A person wearing a white helmet, goggles, and a brown jacket is sitting in the snow. They are wearing dark ski boots and a pair of skis is visible in the foreground. The background is a vast, bright, snowy landscape.

# Fourth quarter 2019 results

13 February 2020

# Highlights

David Knibbe, CEO

# Highlights 4Q19

## Financial results

### Operating result

**EUR 428m**

(4Q18: EUR 343m)

### Net result

**EUR 329m**

(4Q18: EUR -533m)

### Expense savings<sup>1</sup>

**EUR 360m**

(3Q19: EUR 323m)

## Capital

### Solvency II ratio

**218%**

(3Q19: 217%)

### Full year dividend

**EUR 2.16**

(FY18: EUR 1.90)

### Share buyback

**EUR 250m**

## Commercial performance

### New sales (APE)

**EUR 263m**

(4Q18: EUR 407m)

### VNB<sup>2</sup>

**EUR 122m**

(2H18: EUR 186m)

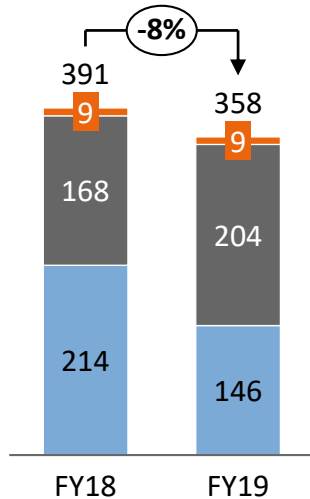
### NPS<sup>3</sup>

**+5 points**

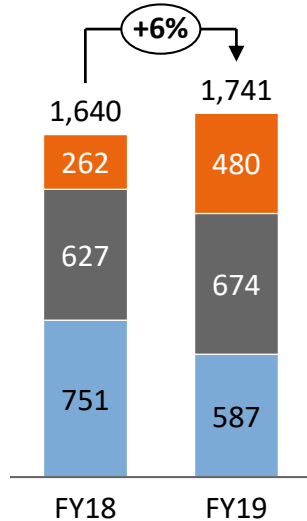
(2018: +1.5 points)

# Focus on profitable growth

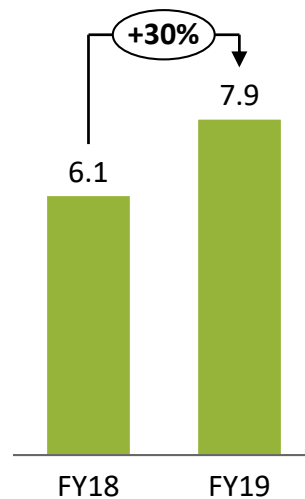
## Value of new business (VNB)<sup>1</sup> (EURm)



## New sales (APE)<sup>1</sup> (EURm)



## Mortgage origination NN Bank (EURbn)



## VNB and APE

- VNB down 8% in 2019, due to lower sales at Japan Life following the introduction of the new tax rules for certain COLI products
- VNB at Insurance Europe up 21%, driven by more focus on risk protection sales
- APE up 6% driven by a higher volume of group pension contracts at Netherlands Life, higher life and pension sales in Insurance Europe, partly offset by lower sales in Japan

## Mortgage origination

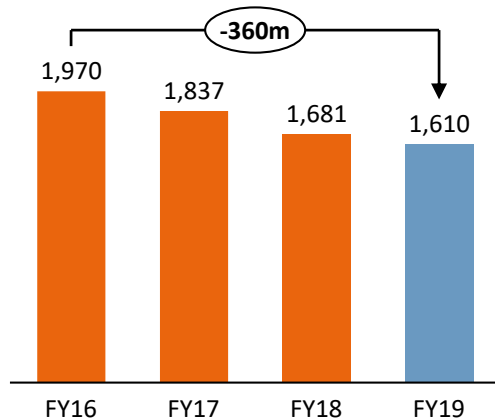
- Total origination of EUR 7.9bn in 2019, of which ~70% transferred to NN Group companies and NN IP's Dutch Residential Mortgage Fund

