

NN Group

Lard Friese, CEO

Morgan Stanley European Financials Conference

London, 24 March 2015



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

Geographical reach



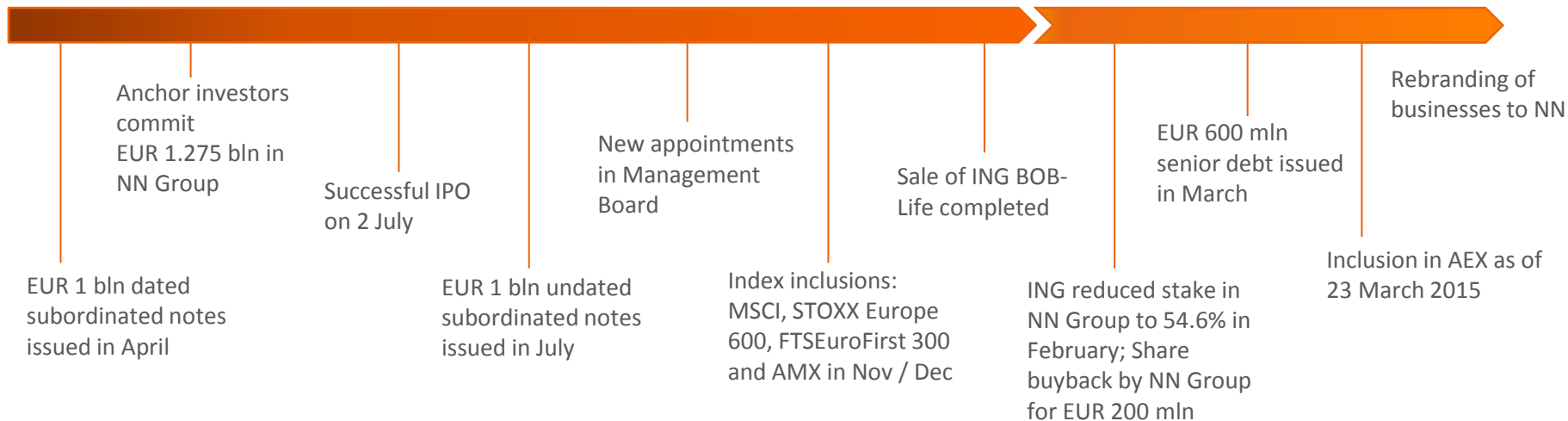
Some facts and figures

- History dating back to 1845
- Strong business positions
- Market positions were built organically
- Unified international culture with shared best practices
- 15 million customers
- Around 12,000 employees
- Shareholders' equity of EUR 20.4 bln at 31 December 2014
- Successful IPO on 2 July 2014
- Businesses being rebranded to "NN" in 2015

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 and distribution of excess cash via share buyback in line with focus on returning capital to shareholders

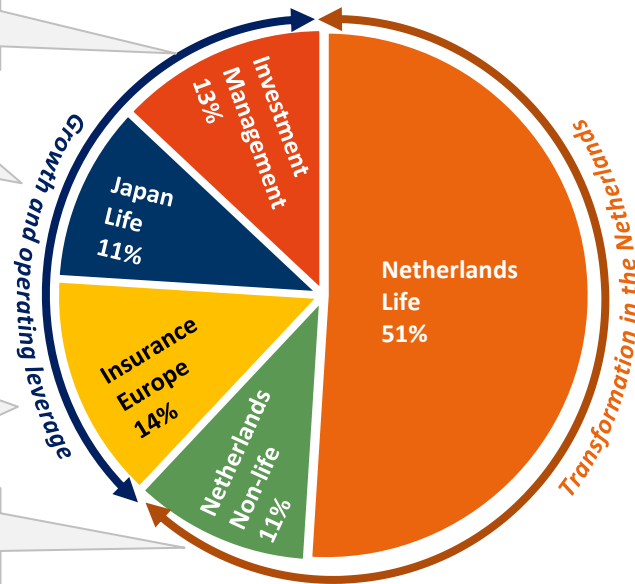
Diversified businesses in Europe and Japan

- Continue to invest in building and broadening the capabilities of the business
- Focus on growing third-party business

- Strong sales growth supported by diversification of distribution channels, mainly bancassurance

- Performance impacted by low interest rates and Polish pension reforms
- Successfully shifting to protection and fee-based products and voluntary pensions

