



NN Group

Lard Friese, CEO

Bank of America Merrill Lynch conference

27 September 2016

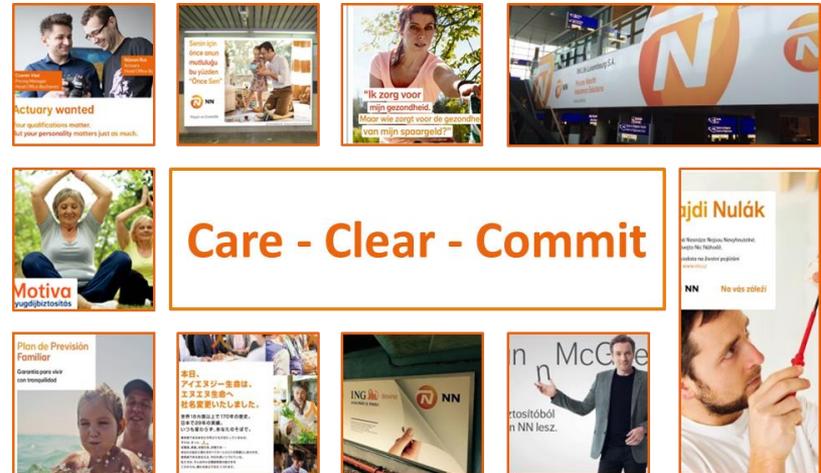


Leading Dutch insurer with strong businesses in European insurance, asset management and Japan

Some facts and figures

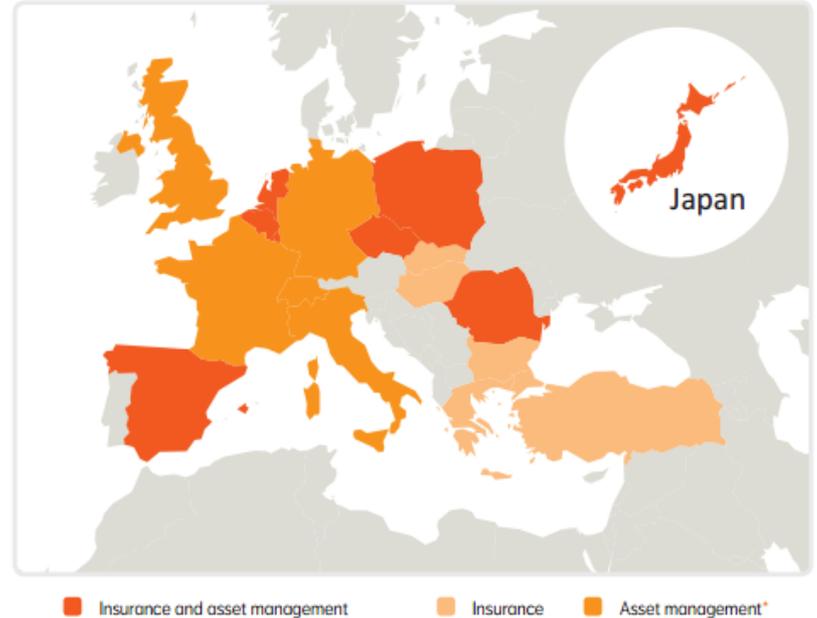
- History dating back to 1845
- Strong business positions
- Market positions were built organically
- Unified international culture with shared best practices
- 15 million customers
- Around 11,500 employees
- Successful IPO on 2 July 2014
- ING's divestment of NN Group completed on 14 April 2016
- Shareholders' equity of EUR 25.3bn at 30 June 2016
- Businesses rebranded to "NN" in 2015
- Credit ratings: A-, stable (S&P) / A, stable (Fitch)

Our brand promise 'You matter'



Diversified businesses in Europe and Japan

- **Netherlands Life:** Ongoing shift to higher-yielding assets; continued focus on cost reductions and capital generation
- **Netherlands Non-life:** Management actions successful in improving D&A performance; more work needed in P&C
- **Insurance Europe:** Continuing shift in the business mix towards capital light products with focus on value
- **Japan Life:** Further product innovation and expansion of distribution network, growth in bancassurance
- **Asset Management:** Focus on attracting third party assets in a challenging environment; launched strategy enhancement programme
- **NN Bank:** Further growth in mortgage portfolio and customer savings; top 5 mortgage originator in the Netherlands



Our values – care, clear, commit – underpin our strategy and how we serve our customers

NN statement of Living our Values



Care Clear Commit



Prohlášení NN „Žijeme hodnotami”



Care Clear Commit



Декларация на NN „Живеем с нашите ценности”



Care Clear Commit



Declaración de NN: Vivir nuestros valores



Cuidamos de nuestros Clientes
Somos claros
Estamos comprometidos



Porque Tú importas comienza por Vivir nuestros valores

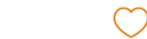
NN Értékeinkről szóló iránymutatás



Öröfgyeetés Aláíthetőség Elkötlezettség



„You matter – Te számítasz”
azzal kezdődik.
Értékeink szertm elünk



We care
(私たちが気に掛けます)



We are clear
(私たちが明瞭です)



We commit
(私たちが責任を持ちます)

- Rebranding complete
- Brand awareness increased
- Active corporate sponsorship aligning brand, strategy and values



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

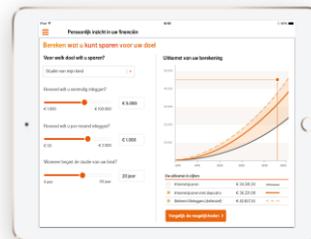
The screenshots show the NN portal interface with the following content:

- Logo: nationale nederlanden
- Navigation: Particulier, Zakelijk, Fondsen en Koersen
- Menu: Sparen, Beleggen, Verzekeren, Hypotheken, Lenen, CreditCard, Pensioen
- Article 1: "Loopt uw rentevastperiode af?" (Is your fixed-rate period over?) with a "Meer informatie >" button and a link to "Lees de blog: Einde van de rentevaste periode in zicht?"
- Article 2: "Autoverzekering" (Car insurance)
- Article 3: "Niet een schadeverzekering bij Nationale-Nederlanden?" (Not an insurance policy at NN?) with a "Bekijk het ZekerheidsPakket Particulieren" button.