■ Netherlands Life 
 ■ Insurance Europe 
 ■ Japan Life

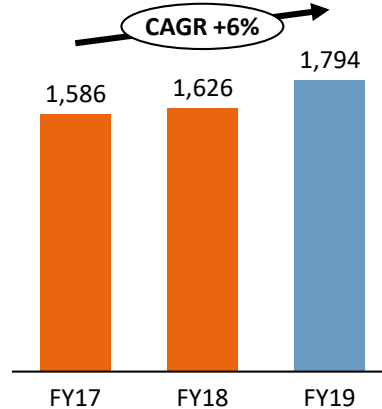
1. VNB and APE figures based on historical currencies

# Progress on our Group financial targets

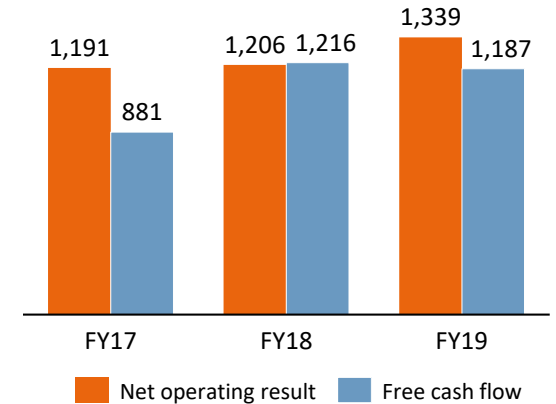
EUR ~400m cost reduction<sup>1</sup> by 2020 compared with 2016 full-year expense base (EURm)



Annual earnings growth of 5-7% on average in the medium term<sup>2</sup> (EURm)

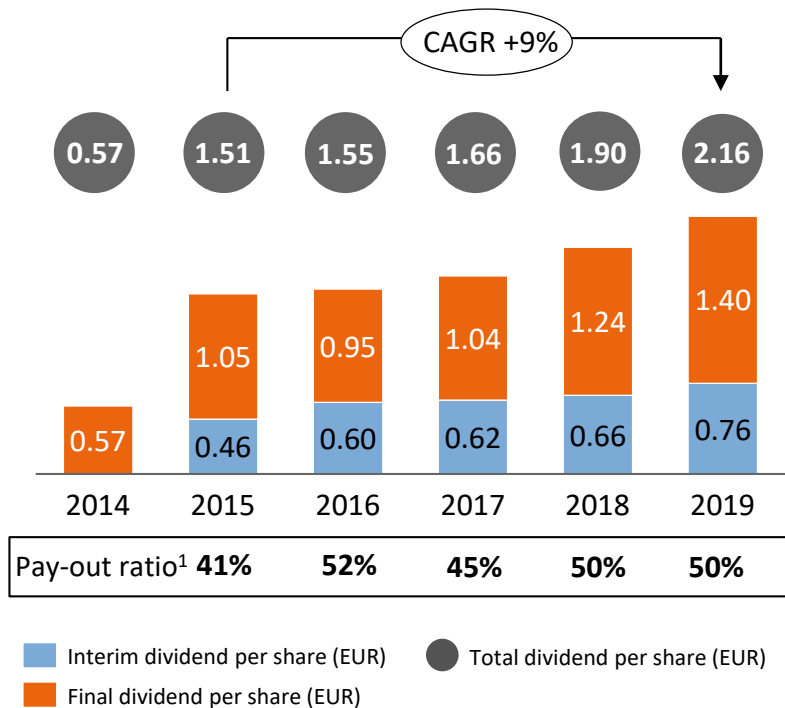


Over time, generate free cash available to shareholders in a range around the net operating result<sup>3</sup> (EURm)



1. In total for the following units: Netherlands Life, Netherlands Non-life, Belgium, Asset Management, Banking and Corporate / Holding entities, excluding acquisitions as from 2019. Expense base adjusted for reclassification of certain expenses, please refer to the NN Group pro forma financial supplement 2018
2. Annual growth rate of operating result before tax on average in the medium term; based on 2017 operating result
3. Net operating result, 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

# Updated dividend policy



## Progressive dividend per share

- Proposed 2019 final dividend of EUR 1.40, bringing total 2019 dividend to EUR 2.16 per share
- Total 2019 dividend per share represents 13.7% growth on 2018
- Progressive dividend per share going forward
- Interim dividends continue to be calculated as 40% of prior year full-year dividend per share

