



Second quarter 2016 results

18 August 2016



Lard Friese, CEO

Highlights

Operating result

EUR 321m

(2Q15: EUR 488m)

Net result

EUR 335m

(2Q15: EUR 392m)

Net Operating ROE

8.6%

(2Q15: 14.9%)

Holdco cash capital

EUR 2.3bn

(1Q16: EUR 2.1bn)

Solvency II ratio¹

252%

(1Q16: 241%)

Interim dividend

EUR 0.60

(FY15: EUR 1.51)

- Operating result ongoing business 2Q16 impacted by higher claims due to severe storms, while 2Q15 was supported by a private equity dividend and a significantly higher technical margin in Netherlands Life
- Net result reflects lower operating result and negative hedge results in Japan Closed Block VA due to market volatility, partly offset by higher non-operating items
- Holding company cash capital at EUR 2.3bn; free cash flow to the holding of EUR 494m

NN Group aims to be a company that truly matters in the lives of our stakeholders



Sustainability

- NN Group included in FTSE4Good Index
- EUR 4.5bn of sustainable assets under management
- Recent launch of NN Euro Green Bond



FTSE4Good

NN sport sponsoring

- Sponsor of large running events across Europe and Japan
- Official sponsor of European Athletics Championships in Amsterdam

FinTech

- Three-year partnership with StartupBootcamp
- NN to sponsor FinTech & Cyber Security programme

Continue to deliver excellent customer experience with transparent products and services



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 website. The main article is titled "Loopt uw rentevastperiode af?" (Does your fixed-rate period end?). Below it, there is a "Meer informatie >" button and a link to "Lees de blog: Einde van de rentevaste periode in zicht?". A pop-up message titled "Autoverzekering" (Car insurance) asks if the user has car insurance with NN and offers a 12% discount on the premium. It includes a "Bekijk het ZekerheidsPakket Particulieren" button.

Capturing growth with products that meet customers' needs



Ön számít

The advertisement is for "重大疾病保障保険" (Major Disease Insurance). It features two women looking at a tablet. The text includes "2016年7月作成" (Created July 2016) and "商品パンフレット/特に重要なお知らせ(契約概要・注意事項)" (Product brochure / Especially important information (contract details, terms and conditions)). The NN logo is at the bottom.

Actively managing the portfolio of businesses



Mandema & Partners

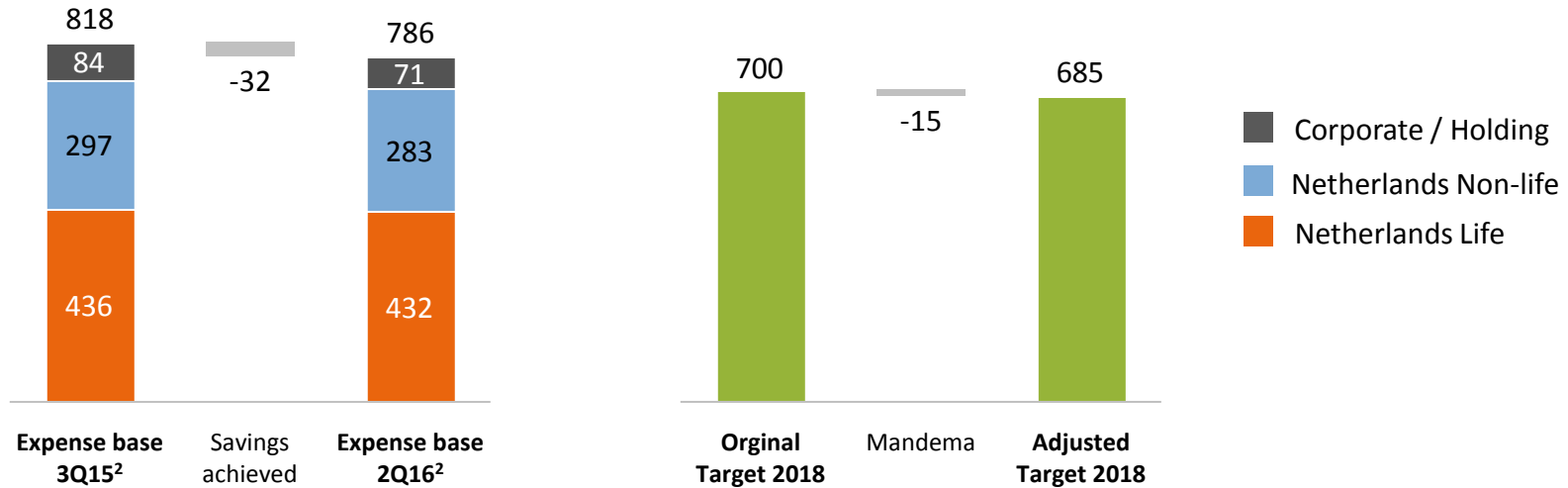
- Agreement reached to sell Mandema & Partners to Van Lanschot Chabot
- Transaction expected to close in 4Q16
- Not expected to have a material impact on the capital position and operating result of NN Group

