel

(by GWP FY17: EUR 3.0bn¹)



Combined ratio by business line

	6M18	2017 ²	2016	2015
D&A ³	94%	97%	90%	88%
P&C ³	107%	105%	108%	105%
Total	102%	102%	100%	97%

- Excluding the impact of the January storm, 6M18 combined ratio is 98.3%

Implementing multiple initiatives to improve combined ratio

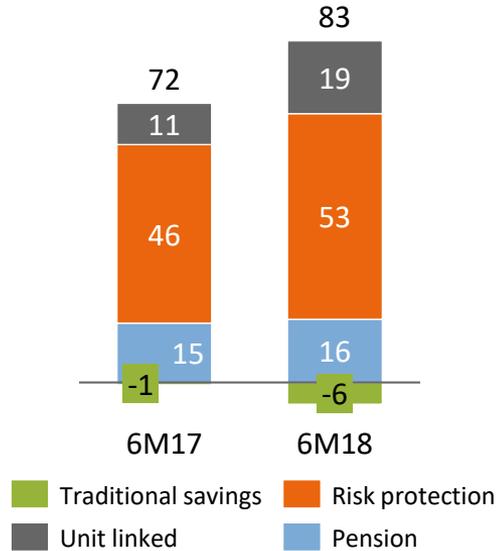
- Improving underwriting performance
 - Optimise portfolios
 - Premium adjustments
- Acquisition of Delta Lloyd created large player with scale benefits
 - ~20-25% cost reduction by 2020
- Leveraging distribution through ABN Amro and ING banking channels and OHRA direct channel

Target: Combined ratio of 97% or below

Insurance Europe

Focus on profitable new business

(VNB¹ by product line, EURm)

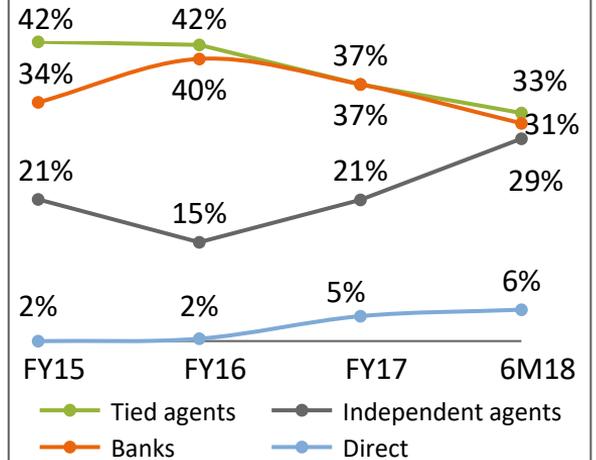


Market leading life and pensions player across CEE

- Markets with low insurance coverage
- Strong growth potential given increases in GDP, disposable income, savings and health gap
- Growing VNB through focusing on protection and capital-light products
- Innovative propositions and digitalised customer engagement

Continuing to deepen and diversify distribution

(New sales APE by distribution channel)



Target: Mid to high-single digit growth²



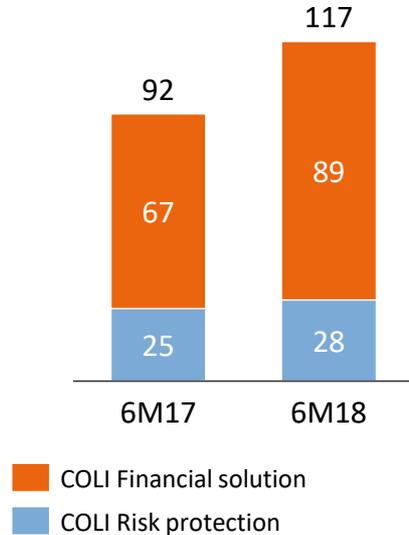
1. VNB = Value of New Business

2. Annual growth rate of operating result before tax of the ongoing business on average in the medium term; based on 2017 operating result

Japan Life

Focus on profitable new business

(VNB¹ by product line, EURm)