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



Ab
SIMPEL
HANDIG
VEILIG



Our investment proposition

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 insurance
- 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

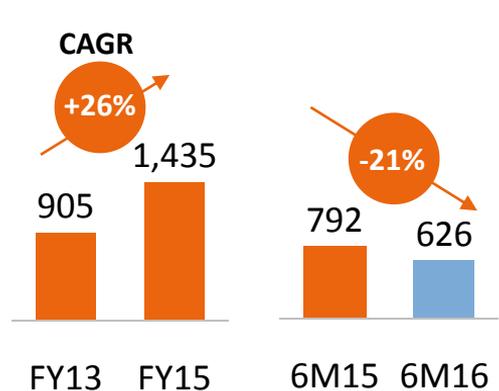
- Primarily fee and premium-based businesses
- Growth in Insurance Europe, Asset Management and Japan Life
- Drive operating leverage across segments

Focus on generating capital and improving earnings

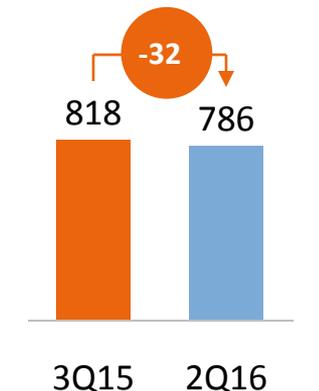
- Significant cumulative cash generation
- Ordinary dividend of 40-50% of net operating result ongoing business
- Base case of returning capital in excess of capital ambition to shareholders¹
- M&A where NN will be the right owner and creates value

Delivering on the financial targets

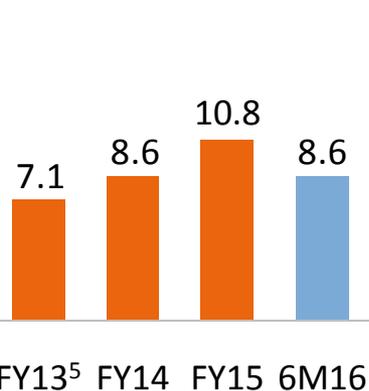
Annual earnings¹ growth of 5-7% on average in the medium term (EURm)



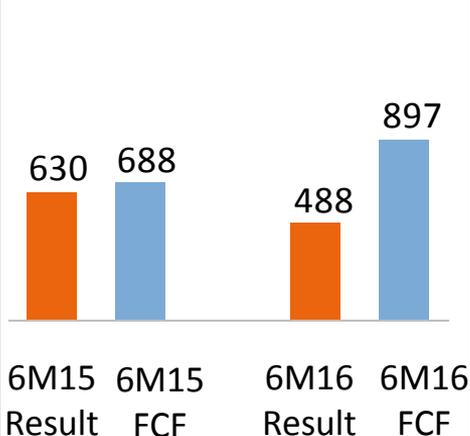
Target administrative expense base in the Netherlands² of EUR 685m by 2018 (EURm)



Increase in ROE³ in medium term (%)

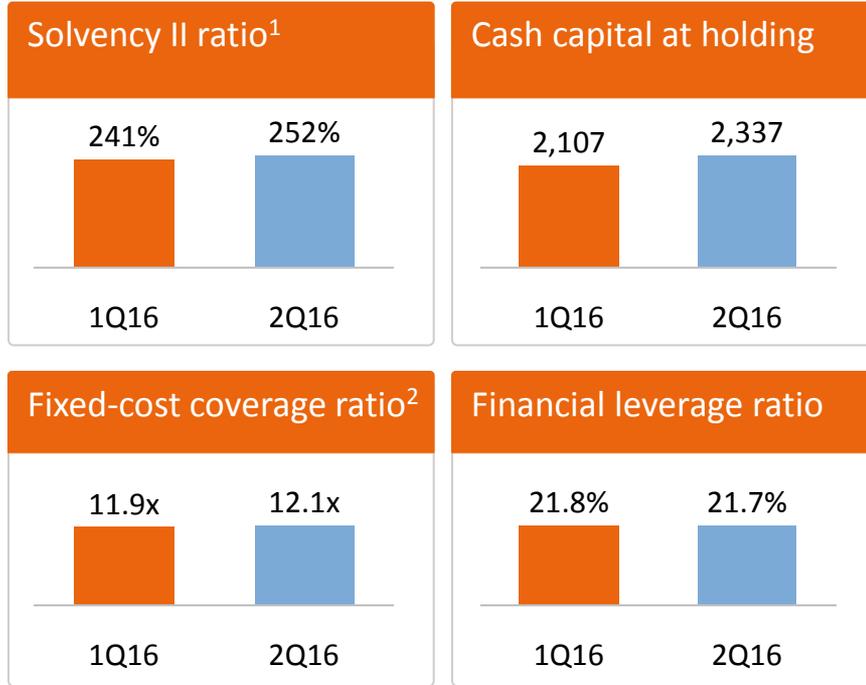


Generate free cash available to shareholders in a range around the net operating result of the ongoing business⁴ (EURm)



