



# Third quarter 2016 results

17 November 2016



**Lard Friese, CEO**

# Highlights

Operating result

**EUR 319m**

(3Q15: EUR 392m)

Net result

**EUR 436m**

(3Q15: EUR 329m)

Net Operating ROE

**8.1%**

(3Q15: 12.2%)

Holdco cash capital

**EUR 2.4bn**

(2Q16: EUR 2.3bn)

Solvency II ratio

**236%**

(2Q16: 252%)

- Operating result down as 3Q15 was supported by EUR 127m private equity dividends versus EUR 13m in 3Q16; excluding these the operating result improved by 15%
- Net result up reflecting higher capital gains and revaluations as well as better hedge results at Japan Closed Block VA
- Holding company cash capital at EUR 2.4bn; free cash flow to the holding of EUR 298m
- Solvency II ratio decreased due to market movements

# Update on intended all-cash offer for Delta Lloyd

- Intention to make an all-cash offer for all issued and outstanding ordinary shares of Delta Lloyd at EUR 5.30 per share announced on 5 October 2016 and reconfirmed on 2 November 2016
- The transaction is financially and strategically compelling and beneficial to both companies' stakeholder groups
- Limited interaction with Delta Lloyd so far; NN Group remains open to a constructive and substantive dialogue to come to a recommended transaction
- NN Group notes Delta Lloyd's 3Q16 standalone operating results, solvency ratio and capital generation
- With respect to Delta Lloyd's views on synergies:
  - The suggested pre-tax cost synergies represent a high proportion of real addressable cost base
  - NN Group remains cautious on capital benefits and their value
  - Dissynergies, restructuring costs, execution risk and solvency assumption alignment also relevant valuation factors

# Improving customer experience and driving growth with transparent products and services



## Transparent products and services

- New critical illness COLI product in Japan driving significant growth of new sales in 3Q16
- Belgium introduced a new Home and Family product via a fast online subscription process
- General Pension Fund, 'De Nationale APF', received its license



## Multi-access distribution

- Japan Life entered into a long-term collaboration with Sumitomo Life Insurance to sell COLI products through its tied agency network



## Effective and efficient operations

- NN Hungary introduced an online client portal to increase the means of communication and reduce costs

# Continue to deliver excellent customer experience supported by an increased focus on innovation



Relevant customer contact



Data and analytics



Digital and omnichannel

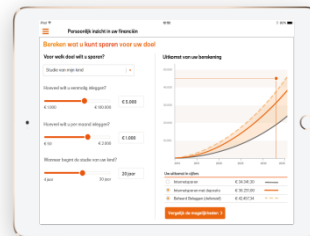


Optimising distribution

NN portal enriched with new functionality, including personal and relevant messages

The screenshot shows the NN portal interface. At the top, there's a navigation bar with the NN logo and menu items: 'Particulier', 'Zakelijk', 'Fondsen en Koersen'. Below that, a main menu lists 'Sparen', 'Beleggen', 'Verzekeren', 'Hypotheken', 'Lenen', 'CreditCard', and 'Pensioen'. The main content area features a blog post titled 'Loopt uw rentevastperiode af?' with a sub-headline 'Uw rentevastperiode is een periode waarin de hypotheekrente gelijk blijft. Aan het einde hiervan kunt u de hypotheekrente opnieuw vastzetten voor de tijd die u wenst. Ook mag u de hypotheek op dat moment boetevrij wijzigen.' A 'Meer informatie >' button is visible. A pop-up message is overlaid on the right, titled 'Autoverzekering' and asking 'Heeft u al een schadeverzekering bij Nationale-Nederlanden?'. It offers a 1.2% discount on the premium and provides contact information for 'Bekijk het ZekerheidsPakket Particulieren'.

