



Fourth quarter 2018 results

14 February 2019

Highlights

Lard Friese, CEO

Highlights 4Q18

Operating result

EUR 343m

(4Q17: EUR 345m)

Net result

EUR -533m

(4Q17: EUR 700m)

Solvency II ratio

230%

(3Q18: 239%)

Holdco cash capital

EUR 2.0bn

(3Q18: EUR 1.9bn)

Full-year dividend

EUR 1.90

(FY17: EUR 1.66)

Share buyback

EUR 500m

- Operating result of the ongoing business broadly stable at EUR 343m
- Cost reductions at business units in scope of the integration of EUR 20m in 4Q18; total cost reductions to date of EUR 289m¹
- 4Q18 new sales (APE) up 8% on 4Q17 at constant currencies;
Full-year VNB of EUR 391m, up 13% on 2017
- Solvency II ratio at 230%; holding company cash capital at EUR 2.0bn
- Proposed 2018 final dividend: EUR 1.24 per share, bringing total 2018 dividend to EUR 1.90 per share, up 14.5% on 2017
- EUR 500m share buyback programme, to be completed in 12 months

1. Cost reductions calculated on a last 12-month basis and compared with the full-year 2016 administrative expense base of EUR 2,024m

Integration milestones



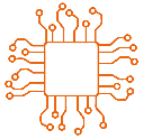
- Approval from the Dutch Central Bank to expand the Partial Internal Model to include the Dutch Delta Lloyd Life and Non-life entities as from 31 December 2018



- Legal mergers of all businesses now completed, following execution of legal mergers of Life and Non-life businesses of NN and Delta Lloyd on 1 January 2019



- Rebranding of Delta Lloyd's products and services to the Nationale-Nederlanden brand virtually complete

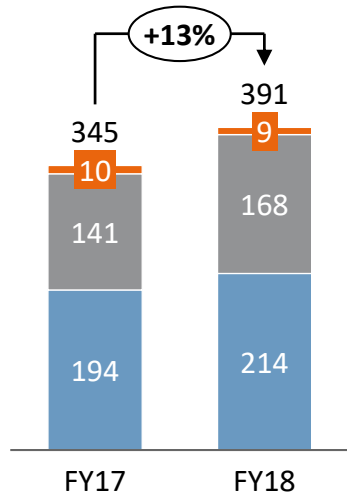


- System migration ongoing; 30% of head office applications decommissioned and all DLAM portfolios onboarded onto NNIP systems

Commercial momentum maintained

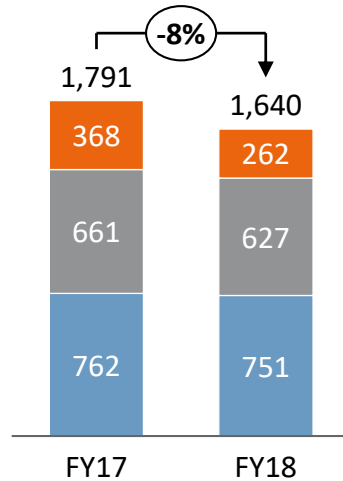
Value of new business

(EURm)



New sales (APE)

(EURm)



Focus on value over volume

- VNB up 13% on 2017 mainly driven by an improved product mix at Insurance Europe and Japan Life
- APE down 8% on 2017 mainly due to a lower volume of group pension renewals at Netherlands Life
- APE at Japan Life up 1% at constant currencies, driven by sales through Sumitomo and sales of new COLI product launched in November 2018



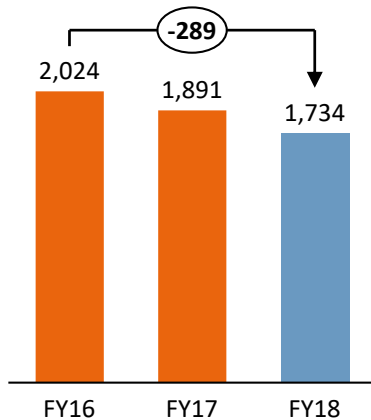
Innovative products and services

- NN Turkey launched a modular, flexible and innovative life protection product
- NN IP launched NN (L) Europe Sustainable Infrastructure Debt Fund, meeting investor demand for investments that contribute to a more sustainable future