Portfolio transfer NN Re (Ireland)

- NN Re (Ireland) Ltd. expects to sign a portfolio transfer agreement for an investment contract and the related available-for-sale investments
- Expected immaterial loss on divestment as well as a capital repatriation to NN Group in the second half of 2016

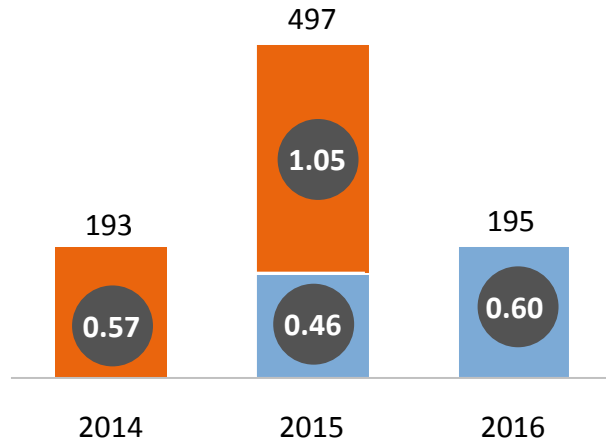
Focus on efficiency to reduce the expense base

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



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

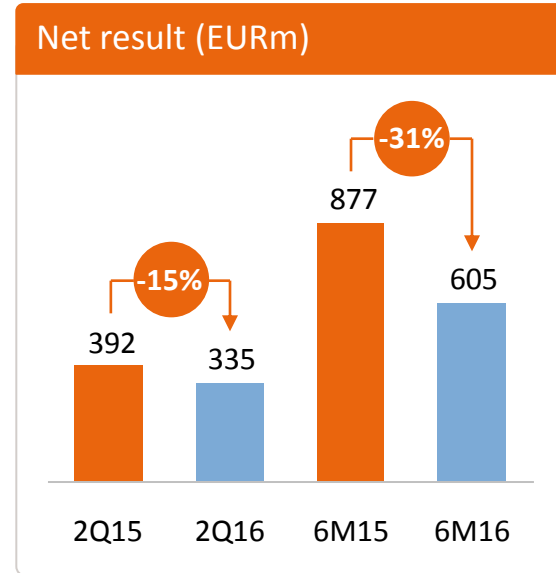
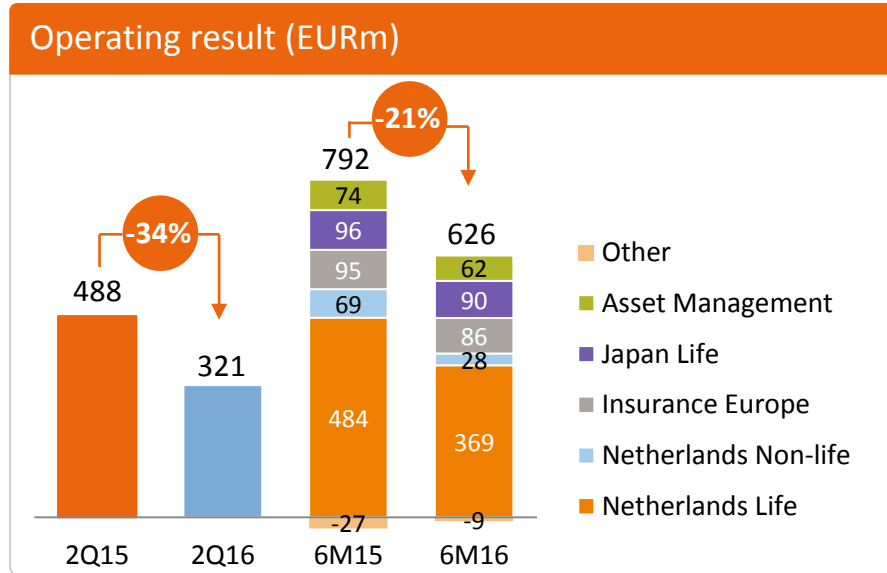
Excess capital returned to shareholders, unless it can be used for value creating corporate opportunities

- 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
- At 12 August 2016, shares for total amount of EUR 146m repurchased, or 22% completed
- 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

