

NN Group

Fourth quarter 2014 results

Lard Friese, CEO

Delfin Rueda, CFO

Amsterdam, 11 February 2015



Highlights and financial targets

Lard Friese, CEO

4Q14 highlights

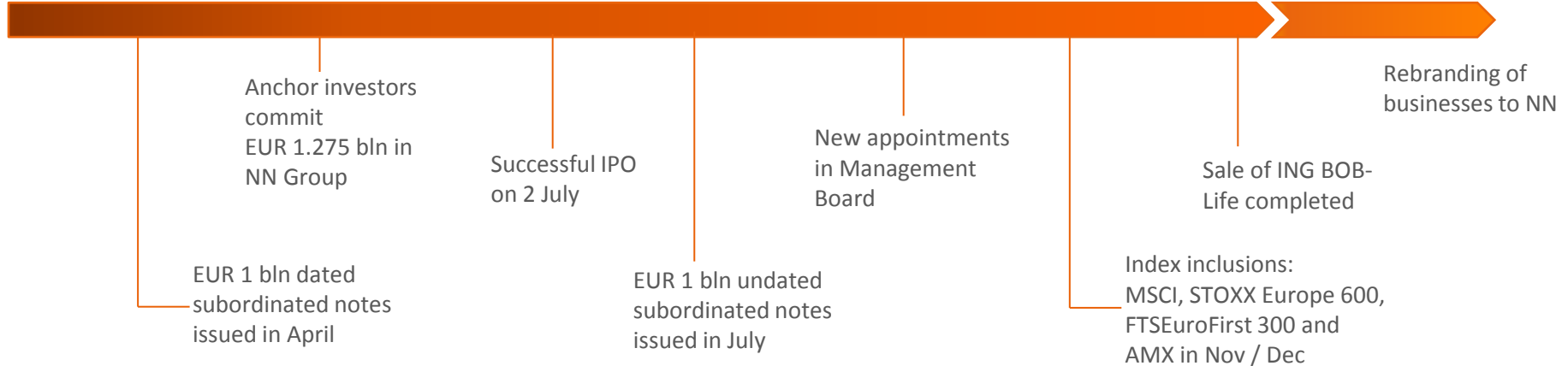
Operating result ongoing business	Net result	Net operating ROE ongoing business	IGD
EUR 260 mln	EUR 197 mln	7.6%	303%
EUR 220 mln in 4Q13	EUR -157 mln in 4Q13	7.4% in 4Q13 Pro forma 7.1% in 2013	283% in 3Q14

- Strong operating result ongoing business of EUR 260 mln
- Net result increased to EUR 197 mln
- Full-year cost reductions of EUR 142 mln achieved in the Netherlands
- Strong capital position; IGD ratio up at 303% and holding company cash capital improved to EUR 1.4 bln
- NN Group Solvency II capital ratio (Standard Formula) estimated to be in a range around 200% at 31 December 2014
- Dividend proposal: EUR 0.57 per ordinary share, or EUR 200 mln in total, over second half of 2014

Our achievements in the past year

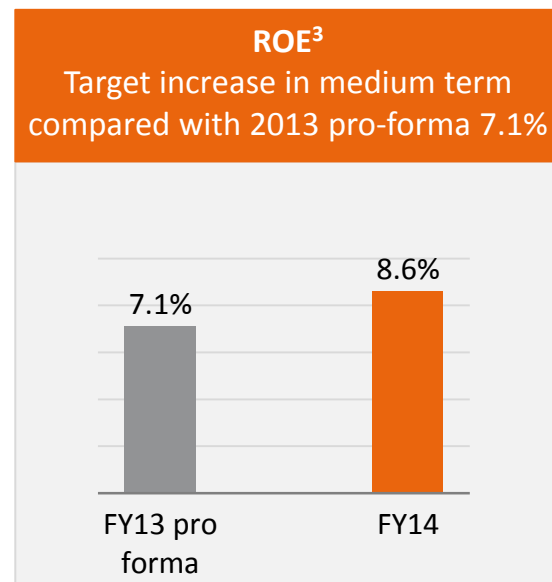
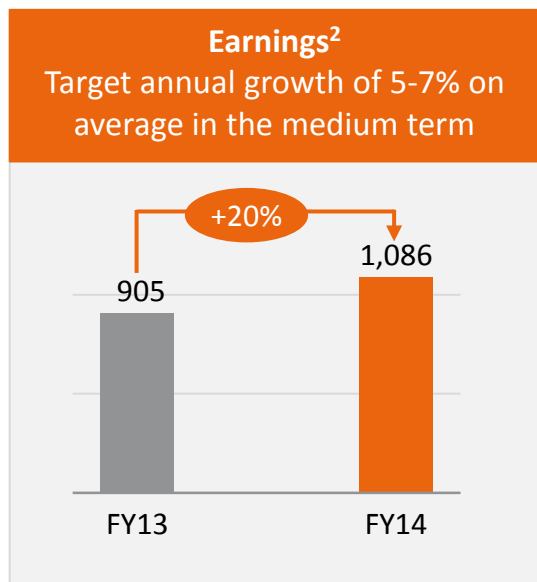
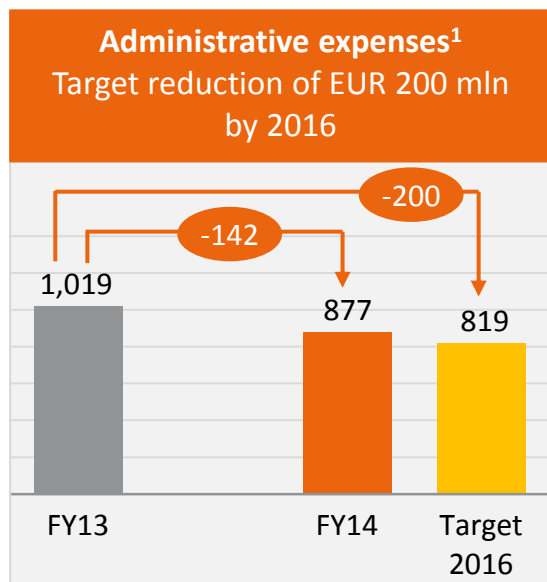
2014