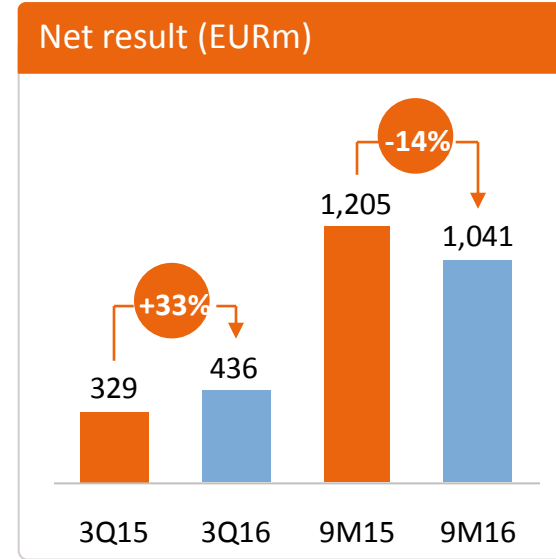
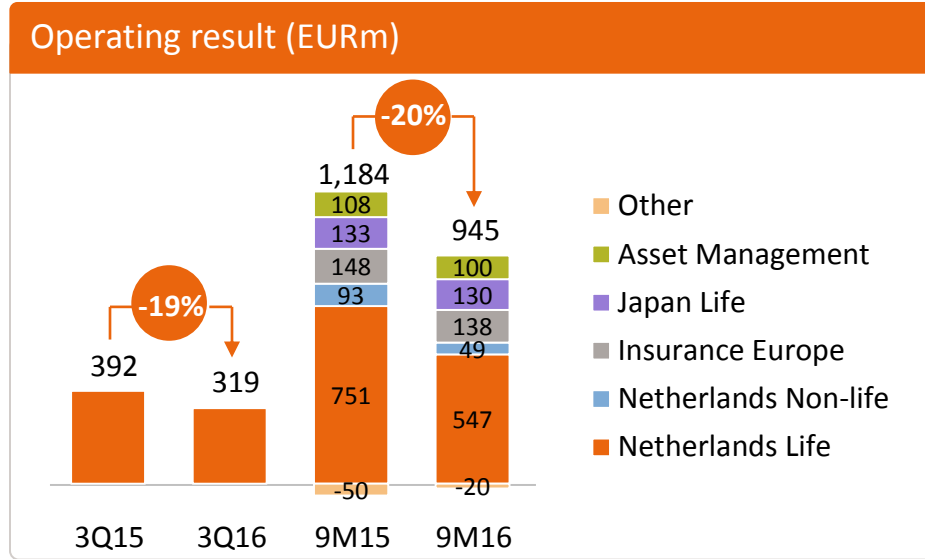
Investing in innovation to improve customer satisfaction, intuitive interaction and efficiency



**Delfin Rueda, CFO**



# 9M16 results

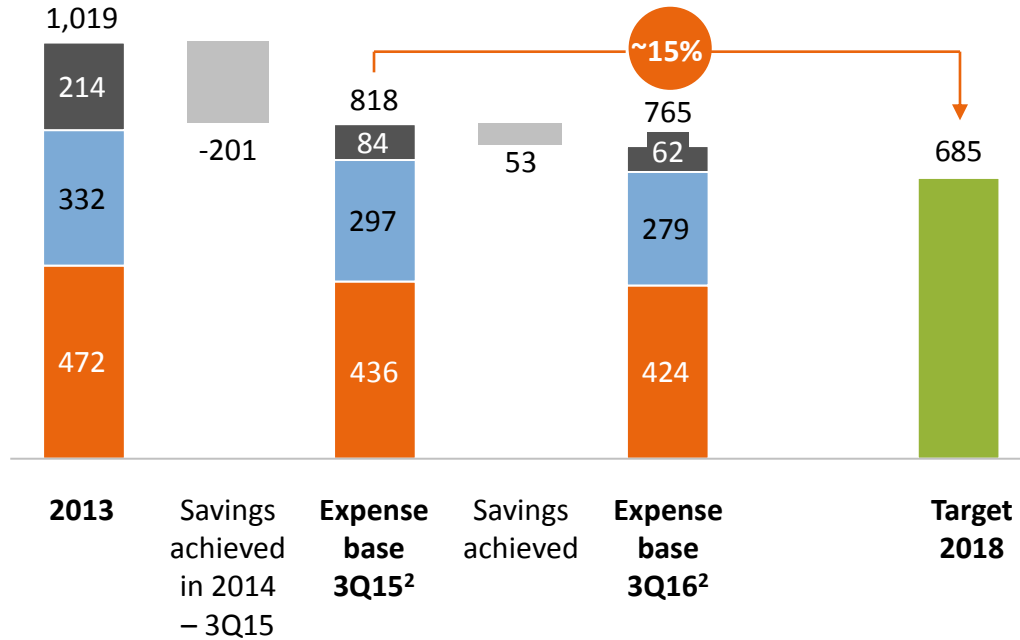


- Operating result ongoing business down, as 9M15 benefited from large private equity dividends and 9M16 was impacted by higher claims in Netherlands Non-life as a result of severe storms
- 9M16 Net result reflects the impact of the negative hedge result at Japan Closed Block VA and the lower operating result of the ongoing business, partly offset by higher non-operating items