Delfin Rueda, CFO

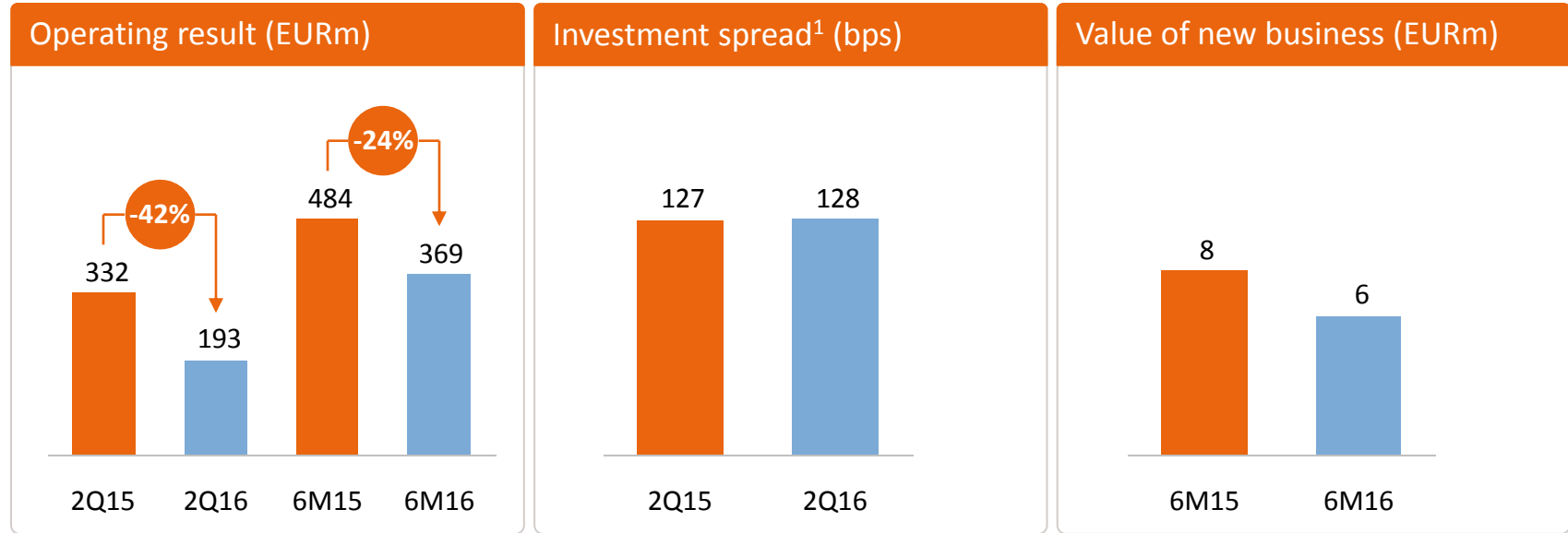


6M16 results



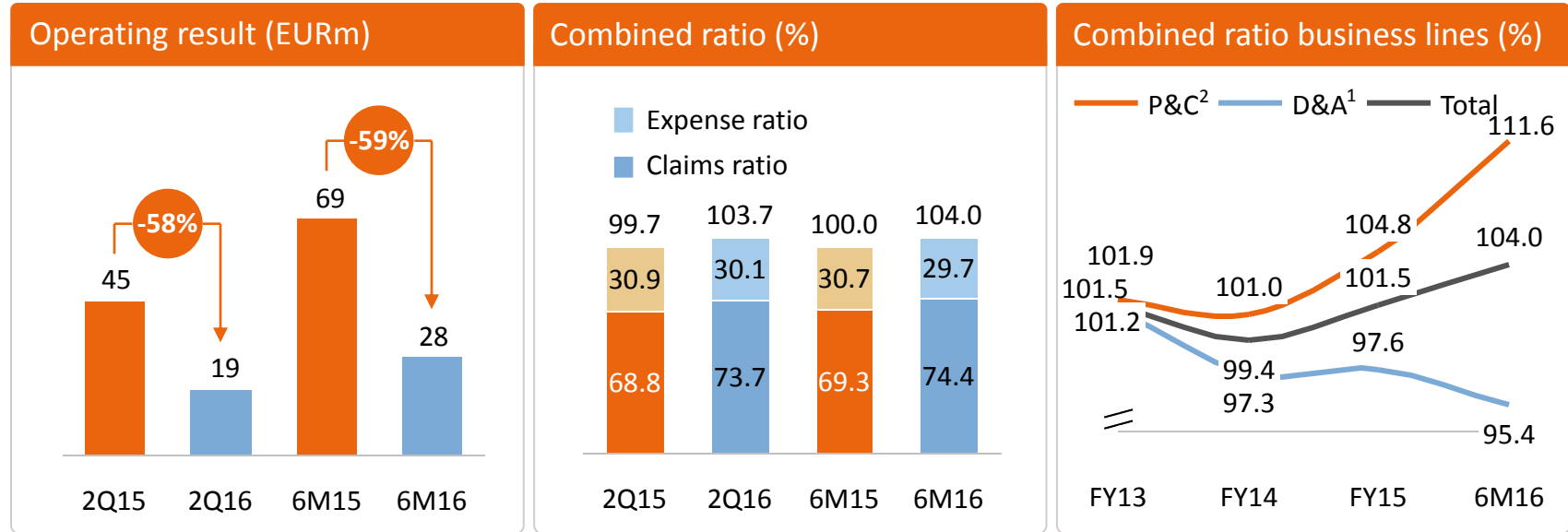
- 6M16 operating result ongoing business down, due to higher claims in Netherlands Non-life as a result of severe storms, while 6M15 benefited from higher private equity dividends and higher technical margin at Netherlands Life
- Net result of EUR 605m, largely reflecting lower operating result of the ongoing business and negative hedge results in Japan Closed Block VA due to market volatility, partly offset by higher non-operating items