## Recurring share buyback programme

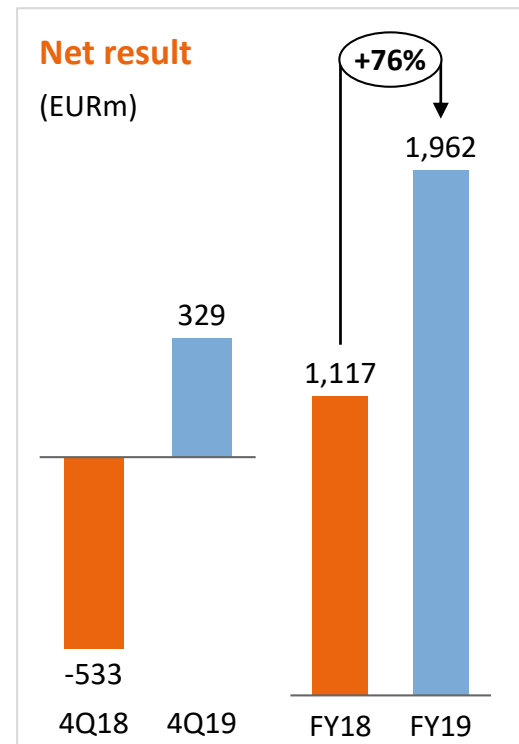
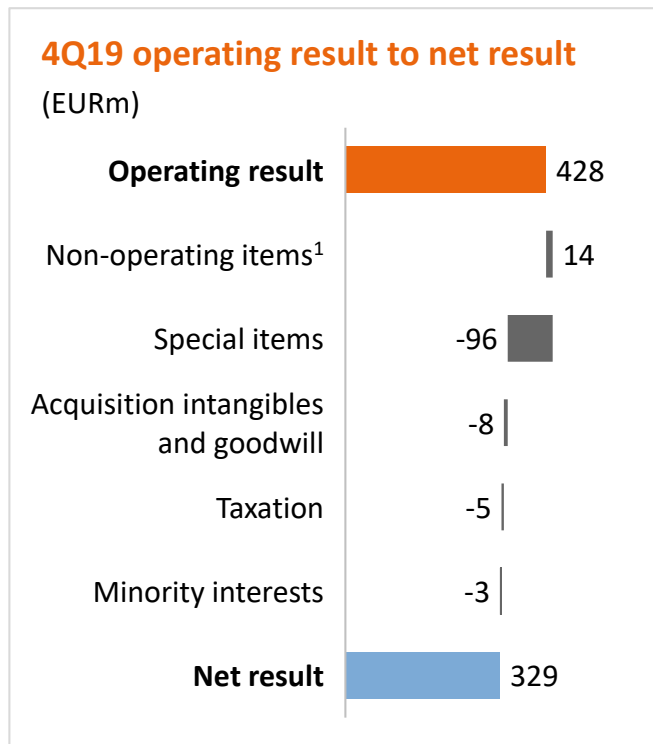
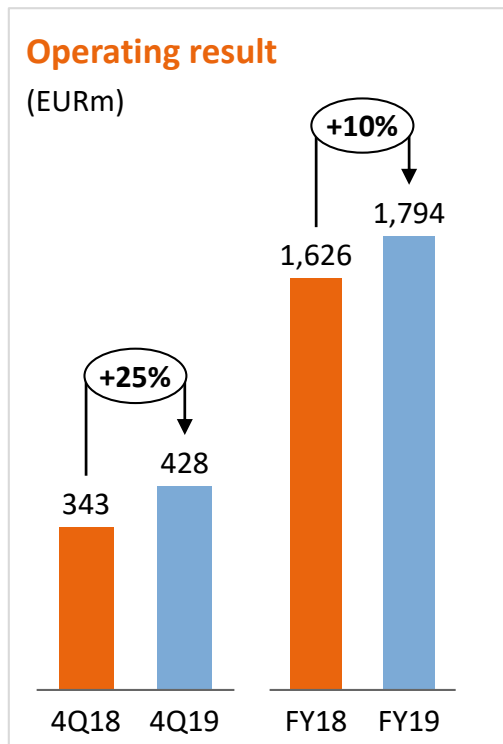
- New share buyback programme of EUR 250m to be completed within 12 months, anticipated to commence on 2 March 2020
- Recurring annual share buyback of at least EUR 250m
- Additional excess capital to be returned to shareholders unless it can be used for value-creating opportunities

