



NN Group and Delta Lloyd agree on recommended transaction

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Key takeaways

- 1 Recommended offer at EUR 5.40 per share and Merger Protocol agreed following due diligence
- 2 Material increase in free cash available to NN Group shareholders; double digit increase in dividend per share anticipated for 2018 and onwards
- 3 Benelux strategic and customer proposition significantly enhanced
- 4 High confidence in execution given track record and in-market overlap
- 5 Strong and prudent balance sheet post transaction

Recommended offer for Delta Lloyd

Key terms

- EUR 5.40 (cum dividend) per ordinary Delta Lloyd share
 - A premium of ~31% over Delta Lloyd's share price of EUR 4.12 on 4 October 2016
 - A premium of ~55% over the 3-months average closing price prior to 5 October
- Total consideration of EUR 2.5bn

Strategic benefits

- Combination of two leading pension providers, resulting in additional scale and capabilities
- Doubling in size in Non-life
- Combining similarly sized companies in Belgium, with complementary distribution channels
- Additional scale in Banking and Asset Management

Synergies

- EUR 150m (pre-tax) of expected cost synergy benefits across businesses by 2020
- Capital synergies from diversification, movement to PIM and negative impact of longevity hedge
- Meaningful negative impacts expected from alignment of actuarial assumptions under NN ownership

Financing structure

- EUR 1.4bn cash from cash capital at holding
- EUR 1.1bn debt financing – base case of senior debt

Financial impact

- Material increase in free cash available to shareholders over time
- Double digit increase in dividend per share anticipated for 2018 and onwards
- Return on investment of around 10%
- 189% pro-forma Solvency II ratio at 3Q16¹; leverage and coverage ratio consistent with 'A' IFS rating

Recommendation by Delta Lloyd Boards

- Offer from NN Group provides good value for shareholders and other benefits to stakeholders
- Combined company well placed to capture opportunities in technological innovation and knowledge sharing, leading to continuous improvement in customer service and experience
- Attractive and certain cash value for Delta Lloyd shareholders
- The value reflects a share of synergies, future regulatory developments and Delta Lloyd current trading

Next steps

- Due diligence completed
- Request for review and approval of the Offer Memorandum to be submitted to AFM no later than 28 December 2016
- Launch of offer expected in late January 2017 or early February 2017
- Tender offer period of 10 weeks; offer period expected to end in April 2017
- Closing anticipated in the second quarter of 2017
- Additional information on cost and capital synergies to be provided in due course

1 Strategic rationale

2 Strong balance sheet and pro-forma solvency position

3 Improved cash generation capacity

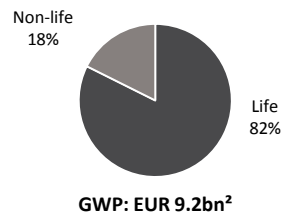
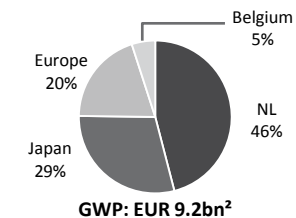
4 Summary

Market leading Benelux position

Strategic position of NN Group enhanced

- ✓ Securing market leadership in the Netherlands
 - Combination of two leading pension providers, bringing additional scale and capabilities
 - Doubling in size in Non-life, to become top 2 player with 19% market share¹
- ✓ Building out sustainable position by:
 - Combining similarly sized companies in Belgium, with complementary distribution channels
 - Accelerating asset management and bank strategy
- ✓ Strengthening distribution capabilities including ABN AMRO JV and OHRA digital offering
- ✓ Adding health product offering: CZ partnership

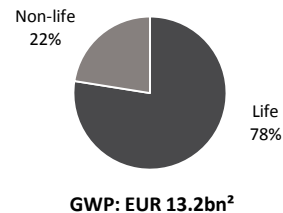
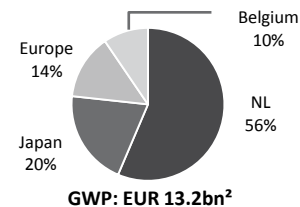
NN Group