- Management actions have been successful in improving underwriting performance in D&A
- Expense reductions well on track



NN Group ongoing business operating result before tax, excl. Other (FY14)¹

- 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

NN Group's activities also include:

- Japan Closed Block VA
 - Capital release over time following run-off of portfolio
 - Hedge programme remains effective

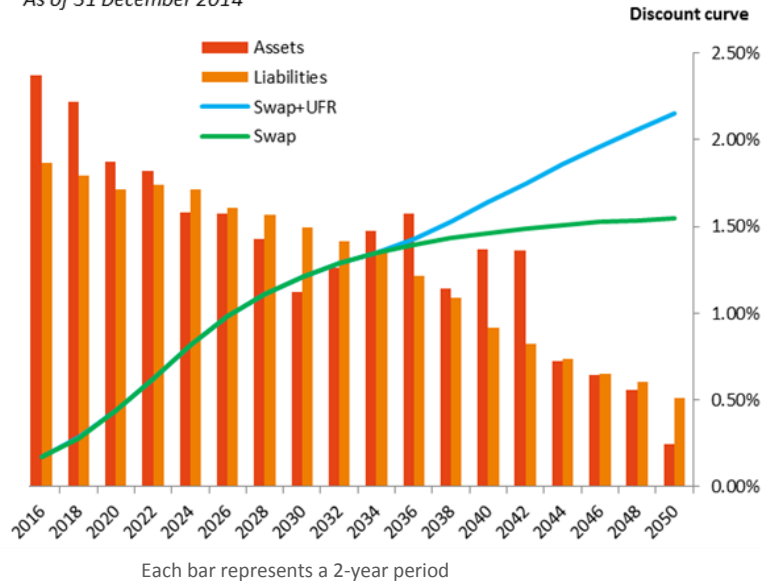
- NN Bank
 - Focus on building scale and improving profitability
 - Expansion of mortgage portfolio to EUR 7.9 bln

1. Percentages based on operating result of EUR 1,216 mln [total operating result ongoing business (FY14) of EUR 1,086 mln, excluding segment Other EUR (130) mln]

Impact of low interest rates on capital actively managed

Netherlands Life asset and liability cash flows

As of 31 December 2014



Limited interest rate sensitivity across all segments

- Limited impact of interest rate shocks on regulatory capital due to hedging on an economic basis by cash flow matching of assets and liabilities
- Dutch regulatory balance sheets marked-to-market; capital position reflects impact of low interest rates and application of UFR
- High sensitivity to credit spreads; Solvency II discount curve likely to be more stable than current Dutch regulatory curve

New business shifting to fee and premium-based products

Netherlands Life

- New business priced on a market consistent basis reflecting current interest rates
- Low interest rates driving a gradual shift from pure DB to DC and DB hybrid pensions
- Individual life business essentially closed; NN Bank addressing retail customer needs

Insurance Europe

- Product mix historically less interest rate sensitive
- Successful shift to protection and fee-based products, including voluntary pensions