2015



- Successful listing on Euronext Amsterdam on 2 July 2014
- Funding position strengthened and more flexible
- Strong 2014 full-year results reported: operating result up 20%, net result up 83%
- Good progress being made on equity story: first ordinary dividend proposed in line with focus on returning capital to shareholders

Continuing progress towards achieving financial targets



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 business⁴

Operating environment and business developments

Netherlands Life	<ul style="list-style-type: none">• Low interest rates and pressure on fees and premiums from run-off of closed block, partly mitigated by increased asset allocation to higher-yielding assets• Planned expense reductions on course for 2016
Netherlands Non-life	<ul style="list-style-type: none">• Management actions have been successful in improving underwriting performance in D&A• Expense reductions well on track
Insurance Europe	<ul style="list-style-type: none">• Performance impacted by low interest rates and Polish pension reforms• Successfully shifting to protection and fee-based products and voluntary pensions
Japan Life	<ul style="list-style-type: none">• Strong sales growth supported by diversification of distribution channels, mainly bancassurance• Profitable COLI business in low rate environment
Investment Management	<ul style="list-style-type: none">• Continue to invest in building and broadening the capabilities of the business• Focus on growing third-party business
NN Bank	<ul style="list-style-type: none">• Focus on building scale and improving profitability• Expansion of mortgage portfolio to EUR 7.9 bln
Japan Closed Block VA	<ul style="list-style-type: none">• Capital release over time following run-off of portfolio• Hedge programme remains effective

Strong capital position and balance sheet

Operating units

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

NN Life solvency increased to 260%

Cash capital at holding

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

Cash capital at holding increased to EUR 1.4 bln

Financial leverage

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

Last 12 months fixed-cost coverage ratio up from 8.4x to 9.9x

Financial leverage ratio improved from 23.7% to 23.2%

Gross debt position stable at EUR 3.7 bln

IGD ratio increased from 283% to 303%

Solvency II capital ratio (Standard Formula) estimated to be in a range around 200%¹

1. Subject to significant uncertainties, including final specifications of Solvency II regulations and regulatory approval process

Proposed dividend in line with strategy of returning cash to shareholders

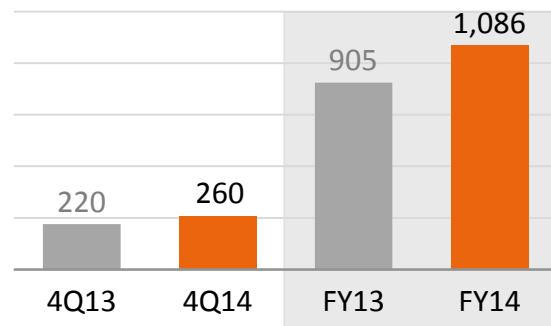
- Dividend proposal: EUR 0.57 per ordinary share over second half of 2014
- Pay-out ratio of around 50% of net operating result of the ongoing business for half-year 2014
- Dividend to be paid in cash or ordinary shares at the election of the shareholders
- NN Group intends to pay ordinary dividends on a semi-annual basis going forward
- NN Group is committed to distributing excess capital, unless it can be used for value-creating investments, in a form which is most appropriate and efficient for shareholders at that specific point in time, such as special dividends or share buybacks which may include a repurchase of part of ING's shareholding in NN Group

Discussion of 4Q14 results

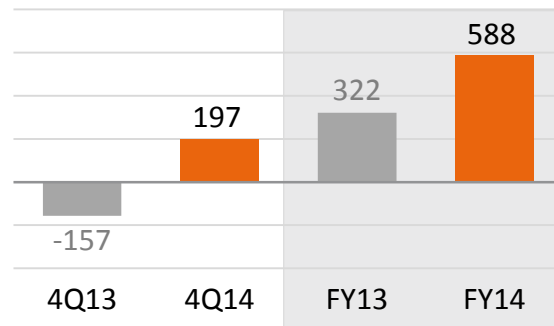
Delfin Rueda, CFO

Operating result ongoing business of EUR 260 mln in 4Q14

Operating result ongoing business
(EUR mln)