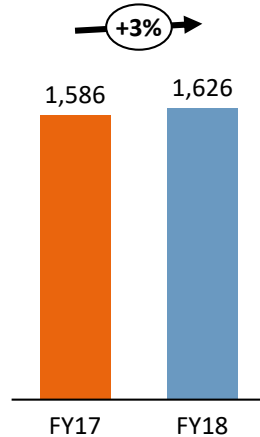
■ Netherlands Life ■ Insurance Europe ■ Japan Life

Progress on Group medium-term financial targets in 2018

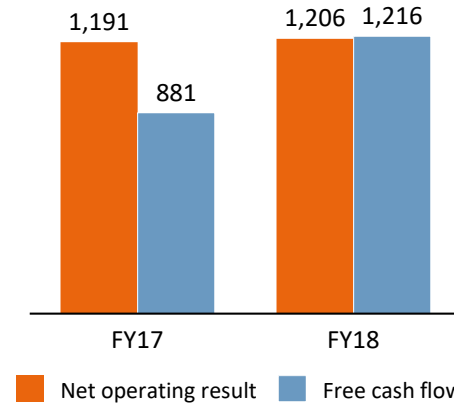
EUR ~400m cost reduction¹ by 2020 compared with 2016 full-year expense base (EURm)



Annual earnings growth of 5-7% on average in the medium term² (EURm)

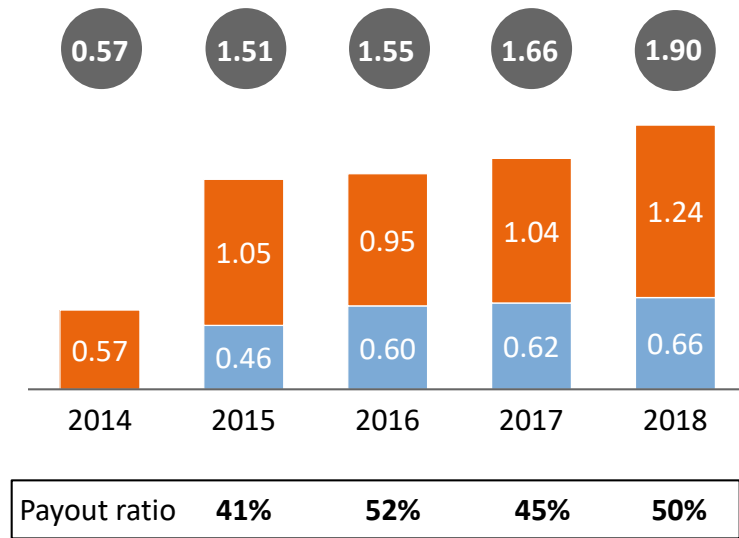


Over time, generate free cash available to shareholders in a range around the net operating result of the ongoing business³ (EURm)



1. In total for the following units: Netherlands Life, Netherlands Non-life, Belgium, Asset Management, Banking business and Corporate / Holding entities
2. Annual growth rate of operating result before tax of the ongoing business on average in the medium term; based on 2017 operating result
3. Net operating result of the ongoing business, 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

Double-digit increase in 2018 dividend per share



■ Interim dividend per share (EUR) ■ Final dividend per share (EUR)

● Total dividend per share (EUR)

- Priority is a sustainable ordinary dividend per share
- Proposed 2018 final dividend of EUR 1.24 per share, bringing full-year 2018 dividend to EUR 1.90 per share, up 14.5% on 2017
- Equivalent to a pay-out ratio¹ of 50% of FY18 net operating result of ongoing business
- Double-digit increase in the 2018 dividend per share versus 2017, reflecting first full year of incremental free cash flows from the Delta Lloyd transaction
- Excess capital to be returned to shareholders unless it can be used for value creating opportunities
- EUR 500m share buyback programme announced, anticipated to commence on 1 March 2019 and to be completed in 12 months