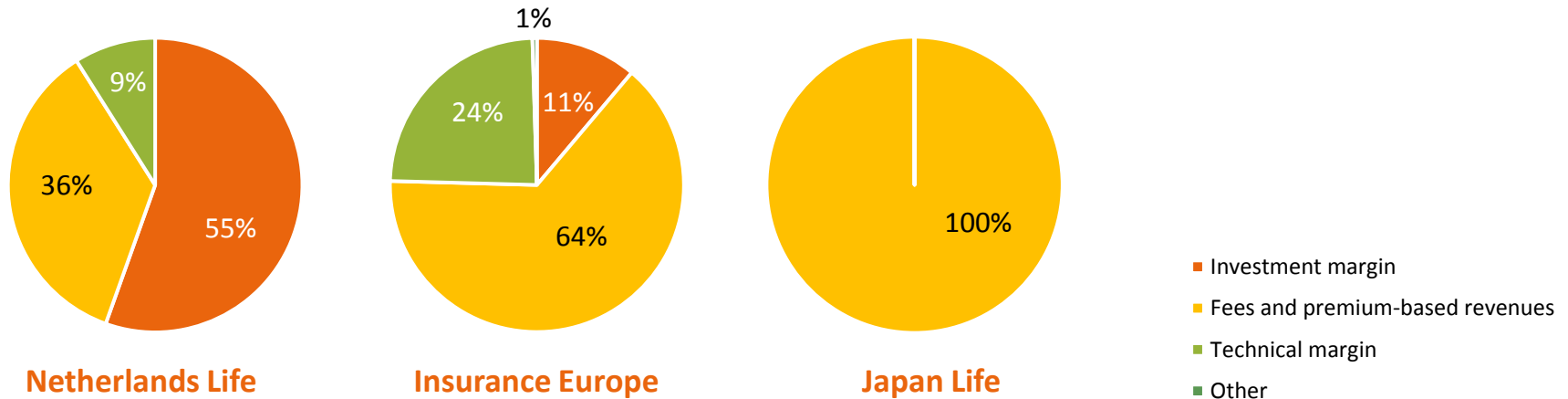
Japan Life

- Profitable COLI business in low rate environment

Fees and premium-based revenues large component of earnings

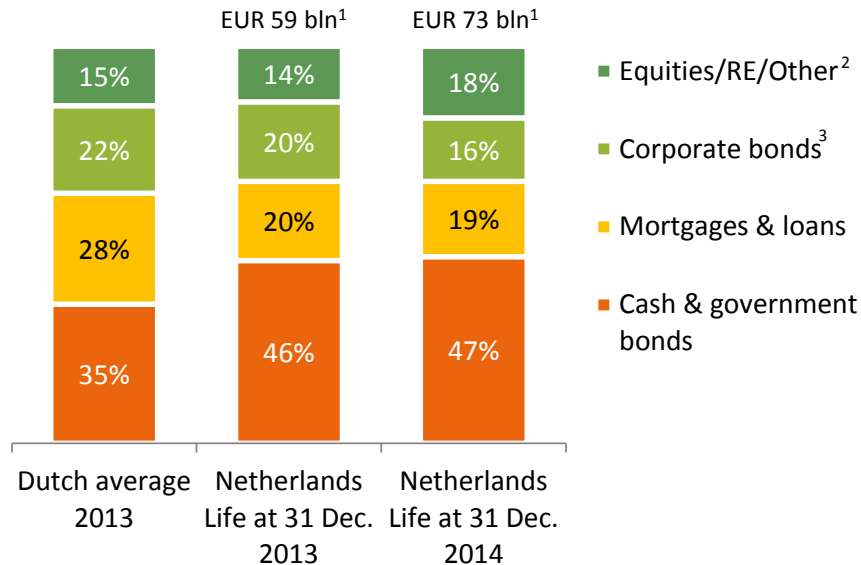
- Growth strategy in Europe and Japan geared largely to fee and premium-based products
- Netherlands Life predominantly spread-based business reflected in relatively large investment margin
- Pressure on investment margin at Netherlands Life being mitigated through reallocation to higher yielding assets

Fees and premium-based revenues is major source of income¹ in Insurance Europe and Japan Life



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

Opportunity for shift in asset mix



Re-risking to maintain a stable investment margin

- Low interest rates and run-off of book putting pressure on IFRS earnings
- Selective re-risking opportunity due to current conservative asset mix and illiquid liabilities
 - EUR 4.5 bln additional allocation to higher-yielding assets - including mortgages, corporate loans, equity, and real estate - in 2014
 - Increasing exposure to mortgages originated by NN Bank
- Expense reductions of ~15% by 2016 (vs 2013) to offset decline in revenues
- VNB EUR 25 mln and IRR 10.5% (2014)

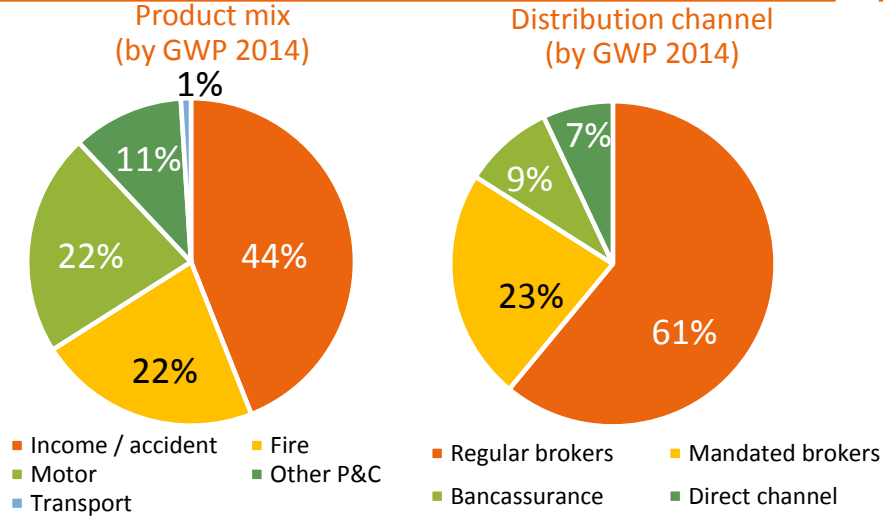
▪ **Target: Maintain operating result before tax broadly stable at 2013 levels over the medium term**