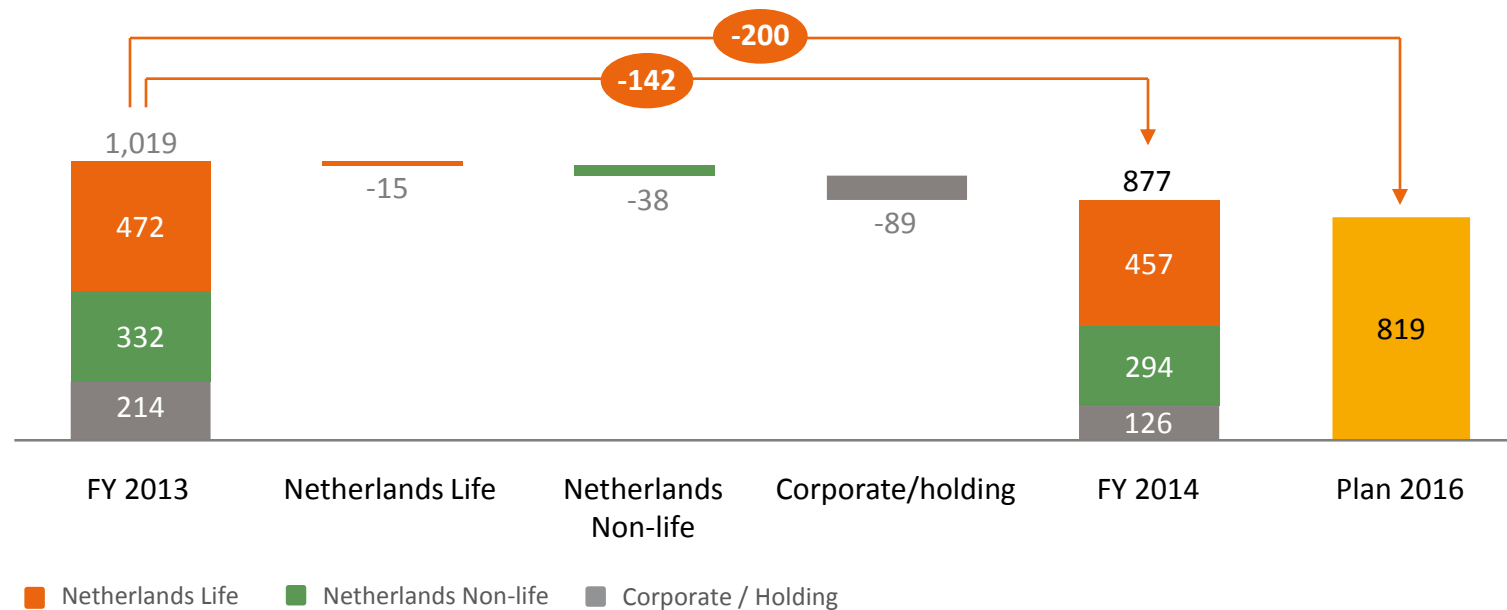
Net result
(EUR mln)



- Operating result ongoing business in 4Q14 up 18.2% from 4Q13
- Full-year 2014 operating results ongoing business up 20.0%, reflecting costs reductions in the Netherlands, lower funding costs and improved performance at Netherlands Non-life, Investment Management and NN Bank
- Net result 4Q14 up significantly to EUR 197 mln, driven by better non-operating items and improved result of Japan Closed Block VA
- Full-year 2014 net result up 82.6%

Expense reductions of EUR 142 mln in 2014

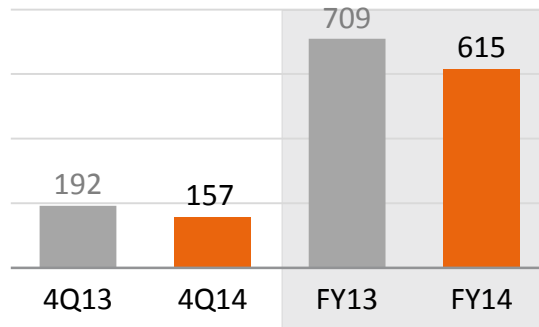
Administrative expenses in the Netherlands¹ (EUR mln)



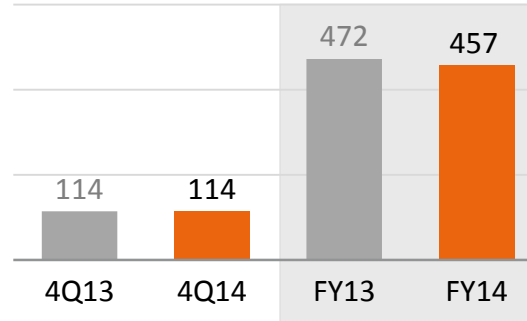
1. Netherlands Life, Netherlands Non-life and Corporate/Holding