1. Operating result before tax ongoing business
2. Administrative expenses of Netherlands Life, Netherlands Non-life and corporate/Holding; Expense base calculated on a last 12-months basis
3. Net operating ROE ongoing business
4. Assuming normal markets and no material special items
5. Pro-forma

Disciplined capital management and commitment to return excess capital to shareholders



Base case of returning capital to shareholders unless it can be used for value-creating corporate opportunities

- Open market share buyback programme for up to EUR 500m and in addition EUR 156m to neutralise the dilutive effect of stock dividend by 31 May 2017
- Since IPO, EUR 2,135m of capital returned to shareholders, including share buyback programme and 2016 interim dividend

Strategic priorities

CONTINUE TO DRIVE BUSINESS PERFORMANCE



- Execute on announced cost savings to achieve target expense base in the Netherlands of EUR 685m by the end of 2018
- Improve combined ratio of Netherlands Non-life
- Invest in Netherlands retail strategy – ‘Digital, Personal and Relevant’
- Invest in product innovation and expand distribution at international units
- Strategy enhancement at asset manager to drive new inflows by rationalising and creating scale in product range and building on areas of expertise

CONTINUE TO DEPLOY CAPITAL IN VALUE CREATING OPPORTUNITIES



- Manage the business for value with focus on VNB
- Continue to allocate and reallocate capital to higher RoE businesses
- Continue to look for opportunities to deploy capital in value creating ways