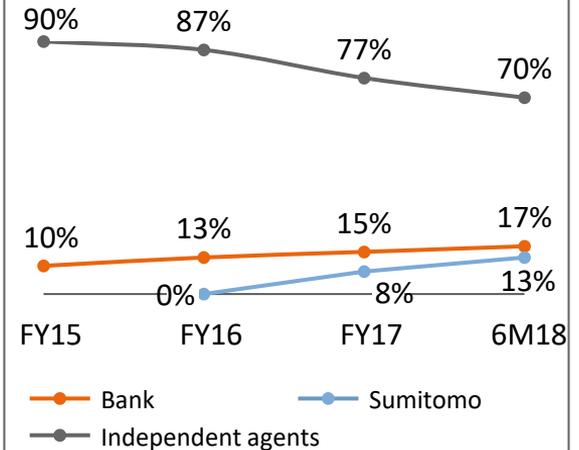


Active in niche COLI market

- Japan is second largest life market in the world
- NN is top 3 player in COLI² segment which accounts for 20% of life market
- Business started by NN in 1986 and organically built
- Broad range of products with track record of innovation
- Strong growth translates into remittances over time

Continuing to expand and diversify distribution

(New sales APE by distribution channel)



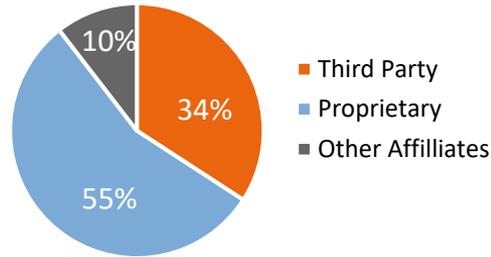
Target: Mid to high-single digit growth³



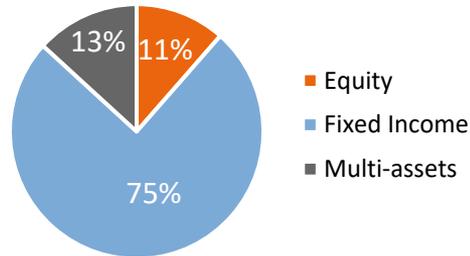
1. VNB = Value of New Business
2. COLI = Corporate Owned Life Insurance
3. Annual growth rate of operating result before tax of the ongoing business on average in the medium term; based on 2017 operating result

Asset Management

AuM¹ by client type



AuM¹ by asset class



Diversified active asset manager with a distinctive identity

- EUR 240bn AuM at 2Q18
- Third party franchise generates over 60% of revenues
- Increased focus on core investment capabilities, such as specialised fixed income, multi-asset, distinct equity and ESG
- Adding value to NN's insurance and pension business

Combined entity to benefit from economies of scale

- ~10% cost reduction by 2020
- Leveraging on state-of-the-art infrastructure
- Merging and re-branding DLAM funds into NNIP fund range
- Integrating and rightsizing investment teams
- Legal merger NNIP and DLAM completed on 1 January 2018
- Integration of DLAM into NNIP completed in 2Q18

Target: Mid-single digit growth²



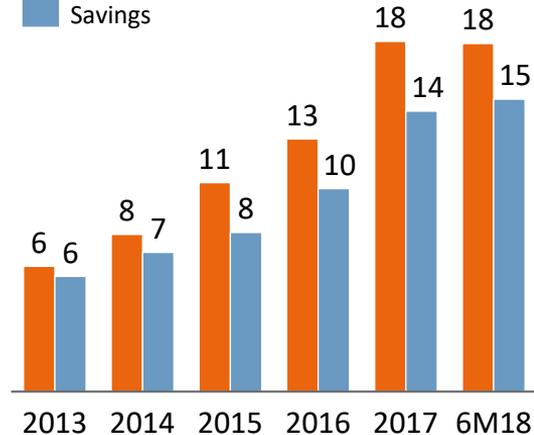
1. Total Assets under Management (AuM) at 2Q18 of EUR 240bn
2. Annual growth rate of operating result before tax of the ongoing business on average in the medium term; based on 2017 operating result

