



Fourth quarter 2016 results

16 February 2017



Lard Friese, CEO

Highlights

Operating result

EUR 282m

(4Q15: EUR 250m)

Net result

EUR 148m

(4Q15: EUR 360m)

Net Operating ROE

7.2%

(4Q15: 7.5%)

Holdco cash capital

EUR 2.5bn

(3Q16: EUR 2.4bn)

Solvency II ratio

241%

(3Q16: 236%)

Dividend per share

EUR 1.55

(FY15: EUR 1.51)

- Operating result up 13%, reflecting a higher investment margin at Netherlands Life, higher fees and premium-based revenues at Insurance Europe and improved results at NN Bank and the reinsurance business, partly offset by unfavourable claims experience at Netherlands Non-life
- Further cost savings in the Netherlands bringing expense base down to EUR 761m; 43% of total targeted expense reductions achieved to date
- Robust commercial momentum; APE up 12% in 4Q16, full-year VNB up 6%
- Proposed 2016 final dividend: EUR 0.95 per ordinary share, or EUR 307m in total, bringing total 2016 dividend to EUR 1.55 per share

Continued focus on delivering an excellent customer experience



Transparent products and services

- New pension features introduced in the Netherlands, e.g. 'additional savings' option for DC product
- NN Romania wrote over 10,000 new health policies since launch in April



Effective and efficient operations

- NN Bank extended digital tooling and self-service processes, e.g. track and trace for mortgage applications
- Japan Life implementing self-compliance tool for agencies
- Home & Family portal developed in Belgium



Multi-access distribution

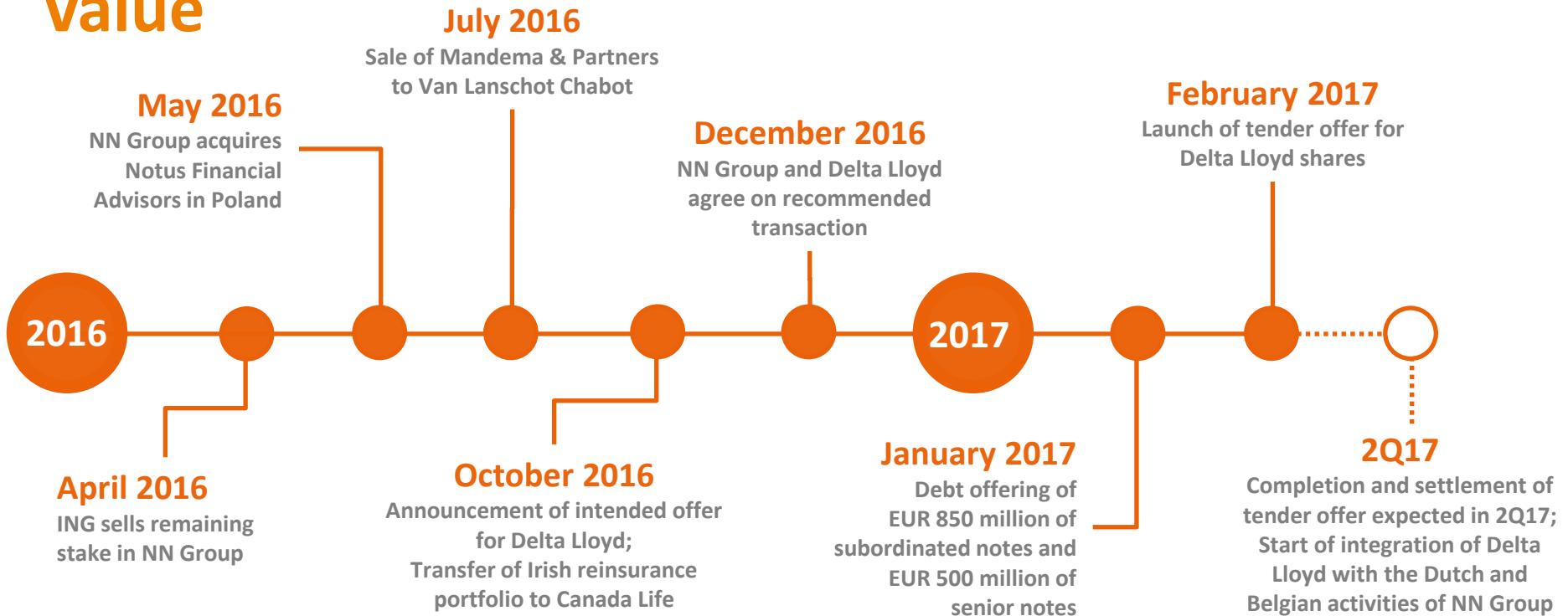
- NN in the Czech Republic entered into a strategic partnership with Moneta Money Bank



Innovation

- NN Life Japan launched a one-stop intuitive service platform for agents
- Dutch Cyber Collective, initiative of Sparklab, supports SMEs to reduce cybercrime

Executing on corporate opportunities to create value

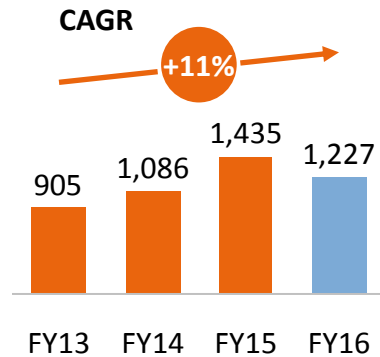


Recommended offer for Delta Lloyd

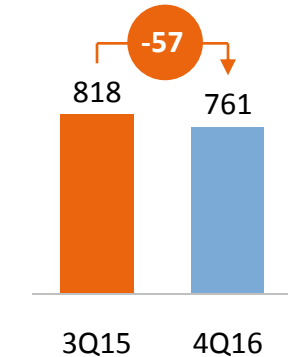
- Public all-cash offer launched for all issued and outstanding shares in Delta Lloyd at EUR 5.40 (cum dividend) per share; total consideration of EUR 2.5bn
- Recommended by the Delta Lloyd Boards and providing attractive and certain cash value for Delta Lloyd shareholders
- Material increase in cash flow; double digit increase in dividend per share anticipated for 2018 and onwards
- Transaction significantly enhances Benelux position and accelerates investment proposition
- Offer period of 9 weeks to end on 7 April 2017, unless extended; expected to be completed in the second quarter of 2017