AM AuM: EUR 187bn

Bank assets: EUR 12bn

NN Group + Delta Lloyd



AM AuM: EUR 246bn

Bank assets: EUR 18bn

Attractive new capabilities

Online capabilities OHRA



- ✓ Strong online and mobile capabilities
- ✓ Frontrunner in digitisation
- ✓ Focus on technology allows for improved customer satisfaction and reduced time to market for new products
- ✓ >1 million retail clients
- ✓ High customer satisfaction

Distribution power ABN AMRO



- ✓ Attractive bank channel with 226 branches and ~5 million retail clients
- ✓ Upmarket positioning towards the mass affluent segment
- ✓ Profitable and sizeable portfolio with total gross written premiums of EUR 560m in FY15
- ✓ Stable cash remittance with average annual dividend of ~EUR 45m¹ since 2010

Health product offering CZ



- ✓ Leading provider of health insurance products with a market share of ~20% in the Netherlands
- ✓ Long-term distribution partnership since 2009
- ✓ Attractive source of fee income with annual capital generation of EUR 15m
- ✓ Cross-selling opportunities for NN customer base

1. Representing dividend attributable to Delta Lloyd's 51% shareholding

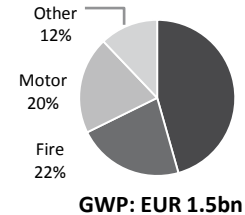
Enhanced scale and capabilities in Pensions and Non-life

Enhanced position in Dutch Pensions market

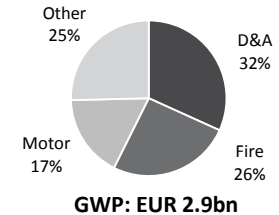
- Combination of two leading pension providers in a EUR 1.3tn market
- Standalone Group Life technical reserves of EUR 32bn increasing to EUR 59bn pro-forma¹
- Continued engagement in DB market; increased scale to capture synergy benefits and manage paid-up DB books
- Better placed to compete in fast growing DC market capturing business in accumulation phase and roll-over of in-force portfolios
- Combined effort to benefit from APF opportunity in EUR 250bn company pension fund market

Creating diversified market leader in Dutch Non-life

NN Group standalone



NN Group + Delta Lloyd



- Strengthening of bancassurance channel, thanks to ABN AMRO JV
- Improved online capabilities, benefiting from success of OHRA brand
- Synergy potential in broker channel

Combined key market shares (2015)

- **Overall Non-life (excl. health): 19% (#2)**
- D&A: 25% (#1)
- Fire: 24% (#2)
- Motor: 18% (#2)

Increasing scale in Belgium, Banking and Asset Management

	NN Group	Delta Lloyd	Combination
Belgium	<ul style="list-style-type: none"> Life MS: ~2.5%¹ Focus on individual life & term life Pure bancassurer 	<ul style="list-style-type: none"> Life MS: ~5.7%¹ Focus on Group Life & protection Broker distribution 	<ul style="list-style-type: none"> Creating #4 player with 8% market share Complementary product and distribution mix Synergy potential including sharing of best practices
Asset Management	<ul style="list-style-type: none"> AuM: EUR 187bn Product capability: institutional FI, EM equity, multi-asset 	<ul style="list-style-type: none"> AuM: EUR 59bn Product capability: alternative credit, participations, RE 	<ul style="list-style-type: none"> Strategy acceleration thanks to improved scale Significant cost synergy potential Complementary product capabilities
Bank	<ul style="list-style-type: none"> MS mortgage production: 6.7%² Total assets: EUR 12bn 	<ul style="list-style-type: none"> MS mortgage production: 1.8%² Total assets: EUR 6bn 	<ul style="list-style-type: none"> Strategy acceleration thanks to improved scale Significant synergy potential