1. Total general account assets Netherlands Life; fixed income funds included under corporate bonds
 2. Includes private equity and equity mutual funds
 3. Corporate bonds include asset back securities (ABS) and fixed income funds

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

Diversified portfolio and distribution mix



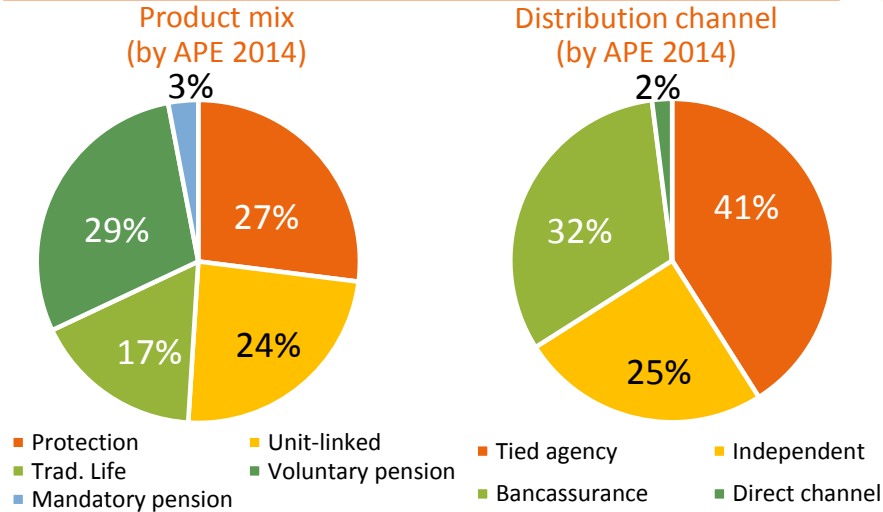
Management actions taken to improve profitability

- Strategy to improve motor, disability and accident combined ratios
 - Premium rates increases
 - Rationalising claims handling processes
 - Stricter underwriting criteria
- Product rationalisation
- Expense reductions of ~10-15% by 2016 (vs 2013)
- Combined ratio of 99.4% in 2014

- Target: Combined ratio of 97% or below by 2018

Insurance Europe: Self-funded growth with operating leverage

Diversified portfolio and distribution mix



Successful shift in Life product mix

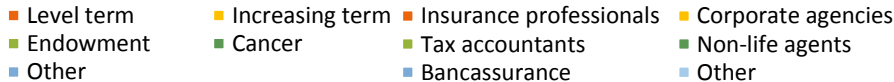
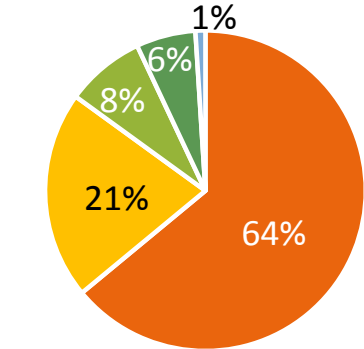
- Focus on protection and fee-based products
 - Higher margins and less capital intensive
- VNB EUR 78 mln and IRR 9.3% (2014)
- Growth in underpenetrated CEE markets and recovering Spain and Greece
- Disciplined cost management; benefit from operating leverage

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

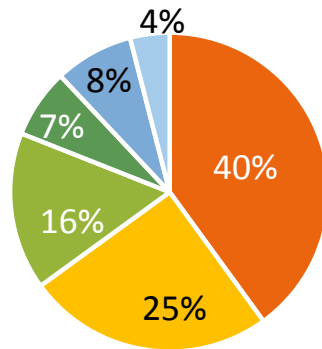
Japan Life: Strong profitability and cash generation