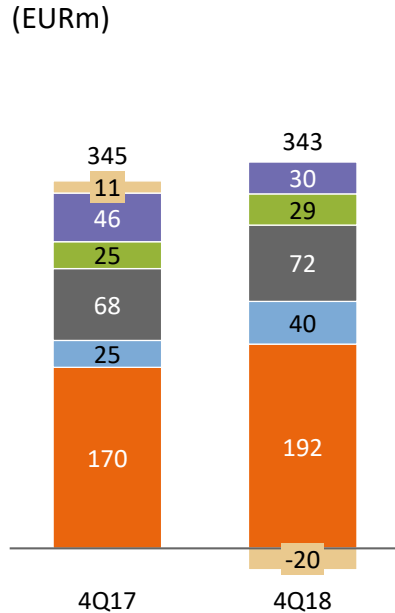
1. Pay-out ratio is based on the net operating result before the deduction of the accrued coupon on undated subordinated notes classified in equity

4Q18 results

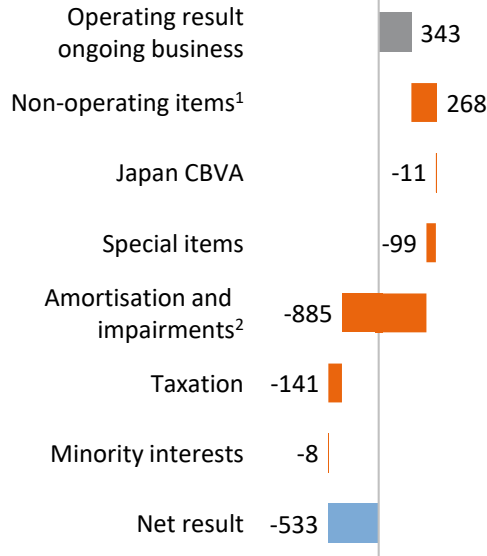
Delfin Rueda, CFO

4Q18 Operating result and Net result

Operating result of the ongoing business (EURm)



Operating result to Net result (EURm)



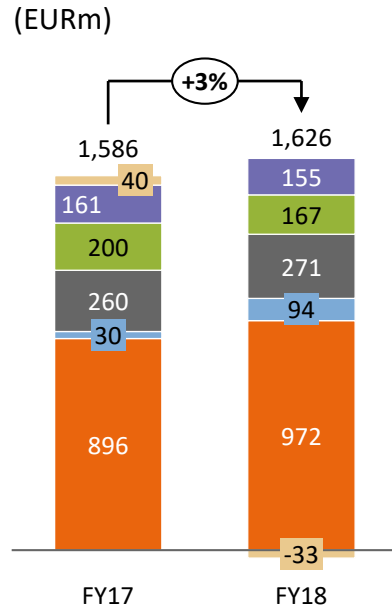
- **Netherlands Life:** 4Q18 operating result up, reflecting higher technical margin and lower administrative expenses, partly offset by a lower investment margin
- **Netherlands Non-life:** 4Q18 operating result up, mainly driven by improved underwriting performance in D&A and lower administrative expenses, partly offset by lower investment and other income; 4Q18 combined ratio of 96.4%
- **Insurance Europe:** 4Q18 operating result up, driven by decrease in administrative expenses and lower DAC amortisation and trail commissions, partly offset by lower technical margin
- **Japan Life:** 4Q18 operating result up 11% excluding currency effects, reflecting higher fees and premium-based revenues, partially offset by higher DAC amortisation and trail commissions
- **Asset Management:** 4Q18 operating result down, due to lower fees partly compensated by decrease in administrative expenses
- **Other:** 4Q18 operating result down, due to lower holding result and lower results of reinsurance and banking businesses



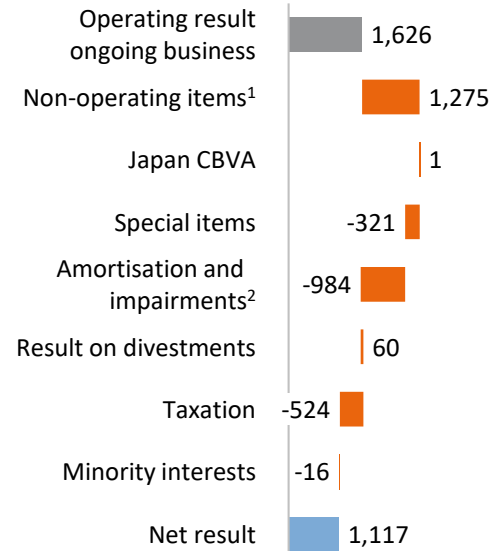
1. Includes realised capital gains/losses and impairments, revaluations and market & other impacts
2. Reflects EUR 852m impairment of goodwill and EUR 33m amortisation of acquisition intangibles