1. Pay-out ratio is based on the net operating result before the deduction of the accrued coupon on undated subordinated notes classified in equity

# 4Q19 results

Delfin Rueda, CFO

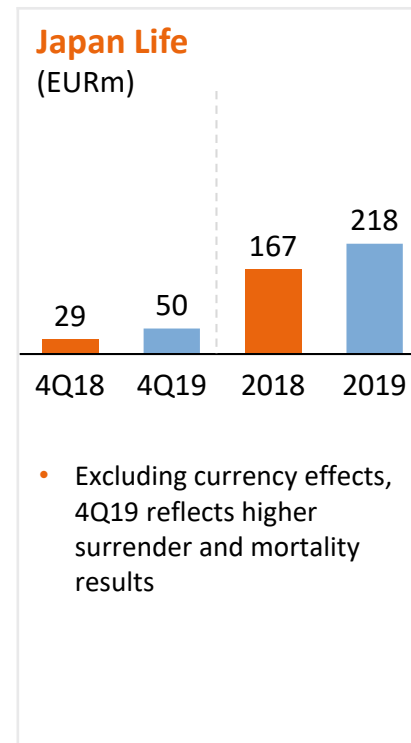
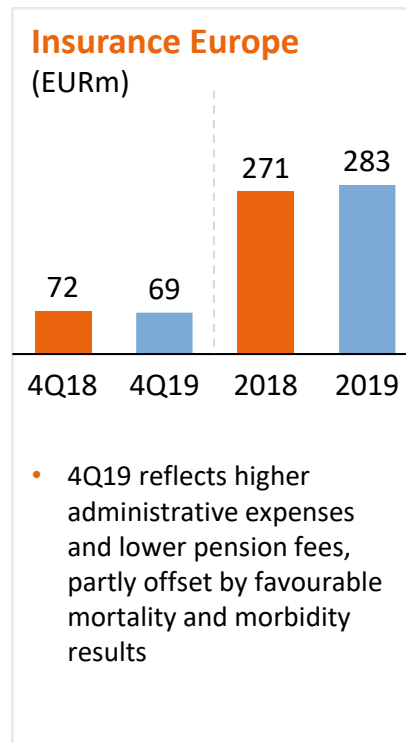
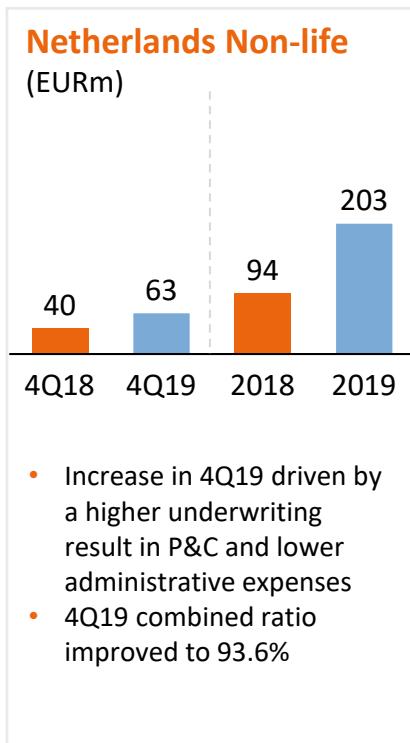
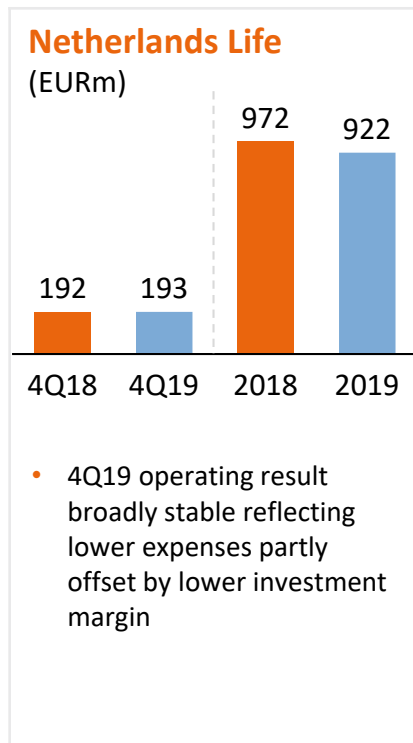
# Operating result and net result