Opportunities to diversify

Product mix
(by APE 2014³)



Distribution channel
(by APE 2014¹)



Top 3 player in COLI market²

- Broad range of products, track record of innovation
- Long-standing distribution relationships
- VNB EUR 93 mln and IRR 14.3% (2014)
- Strengthen profitability and cash flow generation by benefiting from scale and operating leverage
- Diversification opportunities by expanding protection product offering
- Leverage existing position in growing bancassurance channel, 16 new bank distribution partners recruited in 2014

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



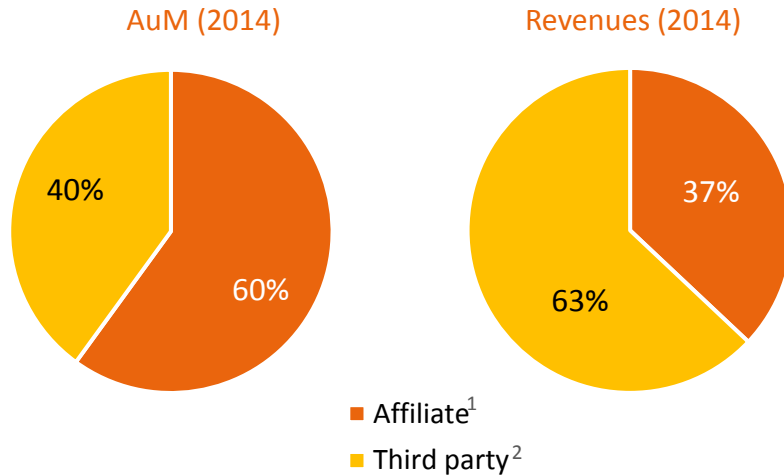
1. Relates to COLI products only

2. By APE (2012/13), source: internal estimate NN Group

3. Internal calculation. The Other products sold by Japan Life (Whole life, Long term accident, Accidental death benefit rider and Single premium whole life health), account for 1% of APE (2014); Level term includes Income Protection;

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

Global asset manager with strong fund performance



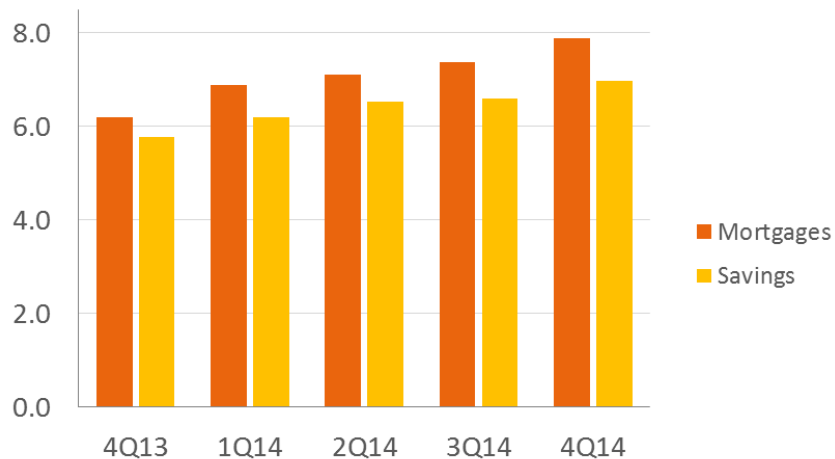
Focus on growing third party business

- Total AuM of EUR 186 bln at year-end 2014
- Third-party business - approximately 40% of AuM, but more than 60% of revenues
- Focused sales strategy and sharpened product offering to grow third party AuM
- Efficient and scalable platform driving operating leverage benefits

- 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 (EUR bln)



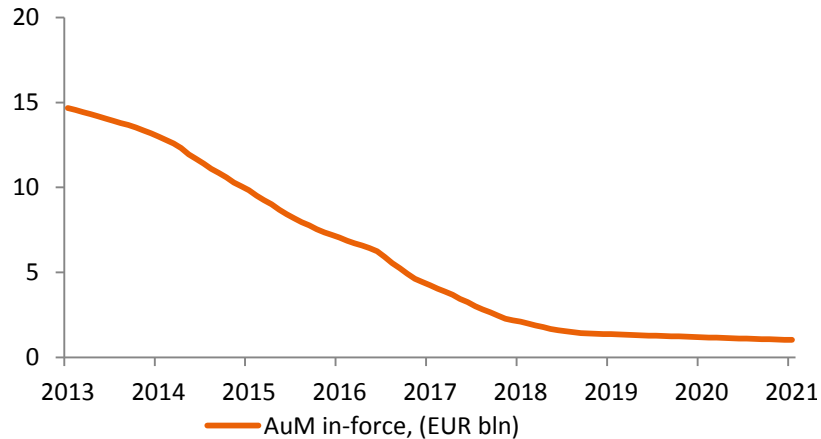
Complementary products to NN's insurance offering