Delivering on our financial targets

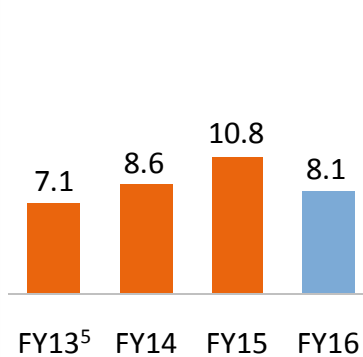
Annual earnings¹ growth of 5-7% on average in the medium term (EURm)



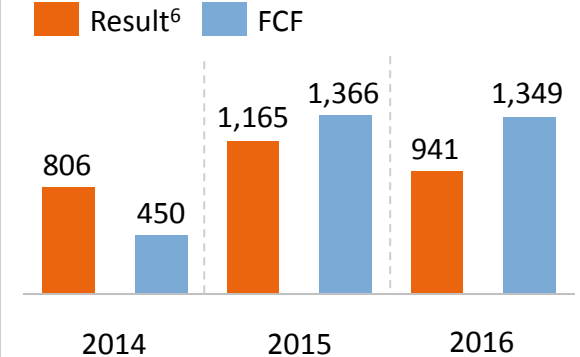
Target administrative expense base in the Netherlands² of EUR 685m by 2018 (EURm)



Increase in ROE³ in medium term (%)

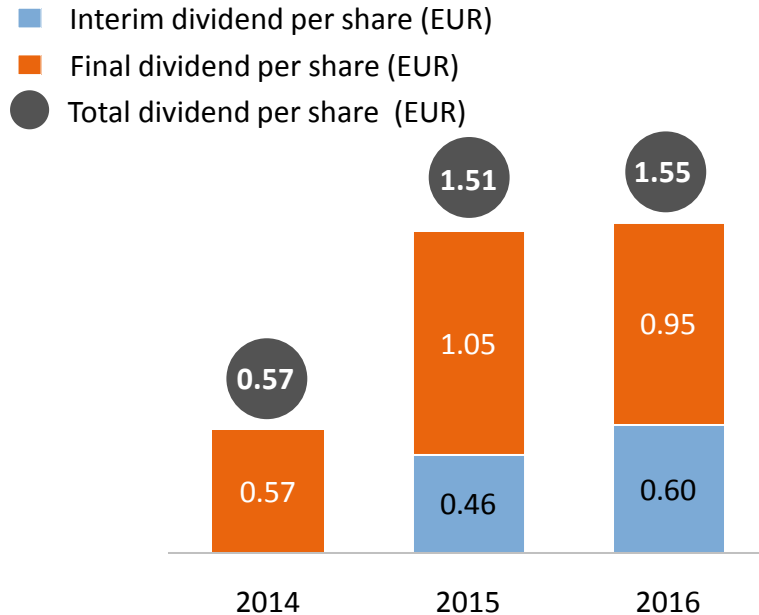


Generate free cash available to shareholders in a range around the net operating result of the ongoing business⁴ (EURm)



Delivering on our dividend policy

Sustainable and predictable dividends in line with dividend policy

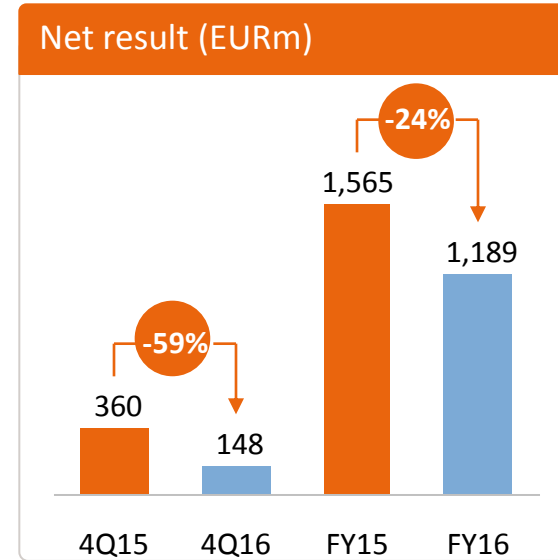
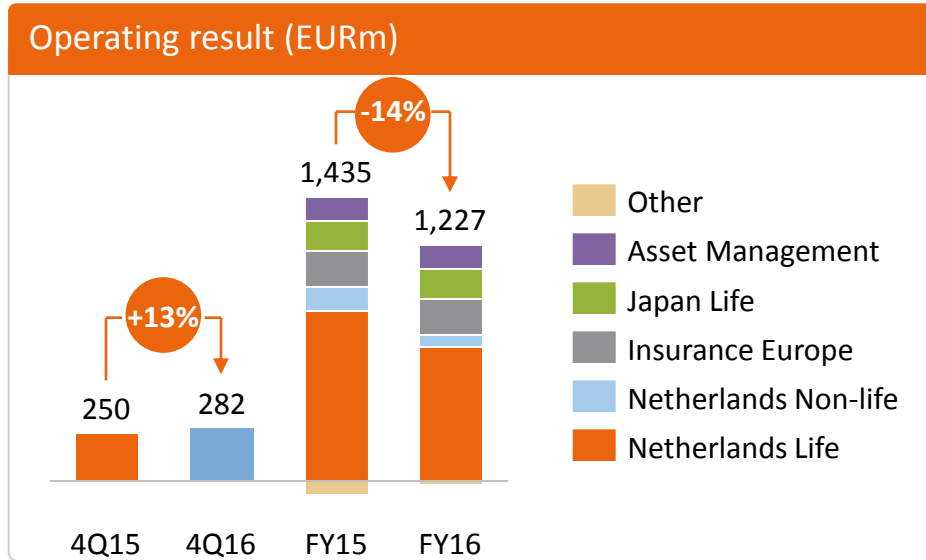


Excess capital returned to shareholders, unless it can be used for value creating corporate opportunities