Banking business

Steady growth in mortgages and savings¹

(EURbn)

Mortgages
Savings



Complementary products to NN's insurance offering

- Facilitating the long-term savings need in the Netherlands
- Offering frequent points of contact with customers and cross-selling opportunities
- Strong new production of bank savings products
- Originating mortgages at attractive spreads
- Top 7 mortgage originator, with 5% market share

Combined bank to benefit from economies of scale

- ~10-15% cost reduction by 2020
- Self-funded growth
- RoE 15.0% in 2017
- Legal merger NN Bank and Delta Lloyd Bank completed on 1 January 2018

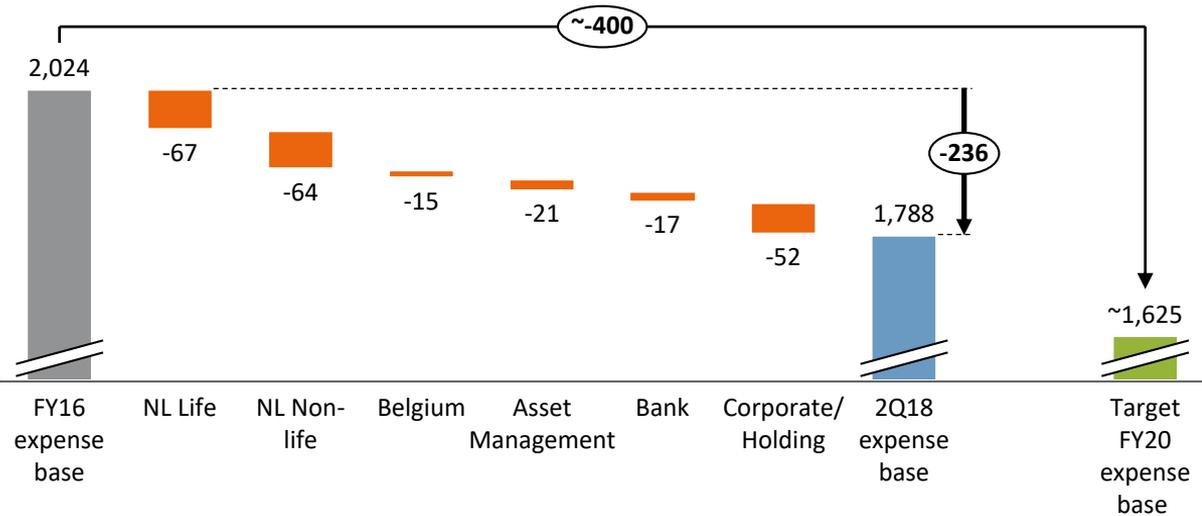
Target: Net operating RoE of 10% or higher

1. 2013 – 2016 numbers for NN Bank; from 2017, numbers for NN Bank including Delta Lloyd Bank

Cost reductions of EUR ~400m by 2020 of which at least half by 2018

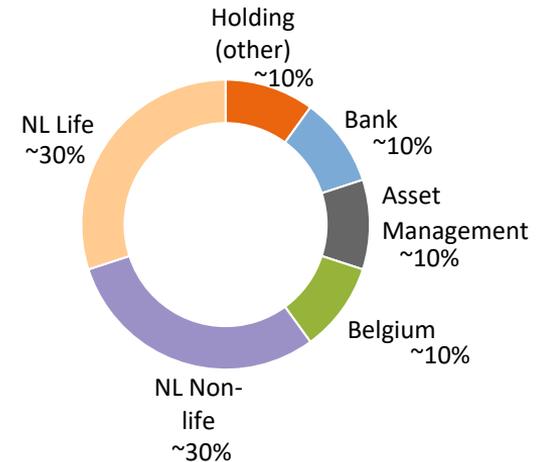
Administrative expense base^{1,2}

(EURm)



Cost reductions by segment

(Total reduction of EUR 400m)