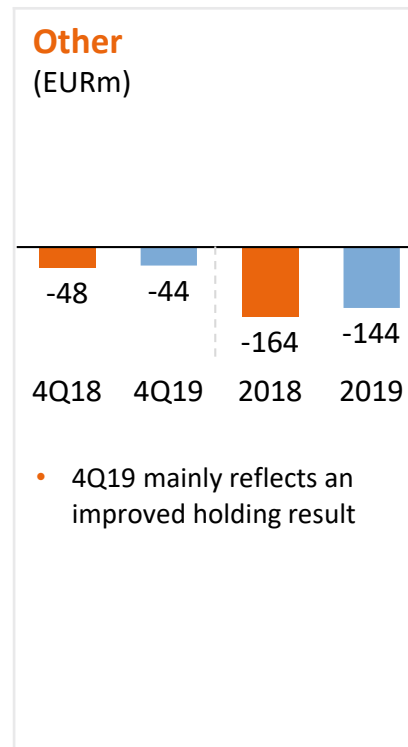
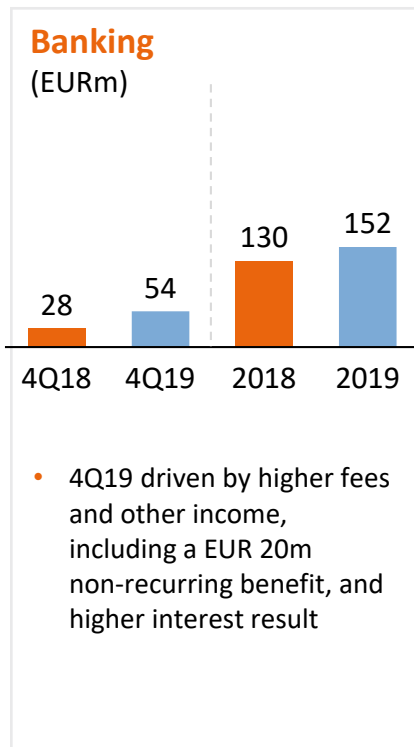
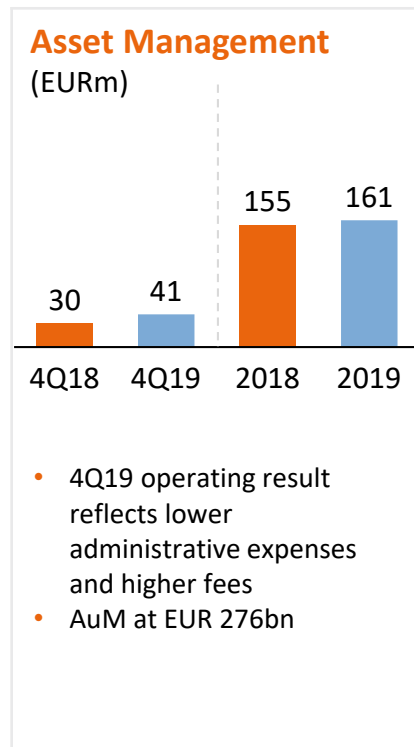
1. Includes realised capital gains/losses and impairments, revaluations and market & other impacts



# 4Q19 and FY19 operating result by segment



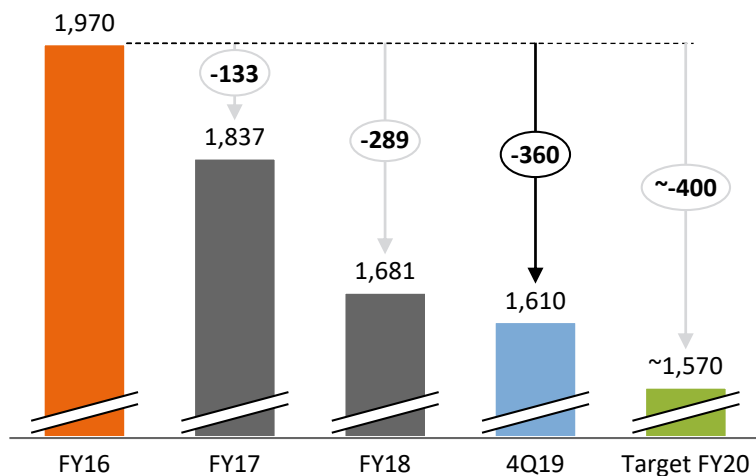
# 4Q19 and FY19 operating result by segment