- Proposed 2016 final dividend of EUR 0.95 per share, bringing total FY16 dividend to EUR 1.55 per share, equivalent to a pay-out ratio of ~51% of FY16 net operating result of ongoing business
- EUR 500m share buyback programme suspended following NN Group's offer for Delta Lloyd, at which time EUR 167m of the programme was completed; remaining outstanding amount of EUR 333m added back to Own Funds in 4Q16
- Since IPO, EUR 2.1bn of capital returned to shareholders, including share buyback programme and proposed 2016 final dividend

Delfin Rueda, CFO

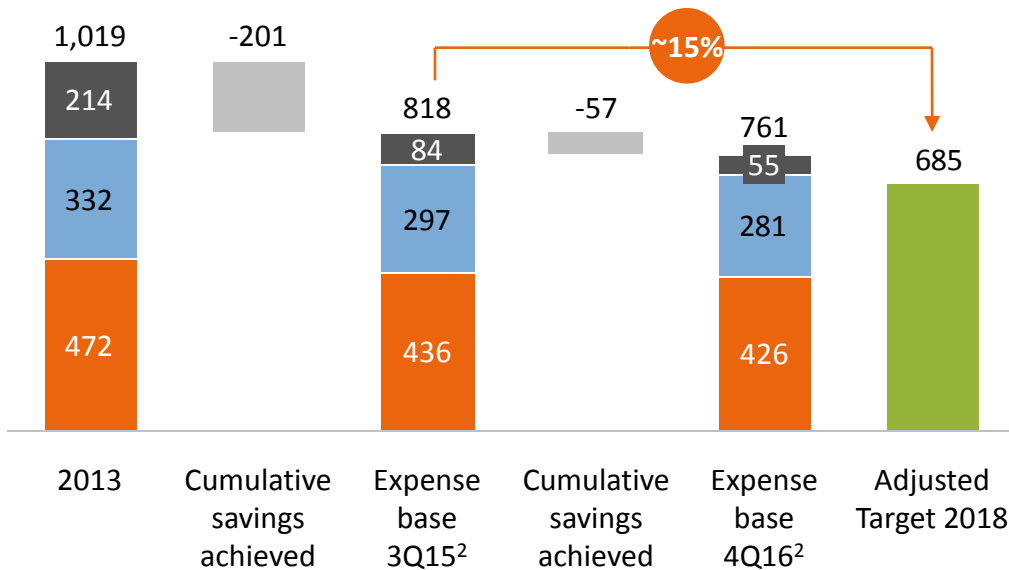
Full-year results



- FY16 operating result down, as 2015 benefited from higher private equity dividends and a significantly higher technical margin in Netherlands Life, while 2016 was impacted by severe storms at Netherlands Non-life
- FY16 net result reflects the lower operating result ongoing business, lower results at Japan Closed Block VA, a negative result on divestments, partly compensated by higher non-operating items

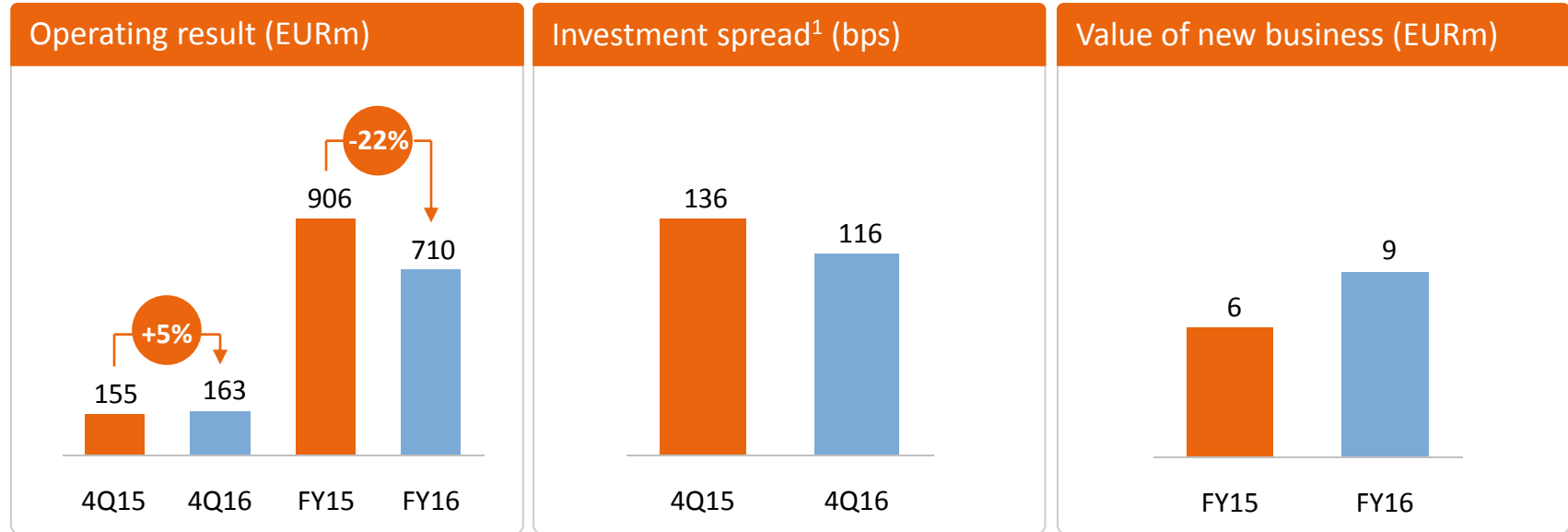
Focus on efficiency to reduce the expense base