Netherlands Life

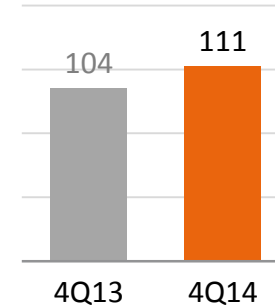
Operating result before tax (EUR mln)



Administrative expenses (EUR mln)



Investment spread¹ (bps)

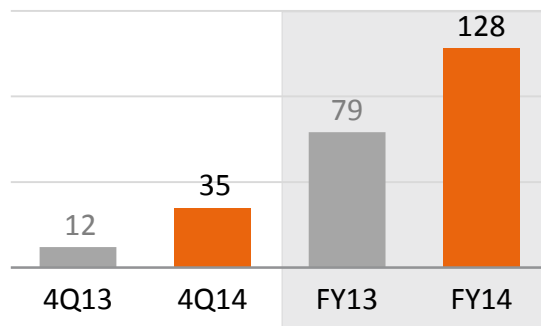


- Operating result in 4Q14 decreased mainly due to lower technical margin partly offset by higher investment margin
- Excluding impact of release of personnel provisions in 4Q13, administrative expenses down 6.1%
- Investment spread improved, benefiting from private equity dividends and shift to higher-yielding assets

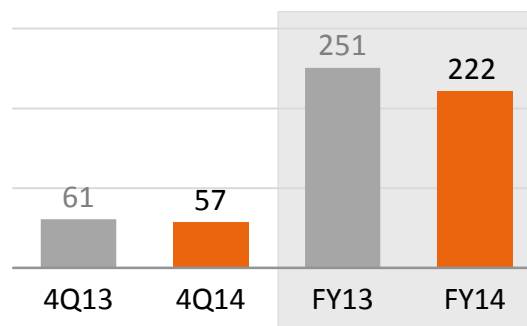
1. Four-quarter rolling average

Netherlands Non-life

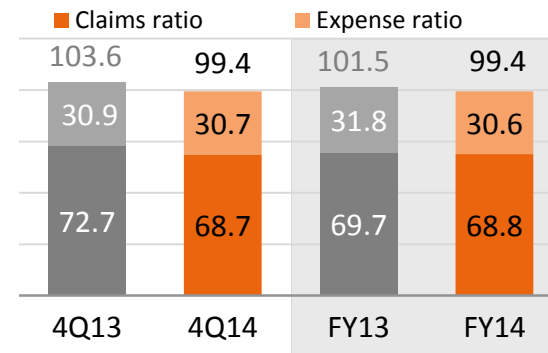
Operating result before tax
(EUR mln)



Administrative expenses¹
(EUR mln)



Combined ratio¹
(%)

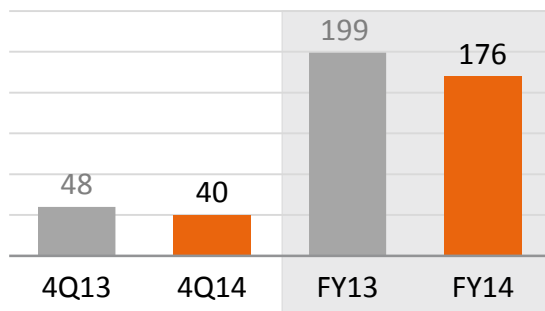


- Improved operating result P&C driven by favourable claims development in 4Q14; combined ratio of P&C improved to 97.8%
- D&A operating result in 4Q14 EUR 21 mln; combined ratio up at 101.4%
- Total combined ratio improved to 99.4% on better claims experience in P&C, particularly in Fire
- Administrative expenses in 4Q14 down 6.6% as a result of transformation programme in the Netherlands

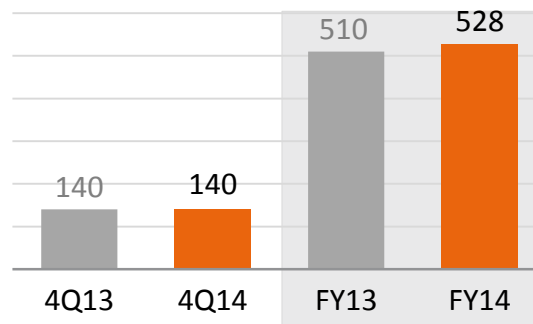
1. Excludes Mandema and Zicht broker businesses

Insurance Europe

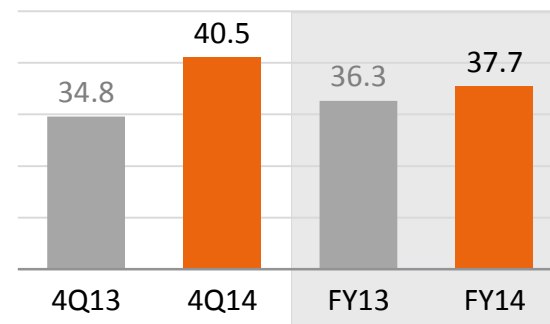
Operating result before tax
(EUR mln)