Netherlands Life



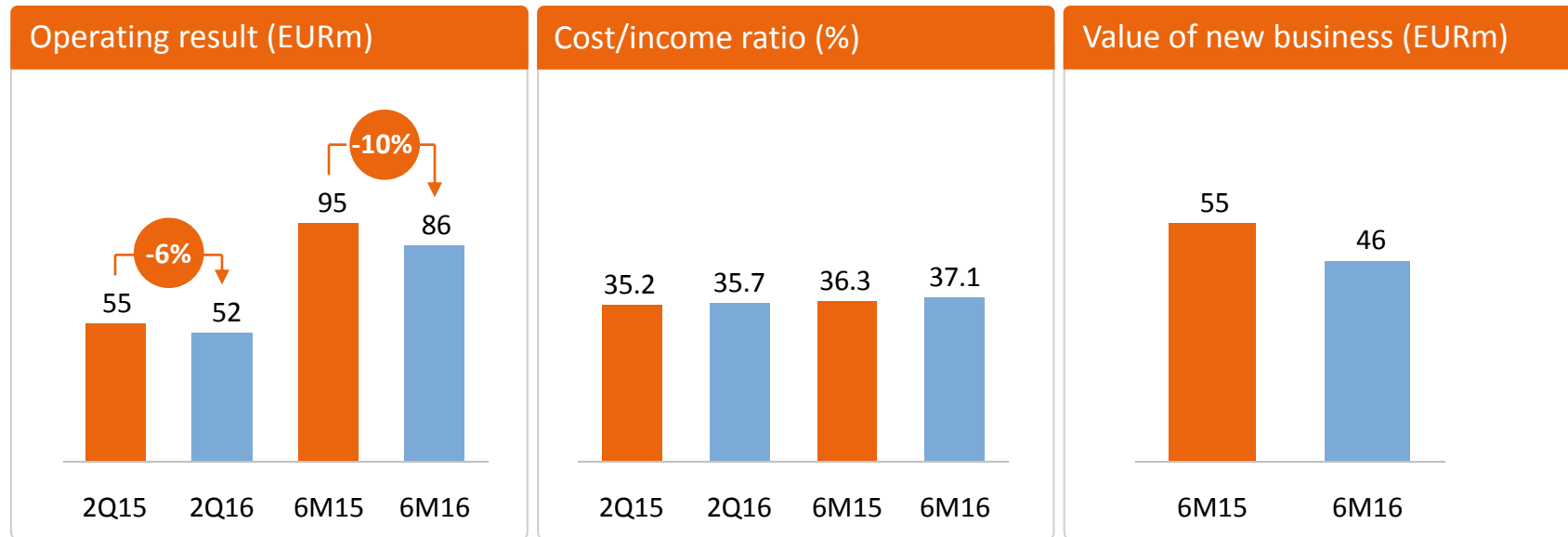
- Operating result 2Q16 decreased to EUR 193m, as 2Q15 was supported by a private equity dividend and non-recurring benefits in the technical margin
- Investment spread, calculated on a four-quarter rolling average, remained stable

Netherlands Non-life



- Operating result 2Q16 down at EUR 19m, as EUR 28m of claims in P&C relating to severe storms was only partly offset by favourable claims experience in D&A, while 2Q15 was supported by a private equity dividend
- D&A – favourable claims development in both Individual disability and Group income protection portfolios
- P&C – impact of severe storms in Fire and Motor, unfavourable claims experience in Motor and Miscellaneous