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



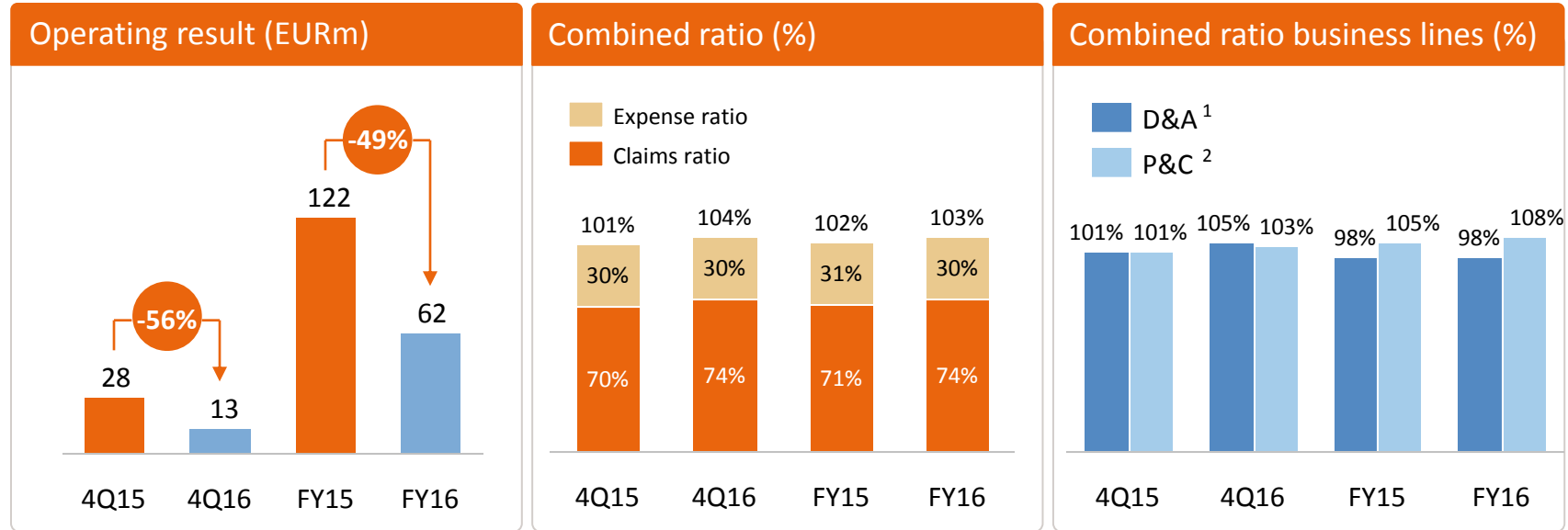
	Cost savings		
	3Q15-3Q16	4Q16	Total
■ Holding	22	8	30
■ NL Non-life	18	-2	17
■ NL Life	12	-2	10
	53	4	57

Netherlands Life



- Operating result 4Q16 increased to EUR 163m, mainly driven by a higher investment margin
- Investment spread, calculated on a four-quarter rolling average, decreased to 116 basis points due to lower private equity dividends
- Value of new business (VNB) increased to EUR 9m

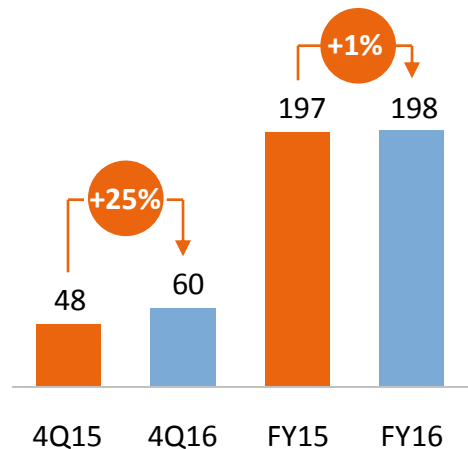
Netherlands Non-life



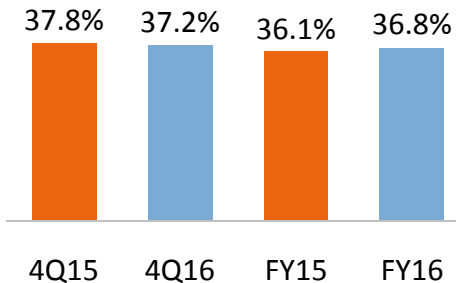
- Operating result 4Q16 down due to unfavourable underwriting performance in both D&A and P&C as well as higher expenses and lower investment income
- D&A – unfavourable claims experience in Individual disability, partly compensated by Group income protection
- P&C – unfavourable claims experience in Motor and Miscellaneous, favourable claims experience in Fire

Insurance Europe

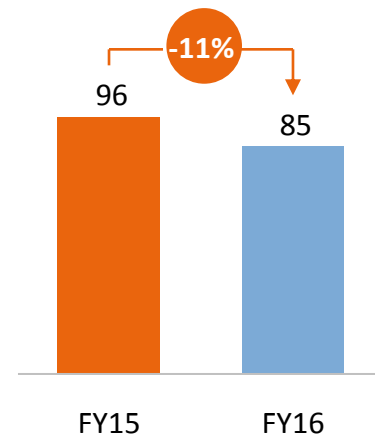
Operating result (EURm)



Cost/income ratio (%)



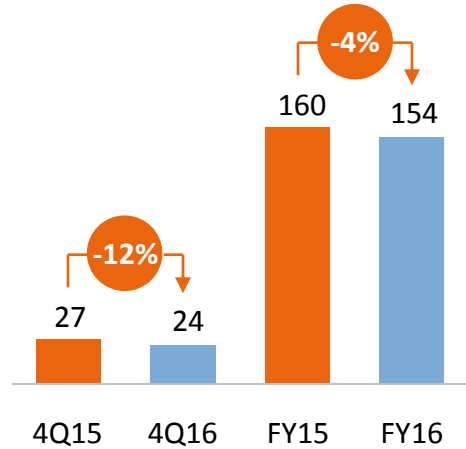
Value of new business (EURm)



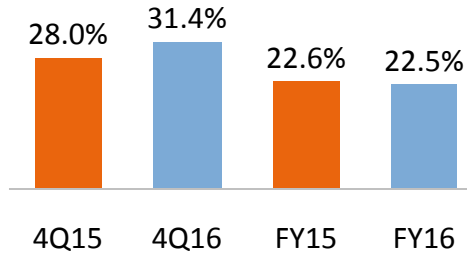
- Operating result up 25% on 4Q15, mainly reflecting a higher technical margin and higher fees and premium-based revenues
- Cost/income ratio decreased on higher operating income partly offset by higher administrative expenses
- VNB decreased to EUR 85m, mainly due to the impact of lower interest rates and the asset tax in Poland