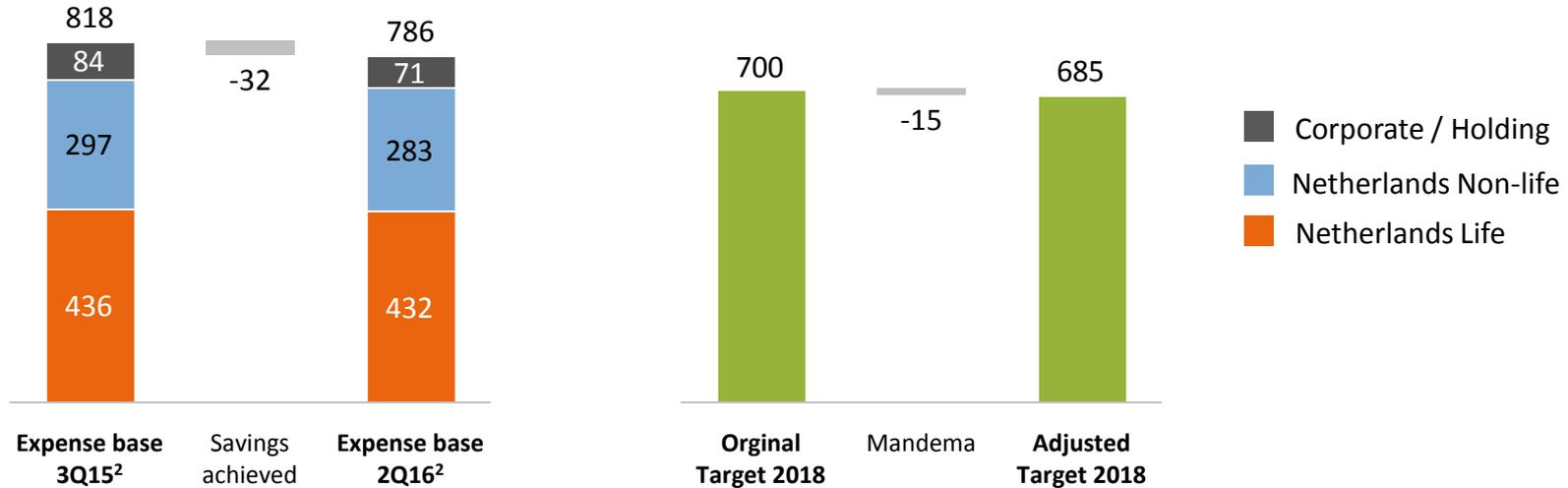
MAINTAIN CAPITAL DISCIPLINE



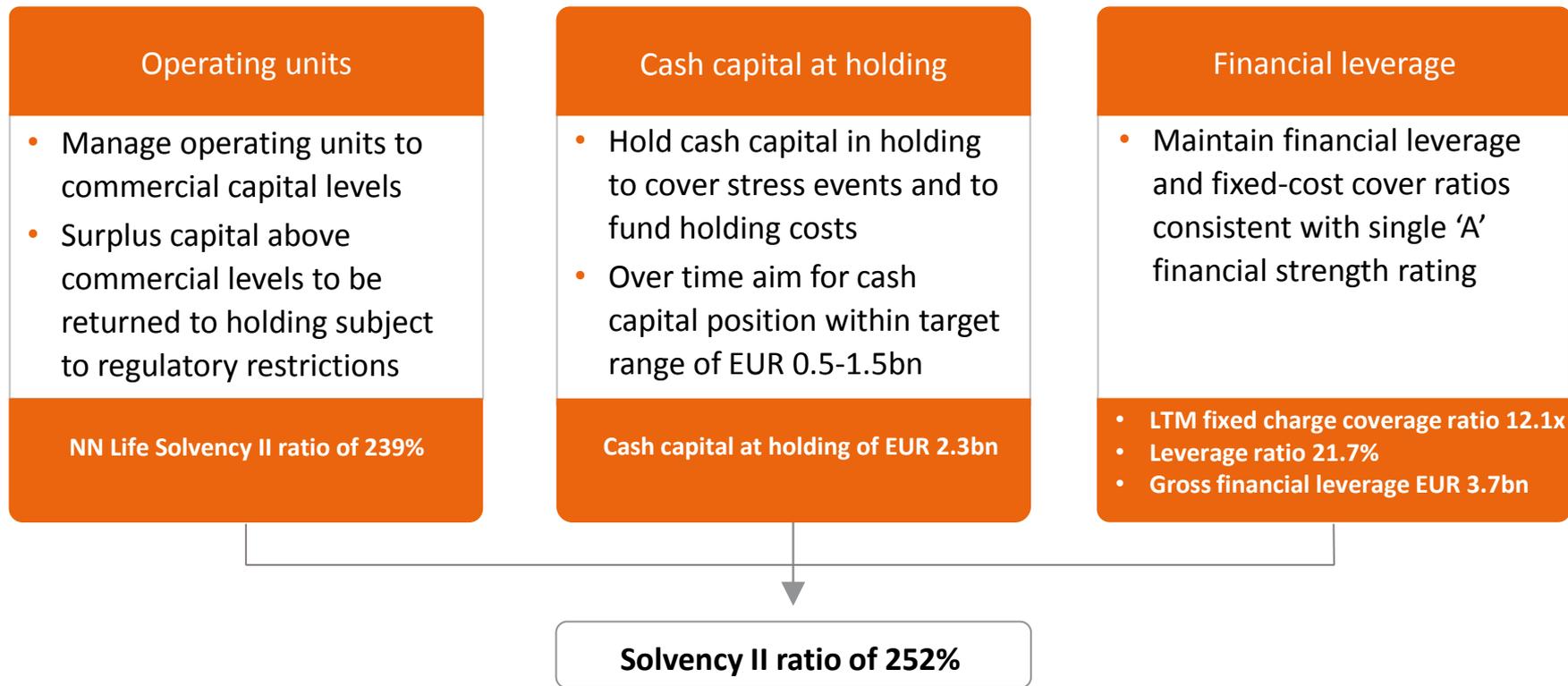
- Strong balance sheet
- Committed to dividend policy
- Cash capital at holding target range of EUR 0.5 – 1.5bn

Continuing focus on efficiency

Target administrative expense base in the Netherlands¹ of EUR 685m by 2018 (EURm)