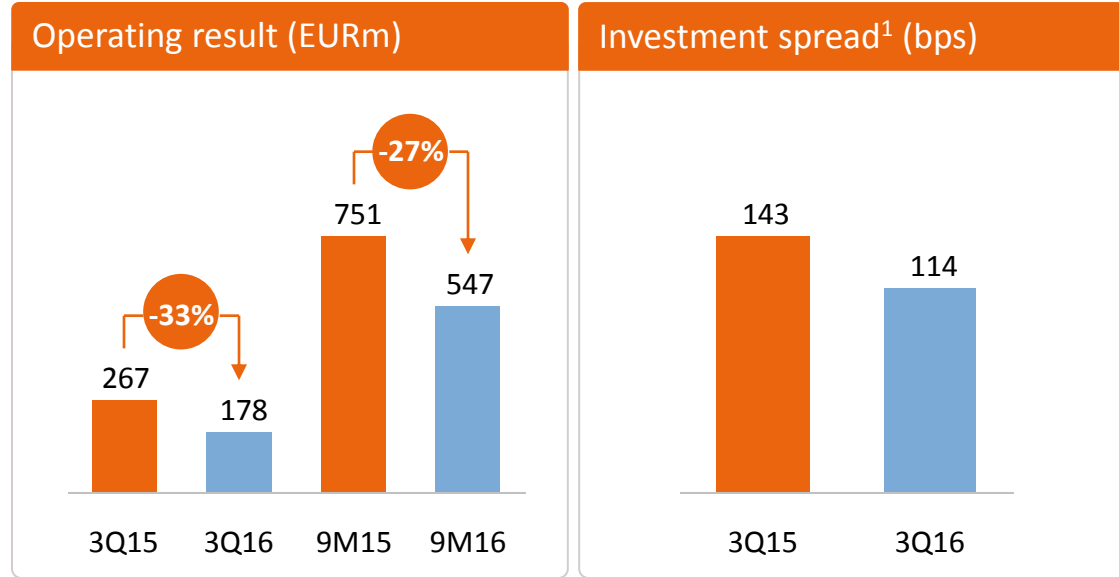
# Focus on efficiency to reduce the expense base

Target administrative expense base in the Netherlands<sup>1</sup> of EUR 685m by 2018 (EURm)



	Cost savings		
	4Q15-2Q16	3Q16	Total <sup>3</sup>
■ Holding	13	9	22
■ NL Non-life	14	4	18
■ NL Life	4	8	12
	<b>31</b>	<b>21</b>	<b>53</b>

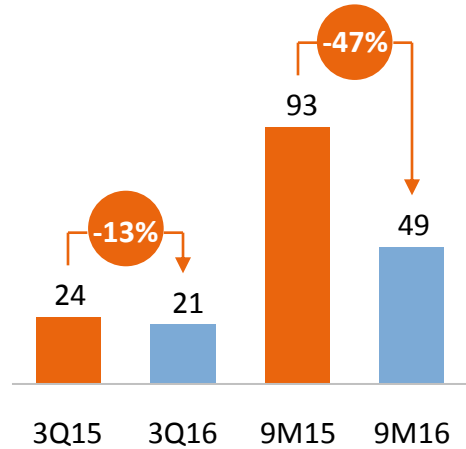
# Netherlands Life



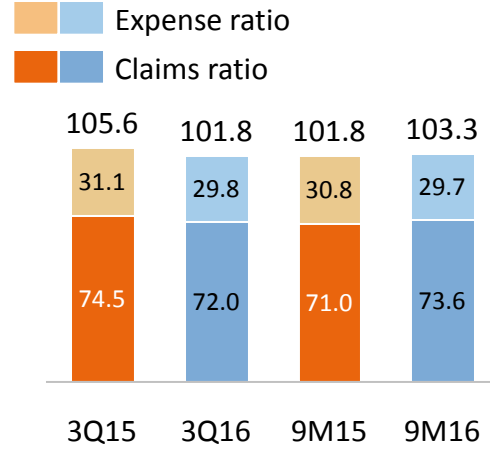
- Operating result 3Q16 decreased to EUR 178m, as 3Q15 was supported by a private equity dividend of EUR 110m
- Investment spread, calculated on a four-quarter rolling average, decreased to 114 basis points from 143 basis points in 3Q15 due to lower private equity dividends