Japan Life

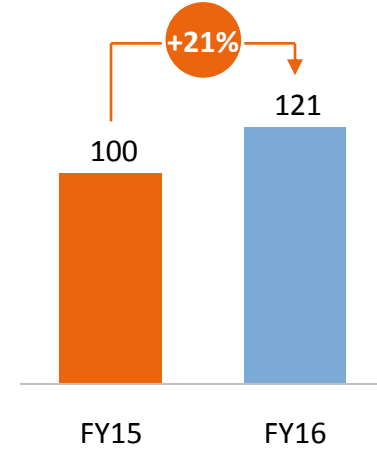
Operating result (EURm)



Cost/income ratio (%)

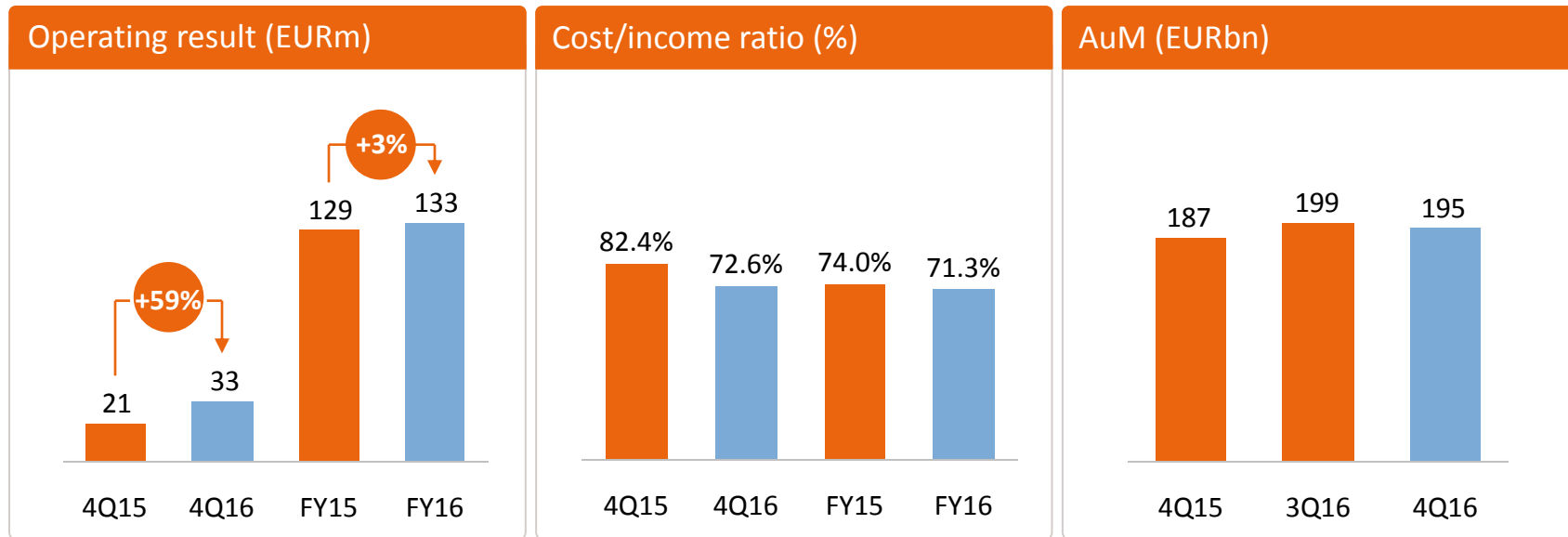


Value of new business (EURm)



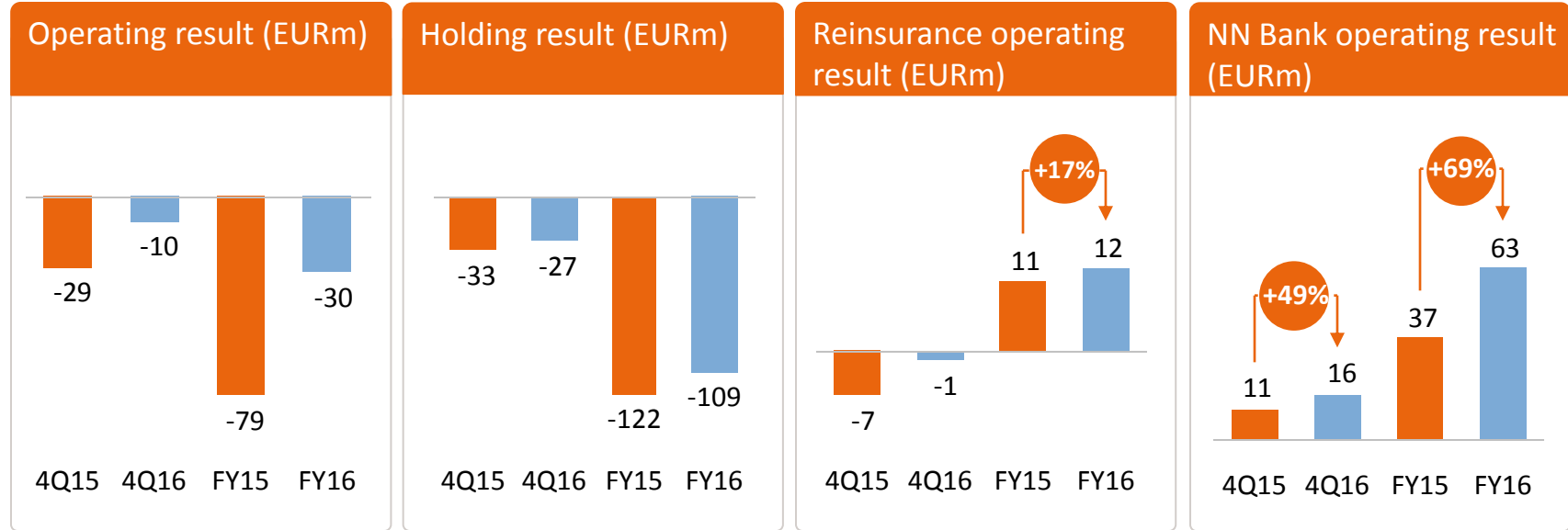
- Operating result 4Q16 down 19.8%, excluding currency effects, reflecting a lower technical margin and higher DAC amortisation and trail commissions, partially offset by higher fees and premium-based revenues
- VNB increased to EUR 121m, up 8.1% from 4Q15 at constant currencies, as higher sales and a shift to a more profitable product mix more than offset the impact of lower interest rates