Source: Company financials, Assuralia, Kadaster

1. Life MS = market share in life segment based on GWP in FY15; 2. Based on new mortgage production in FY15

1 Strategic rationale

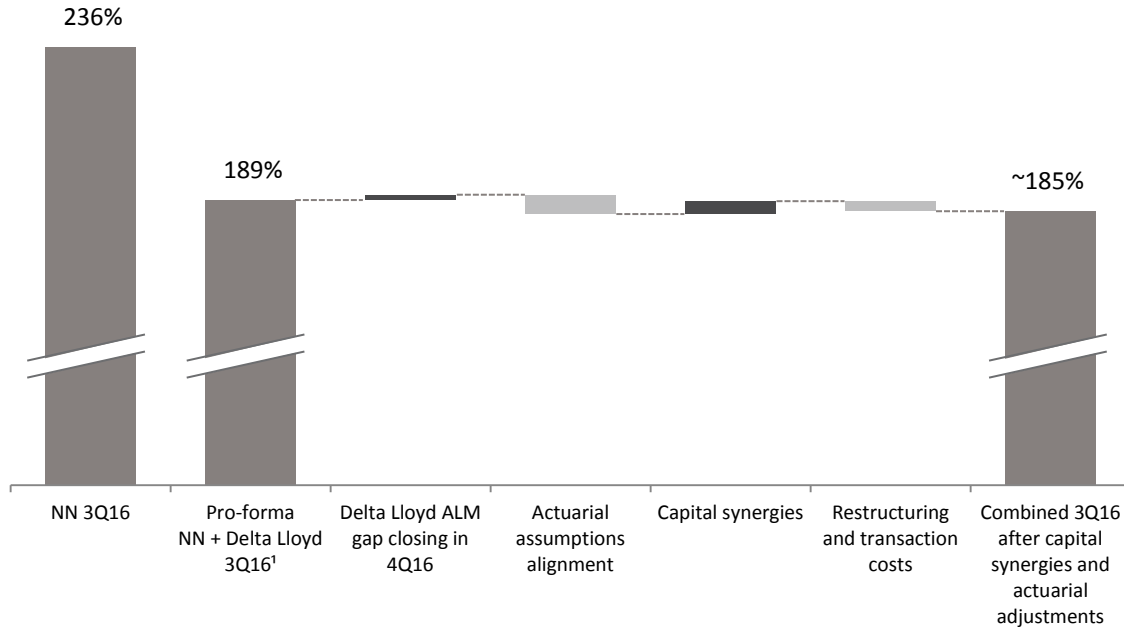
2 **Strong balance sheet and pro-forma solvency position**

3 Improved cash generation capacity

4 Summary

Combined Solvency II ratio estimated at ~185%

Estimated Solvency II ratio after capital synergies and actuarial adjustments



Commentary

- 3Q16 Solvency II ratio of combination after initial capital synergies and actuarial assumptions alignment estimated at ~185%
- Meaningful negative impacts expected from alignment of actuarial assumptions under NN Group ownership
 - Longevity best estimate reserving methodology
 - Unit cost assumption within best estimate reserving
- Over time expect further capital synergies, Delta Lloyd to move to PIM, but also removal of longevity hedge benefit

Prudent funding mix

Funding through debt and holding cash capital

- Deal to be financed with approximately EUR 1.1bn of debt and EUR 1.4bn of cash from cash capital at holding
- Base case expectation is senior debt
- Secured bank funding in place

	3Q16	Pro-forma 3Q16
Solvency II ratio	236%	189% ¹
Cash capital at holding (EUR bn)	2.4	1.0–1.5
Leverage ratio	21%	In the range of 30%
Coverage ratio (LTM)	13.0x	In the range of 9x

- Cash capital at holding of the combination to be EUR 1.0–1.5bn; requirement post transaction at higher end of EUR 0.5–1.5bn target range
- Leverage and coverage consistent with single ‘A’ financial strength rating, albeit at top-end of internal appetite levels

1. Includes impact of (i) Delta Lloyd contribution incl. removal of eligibility constraints for Tier 3 capital under NN ownership, (ii) price paid, and (iii) reversal of EUR 333m deduction of suspended buybacks