# Cost reductions achieved to date of EUR 360m

## Administrative expense base<sup>1,2</sup>

(EURm)



## Total administrative expense savings

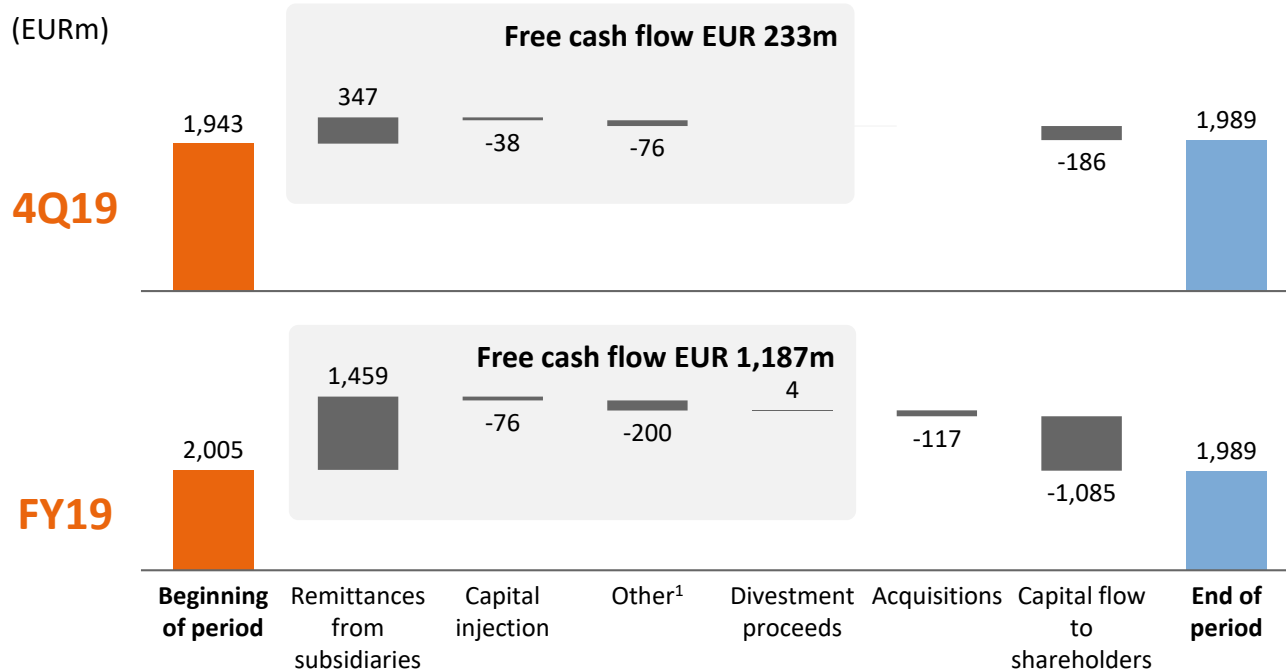
by segment<sup>1,2</sup> (EURm)

Netherlands Life	130
Netherlands Non-life	100
Belgium	20
Asset Management	44
Banking	28
Corporate/holding	38
<b>Total</b>	<b>360</b>

# Free cash flow 4Q19 and FY19

## Movement in holding company cash capital

(EURm)