Asset Management



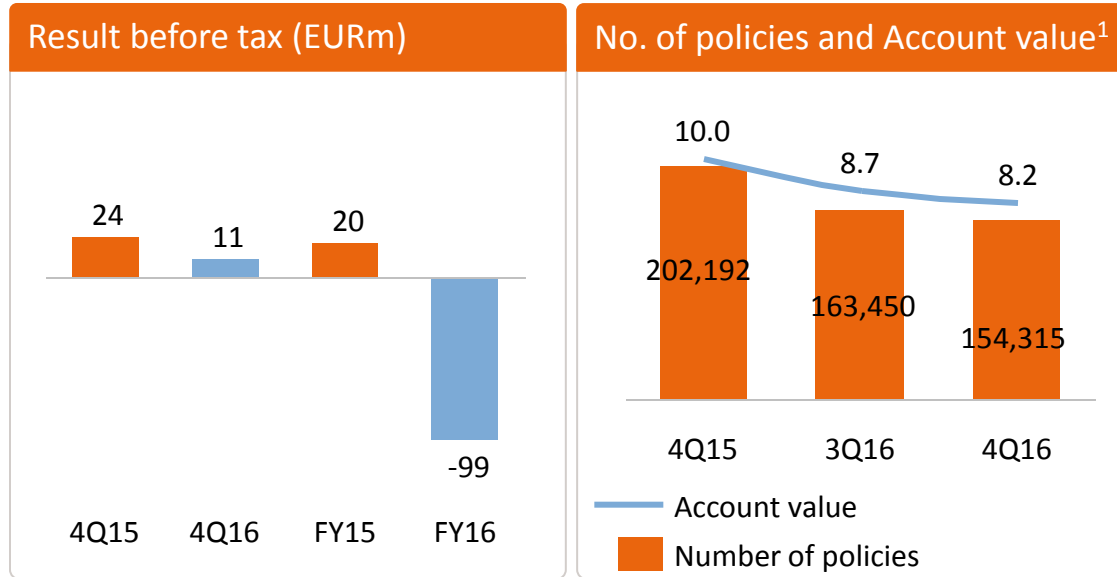
- Operating result 4Q16 increased to EUR 33m, as 4Q15 included a EUR 13m restructuring provision
- Total Assets under Management (AuM) decreased to EUR 195bn from EUR 199bn at the end of 3Q16 due to negative market performance on higher interest rates, partly offset by net inflows primarily in Third-Party assets

Other



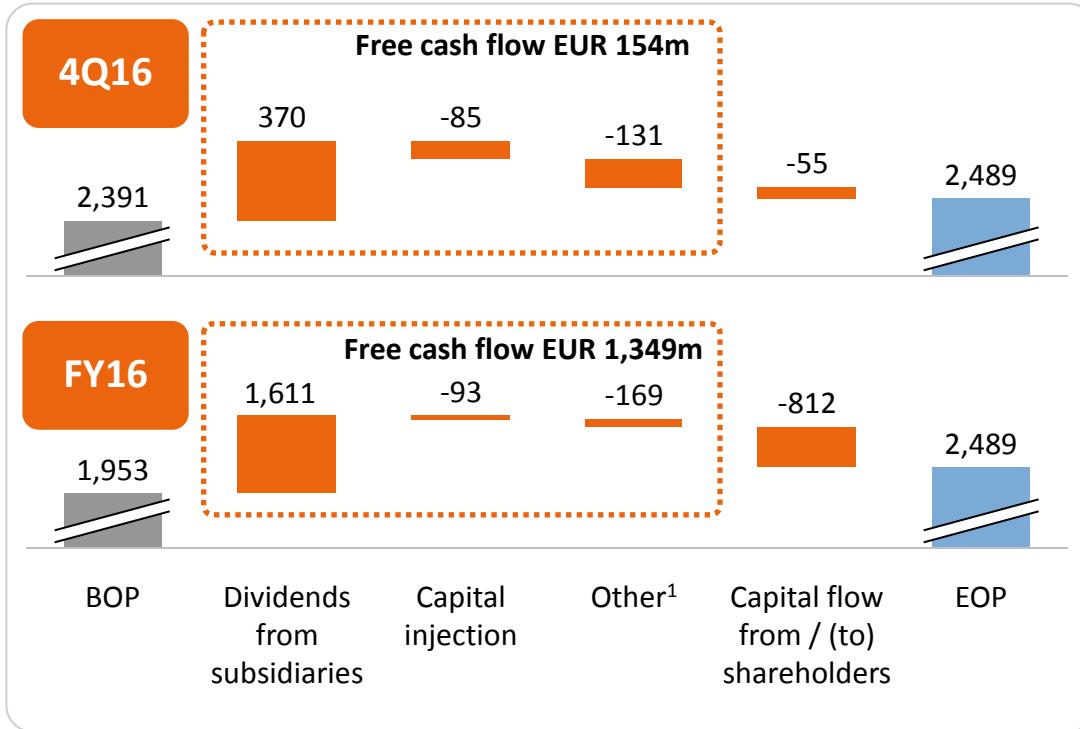
- Operating result 4Q16 improved to EUR -10m, reflecting lower holding expenses as well as higher operating results for NN Bank and the reinsurance business
- Higher result at NN Bank on higher interest margin and favourable other income, partly offset by higher expenses
- Reinsurance result improved as 4Q15 was impacted by lower underwriting results