Dividends upstreamed by segments / subsidiaries

(EURm)	2Q18	1Q18	2017	2016	2015
Netherlands Life ¹	233	190	1,035	642	807
Netherlands Non-life ¹	20	1	100	154	93
Insurance Europe ^{1,2}	180	2	230	251	227
NN Japan Life ³	-	-	57	80	74
Asset Management	52	22	96	93	90
NN Re Netherlands	40	40	200	250	185
Other ^{1,4}	11	1	100	140	73
Total	536	256	1,818	1,611	1,548



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)
3. Cash flow from NN Japan Life was zero in 2Q18 following a JGAAP reserve revision
4. Includes dividend from NN Bank in 2Q18

Remittances largely driven by own funds generation

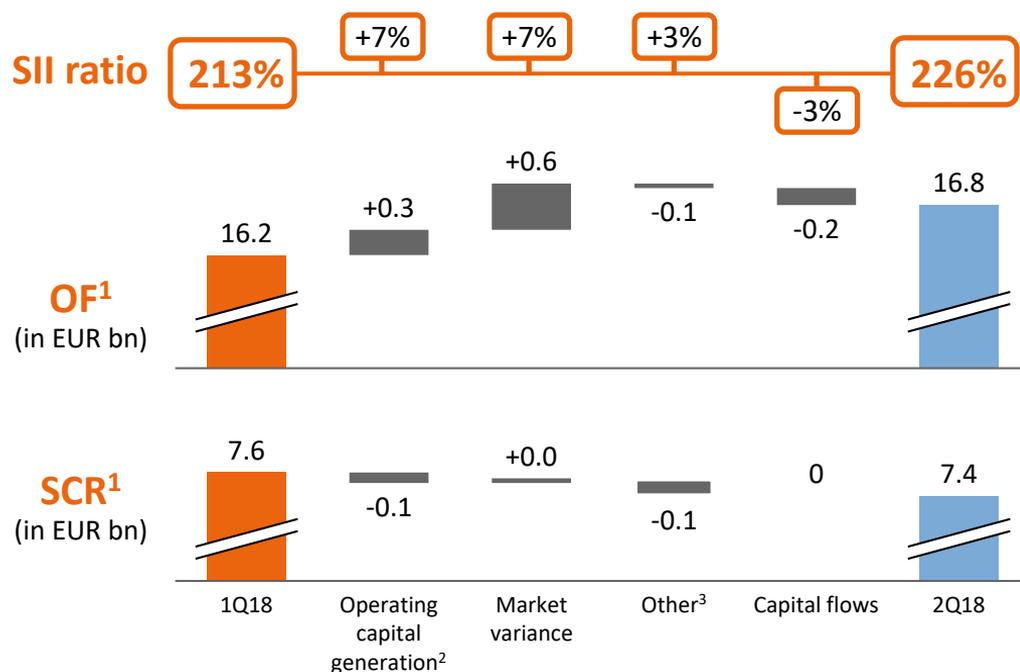
Segment	Own Funds generation	Capital requirements	Capital levels	Drivers remittances	Remittances vs Net operating result
Netherlands Life	+	+	+	Excess return, UFR unwind, release of risk margin, expense reduction Limited new business and large closed blocks releasing SCR Surplus capital above commercial level	>
Netherlands Non-life	+			Profitable new business and expense reduction	=
Insurance Europe	+			Excess return and profitable new business Capital light new business and some SCR release from closed blocks	=
Japan Life ¹	+	-		Contribution on JGAAP basis meaning high new business strain Pay-back period of ~5 years	<
Asset Management	+			IFRS earnings	=
Japan Closed Block VA ²		+	+	Capital release of EUR 120m by 2019, plus or minus hedge results	>
Other – holding	-			Holding expenses, debt costs and restructuring charges	
Other – banking business ³				Contribution to Own Funds driven by remittances	

Over time, generate free cash available to shareholders in a range around the net operating result of the ongoing business⁴