# Netherlands Non-life

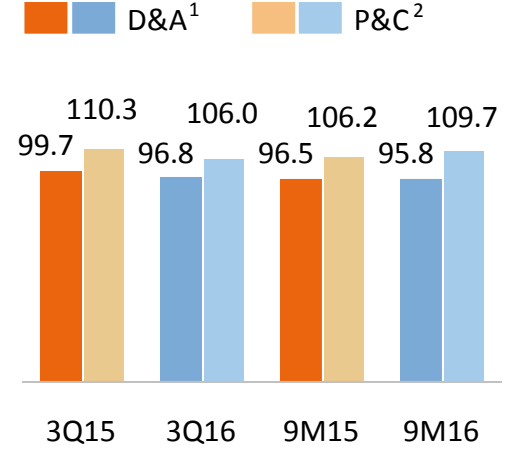
## Operating result (EURm)



## Combined ratio (%)

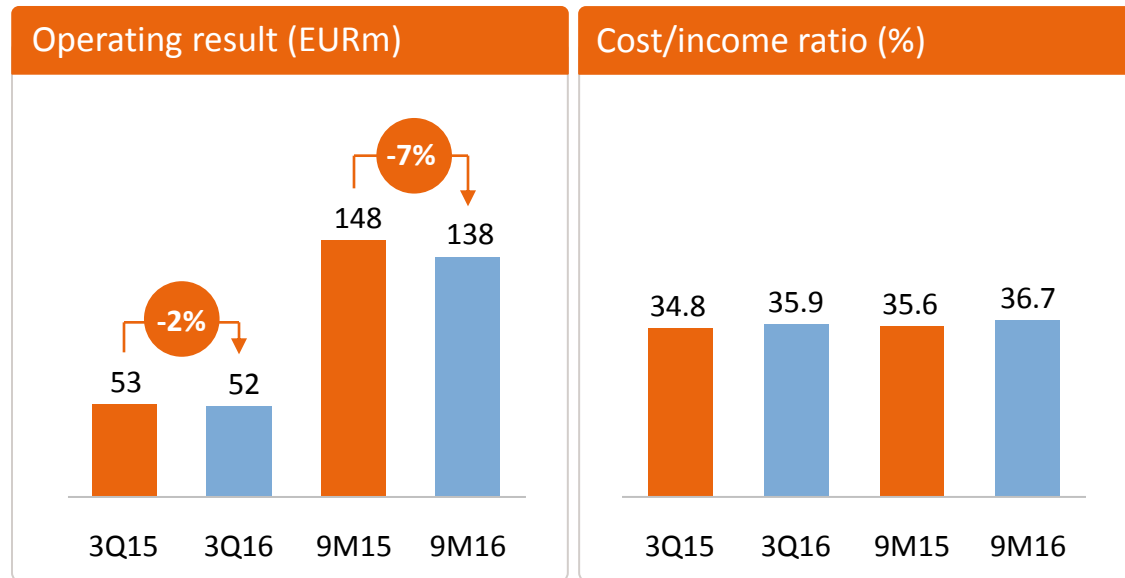


## Combined ratio business lines (%)



- Operating result 3Q16 down versus 3Q15 which was supported by a private equity dividend of EUR 17m, partly offset by a better underwriting performance in both P&C and D&A
- D&A – favourable claims development in both Individual disability and Group income protection portfolios
- P&C – 3Q16 reflecting the impact of EUR -3m from the severe storms witnessed in 2Q16