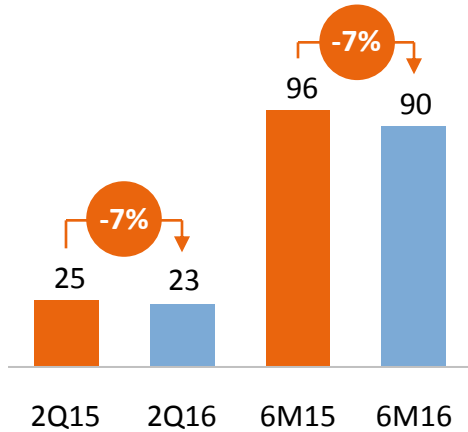
Insurance Europe



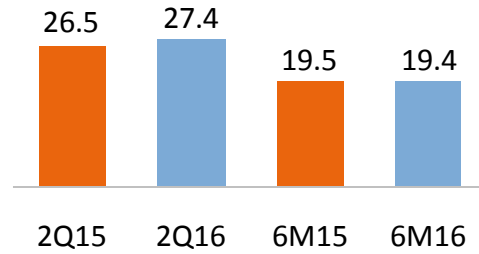
- Operating result 2Q16 decreased to EUR 52m, reflecting a lower investment margin as well as the tax on assets in Poland effective as of February 2016, partly offset by higher fees and premium-based revenues
- Cost/income ratio increased on higher administrative expenses
- Value of new business lower largely due to lower term insurance sales in Belgium and negative market impacts

Japan Life

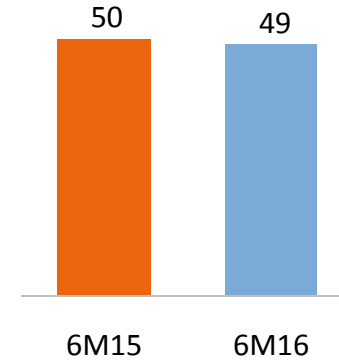
Operating result (EURm)



Cost/income ratio (%)



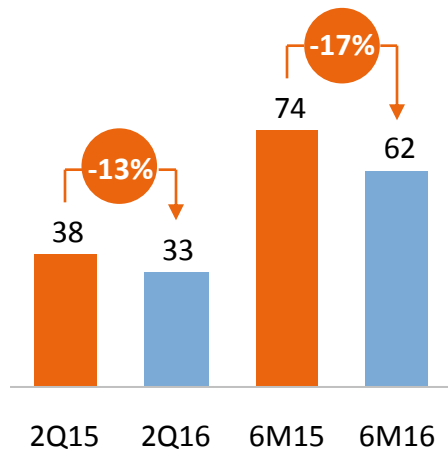
Value of new business (EURm)



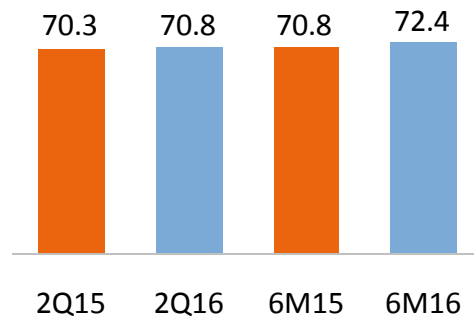
- Operating result 2Q16 decreased to EUR 23m, reflecting a decrease in the investment margin and lower mortality results, partly offset by higher fees and premium-based revenues
- Cost/income ratio slightly up as higher income was offset by higher administrative expenses
- Value of new business broadly stable as decrease in interest rates largely offset by higher COLI protection sales

Asset Management

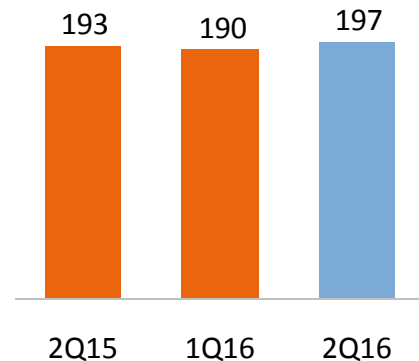
Operating result (EURm)



Cost/income ratio (%)