1. Remittances equal 5/6th of JGAAP retained earnings with adjustments
2. Expected capital release from NN Re Netherlands
3. As NN Group is designated as a Financial Conglomerate, regulatory Solvency II operating capital generation does not include banking business
4. Net operating result of the ongoing business, 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

Solvency II movement 2Q18



- Solvency II ratio increased to 226% driven by operating capital generation and market variance
- Market variance reflects the favourable impact from movements in credit spreads and positive equity revaluations, partly offset by interest rate changes
- Capital flows reflect the 2018 interim dividend

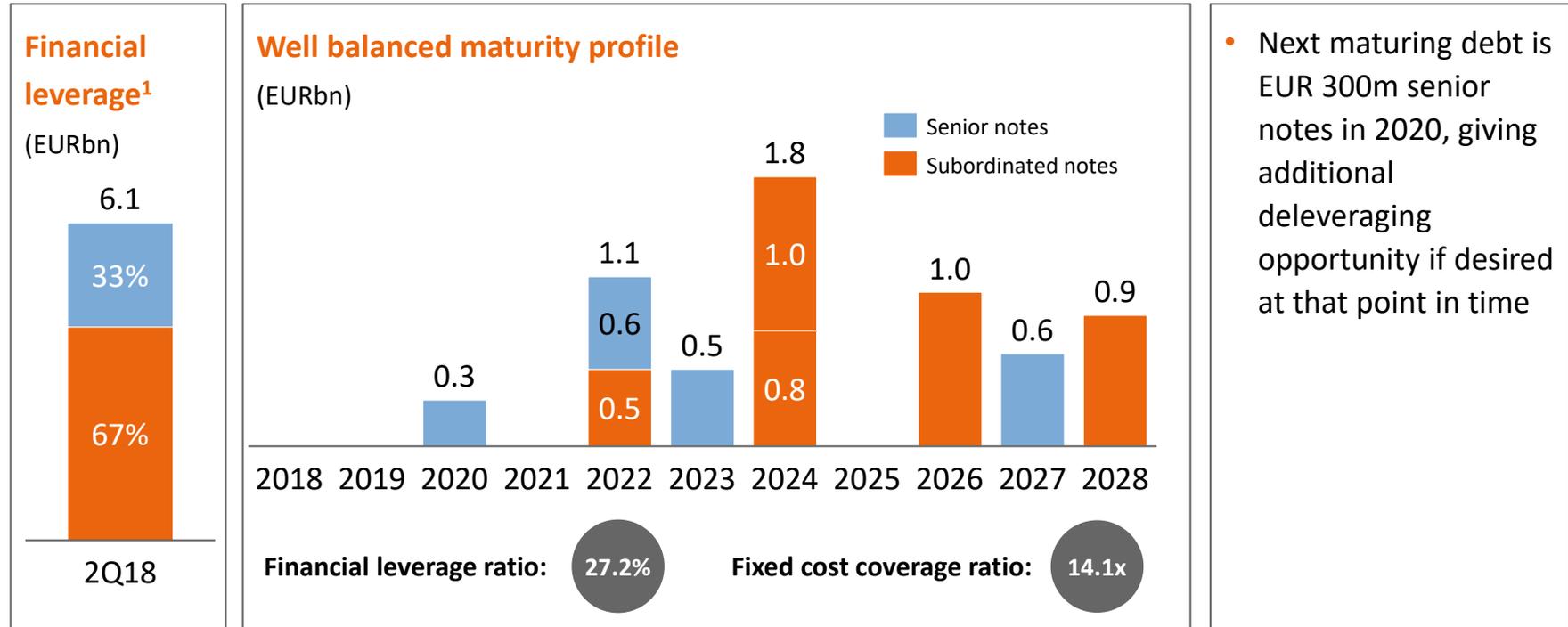
Sensitivities of the NN Group Solvency II ratio to specified shocks