FY18 Operating result and Net result

Operating result of the ongoing business (EURm)



Operating result to Net result (EURm)



- **Netherlands Life:** FY18 operating result up, reflecting inclusion of Delta Lloyd from 2Q17, higher investment margin and expense reductions
- **Netherlands Non-life:** FY18 operating result up, mainly driven by improved underwriting performance in D&A and P&C, expense reductions and the inclusion of Delta Lloyd from 2Q17; FY18 combined ratio of 99.4%
- **Insurance Europe:** FY18 operating result up, mainly driven by favourable mortality results and the inclusion of Delta Lloyd Belgium from 2Q17
- **Japan Life:** FY18 operating result down 13% excluding currency effects, reflecting higher DAC amortisation driven by surrenders and a lower technical margin, partially offset by higher fees and premium based revenues
- **Asset Management:** FY18 operating result down, due to lower fees partly compensated by expense reductions
- **Other:** FY18 operating result down on FY17, which benefited from EUR 32m non-recurring items while FY18 reflects EUR -44m non-recurring items



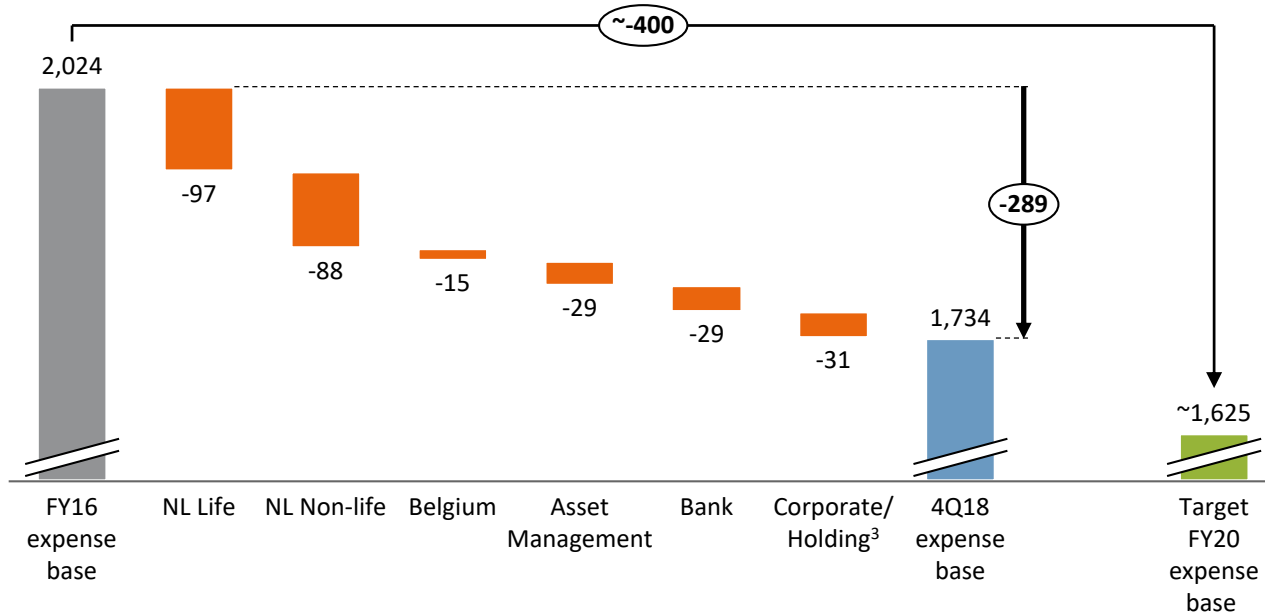
■ Netherlands Life ■ Japan Life
■ Netherlands Non-life ■ Asset Management
■ Insurance Europe ■ Other

1. Includes realised capital gains/losses and impairments, revaluations and market & other impacts
 2. Reflects EUR 852m impairment of goodwill and EUR 132m amortisation of acquisition intangibles