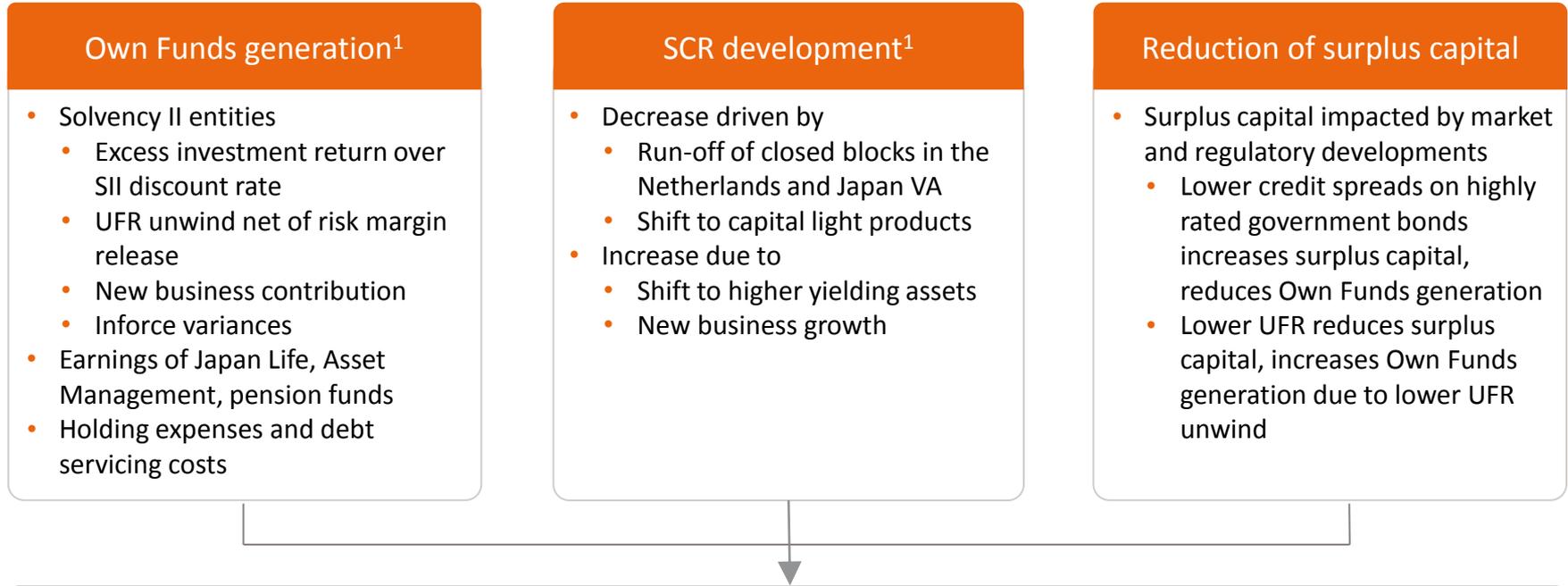


Strong solvency and disciplined capital framework



All figures at 2Q16 end of period

Drivers of free cash flow

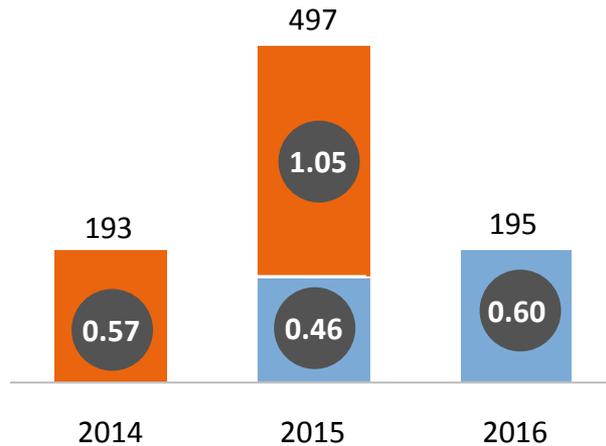


Over time and assuming normal markets and no material special items, NN Group expects to generate free cash available to shareholders in a range around the Group's net operating result of the ongoing business

1. Available and required regulatory capital for Japan Life, Asset Management and pension funds

Generating value through deployment of capital

Sustainable and predictable dividends in line with dividend policy (EURm)

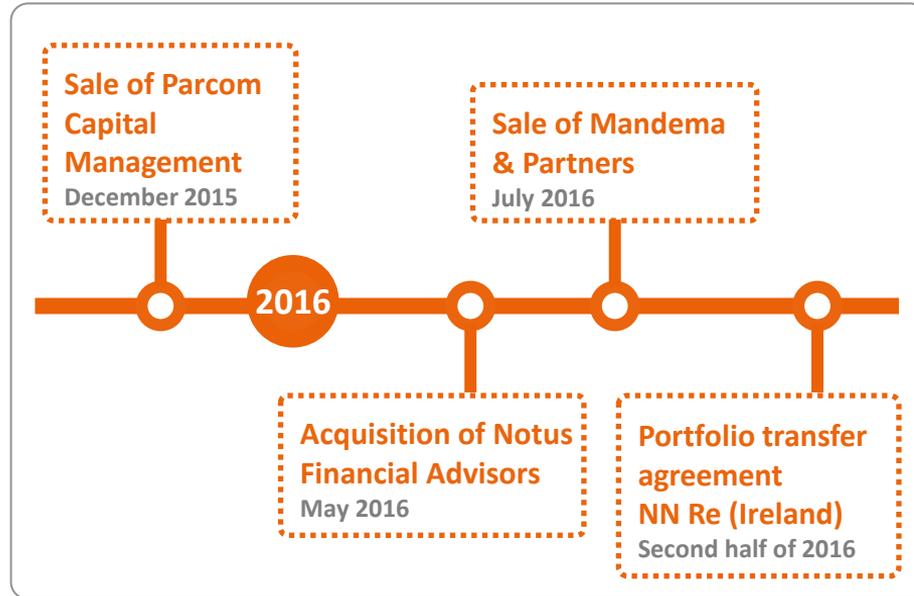


■ Interim dividend
■ Final dividend
● Dividend per share in EUR

Excess capital returned to shareholders, unless it can be used for value creating corporate opportunities

- Open market share buyback programme for up to EUR 500m and in addition EUR 156m to neutralise the dilutive effect of stock dividend by 31 May 2017
- Since IPO, EUR 2,135m of capital returned to shareholders, including share buyback programme and 2016 interim dividend
- Ongoing consideration of deployment of capital in organic or inorganic value-creating opportunities

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

Over the medium term, NN Group expects to ...

- 1 Improve efficiency and profitability of all segments
- 2 Increase exposure to growth markets and fee business
- 3 Maintain a strong balance sheet and solvency position
- 4 Return excess capital to shareholders unless it can be used for other value creating opportunities

