NN Group

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J.P. Morgan European Insurance Conference

London, 2 June 2015

NN

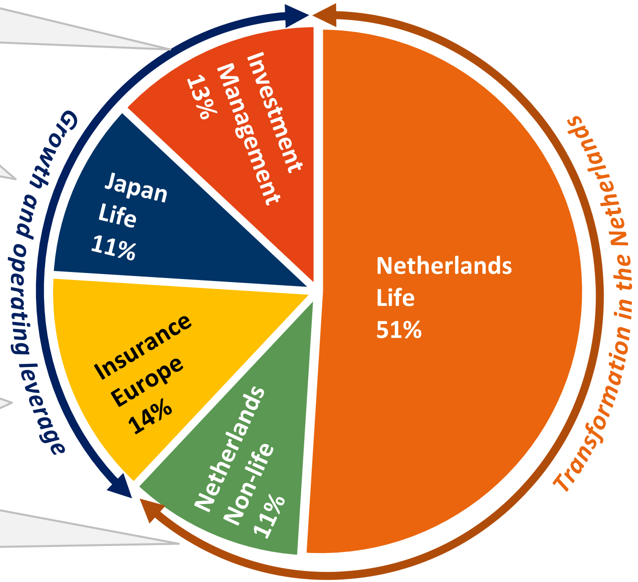
Diversified businesses in Europe and Japan

- 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 8.6 bln at the end of 1Q15

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]

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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 Group[1]

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 shareholders[2]

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

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 296%

Cash capital at holding

- Hold cash capital in holding to cover stress events and to fund holding costs

Cash capital at holding stable at 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 9.9x to 11.8x

Financial leverage ratio reduced from 23.2% to 22.1%

Gross financial leverage stable at EUR 3.7 bln

IGD ratio increased to 335%

All figures at 1Q15 end of period; solvency ratios are not final until filed with the regulators

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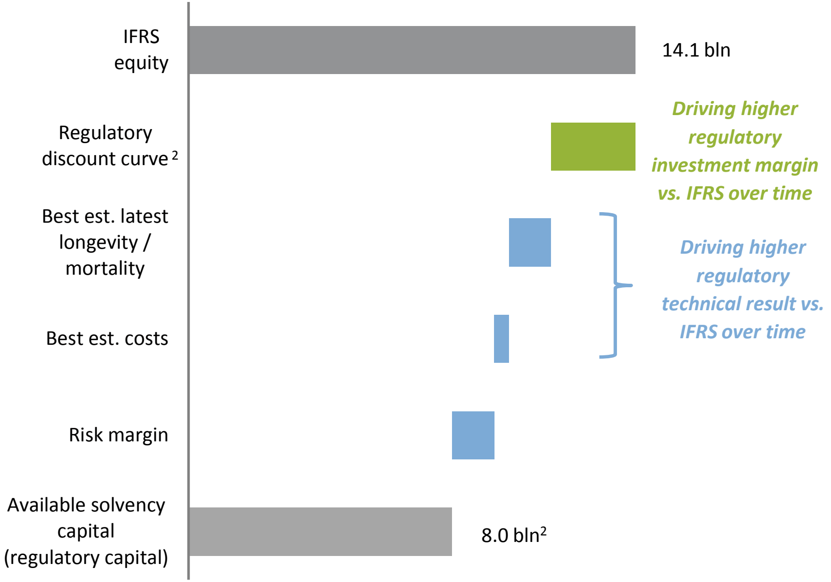
Regulatory balance sheet NN Life already marked-to-market

Significant differences between NN Life IFRS equity and marked-to-market regulatory balance sheet (as at 31 December 2014)[1]



Drivers of capital generation at NN Life

+	Running yield assets	*Spread earned on assets backing liabilities*
–	Regulatory discount curve	
+	Investment income on capital	
+ / –	Technical result (incl. release of risk margin)	
+	Release of required capital	
–	New business strain	
+ / –	Change in MV liabilities	*Market volatility*
+ / –	Change in MV assets	
+ / –	Deviations against assumptions	

1. Impact of components explaining differences in equity are solely for indicative purposes. Based on current Solvency I regime
2. Based on swap curve, including extrapolation to Ultimate Forward Rate. Includes time value of options and guarantees

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Solvency II

2014
- Successful IPO on 2 July
- Delegated acts published providing technical details
- NN Group S2 ratio (SF) estimated to be in a range around 200%

2015
- NN Group applied for the usage of a Partial Internal Model in 2Q15
- Approval process on final S2 model for supervision to be finalised in 2H15