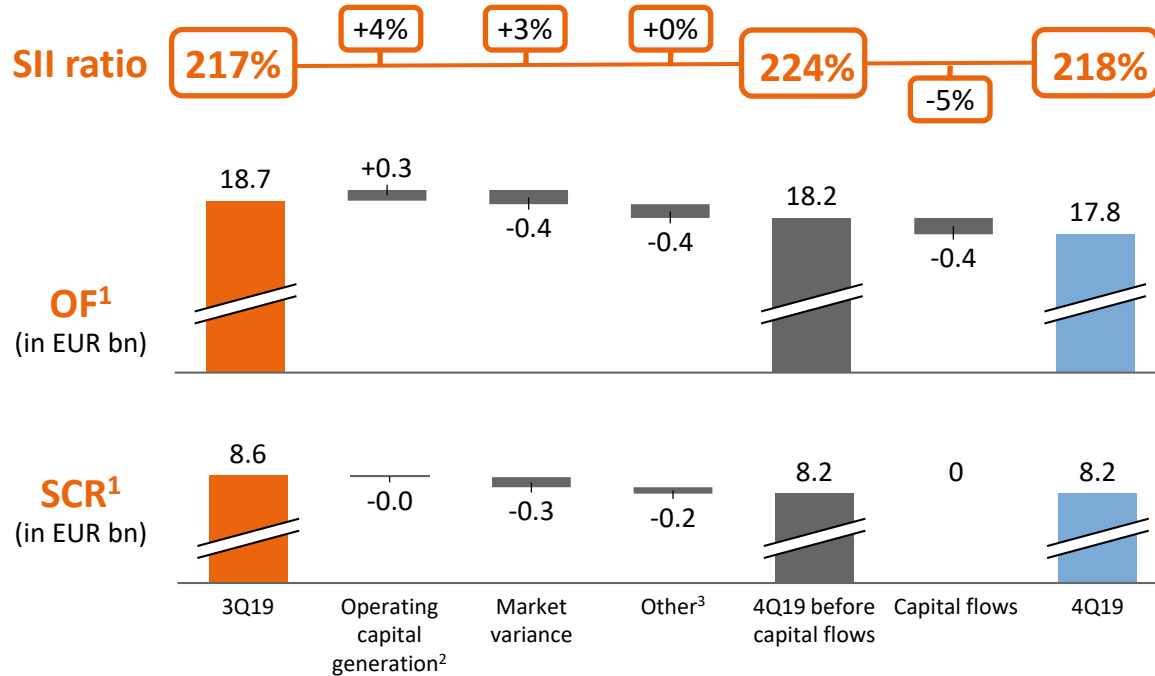


- FY19 free cash flow of EUR 1.2bn, partly offset by capital flows to shareholders of EUR 1.1bn representing cash dividends paid and own shares repurchased

- Expected cash outflows in 1H20 for acquisition of Vivat Non-life of EUR 566m and EUR 300m maturing senior notes intended not to be refinanced

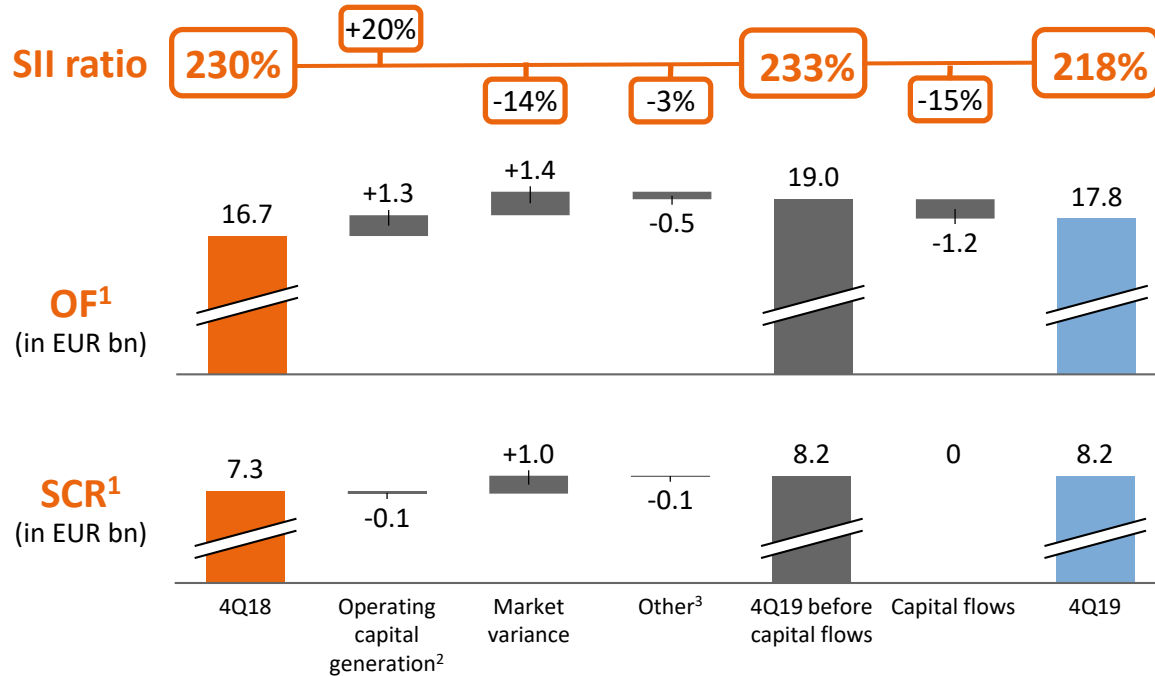
1. Other includes interest on subordinated loans and debt, holding company expenses and other cash flows