- NN Bank formed as a strategic response to the attractive opportunities in banking and changes in life insurance market in the Netherlands
- Growing mortgage market share
- Product distribution through intermediaries and direct channel
- Scalable platform with operating leverage potential
- Attractive and well collateralised loan book with low risk profile; balanced funding structure and strong liquidity position
- Well capitalised (CET1 phase-in: 14.1% at 4Q14)

- 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

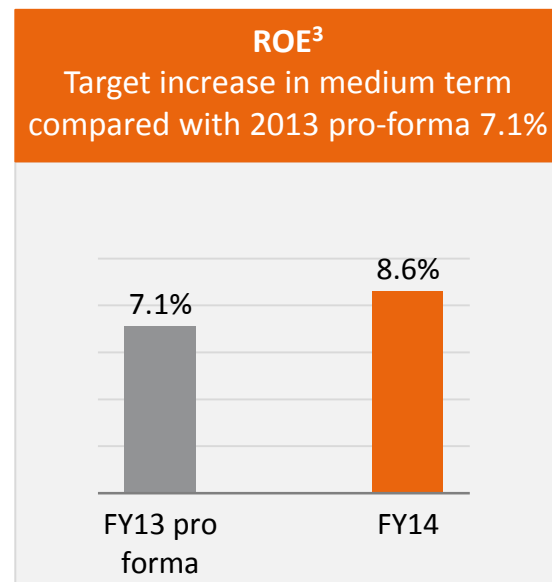
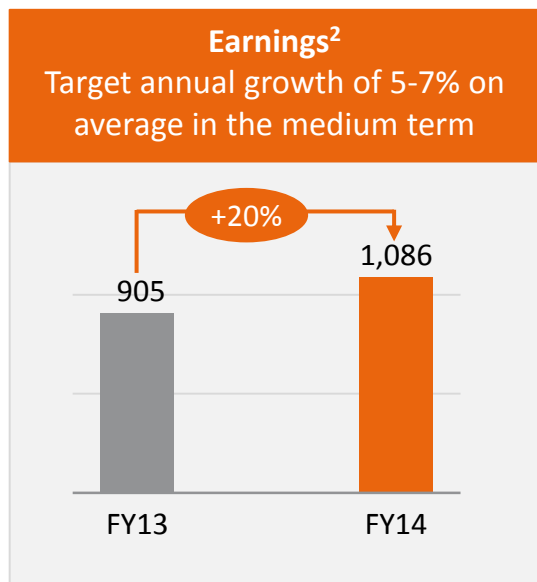
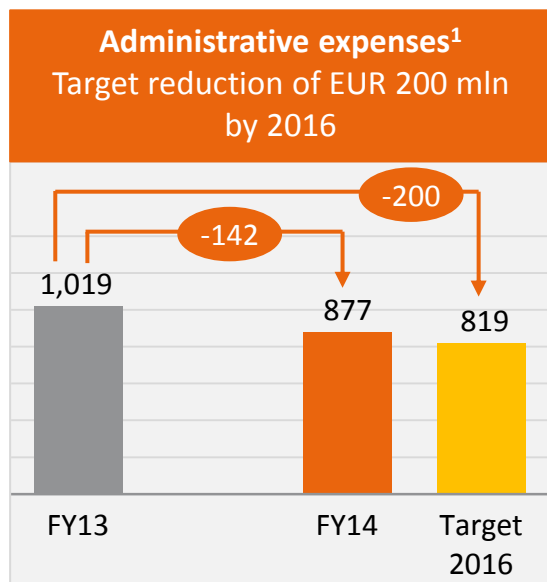


- Portfolio reinsured to ING Re in the Netherlands, which holds capital of approx. EUR 0.9 bln backing the book