Japan Closed Block VA



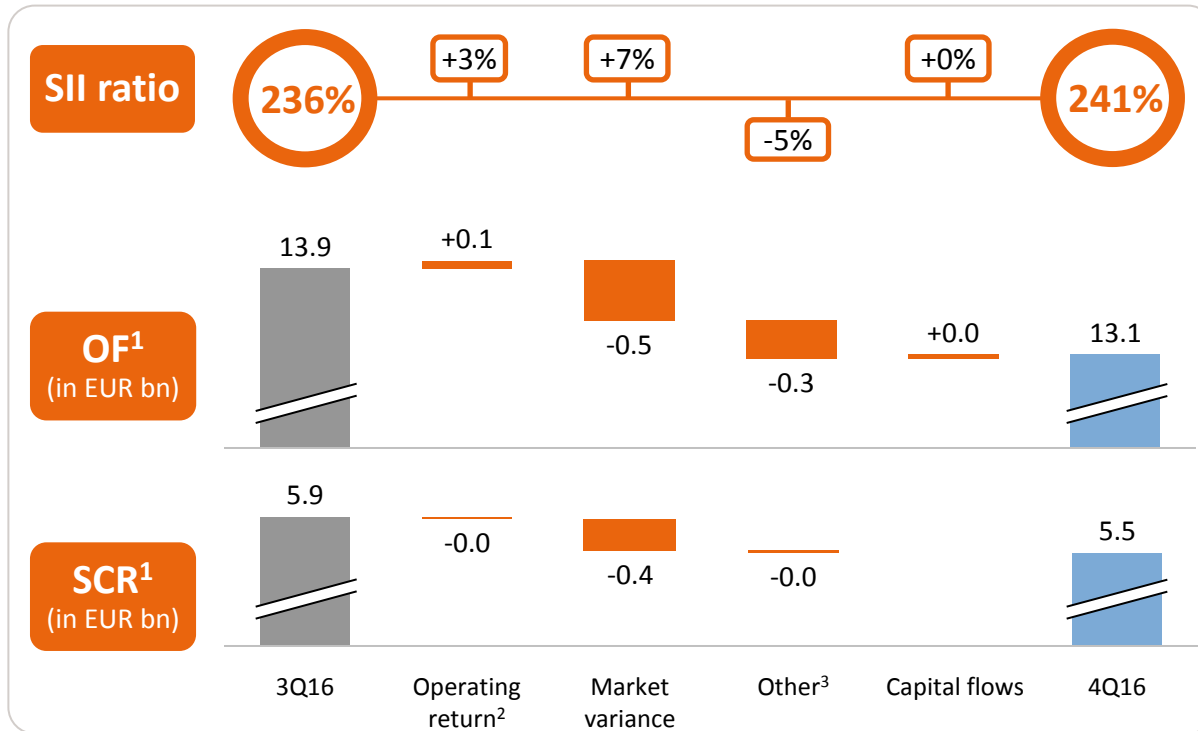
- Result before tax 4Q16 of EUR 11m, which includes a positive hedge-related result of EUR 30m offset by EUR 35m reserve increase due to lower lapse assumptions on death benefit policies
- Portfolio run-off resulted in a 5.6% decrease in the number of policies compared with 3Q16, and a 23.7% decrease compared with 4Q15

Free cash flow 4Q16 and FY16



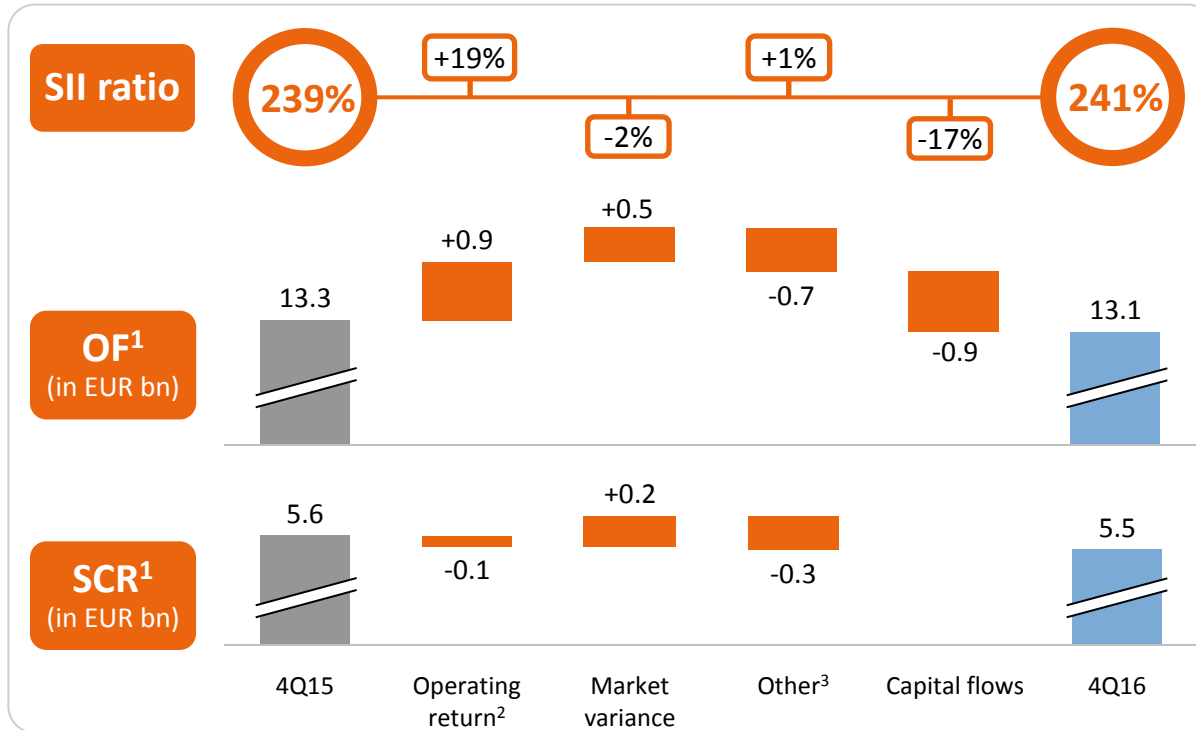
- 4Q16 free cash flow of EUR 154m includes EUR 370m of dividends received from subsidiaries in the Netherlands and NN Re (Ireland), partly offset by capital injections mainly into Greece and NN Bank
- FY16 free cash flow of EUR 1,349m driven by EUR 1,611m of dividends upstreamed from subsidiaries
- FY16 capital flows to shareholders reflect the share buyback in January 2016, the share buyback programme and dividends paid to shareholders