2016
- S2 becomes effective as of 1 January 2016

2017
- First full year report to regulator and published

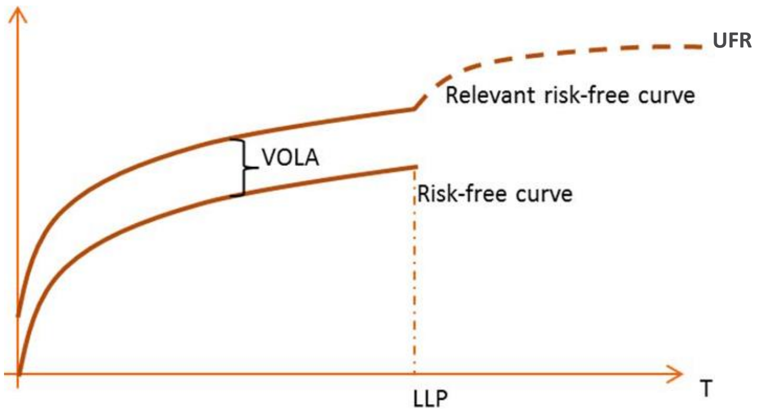
- NN Group Solvency II capital ratio – based on our current interpretation of the Standard Formula – estimated to be in a range around 200% as at 31 December 2014
- NN Group has applied for the usage of a Partial Internal Model for NN Group and the insurance entities in the Netherlands
- Significant uncertainties remain, including the final interpretations of Solvency II regulations and the regulatory approval process

Uncertainties remain in the application of Solvency II

Key uncertainties	Impact on Standard Formula or Internal Model	Impact on Own Funds or SCR	Description
VOLA	IM	SCR	Application of the VOLA in the SCR
Tax	SF and IM	SCR	Application of tax impacts in stress scenarios
Sovereign credit risk	IM	SCR	Inclusion of AAA government bonds
Deduction and aggregation	SF and IM	OF	Equivalence assumptions related to Japan
Debt treatment	SF and IM	OF	Classification as Tier 1 or Tier 2
Fungibility of capital	SF and IM	OF	Local GAAP vs Solvency II

Volatility Adjustment dampens credit spread sensitivity

VOLA added to risk free interest rate

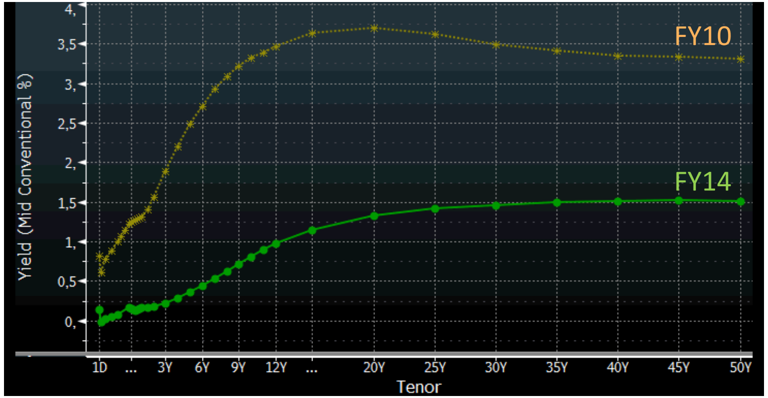


Impact of the Volatility Adjustment (VOLA)

- NN Group is a long term liability matching investor, therefore in principle not exposed to illiquidity in credit markets
- No VOLA or illiquidity premium included in current Solvency I regulatory framework which leads to large sensitivity to credit spreads
- Under Solvency II however, the VOLA is added to the risk free interest rate
- As a result, the sensitivity to credit spreads should be significantly lower in Solvency II compared with Solvency I for NN Group
- The sensitivity to credit spreads under Solvency II is influenced by the application ratio (65%) and the composition of our assets compared with the reference portfolio (basis risk)

Interest rates historically low, impact on capital actively managed

Interest rates have fallen materially[1]



Estimated sensitivities[2] (2014)

EUR mln	Regulatory capital	IFRS net result
Interest up	-258	-4
Interest down	153	0

Limited interest rate sensitivity across all segments

- Focus on managing interest rate risk by matching assets and liabilities
- This has protected our economic balance sheet as interest rates have decreased
- For regulatory purposes, it is more complex due to the UFR, however the solvency ratio of NN Group is generally not that sensitive to interest rate movements

1. The swap curve excluding UFR, source: Bloomberg
2. Measured by asymmetric upward and downward 1-in-20 shocks in interest rates that vary across the term structure. A high level estimate has been used to calculate the impact of interest rate stresses on the risk margin which is used to determine the regulatory available and required capital in Netherlands Life