Drivers of return to shareholders

<p>Fee-based operating earnings</p> <p>+</p>	<ul style="list-style-type: none"> Substantial fee-based operating result, EUR 84 mln in 2014 Expected to decline as the portfolio runs off
<p>Release of capital as book matures</p> <p>+</p>	<ul style="list-style-type: none"> Release of capital as the portfolio matures Exact timing and amount cannot be precisely predicted
<p>Hedge Results</p> <p>+ / -</p>	<ul style="list-style-type: none"> Actively managed and hedged on a market consistent basis Positive cumulative hedge result last 5 years In normal markets, non-operating result expected to be in line with historical performance, roughly zero on average over time Volatility expected to continue

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

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%¹

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%²

Solvency II capital ratio (Standard Formula) estimated to be in a range around 200%³



1. Reflects the EUR 350 mln dividend paid by NN Life to NN Group in February 2015
2. Reflects the proposed dividend to shareholders of EUR 195 mln
3. Subject to significant uncertainties, including final specifications of Solvency II regulations and regulatory approval process
All amounts at 4Q14, end of period

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

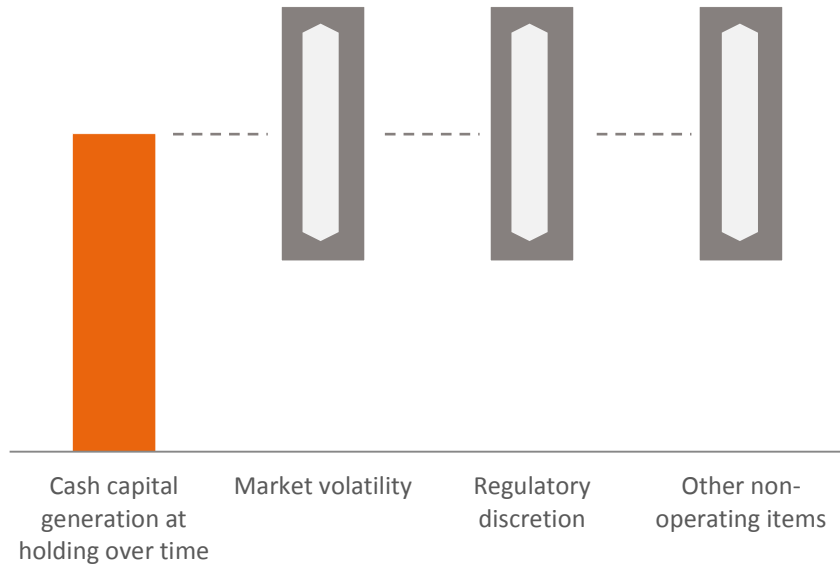
Over time, NN Group expects to receive remittances from all segments

	Over time, remittance vs. net operating result	Drivers
Netherlands Life	>	<ul style="list-style-type: none"> Regulatory liabilities more conservative than IFRS, realisation of investment spreads over swap incl. gains/losses on real estate and equities to drive cash generation Remittances currently lower than net operating result
Netherlands Non-life	≈	<ul style="list-style-type: none"> Relatively higher level of alignment between IFRS results and cash generation Recovery in profitability to feed through into cash
Insurance Europe	<	<ul style="list-style-type: none"> New business focused on capital light products but strain exists due to growth focus Back book producing cash
Japan Life	<	<ul style="list-style-type: none"> Remittances based on JGAAP earnings High new business strain
Investment Management	≈	<ul style="list-style-type: none"> Relatively higher level of alignment between IFRS results and cash generation Limited capital required and scalable platform allow growth without significant capex
Japan Closed Block VA	>	<ul style="list-style-type: none"> Significant amount of capital expected to be returned over the next five years as book runs off
Other		<ul style="list-style-type: none"> (-) Holding interest expenses (-) holding expenses, (+/-) FX movements, (+/-) other holding flows (-) NN Bank (investment in growth of NN Bank)

Over time and assuming normal markets, current regulatory framework 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

Annual cash capital generation at holding will be significantly more volatile than operating result