1 Strategic rationale

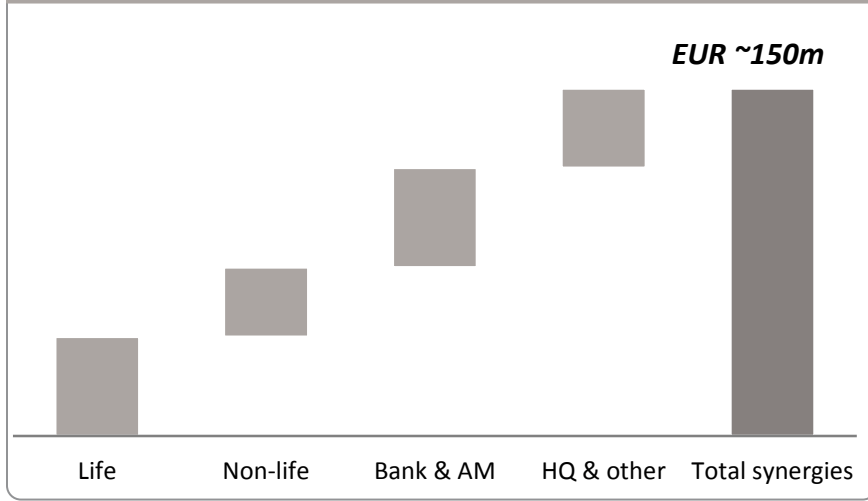
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3 **Improved cash generation capacity**

4 Summary

Substantial value generated from cost synergies

Cost synergies breakdown



Source of expected synergies

- EUR 150m (pre-tax) of expected cost synergy benefits across businesses
 - Integration of operational and supporting activities in Life and Non-Life, including commercial migration
 - Full integration of Bank & Asset Management
 - Removal of overlap in centralised functions
 - Reduction in project spend
- Target of run-rate synergies by 2020

- EUR 150m (pre-tax) of expected cost synergy benefits across businesses
- Restructuring costs consistent with precedent transactions of similar nature
- Further details on cost synergies to be provided in due course

Significant increase in cash generation

	NN Group	Expected deal impact
Focus on generating capital	<ul style="list-style-type: none">• Generate free cash available to shareholders in a range around the net operating result of the ongoing business	<ul style="list-style-type: none">• Expected increase of free cash flow available to shareholders of EUR 100–150m initially, rising to EUR 250–300m per annum by 2020
Ordinary dividend	<ul style="list-style-type: none">• Pay-out ratio of 40-50% of the net operating result from ongoing business	<ul style="list-style-type: none">• Double digit increase in dividend per share anticipated for 2018 and onwards
Capital invested in value creating opportunities	<ul style="list-style-type: none">• Base case of returning capital in excess of capital ambition to shareholders¹ unless value creating opportunities can be found	<ul style="list-style-type: none">• Return on investment of around 10%• Looking forward, capital allocation framework unchanged

1. To be returned in the most efficient form. Capital generated in excess of 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

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4 **Summary**

Transaction accelerates investment proposition

Strong business positions and balance sheet

- Committed management team focused on shareholder value
- Strong business positions
- Robust balance sheet and cash flow

Transformation in the Netherlands

- Large closed book of individual life
- Scale player with growth in pensions
- Continued focus on cost reductions
- Actions to restore non-life profitability

Profitable growth and operating leverage in other segments

- Primarily fee and premium-based businesses
- Growth in Insurance Europe, Asset Management and Japan Life
- Drive operating leverage across segments

Focus on generating capital and improving earnings

- Significant cumulative cash generation
- Ordinary dividend of 40-50% of net operating result ongoing business
- Base case of returning capital in excess of capital ambition to shareholders¹
- M&A where NN will be the right owner and creates value

Wrap up

- 1 Recommended offer at EUR 5.40 per share and Merger Protocol agreed
- 2 Material increase in cash flow; double digit increase in dividend per share anticipated for 2018 and onwards
- 3 Transaction significantly enhances Benelux position and accelerates investment proposition
- 4 Draft Offer Memorandum to be filed with AFM no later than 28 December 2016; tender offer to be launched within 6 business days after AFM approval

Q&A

Important legal information

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