New sales (APE)
(EUR mln)



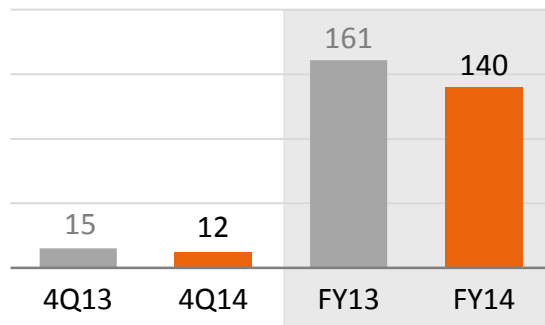
Cost-income ratio
(%)



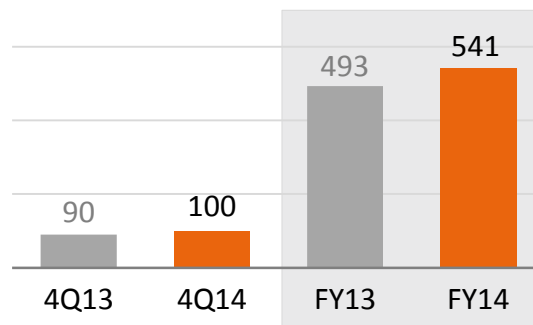
- Lower operating result in 4Q14 reflects lower investment margin and impact of pension reforms in Poland
- Higher administrative expenses in 4Q14 due to non-recurring items and higher project costs
- Full-year 2014 new sales (APE) increased 7.7%, excluding currency effects, driven by higher life sales

Japan Life

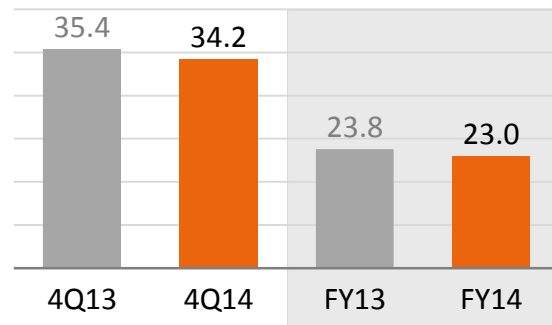
Operating result before tax
(EUR mln)



New sales (APE)
(EUR mln)



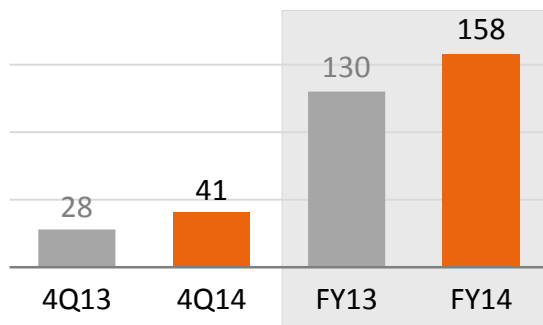
Cost-income ratio
(%)



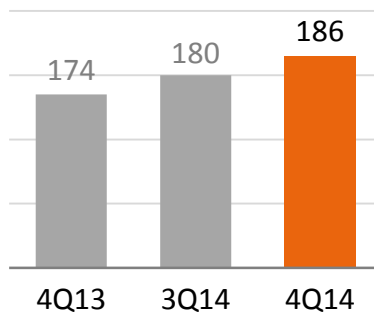
- Operating result in 4Q14 reflects seasonally low COLI premiums in fourth quarter
- Full-year 2014 operating result down 4.2%, excluding currency effects, on lower investment margin, lower technical margin and higher DAC amortisation and trail commissions, partly offset by higher fees and premium-based revenues
- Full-year 2014 new sales (APE) increased 20.1%, excluding currency effects, driven by improved business sentiment, higher agency productivity and channel diversification

Investment Management

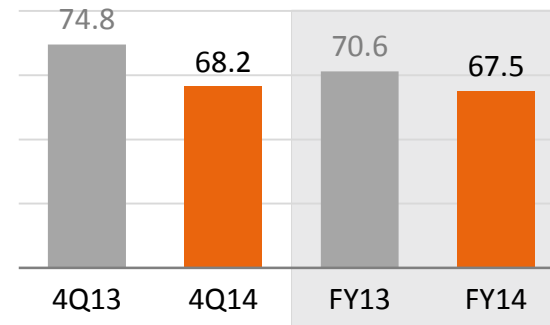
Operating result before tax
(EUR mln)



Assets under Management
(EUR bln, end of period)



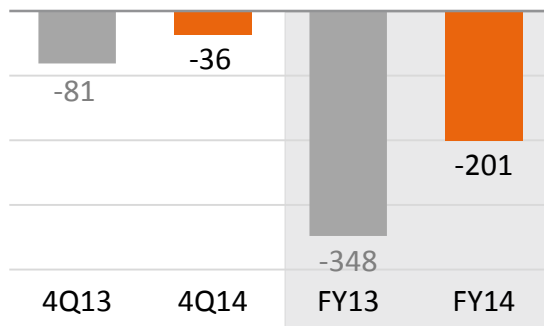
Cost-income ratio
(%)