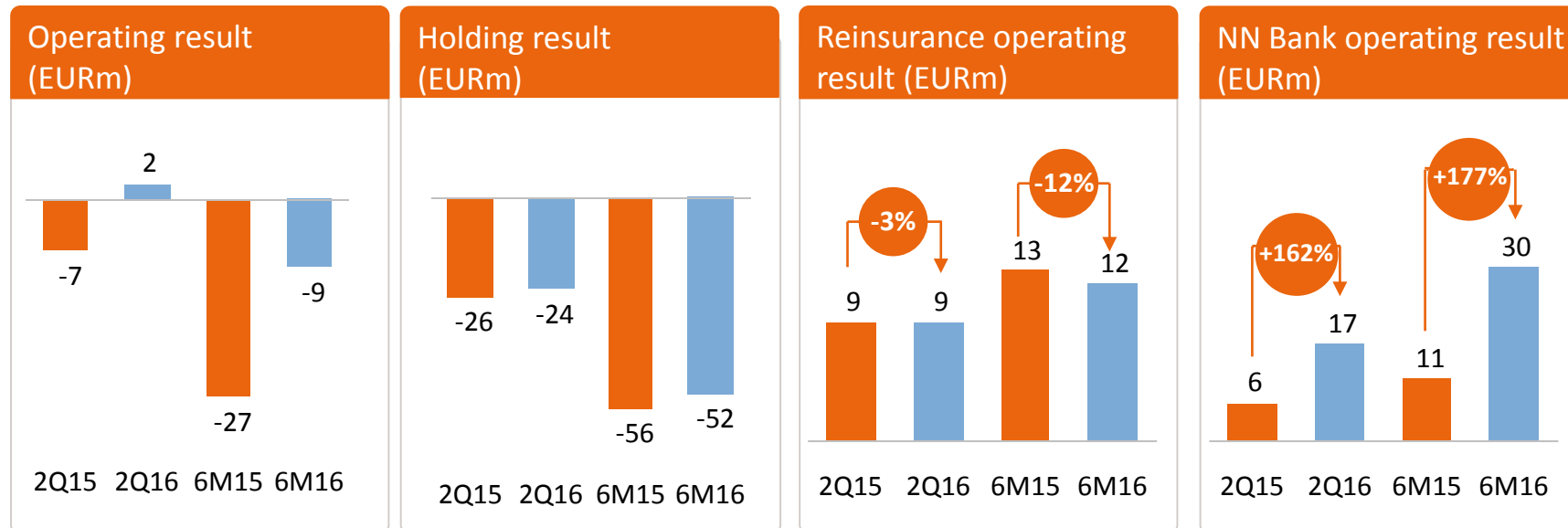


AuM (EURbn)



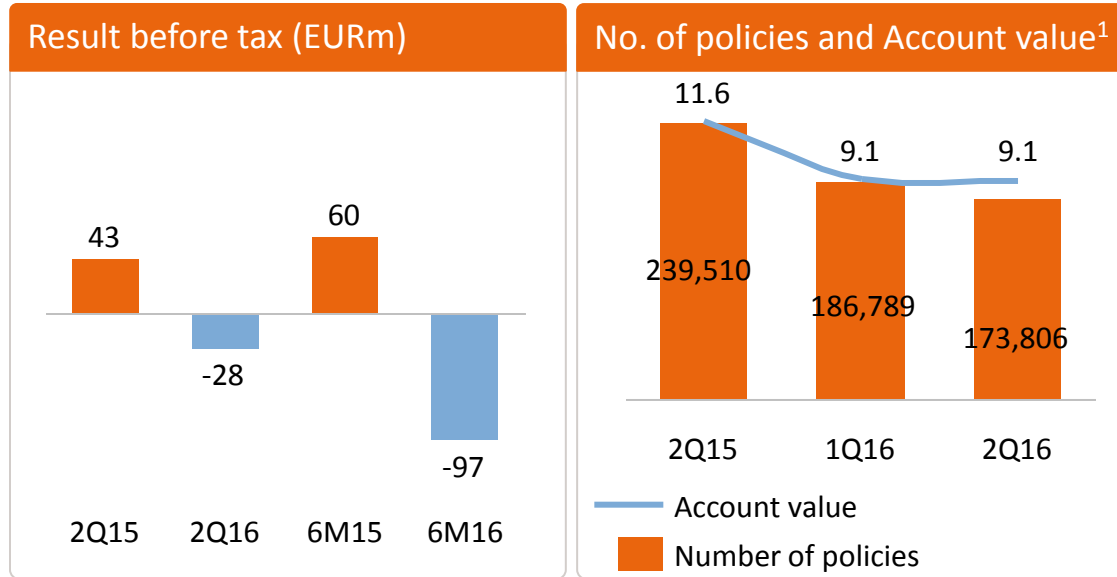
- Operating result 2Q16 decreased to EUR 33m, as a decrease in fees was only partly offset by lower expenses
- Total Assets under Management (AuM) increased to EUR 197bn from EUR 190bn at the end of 1Q16 driven by positive market performance

Other



- Operating result 2Q16 of segment Other improved to EUR 2m, reflecting higher operating result at NN Bank and lower holding expenses
- Higher result at NN Bank on higher interest margin, lower loan loss provisions, partly offset by higher expenses
- Reinsurance result stable