Sensitivities to shocks¹ at 2Q18

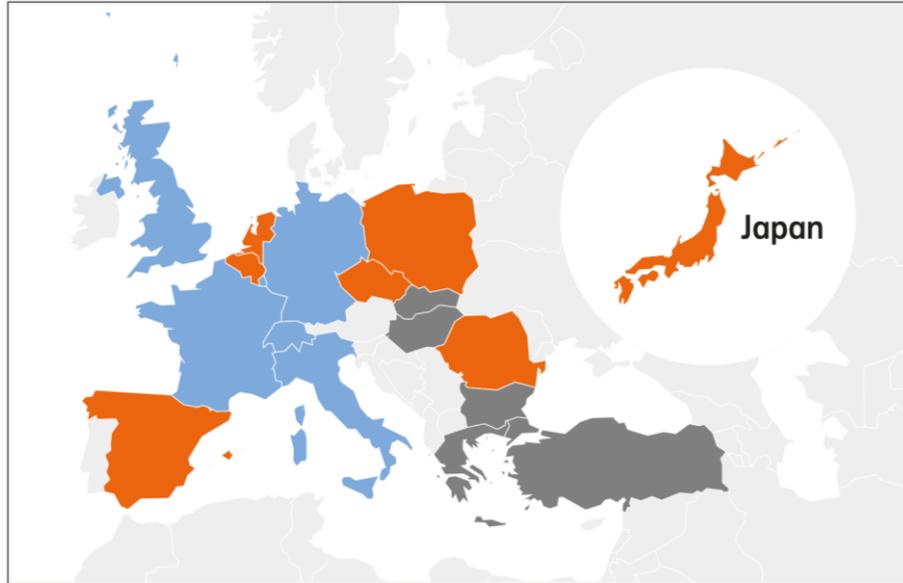
	Δ OF (in EURbn)	Δ SCR (in EURbn)	Δ Solvency II ratio (in %-points)
Interest rate: Parallel shock +50bps	-0.5	-0.4	+5%
Interest rate: Parallel shock -50bps	+0.6	+0.5	-7%
Interest rate: 10bps steepening between 20y–30y	-0.6	+0.0	-8%
Credit spread: Parallel shock for AAA-rated government bonds +50bps	-1.0	-0.0	-13%
Credit spread: Parallel shock for AA and lower-rated government bonds +50bps	-0.8	-0.1	-9%
Credit spread: Parallel shock corporates +50bps	+0.3	-0.1	+8%
Equity: Downward shock -25%	-1.2	-0.2	-9%
Real estate: Downward shock -10%	-0.8	-0.1	-9%
UFR: Downward adjustment to 3.90%	-0.3	+0.0	-5%