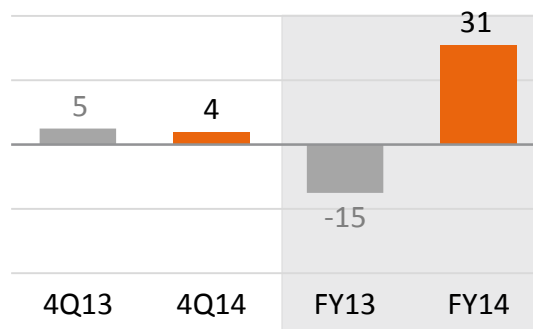
- Assets under Management higher at EUR 186 bln driven by strong market performance
- Fees in 4Q14 up 16.2% on higher AuM and more favourable asset mix, fixed service fee and non-recurring fee income
- Administrative expenses up 6.0%, partly due to higher staff and IT expenses

Other

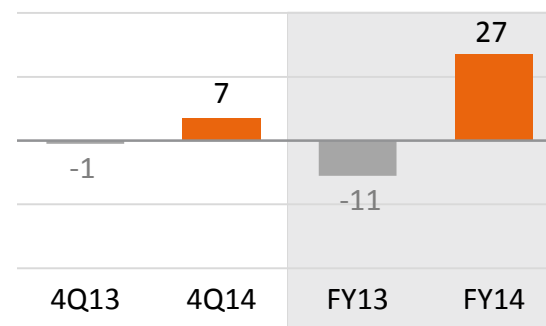
Holding - Operating result before tax (EUR mln)



Reinsurance - Operating result before tax (EUR mln)



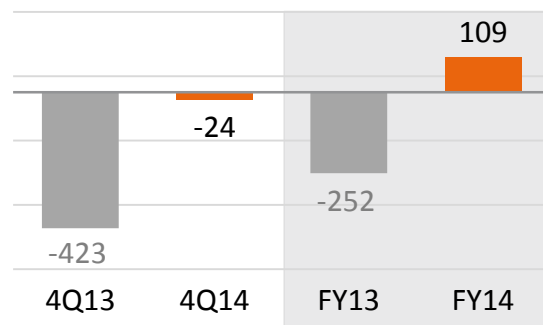
NN Bank - Operating result before tax (EUR mln)



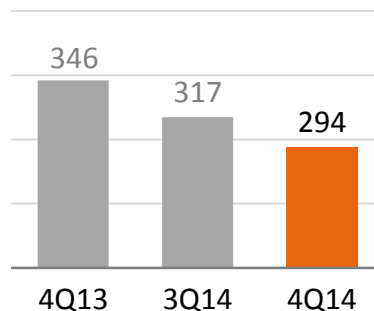
- Improved 4Q14 holding results mainly due to lower funding costs, higher investment income and lower holding expenses
- In 2014, NN Group successfully issued two subordinated loans in favourable markets, thereby securing funding at attractive rates
- Full-year 2014 reinsurance result reflects better underwriting results and EUR 31 mln one-off loss on a reinsurance contract in 2013
- NN Bank profitable in 2014 on higher interest result, partly offset by higher expenses

Japan Closed Block VA

Result before tax (EUR mln)



Number of policies (in thousands, end of period)



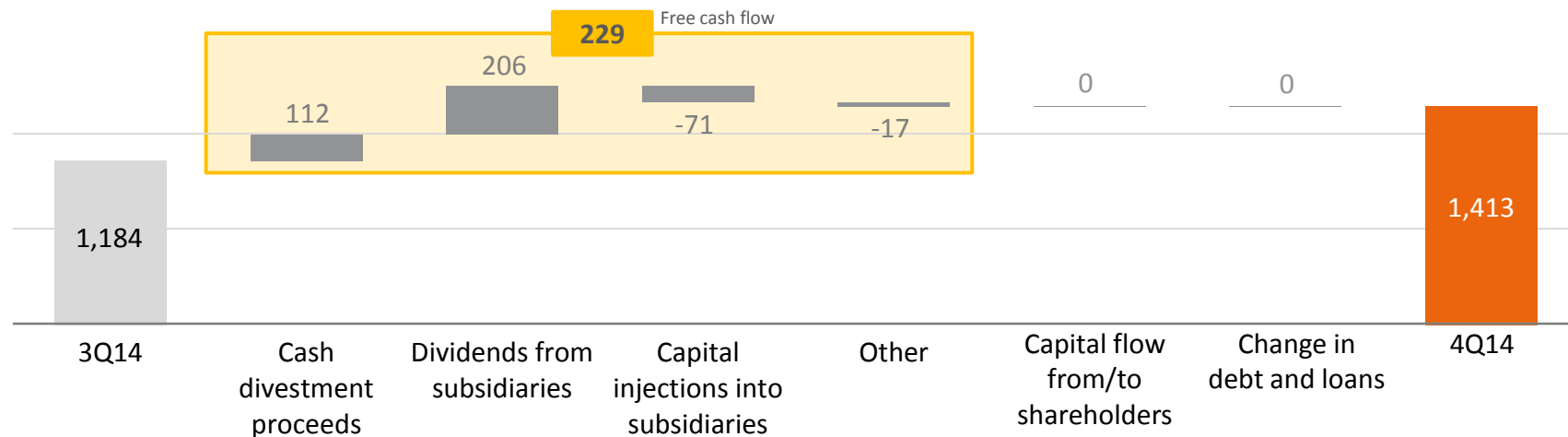
Account value, NAR and IFRS reserves (end of period)