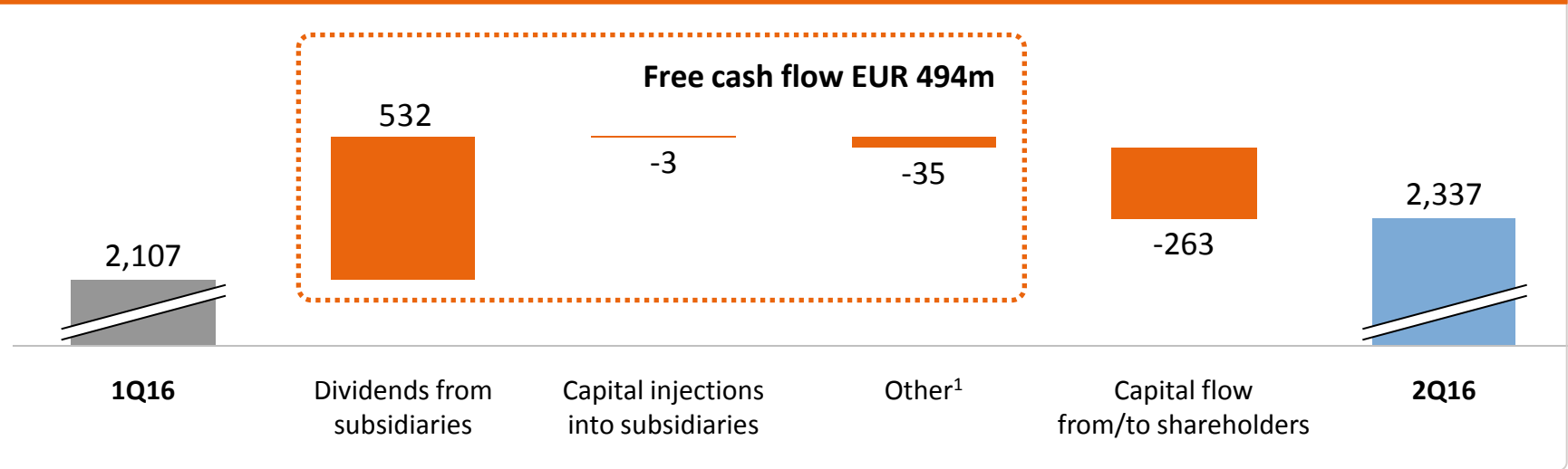
Japan Closed Block VA



- Result before tax 2Q16 of EUR -28m, mainly reflecting a EUR 38m hedge-related loss due to volatile markets, while 2Q15 included a EUR 12m reserve release from higher lapse assumptions of out-of-the money policies
- Portfolio run-off resulted in a 7.0% decrease in the number of policies compared with 1Q16

Free cash flow 2Q16

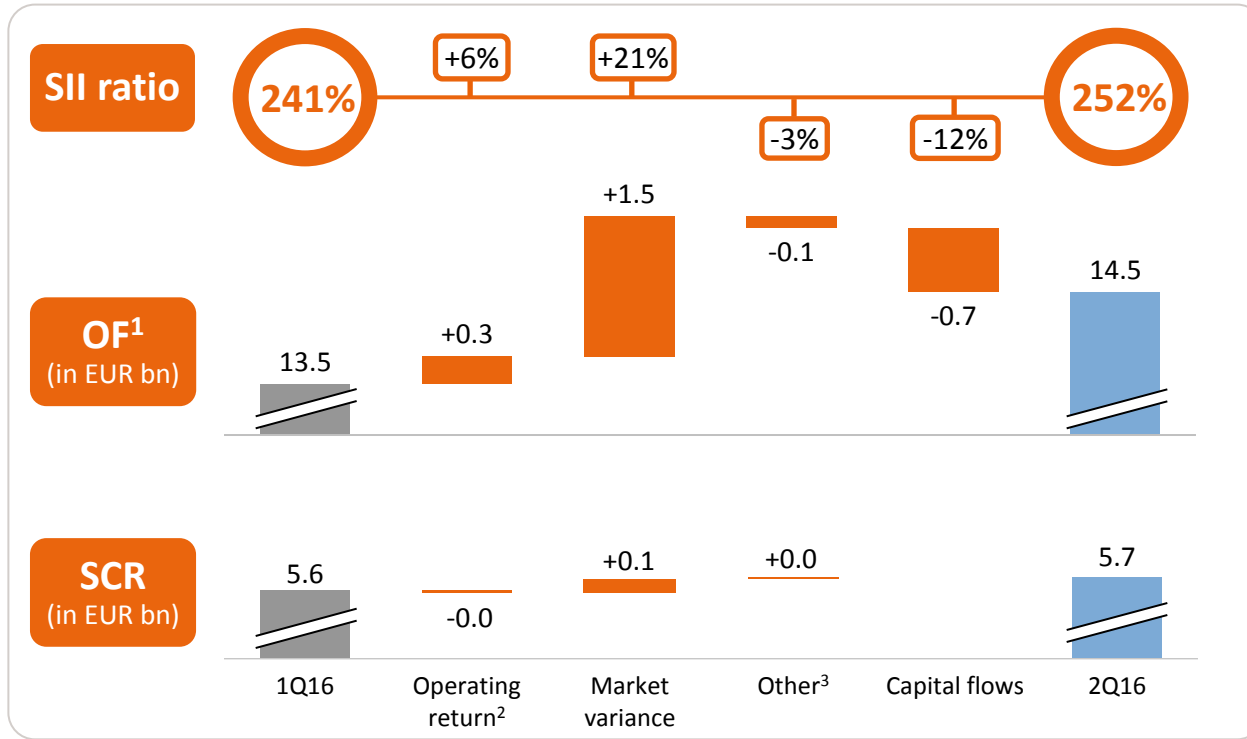
Movement in holding company cash capital (EURm)