Continued focus on increasing efficiency

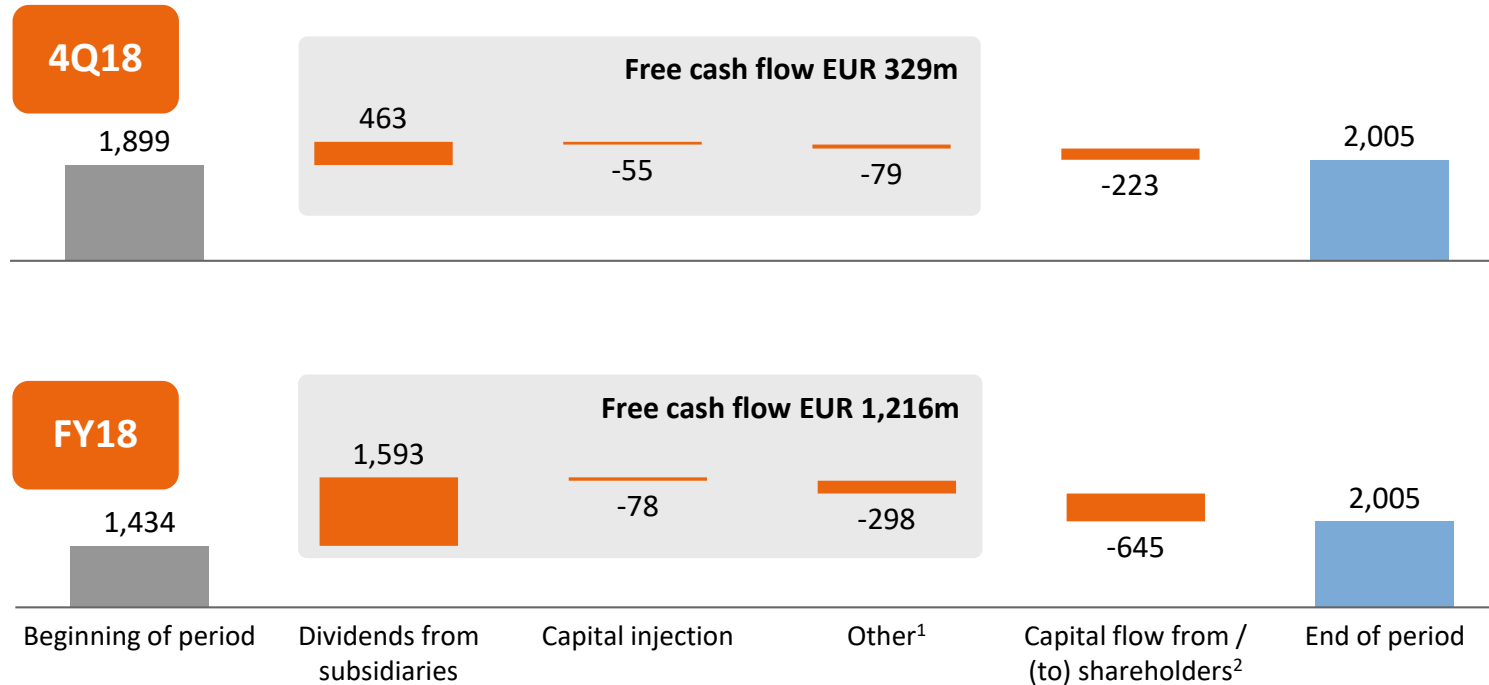
Administrative expense base^{1,2}

(EURm)