	4Q13	3Q14	4Q14
Account value (EUR bln)	14.7	14.3	13.2
NAR (EUR mln)	663	393	133
IFRS reserves (EUR mln)	1,086	792	556

- Result before tax in 4Q14 improved, as 4Q13 included EUR 575 mln charge to strengthen reserve adequacy
- Full-year 2014 result includes an operating result of EUR 84 mln and a market-related result net of hedging of EUR 21 mln
- Portfolio run-off reflected in 15% decrease in number of policies and lower account value in 2014
- Net Amount at Risk (NAR) decreased to EUR 133 mln primarily driven by equity market appreciation

Free cash flow in 4Q14

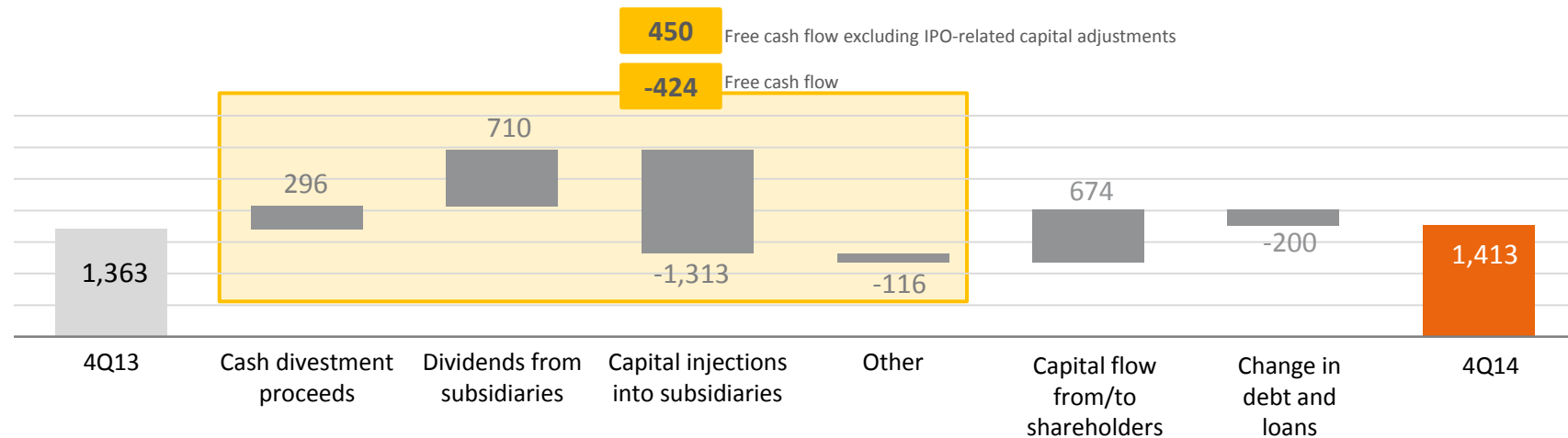
Movement in holding company cash capital in 4Q14 (in EUR mln, end of period)



- Free cash flow at the holding company is the change in cash capital position, excluding capital transactions with shareholders and debtholders
- Free cash flow at the holding company of EUR 229 mln in 4Q14 mainly due to EUR 206 mln dividends from subsidiaries, of which EUR 100 million from ING Re Netherlands, and EUR 112 mln cash proceeds from sale of ING-BOB Life

2014 full-year free cash flow at the holding company

Movement in holding company cash capital in 2014 (in EUR mln, end of period)

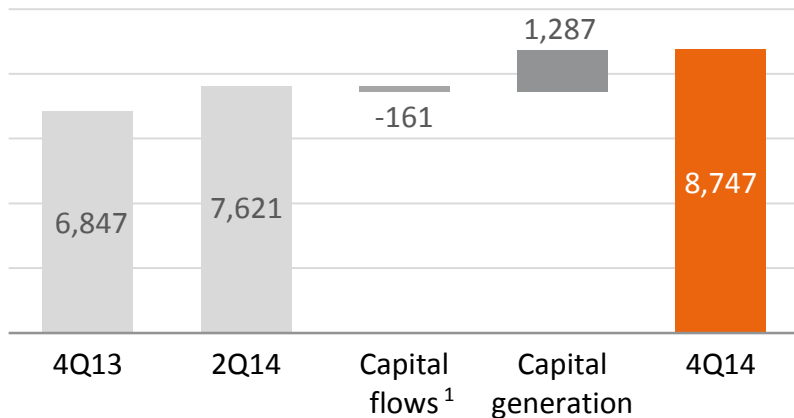


- Adjusted free cash flow in 2014 was EUR 450 mln, excluding EUR 874 mln IPO-related capital adjustments regarding capital strengthening of NN Life (EUR 1,050 mln) and cash proceeds received from divestment of SulAmérica (EUR 176 mln) upstreamed to ING Group
- Total dividends received from subsidiaries in 2014 of EUR 710 mln