# Solvency II movement 4Q19



- Solvency II ratio of 218% reflects operating capital generation and market variance, partially offset by capital flows
- Capital flows reflect the proposed 2019 final dividend of EUR 448m; the impact of the EUR 250m share buyback programme will be deducted from the 1H20 ratio
- Market variance mainly reflects movements in credit spreads and changes in interest rates

# Solvency II movement FY19



- Solvency II ratio of 218% driven by operating capital generation, offset by capital flows and market movements
- Operating capital generation of EUR 1.3bn in 2019 (including holding expenses and debt costs)
- Capital flows of EUR 1.2bn reflect the full-year 2019 dividend and the EUR 500m share buy-back programme
- Market variance mainly due to movements in credit spreads and interest rates, partially offset by positive equity and real estate revaluations

# Wrap up

David Knibbe, CEO

# Key takeaways

1

4Q19 operating result of EUR 428m; full-year operating result of EUR 1,794m

2

Solvency II ratio of 218%; holding company cash capital of EUR 2.0bn

3

Proposed 2019 final dividend per share of EUR 1.40; total 2019 dividend per share of EUR 2.16

4

New share buyback programme of EUR 250m, anticipated to commence on 2 March 2020

5

Updated dividend policy: progressive dividend per share and recurring annual share buyback



# Q&A

**David Knibbe, Delfin Rueda**

# Appendices

# Sensitivities of the NN Group Solvency II ratio to specified shocks

## Sensitivities to shocks at 4Q19

	$\Delta$ OF (in EURbn)	$\Delta$ SCR (in EURbn)	$\Delta$ Solvency II ratio (in %-points)
<b>Interest rate:</b> Parallel shock +50bps	-0.8	-0.6	+6%
<b>Interest rate:</b> Parallel shock -50bps	+1.1	+0.7	-6%
<b>Interest rate:</b> 10bps steepening between 20y–30y	-0.7	-0.0	-8%
<b>Credit spread:</b> Parallel shock for AAA-rated government bonds +50bps	-0.8	-0.0	-9%
<b>Credit spread:</b> Parallel shock for AA and lower-rated government bonds +50bps	-0.8	-0.1	-7%
<b>Credit spread:</b> Parallel shock corporates +50bps	+0.2	-0.1	+6%
<b>Equity:</b> Downward shock -25%	-1.5	-0.2	-13%
<b>Real estate:</b> Downward shock -10%	-0.7	-0.0	-8%
<b>UFR:</b> Downward adjustment to 3.75%	-0.3	+0.0	-4%

# Remittances upstreamed

## Remittances upstreamed by segments/subsidiaries

(EURm)

	4Q19	3Q19	2Q19	1Q19	2019	2018	2017
Netherlands Life <sup>1</sup>	204	200	210	200	814	837	1,035
Netherlands Non-life <sup>1</sup>	49	1	33	1	85	108	100
Insurance Europe <sup>1,2</sup>	7	13	125	2	148	299	230
NN Japan Life	-	-	79	-	79	-	57
Asset Management	62	44	44	44	195	177	96
Banking <sup>1</sup>	5	27	56	20	107	10	2
NN Re Netherlands	-	-	10	-	10	150	200
Other	19	-	-	2	21	12	98
<b>Total</b>	<b>347</b>	<b>285</b>	<b>558</b>	<b>269</b>	<b>1,459</b>	<b>1,593</b>	<b>1,818</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 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 accounts for the period ended 30 September 2019. The Annual Accounts for 2019 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 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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