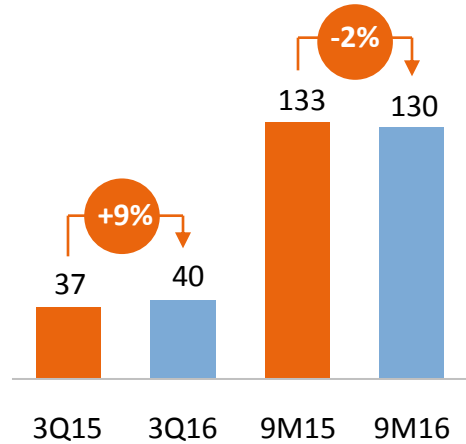
# Insurance Europe



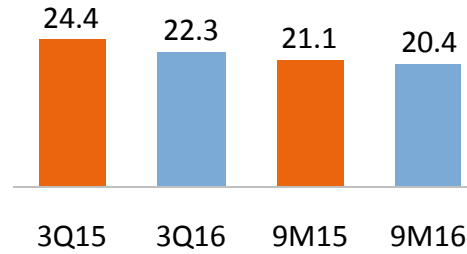
- Operating result was EUR 52m, broadly stable on the third quarter of 2015
- Cost/income ratio increased on higher administrative expenses
- New sales increased to EUR 101m, up 13.9% from 3Q15 at constant currencies, mainly due to higher sales of less capital intensive savings products in Spain and Greece

# Japan Life

Operating result (EURm)

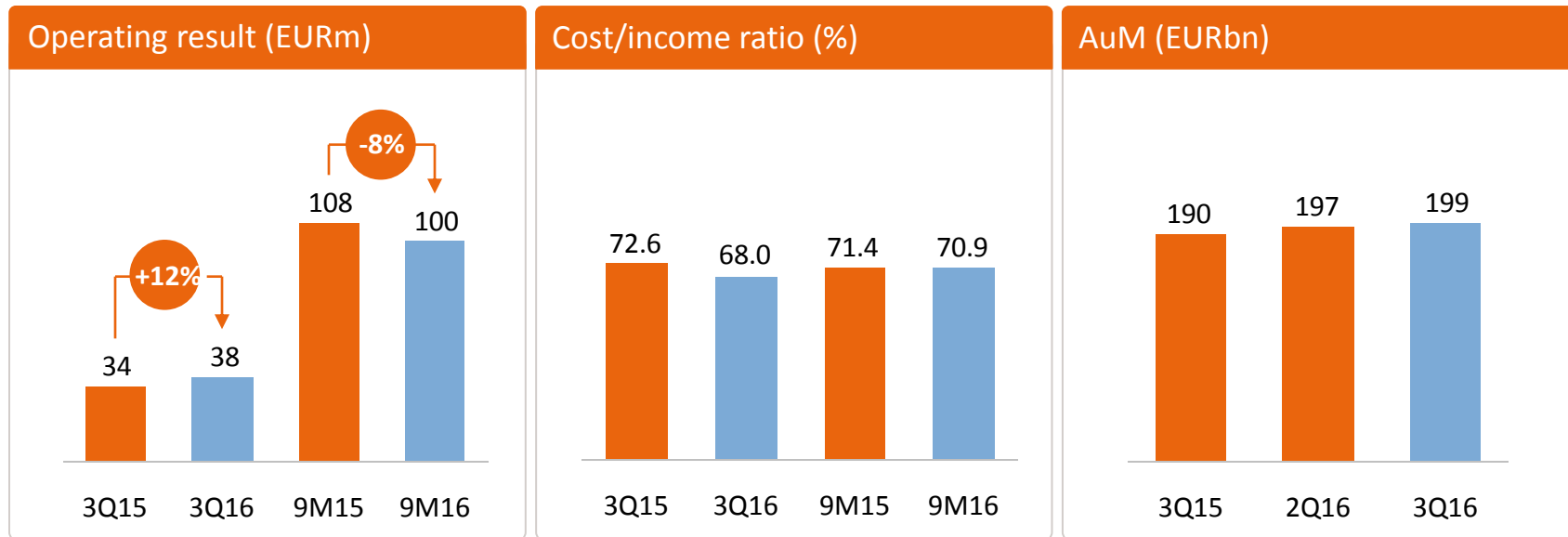


Cost/income ratio (%)