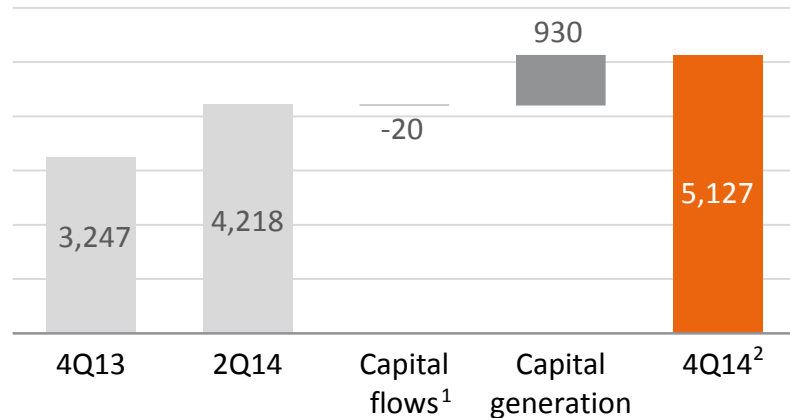
Capital generation

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

Total subsidiaries (excl. discontinued operations)



NN Life



- Strong capital generation of EUR 1,287 mln in second half of 2014, of which EUR 930 mln at NN Life
- Capital generation mainly supported by tightening of credit spreads and a decrease in interest rates in combination with positive operating performance and a net positive impact from model and assumption changes
- Full-year 2014 capital generation of EUR 1,794 mln, excluding impact of agreement to make pension plan in the Netherlands financially independent (EUR -406 mln) and move to fair value accounting on GMDB reserves of Japan Closed Block VA (EUR -94 mln)



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 EUR 350 mln dividend paid by NN Life to NN Group in February 2015 is included in available capital and excluded from capital flows

Solvency ratios




Regulatory capital ratios (end of period)

	4Q13	2Q14	4Q14
NN Group IGD Solvency I ratio	250%	272%	303% ¹
NN Life Solvency I ratio	223%	250%	260% ²

- Strong capital position under current Solvency I regime
- NN Group Solvency II capital ratio – based on our current interpretation of the Standard Formula – estimated to be in a range around 200% as at 31 December 2014
- NN Group is considering to apply for the use of a Partial Internal Model
- Significant uncertainties remain, including the final specifications of Solvency II regulations and the regulatory approval process

Value of New Business

VNB 2014 and 2013 (EUR mln)

		VNB	IRR	Payback period	
Netherlands Life	FY14	25	10.5%	11	 <ul style="list-style-type: none"> Increase in VNB and IRR largely reflecting the renewal of a few large group life contracts on more favourable terms
	<i>FY13</i>	<i>-53</i>	<i>4.5%</i>	<i>15</i>	
Insurance Europe	FY14	78	9.3%	10	 <ul style="list-style-type: none"> VNB decreased as higher volumes and improved quality of sales were offset by assumption changes and lower interest rates
	<i>FY13</i>	<i>96</i>	<i>9.7%</i>	<i>9</i>	
Japan Life	FY14	93	14.3%	7	 <ul style="list-style-type: none"> Strong VNB contribution thanks to higher sales, despite the lower interest rates IRR decreased due to lower interest rates and a change in reinsurance arrangements
	<i>FY13</i>	<i>86</i>	<i>17.3%</i>	<i>8</i>	

Wrap-up

Lard Friese, CEO

Wrap-up

- NN Group reports strong operating result ongoing business of EUR 260 mln for 4Q14
- Cost reduction programme on track; administrative expenses down EUR 142 mln in 2014
- Strong capital position; IGD ratio 303%
- Solvency II capital ratio (Standard Formula) estimated to be in a range around 200%
- Proposed dividend over second half of 2014: EUR 0.57 per ordinary share, in cash or in shares

Q&A

Lard Friese, CEO

Delfin Rueda, CFO

Doug Caldwell, CRO



Important legal information

NN Group's Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU").

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 2014. The Annual Accounts for 2014 are in progress and may be subject to adjustments from subsequent events. 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 detailed in the Risk Factors section contained in recent public disclosures made by NN Group and/or related to NN Group (such as the most recent annual report of ING Groep N.V.).

Any forward-looking statements made by or on behalf of NN Group speak only as of the date they are made, and, NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.



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