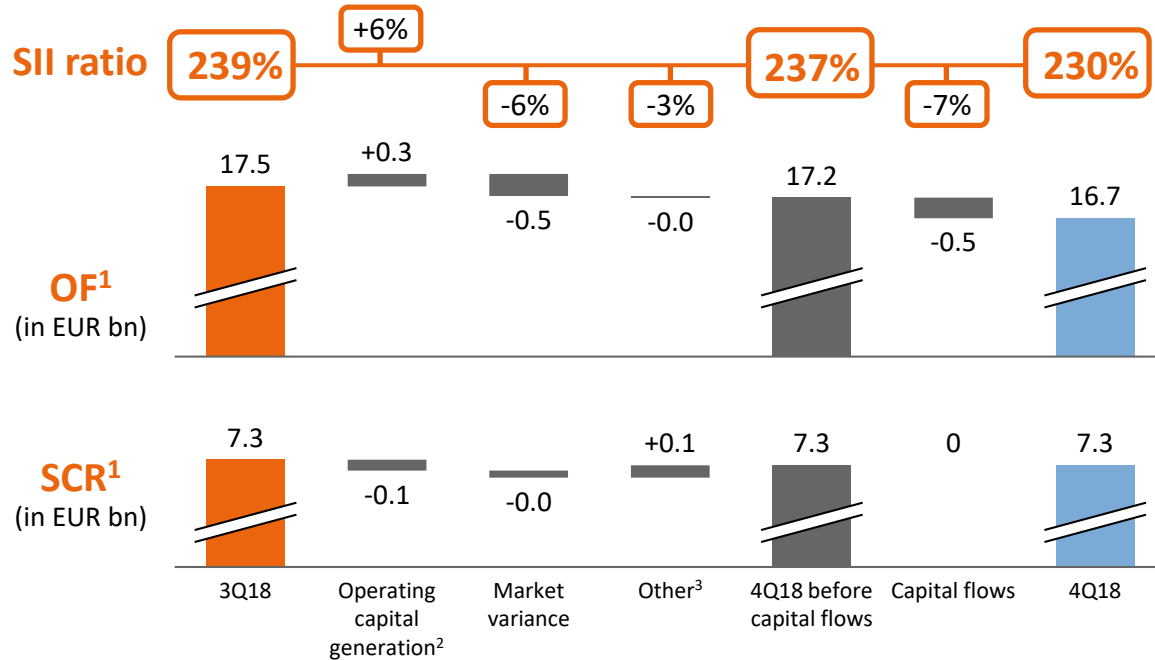


1. Netherlands Life, Netherlands Non-life, Belgium, Asset Management, Banking business and Corporate/Holding entities
2. Cost reductions calculated on a last 12-month basis
3. Including NN Re

Free cash flow 4Q18 and FY18

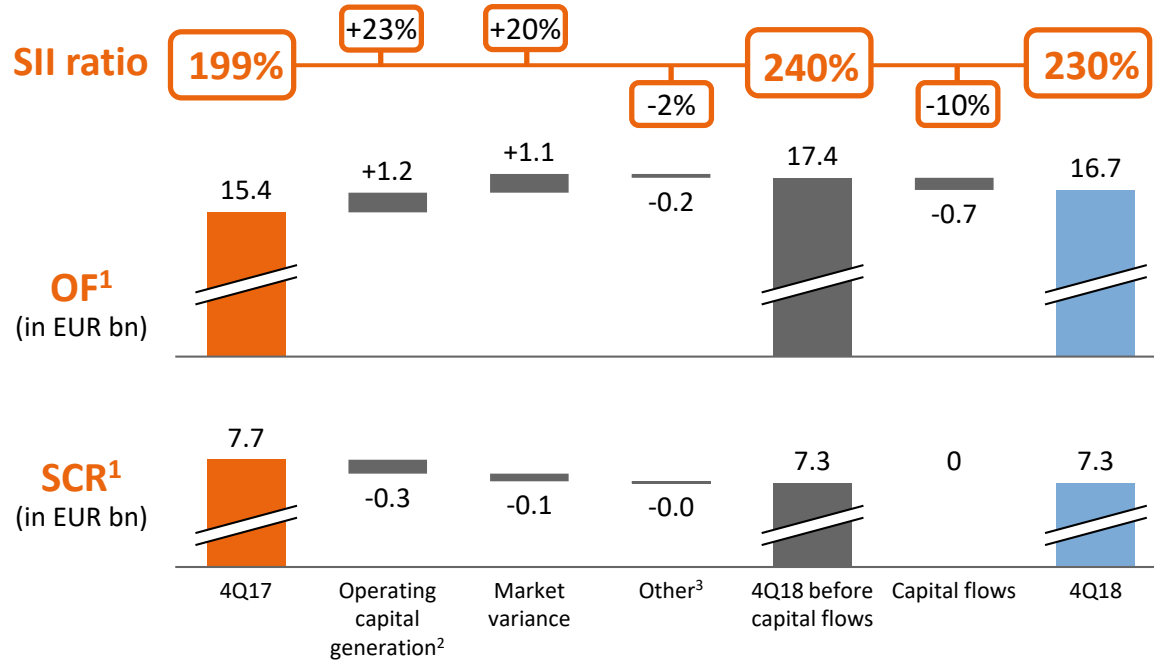


Solvency II movement 4Q18



- Solvency II ratio of 230% reflects operating capital generation offset by capital flows and market variance
- Capital flows reflect the proposed 2018 final dividend of EUR 415m and the termination of the warrant agreement of EUR 76m; the impact of the EUR 500m share buyback programme will be deducted from the 1Q19 ratio
- Market variance mainly driven by negative equity revaluations
- Other reflects the positive impact of the expansion of the Partial Internal Model and the negative impact from the decrease of the corporate tax rate