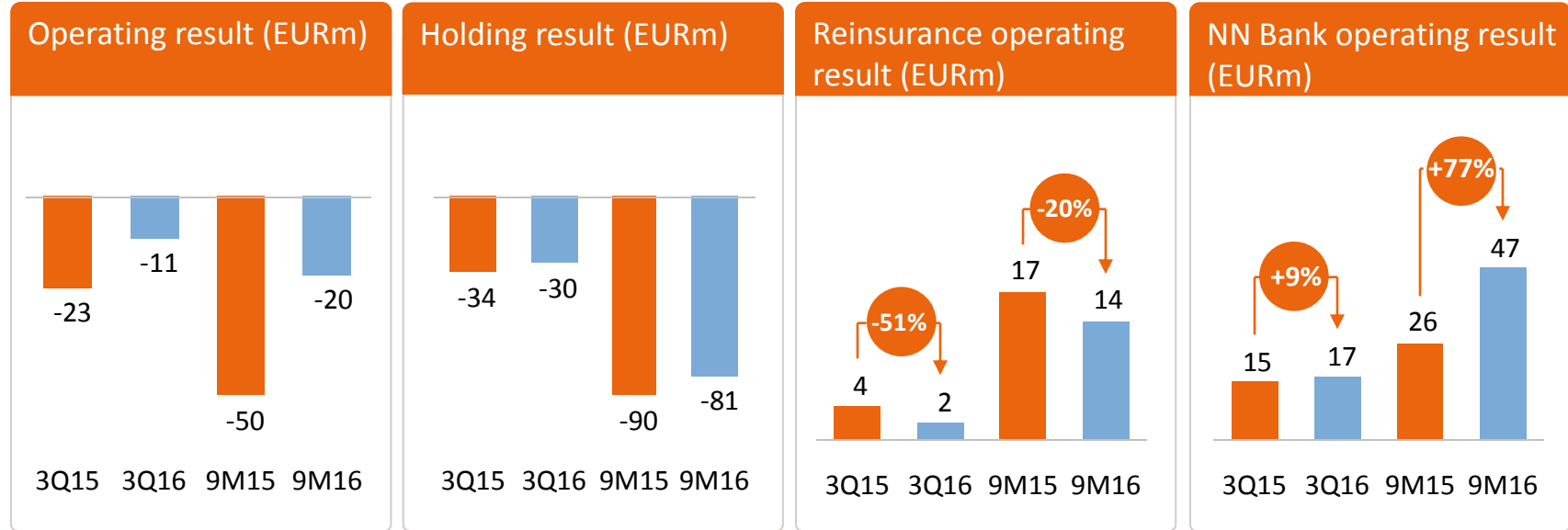
- Operating result down 7.9% from 3Q15, excluding currency effects, reflecting a lower technical margin
- Cost/income ratio down as higher income was only partly offset by higher administrative expenses
- New sales increased to EUR 209m, up 22.6% from 3Q15 at constant currencies, due to the launch of a critical illness product in the COLI market in July 2016

# Asset Management



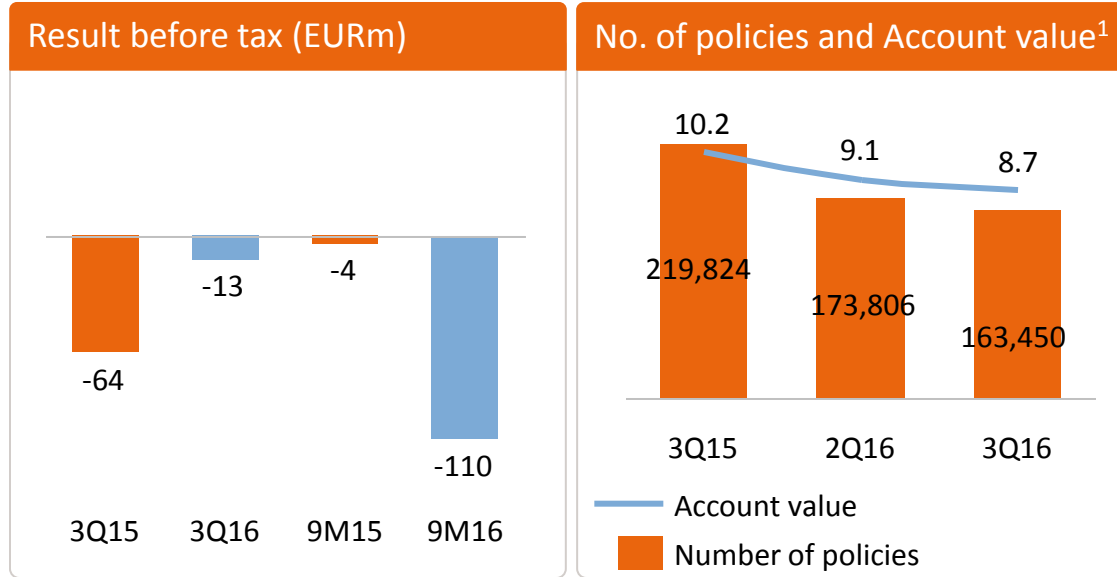
- Operating result 3Q16 increased to EUR 38m, as a decrease in fees was more than compensated by lower expenses
- Total Assets under Management (AuM) increased to EUR 199bn from EUR 197bn at the end of 2Q16 driven by positive market performance and net inflows in Third-Party assets