Appendices

Dividends upstreamed

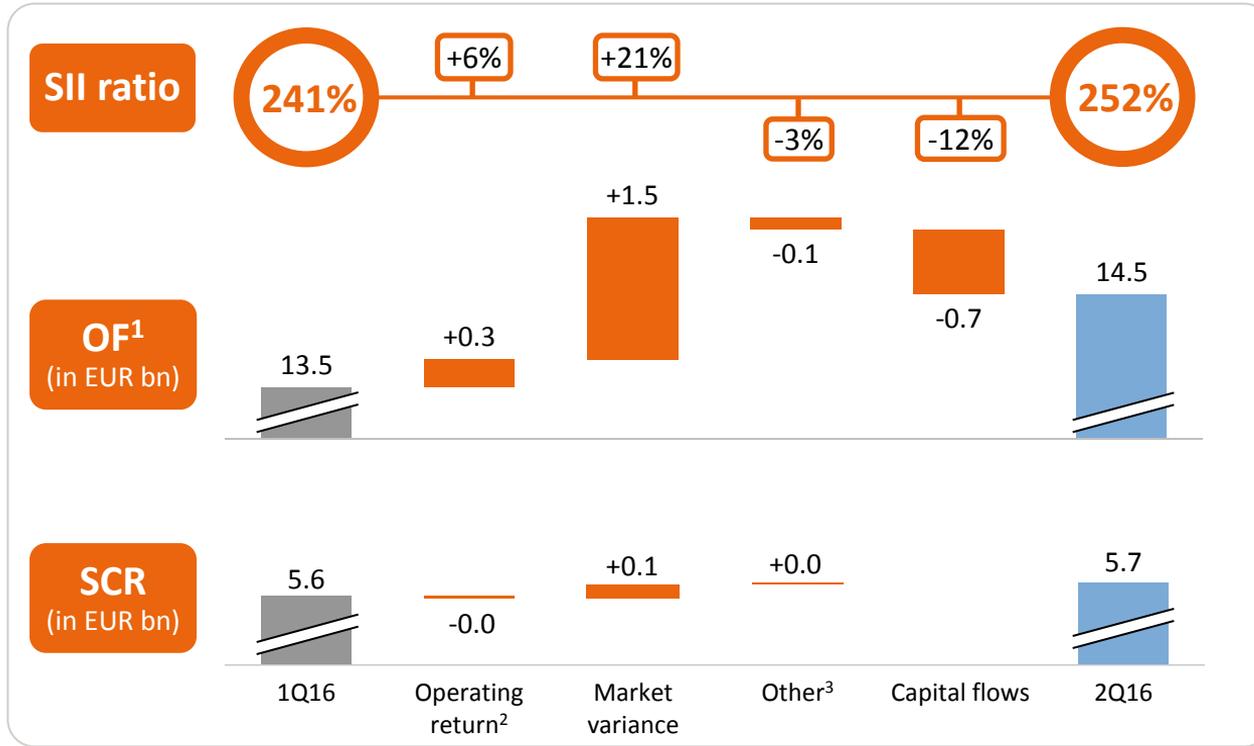
Dividends upstreamed by segments/subsidiaries (EURm)

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



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)

Solvency II movement



- Solvency II ratio increased mainly driven by market variance, partly offset by capital flows
- Market variance mainly due to lower credit spreads on highly rated government bonds
- Capital flows to shareholders reflects the EUR 500m share buyback and 2016 interim dividend of EUR 195m
- Operating return includes FY15 net result of Asset Management of EUR ~80m and non-recurring benefits in Japan Life of EUR ~50m

1. Eligible Own Funds

2. Operating return includes Solvency II entities, Japan Life, Asset Management and pension funds, as well as holding expenses

3. Mainly includes model and assumption changes, the accruals of the qualifying debt, the impact of transitionals, and the change of non-available Own Funds of Solvency II entities and non-eligible Own Funds

Free cash flow driven by Own Funds generation, SCR development and surplus capital

Segment	Own Funds expected return ¹	SCR development ¹ impact run-off (✓) new business growth (✗)	Reduction of surplus capital	Remittances vs Net operating result
Netherlands Life	✓	✓	✓	>
Netherlands Non-life	✓			=
Insurance Europe	✓	✗	✓	<
Asset Management	✓			=
Japan Life	✓	✗		<
Japan Closed Block VA	✓	✓	✓	>
Other	(-) Holding interest expenses, (-) holding expenses, (+/-) FX movements, (+/-) other holding flows (-) NN Bank (investment in growth of NN Bank)			

Over time and assuming normal markets and no material special items, NN Group expects to generate free cash available to shareholders in a range around the Group's net operating result of the ongoing business

1. Available and required regulatory capital for Asset Management and Japan Life

Sensitivities of the NN Group Solvency II ratio to specified shocks

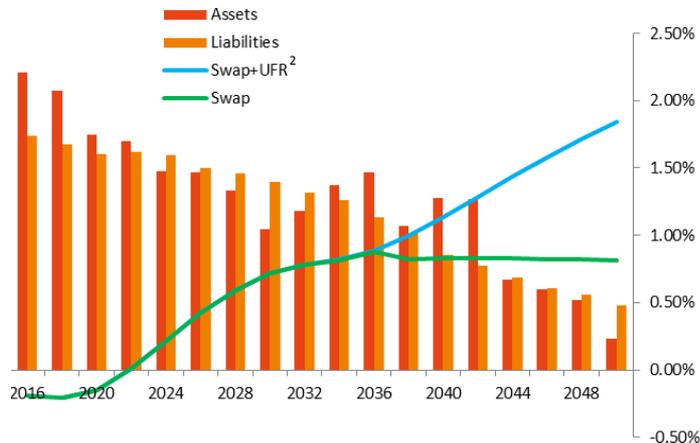
Sensitivities to shocks ¹ at 2Q16	Δ OF (in EURbn)	Δ SCR (PIM) (in EURbn)	Δ Solvency II ratio ² (in %-points)
Interest rate: Parallel shock +50bps	-0.3	-0.4	+12%
Interest rate: Parallel shock -50bps	+0.4	+0.5	-15%
Interest rate: 25bps steepening between 20y-30y	-0.8	-0.1	-11%
Credit spread: Parallel shock for all bonds +50bps	-0.8	-0.2	-6%
Credit spread: Parallel shock for government bonds +50bps	-1.7	-0.1	-26%
Credit spread: Parallel shock corporate bonds +50bps	+0.9	-0.1	+18%
Equity: Downward shock -25%	-1.0	-0.2	-11%
Real estate: Downward shock -15%	-0.5	-0.0	-9%
UFR: Downward adjustment to 3.2%	-1.1	+0.1	-25%



1. Sensitivities are performed for Solvency II entities; Shocks are assumed to take place over a quarter period
2. Impact on Solvency II ratio based on Partial Internal Model in percentage points