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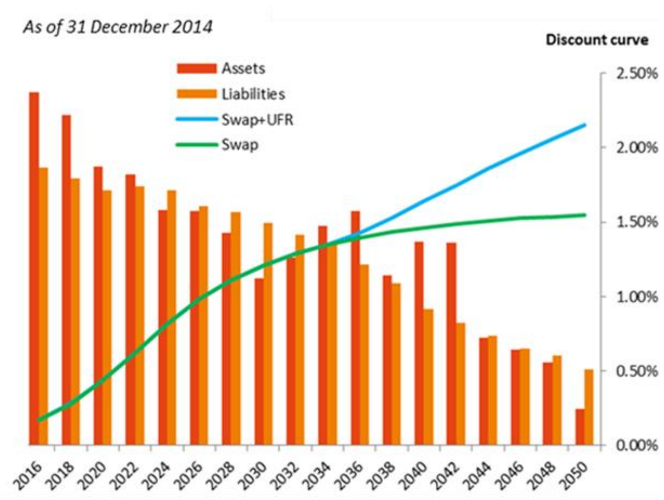
UFR forms part of regulatory available capital

Netherlands Life asset and liability cash flows[1]



Each bar represents a 2-year period

Impact UFR

- The UFR was introduced for regulatory solvency purposes in the Netherlands in 2Q12
- The UFR was designed to reflect long term interest rate and inflation expectations
- The UFR is also part of the Solvency II regulatory regime
- Over time, the impact of the UFR will decrease to zero

Economic hedging

- NN Group hedges interest rate risk on an economic basis
- This means we do not hedge the UFR
- Therefore if interest rates rise, our regulatory available capital will decrease but our economic position will be largely unchanged, and vice versa
- The impact of interest rate changes on our solvency ratio is mitigated by the offsetting effect of the change in required capital and risk margin

1. Source: NN Group, DNB and Bloomberg

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

	Over time, remittance vs. net operating result	Drivers
Netherlands Life	>	▪ 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	≈	▪ Relatively higher level of alignment between IFRS results and cash generation ▪ Recovery in profitability to feed through into cash
Insurance Europe	<	▪ New business focused on capital light products but strain exists due to growth focus ▪ Back book producing cash
Japan Life	<	▪ Remittances based on JGAAP earnings ▪ High new business strain
Investment Management	≈	▪ 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	>	▪ Significant amount of capital expected to be returned over the next five years as book runs off
Other	▪ (-) 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

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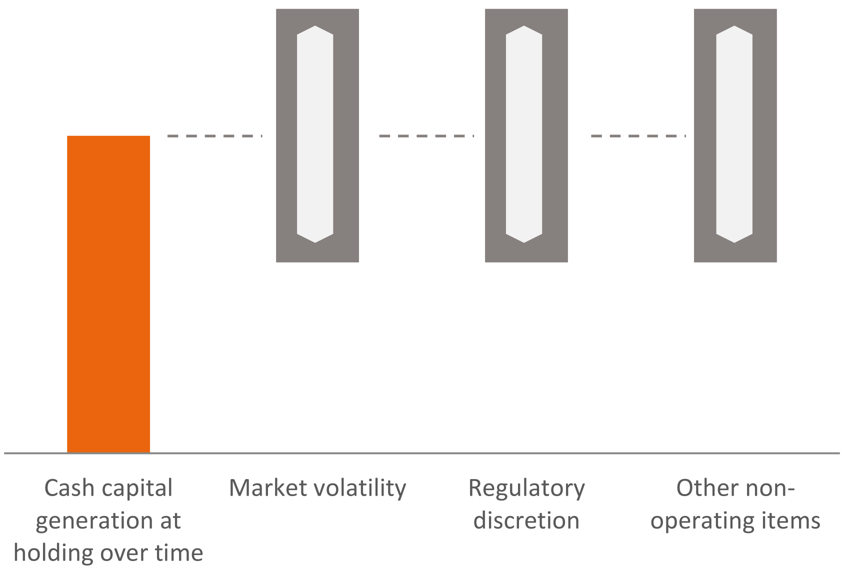
Annual cash capital generation at holding will be significantly more volatile than operating result

Cash flow volatility



Drivers of volatility

Market volatility	▪ High sensitivity to credit spread movements (incl. government spreads vs. swaps); movement temporary as assets held to maturity ▪ Limited sensitivity to interest rate movements due to well-matched cash flows ▪ Separate account pension guarantees ▪ Japan Closed Block VA results can be volatile
Regulatory discretion	▪ Remittances dependent on local regulatory frameworks ▪ Solvency II still subject to significant uncertainties
Other non-operating items	▪ Capital gains/losses, impairments, revaluations ▪ Potential costs related to legal claims ▪ Restructuring costs, rebranding costs and other

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

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Dividend policy of returning cash to shareholders

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

- ✓ Dividend of 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
- ✓ Share buyback in May 2015 for an amount of EUR 150 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

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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 2014 NN Group Consolidated annual accounts.

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