# Other



- Operating result 3Q16 improved to EUR -11m, reflecting lower holding expenses while 3Q15 was impacted by a EUR 6m addition to the technical provisions of a legacy entity
- Higher result at NN Bank on higher interest margin partly offset by higher expenses
- Lower reinsurance result due to lower underwriting results

# Japan Closed Block VA

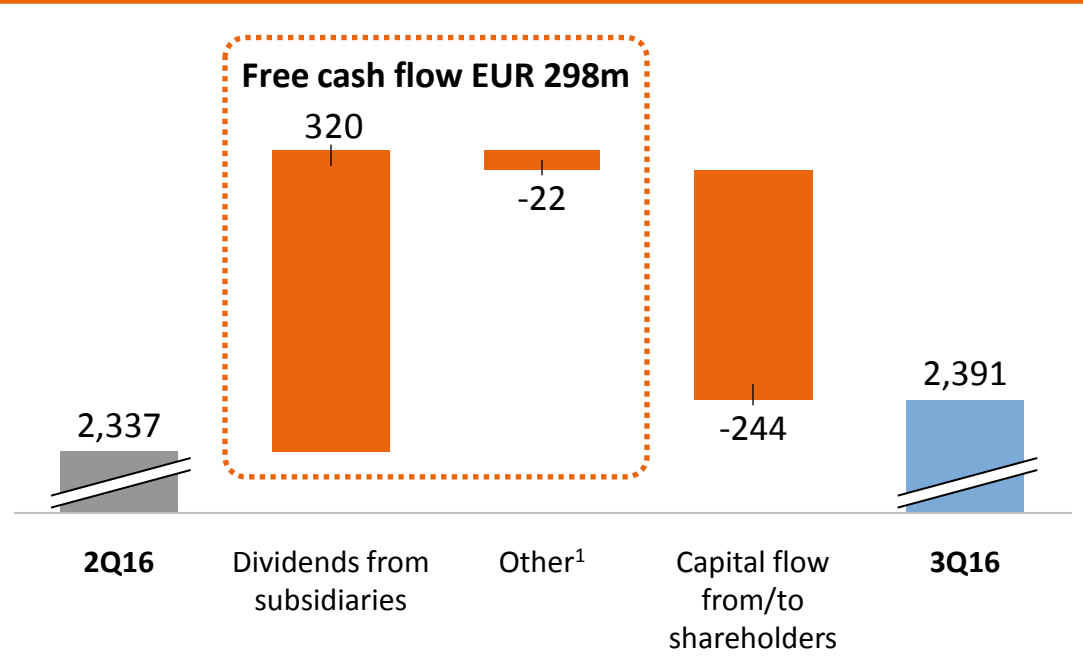


- Result before tax 3Q16 of EUR -13m, reflecting improved hedge-related results
- Portfolio run-off resulted in a 6.0% decrease in the number of policies compared with 2Q16