Solvency II movement 4Q16



- Solvency II ratio increased mainly driven by higher interest rates, partly offset by changes in eligibility constraints and non-available own funds
- Capital flows reflects both the reversal of the EUR 333m deduction of the suspended buybacks and the proposed final dividend of EUR 307m

Solvency II movement FY16



- Solvency II ratio improved to 241% reflecting the operating return of the business partly offset by capital flows to shareholders
- Operating return includes the 2015 net result of Asset Management (EUR ~80m), non-recurring benefits in Japan Life (EUR ~50m) and the impact of the shift from SA to GA in 1Q16 (EUR ~0.1bn)
- Market variance volatile during 2016, but small on a full-year basis

Lard Friese, CEO

Key takeaways

- 1 4Q16 operating result up 13% on 4Q15; FY16 operating result of EUR 1.2bn
- 2 Good progress on cost savings in the Netherlands, annual expense base down to EUR 761m; 43% of expense reduction target achieved to date
- 3 Strong capital position: Solvency II ratio improved from 239% at 4Q15 to 241% at 4Q16 as operating return was offset by capital flows to shareholders
- 4 Holding company cash capital higher at EUR 2.5bn; free cash flow at holding company for FY16 of EUR 1.3bn
- 5 Proposed 2016 final dividend of EUR 0.95 per ordinary share, bringing total 2016 dividend to EUR 1.55 per share

Q&A

Lard Friese, Delfin Rueda, Jan-Hendrik Erasmus

Appendices

Dividends upstreamed

Dividends upstreamed by segments/subsidiaries (EURm)

	4Q16	3Q16	2Q16	1Q16	2016	2015
Netherlands Life ¹	161	160	160	160	642	807
Netherlands Non-life	16	31	-	107	154	93
Insurance Europe ²	46	-	199	6	251	227
NN Japan Life		-	80	-	80	74
Asset Management	20	53	20	-	93	90
NN Re Netherlands	50	75	50	75	250	185
Other ¹	77	-	23	42	140	73
Total	370	320	532	390	1,611	1,548



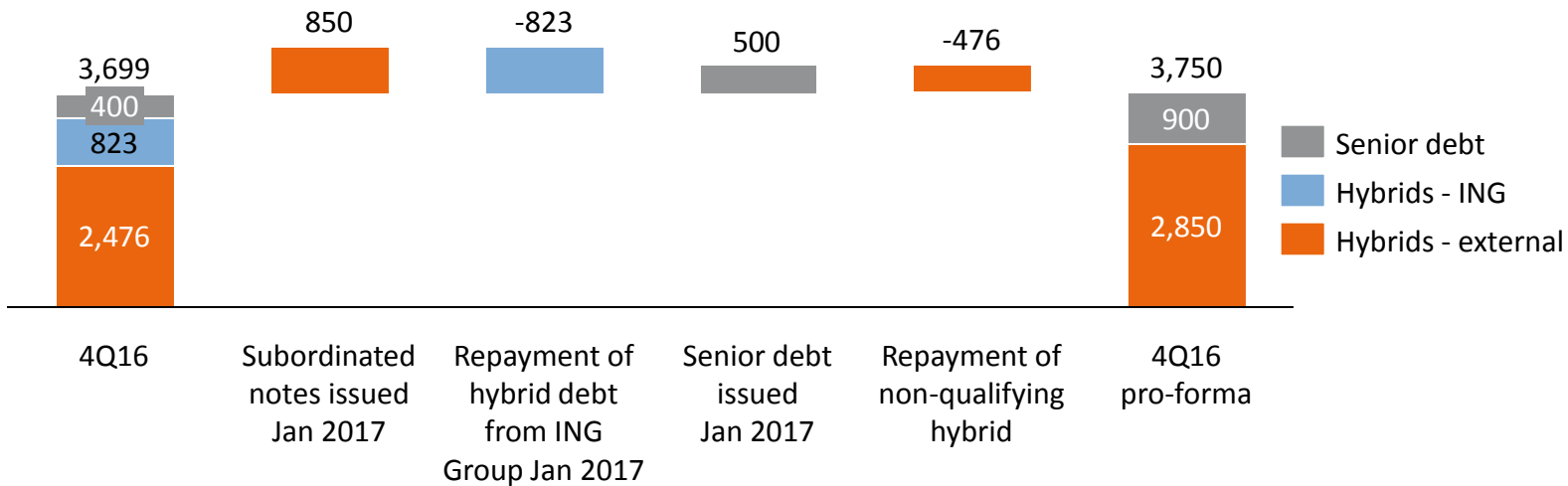
1. Includes interest on subordinated loans provided to subsidiaries by the holding company
2. Refers to Insurance Europe entities' consolidated totals excluding Czech Life insurance business (branch of NN Life)

Sensitivities of the NN Group Solvency II ratio to specified shocks

Sensitivities to shocks ¹ at 4Q16	Δ OF (in EURbn)	Δ SCR (PIM) (in EURbn)	Δ Solvency II ratio ² (in %-points)
Interest rate: Parallel shock +50bps	-0.1	-0.3	+10%
Interest rate: Parallel shock -50bps	+0.1	+0.3	-12%
Interest rate: 25bps steepening between 20y-30y	-0.8	+0.0	-16%
Credit spread: Parallel shock for government bonds +50bps	-1.9	+0.0	-37%
Credit spread: Parallel shock corporate bonds +50bps	+0.5	-0.1	+15%
Equity: Downward shock -25%	-1.2	-0.2	-12%
Real estate: Downward shock -15%	-0.8	-0.0	-14%
UFR: Downward adjustment to 3.2%	-1.3	+0.2	-32%

Financial leverage

Financial leverage development (EURm, notional)



- Proceeds of the EUR 850m subordinated notes (Tier 2 regulatory capital) issued in January 2017 have been used to repay ING Group hybrid debt (Tier 1 regulatory capital¹)
- Proceeds of the EUR 500m senior notes issued in January 2017 are planned to be used to repay non-qualifying hybrid²

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. The Annual Accounts for 2016 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, (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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