Interest rate risk management focuses on closely matching liability cash flows

NN Life asset and liability cash flows¹



Managing versus expected liability cash flows

- NN Group manages interest rate risk by matching assets and best estimate liability cash flows
- We do not specifically hedge the UFR nor the risk margin
- Therefore if interest rates rise, our Solvency II Own Funds will decrease but our economic position will be largely unchanged
- However, the impact of interest rate changes on our Solvency ratio from the UFR is more than offset by the change in the SCR and risk margin
- A +50 basis point parallel move of the swap curve would increase the NN Group Solvency II ratio by 12%-points³

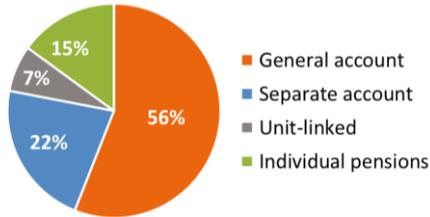
1. Source: NN Group, DNB and Bloomberg. Swap rates at 2Q16

2. The discount rate used under Solvency II is the swap curve plus the UFR and is adjusted for the Volatility Adjustment and Credit Risk Adjustment

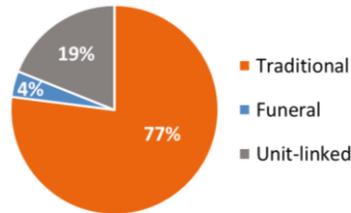
3. At 2Q16

Netherlands Life: Focus on reducing expenses, shift to higher yielding assets and de-risking liabilities

Pensions
(Technical reserves 4Q15: EUR 45bn)



Individual Life Closed Block
(Technical reserves 4Q15: EUR 27bn)



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 128 bps in 2Q16 vs 104 bps in 2013

Generate and upstream capital

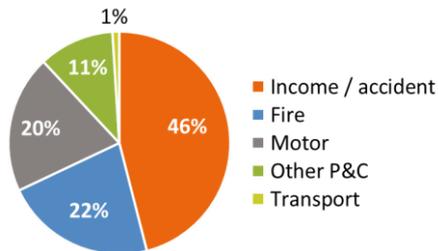
- NN Life to generate cash and pay dividends to the holding
- Run-off of individual life closed block continues with approx. 50% of technical reserves expected to run off by 2025
- Growth opportunities in pensions

Target: Maintain operating result before tax broadly stable at 2013 levels over the medium term

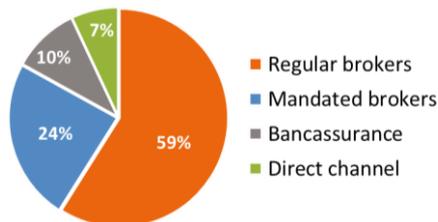
1. Four-quarter rolling average

Netherlands Non-life: Focus on underwriting performance and cost reductions

Product mix (by GWP 2015)



Distribution channel (by GWP 2015)



More needed to reach COR target $\leq 97\%$ by 2018

	6M16	2015	2014	2013
D&A ¹	95%	98%	97%	102%
Fire	112%	102%	98%	101%
Motor	113%	109%	111%	105%
Total	104%	102%	99%	101%

Priority is to drive combined ratio to target level

- Better underwriting performance, including differentiated premium rate increases
- Further expense reductions
- Selective growth opportunities

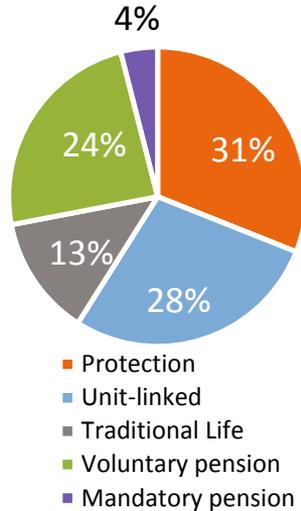
Target: Combined ratio of 97% or below by 2018

1. D&A = Disability & Accident

Insurance Europe: Self-funded growth with operating leverage

Product mix focused on life and voluntary pensions

(by APE 2015)



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

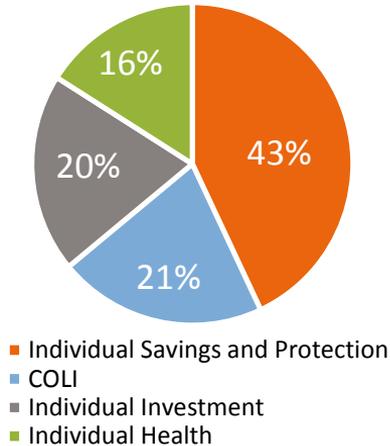
- Customer satisfaction¹ better than main competitors in majority of markets
- Focus on profitable business to improve VNB²
- Benefiting from operating leverage through disciplined cost management
- Self-funded growth and cash generative

Target: Mid-single digit operating result before tax annual growth rate on average, over 2013-18

Japan Life: Strong profitability and cash generation

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

Total market EUR 21bn



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
- Stable level of new sales; APE of EUR 303m in 6M16

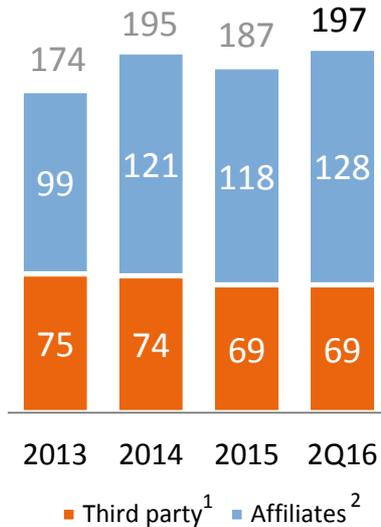
Operational improvement

- Operating leverage reflected in low cost–income ratio
- Pressure on VNB from low rate environment mitigated by shift to higher margin products
- Self-funded growth and cash generative