Cash flow volatility



Drivers of volatility

Market volatility	<ul style="list-style-type: none">High sensitivity to credit spread movements (incl. government spreads vs. swaps); movement temporary as assets held to maturityLimited sensitivity to interest rate movements due to well-matched cash flowsSeparate account pension guaranteesJapan Closed Block VA results can be volatile
Regulatory discretion	<ul style="list-style-type: none">Remittances dependent on local regulatory frameworksSolvency II still subject to significant uncertainties
Other non-operating items	<ul style="list-style-type: none">Capital gains/losses, impairments, revaluationsPotential costs related to legal claimsRestructuring costs, rebranding costs and other

NN Group has strong capital base to withstand a degree of market volatility

Proposed dividend in line with strategy of returning cash to shareholders

NN Group aims to pay a dividend of 40-50% of IFRS net operating result ongoing business

- ✓ Dividend proposal: EUR 0.57 per ordinary share over second half of 2014, representing a 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

- ✓ Share buyback in February 2015 for an amount of EUR 200 mln

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

1

Deliver significant cash to shareholders

2

Increase exposure to growth markets and fee business

3

Improve efficiency and profitability of all segments

4

Maintain a strong capital base and de-risk liabilities

Appendix

Investment proposition focused on cash generation

Strong business positions and balance sheet

- Committed management team
- Strong positions with international presence
- Strong balance sheet and conservative regulatory liabilities
- Operationally separate from ING Group¹

Transformation in Netherlands

- Large closed book of individual life
- Scale player in pensions
- Continued focus on cost reductions
- Gradually move to higher yielding assets
- Release capital and de-risk liabilities
- Actions to restore non-life profitability

Profitable growth and operating leverage in other segments

- Primarily fee and premium-based businesses
- Growth in Insurance Europe, Investment Management and Japan
- Drive operating leverage across segments through scale
- Self-funded, high margin, cash generative








Focus on generating capital and improving earnings

- Significant cumulative cash generation expected in 2014-2018
- Medium-term goal to increase earnings and recurring cash flows
- Ordinary dividend of 40-50% of net operating result ongoing business
- Base case of returning capital in excess of capital ambition to shareholders²

1. Belgium is the last business unit of NN Group to disentangle from ING Bank (full operations disentanglement to be completed by 2017)

2. To be returned in the most efficient form. Capital generated in excess of the NN Group's capital ambition (which may change over time), is expected to be returned to Shareholders unless it can be used for any other appropriate corporate purpose, including investments in value creating corporate opportunities

Committed and experienced management team

	Lard Friese (NL) Joined 2008	Chairman/CEO	<ul style="list-style-type: none">25 years of experience in the financial services industry, most recently with NN Group, ING Insurance EurAsiaLeadership positions at AEGON, VNU/ACNielsen, Ceska Pojistovna and Generali-PPF Holding
	Delfin Rueda (ESP) Joined 2012	Chief Financial Officer	<ul style="list-style-type: none">21 years of experience in the financial services industry, most recently with AtradiusPreviously held leadership positions at J.P. Morgan, UBS and Andersen Consulting
	Doug Caldwell (USA) Joined 1999	Chief Risk Officer	<ul style="list-style-type: none">23 years of experience in the financial services industry, most recently with ING Insurance Asia PacificLeadership positions at ING Re, ING Group and ING Insurance US
	Dorothee van Vredenburg (NL) Joined 2009	Chief Change and Organisation	<ul style="list-style-type: none">25 years of experience in the financial services industry, most recently with ING GroupPreviously held leadership positions at Citigate Europe and RedZebra Group
	David Knibbe (NL) Joined 1997	CEO, Netherlands Insurance	<ul style="list-style-type: none">17 years of experience in the financial services industry, most recently with NN GroupLeadership positions at ING's life insurance JV with Piraeus Bank in Greece, ING Bank and ING Investment Management
	Stan Beckers (B) Joined 2013	CEO, Investment Management	<ul style="list-style-type: none">30 years of experience in the financial services industry, most recently with BlackRockLeadership positions at Barra, Kedge Capital, Alpha Management Group, Barclays Global Investors, several pension funds, and KAS Bank
	Robin Spencer (UK) Joined 2014	CEO, International Insurance	<ul style="list-style-type: none">20 years experience in the insurance industry across life, non-life and asset management in the UK and internationallyPreviously CEO Aviva UK & Ireland General Insurance, CEO and CFO Aviva Canada and from 2010 to 2012 Aviva Group Chief Risk Officer

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").

In preparing the financial information in this document, the same accounting principles are applied as in the NN Group N.V.'s Annual Accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contain 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.

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