Solvency II movement FY18



- Solvency II ratio increased to 230% driven by operating capital generation and market variance, partly offset by capital flows
- Operating capital generation of EUR 1.4bn in 2018 from Solvency II entities, Japan Life, Asset Management and pension funds, and includes holding expenses
- Market variance contributed positively to the ratio mainly reflecting the favourable impact from movements in credit spreads
- Capital flows reflect the 2018 interim and final dividends and the termination of the warrant agreement
- 1 January 2019 pro forma capital ratio of NN Life following legal merger with Delta Lloyd Life of 231%⁴



1. Eligible Own Funds and Solvency Capital Requirement; Available and required regulatory capital for Japan Life, Asset Management and pension funds
 2. Operating capital generation includes Solvency II entities, Japan Life, Asset Management and pension funds, as well as holding expenses
 3. Includes model and assumption changes, the accruals of the qualifying debt, the change of non-available Own Funds and non-eligible Own Funds and special items related to non-Solvency II regulated entities and the holding company
 4. Estimated simple average based on the sum of eligible Own Funds and SCR, including eligibility constraints

Wrap up

Lard Friese, CEO

Key takeaways

1

4Q18 operating result broadly stable at EUR 343m; full-year operating result of EUR 1.6bn

2

Further cost reductions; administrative expense reductions achieved to date of EUR 289m

3

Strong capital position: Solvency II ratio of 230%; holding company cash capital of EUR 2.0bn

4

Proposed 2018 final dividend of EUR 1.24, bringing total 2018 dividend to EUR 1.90 per share

5

EUR 500m share buyback programme to be completed in 12 months

Q&A

Lard Friese, Delfin Rueda, Jan-Hendrik Erasmus

Appendix

Dividends upstreamed by segments / subsidiaries

(EURm)

	4Q18	3Q18	2Q18	1Q18	2018	2017
Netherlands Life ¹	223	190	233	190	837	1,035
Netherlands Non-life ¹	78	8	20	1	108	100
Insurance Europe ^{1,2}	69	47	180	2	299	230
NN Japan Life ³	-	-	-	-	-	57
Asset Management	52	52	52	22	177	96
NN Re Netherlands	30	40	40	40	150	200
Other ^{1,4}	11	1	11	1	22	100
Total	463	338	536	256	1,593	1,818



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)
3. Cash flow from NN Japan Life was zero in 2018 following a JGAAP reserve revision
4. Includes dividend from NN Bank in 2Q18 and from a legacy entity in 4Q18

Sensitivities of the NN Group Solvency II ratio to specified shocks

Sensitivities to shocks¹ at 4Q18	Δ OF (in EURbn)	Δ SCR (in EURbn)	Δ Solvency II ratio (in %-points)
Interest rate: Parallel shock +50bps	-0.6	-0.5	+8%
Interest rate: Parallel shock -50bps	+0.7	+0.6	-7%
Interest rate: 10bps steepening between 20y–30y	-0.5	+0.0	-6%
Credit spread: Parallel shock for AAA-rated government bonds +50bps	-0.8	-0.0	-10%
Credit spread: Parallel shock for AA and lower-rated government bonds +50bps	-0.6	-0.1	-5%
Credit spread: Parallel shock corporates +50bps	+0.1	-0.1	+6%
Equity: Downward shock -25%	-1.1	-0.2	-9%
Real estate: Downward shock -10%	-0.7	-0.0	-8%
UFR: Downward adjustment to 3.90%	-0.2	+0.0	-4%

1. Sensitivities are performed for Solvency II entities and NN Life Japan, based on expanded Partial Internal Model

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 2018. The Annual Accounts for 2018 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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