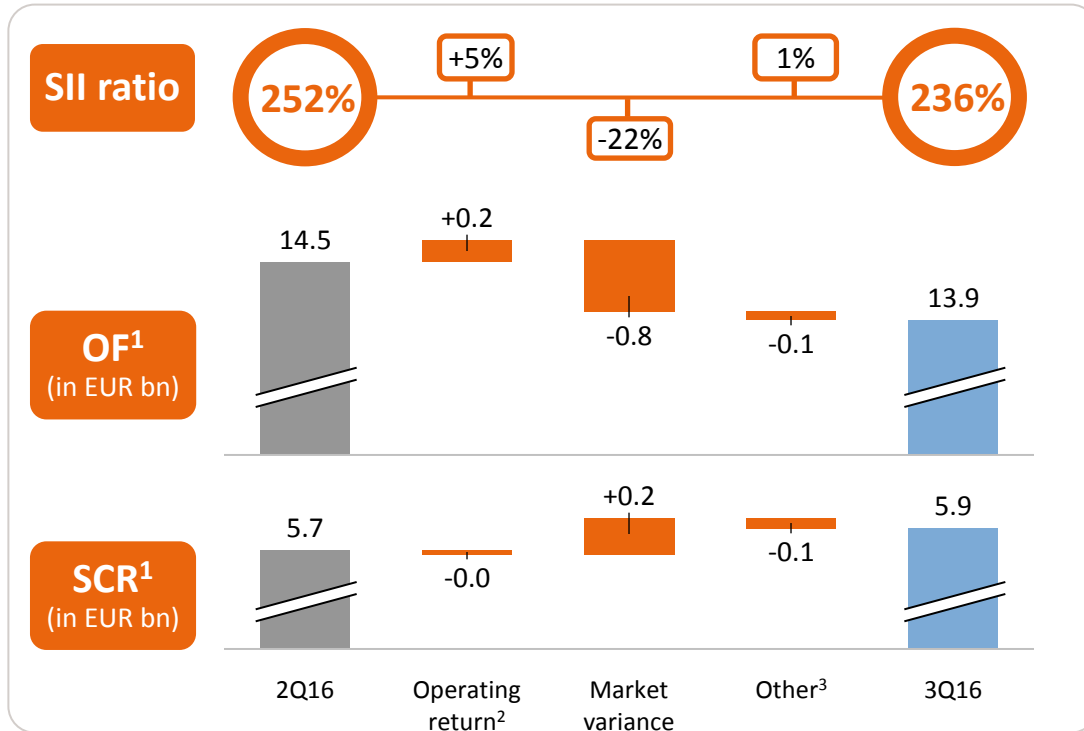
# Free cash flow 3Q16

## Movement in holding company cash capital (EURm)



- Free cash flow of EUR 298m includes EUR 320m of dividends mainly from the Dutch units
- Capital flow to shareholders reflects the cash part of the 2016 interim dividend (EUR 113m) and the shares repurchased in 3Q16 (EUR 131m)

# Solvency II movement



- Solvency II ratio decreased due to market variance, partly offset by operating return
- Market variance mainly due to higher credit spreads on highly rated government bonds and lower credit spreads on corporate bonds, partly offset by positive equity revaluations
- Operating return includes quarterly net result as well as EUR ~40m 6M16 net result of Asset Management
- EUR 500m share buyback programme suspended for EUR 333m in light of the intended offer for Delta Lloyd; continues to be deducted from Own Funds as at 3Q16

**Lard Friese, CEO**

# Key takeaways

- 1 Operating result EUR 319m
- 2 Progress on cost savings in the Netherlands bringing annual expense base down to EUR 765m
- 3 Solvency II ratio at 236%
- 4 Holding company cash capital higher at EUR 2.4bn; free cash flow at holding company of EUR 298m

# Q&A

Lard Friese, Delfin Rueda, Jan-Hendrik Erasmus

# Appendices

# Dividends upstreamed

Dividends upstreamed by segments/subsidiaries (EURm)

	3Q16	2Q16	1Q16	2015	2014
Netherlands Life <sup>1</sup>	160	160	160	807	60
Netherlands Non-life	31	-	107	93	208
Insurance Europe <sup>2</sup>	-	199	6	227	145
NN Japan Life	-	80	-	74	90
Asset Management	53	20	-	90	61
NN Re Netherlands	75	50	75	185	100
Other <sup>1</sup>	-	23	41	73	46
<b>Total</b>	<b>320</b>	<b>532</b>	<b>390</b>	<b>1,548</b>	<b>710</b>



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)

# 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 accounts for the period ended 30 September 2016.

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) 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, (13) changes in the policies 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 us 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 and (18) the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by NN Group.

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