Target: Low to mid-single digit operating result before tax annual growth rate on average, over 2013-18

Asset Management: Strategy to grow third party business and benefit from operating leverage

Assets under Management (EURbn)



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

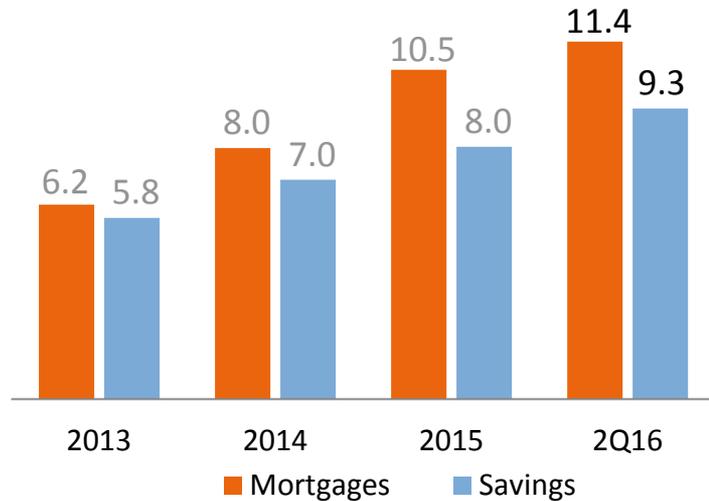
Operating leverage

- 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

Target: Mid-single digit operating result before tax annual growth rate on average, over 2013-18

NN Bank: focus on building scale and improving profitability

Steady growth in mortgages and savings (EURbn)



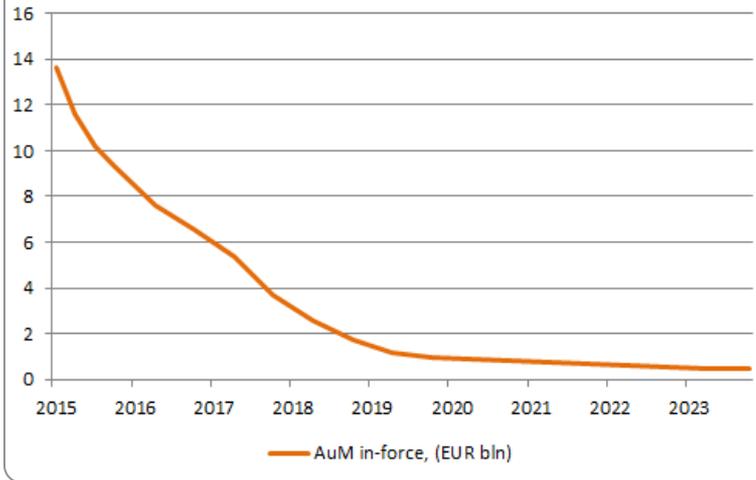
Complementary products to NN's insurance offering

- NN Bank facilitates the long-term savings need in the Netherlands
- Offers frequent points of contact with our customers and cross-selling opportunities
- Strong new production bank annuity products
- Flexibility to grow in mortgages based on attractive yields and appetite, top 5 originator of mortgages in the Netherlands
- Continued investments in people and processes to support future growth
- ROE 9.8% in 6M16 vs 5.6% in 2014

Target: Return on Equity of 7% by 2018

Japan Closed Block VA: Capital release from maturing portfolio

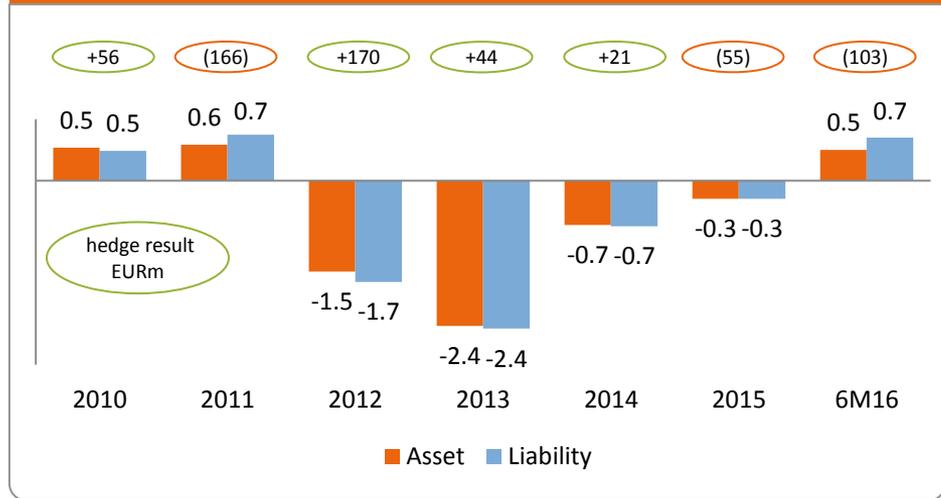
~90% expected to have matured by end 2019



- Portfolio reinsured to NN Re in the Netherlands
- Expected capital release plus or minus hedge results

Liabilities are actively managed and hedged

(EURbn)



- Hedge result is expected to remain volatile
- Quality of hedging and the team secured by successful migration from Japan to the Netherlands

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 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.

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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