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

Financial leverage position and maturity profile



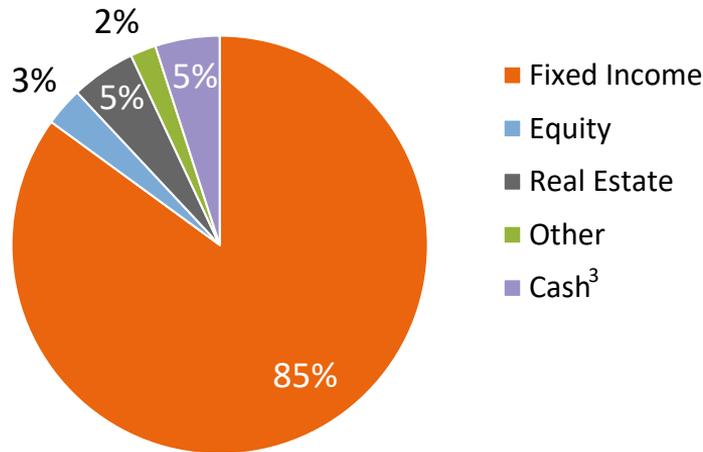
International footprint



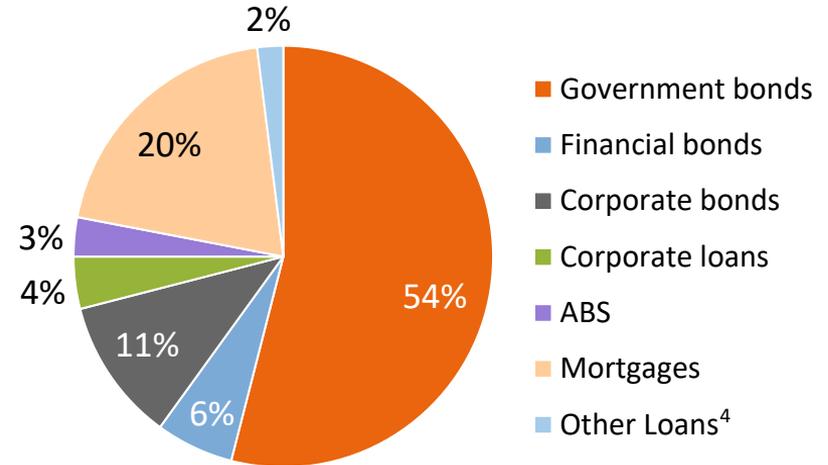
- **Netherlands:** No need for further acquisitions given leading market position; integrate and drive up Return on Capital
- **Insurance Europe:** Strongly positioned in most markets; open to bolt-on acquisitions and portfolio optimisation
- **Japan:** Strong niche position, organically built and performing well
- **Asset Management:** Diversified active asset manager with focused investment capabilities

Breakdown of investment assets (1)

Investment assets (NN Group excl. Banking)
(2Q18, total EUR 156bn)¹

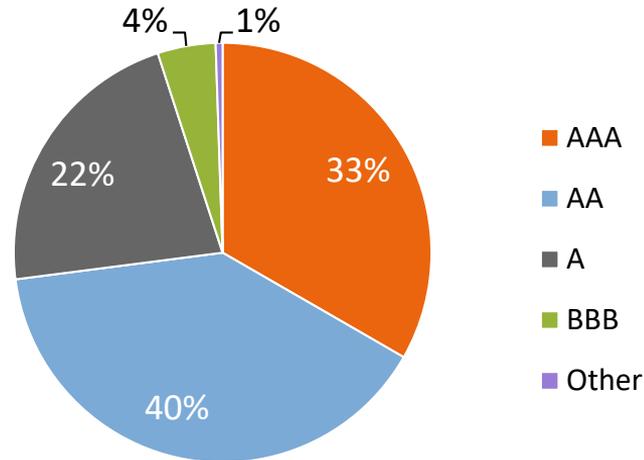


Fixed income portfolio
(2Q18, total EUR 132bn)²

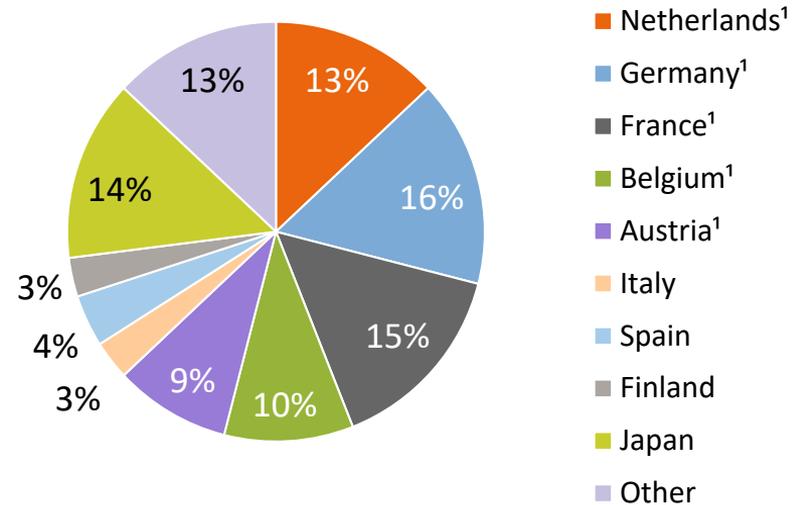


Breakdown of investment assets (2)

Government bonds by rating
(2Q18, total EUR 71bn)



Government bonds by country
(2Q18, total EUR 71bn)



1. Before impact of credit spread locks

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 2018.

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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