- Free cash flow of EUR 494m driven by EUR 532m of dividends received from almost all segments
- Capital flow to shareholders reflects cash part of 2015 final dividend (EUR 185m) and the amount of shares repurchased in 2Q16 (EUR 78m)

1. Includes holding company expenses and other cash flows

Solvency II movement



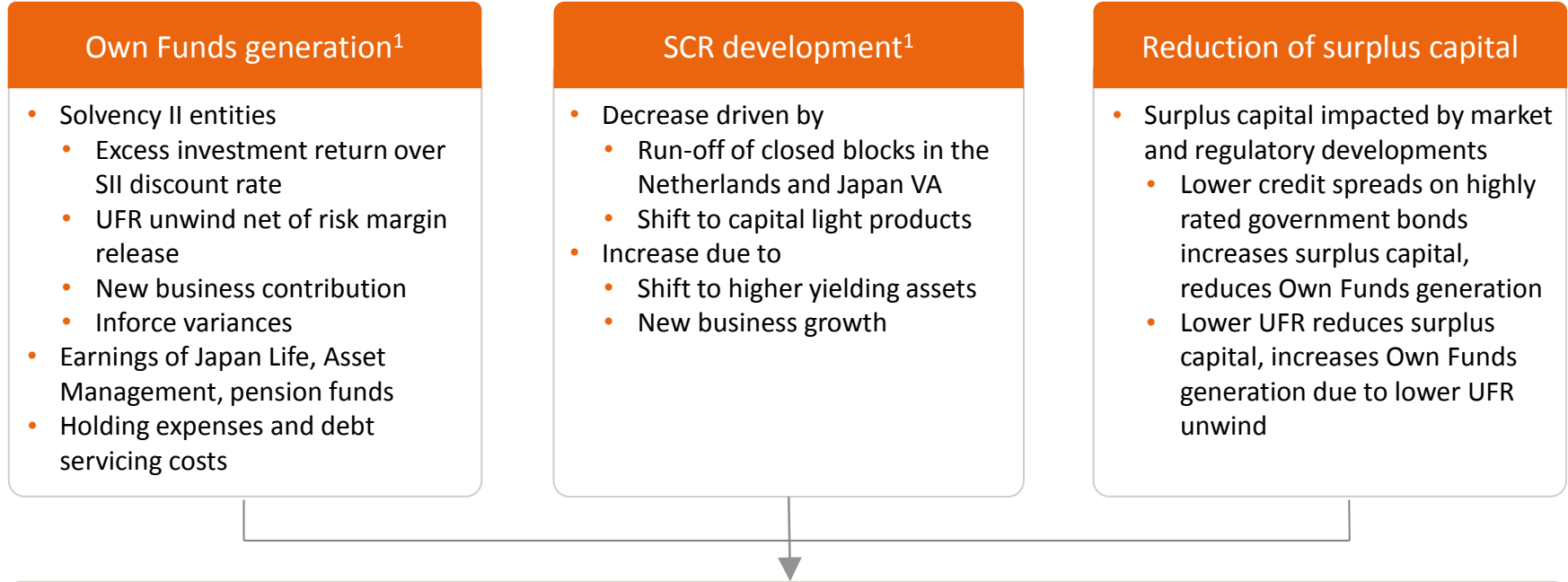
- Solvency II ratio increased mainly driven by market variance, partly offset by capital flows
- Market variance mainly due to lower credit spreads on highly rated government bonds
- Capital flows to shareholders reflects the EUR 500m share buyback and 2016 interim dividend of EUR 195m
- Operating return 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

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

Lard Friese, CEO

Key takeaways

- 1 Operating result EUR 321m
- 2 Progress on cost savings in the Netherlands bringing annual expense base down to EUR 786m
- 3 Solvency II ratio at 252%
- 4 Holding company cash capital higher at EUR 2.3bn; free cash flow to the holding of EUR 494m
- 5 Interim dividend 2016 of EUR 0.60 per ordinary share

Q&A

Lard Friese, Delfin Rueda, Doug Caldwell

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)

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%

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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