

NN Group reports 4Q19 and 2019 results

Solvency II ratio 218%, final dividend of EUR 1.40 per share

- 4Q19 operating result increased to EUR 428 million from EUR 343 million in 4Q18, reflecting improved results at almost all segments; Full-year 2019 operating result of EUR 1,794 million, up 10.3% from 2018
- 4Q19 net result of EUR 329 million versus EUR -533 million in 4Q18 which included a goodwill impairment; Full-year 2019 net result of EUR 1,962 million versus EUR 1,117 million in 2018
- Further cost savings of EUR 36 million in 4Q19, bringing total cost reductions to EUR 360 million versus the full-year 2016 administrative expense base
- Full-year 2019 value of new business of EUR 358 million, down 8.3% from 2018, reflecting lower sales in Japan due to a tax change, partly offset by an improved business mix and higher life and pension sales at Insurance Europe
- Customer satisfaction improved in 2019; NN Group Net Promoter Score increased to +4 versus -1 in 2018
- Solvency II ratio of 218% reflects operating capital generation and positive market impacts, partly offset by the deduction of the proposed 2019 final dividend
- Holding company cash capital increased to EUR 1,989 million in the fourth quarter of 2019, reflecting net remittances received from subsidiaries, and cash outflow to repurchase own shares
- 2019 final dividend proposal of EUR 1.40 per ordinary share (EUR 448 million), bringing the full-year 2019 dividend to EUR 2.16 per ordinary share (EUR 698 million)
- Share buyback programme of EUR 250 million to be completed within 12 months, anticipated to commence on 2 March 2020
- Updated dividend policy consisting of a progressive dividend per share and a recurring annual share buyback of at least EUR 250 million

Statement of David Knibbe, CEO

'NN Group's financial performance was strong in the fourth quarter with the operating result 25% higher compared with the same quarter last year. The full-year 2019 operating result was up by 10% on 2018 with most segments contributing. The measures we are taking to improve the profitability of the Non-life business are bearing fruit, demonstrated by the full-year combined ratio of 95.4% compared with 99.4% in 2018. We have made additional efficiency gains by further reducing the cost base of the units in the scope of the integration by EUR 36 million in the fourth quarter, bringing total cost savings to date to EUR 360 million.

Customer satisfaction improved during the year, with the Group Net Promoter Score increasing 5 points from -1 in 2018 to +4. Motivated and engaged colleagues are key to providing an excellent customer service and this is reflected in a higher employee engagement score of 7.4 compared with 7.1 in 2018. New sales at Insurance Europe and Netherlands Life were up in 2019, while sales in Japan were impacted by the new tax rules for COLI (Corporate-Owned Life Insurance) products. Total value of new business in 2019 was down 8% on 2018, reflecting the lower sales in Japan, partly offset by 21% growth in Europe. NN Bank originated a record amount of EUR 8 billion in mortgages in 2019. The total Assets under Management at our asset manager increased by EUR 30 billion in 2019 to EUR 276 billion, driven by positive market performance.

During the year we continued to strengthen our distribution and customer platforms, including through new strategic partnerships. The acquisition of Human Capital Services (HCS) in the Netherlands reinforced our position with regard to sustainable employability, and supports the broader shift from insurance products to service solutions. The announced acquisition of VIVAT Non-life will further strengthen our market position in the Non-life segment in the Netherlands. Our balance sheet remains strong, with a Solvency II ratio of 218% after deducting the final dividend, and a cash capital position of close to EUR 2 billion at the end of 2019. We will propose a 2019 final dividend of EUR 1.40 per ordinary share at our annual general meeting of shareholders on 28 May 2020, which brings the full-year 2019 dividend per ordinary share to EUR 2.16, up almost 14% from 2018.

NN Group has a track record of distributing excess capital to shareholders. Our approach to this has not changed. We have today announced a new share buyback programme of EUR 250 million, anticipated to commence on 2 March 2020, which will be completed within 12 months. This decision takes into account the fact that we expect

cash outflows in 2020 relating to the acquisition of Vivat Non-life and the repayment of maturing senior debt which we intend not to refinance.

Going forward we will pay a progressive ordinary dividend per share. We also intend to execute a recurring annual share buyback of at least EUR 250 million. Additional excess capital will be returned to shareholders unless it can be used for value creating opportunities.

In April, we will celebrate the 175th anniversary of Nationale-Nederlanden and the founding of our predecessor 'De Nederlanden van 1845'. During all these years, we have been dedicated to meeting and exceeding our customers' expectations. Based on this foundation we are further sharpening our strategy, investing in growth and in the transformation of our businesses, with the aim to create long-term value for our customers and other stakeholders. We will present our new plans at the Capital Markets Day on 24 June.'

NN Group key figures

In EUR million	4Q19	4Q18	Change	FY19	FY18	Change
Operating result ¹⁾	428	343	24.9%	1,794	1,626	10.3%
Net result	329	-533		1,962	1,117	75.7%
	4Q19	3Q19	4Q18			
Solvency II ratio ²⁾	218%	217%	230%			

Note: All footnotes are included on page 26

Business update

Our business is built on a solid foundation of purpose, values and brand attributes, which, combined with a strong focus on our strategic priorities, enables us to create long-term value. This is how we deliver on our ambition to be a company that truly matters in the lives of our stakeholders.

Customers

The International insurance business launched new products in several markets to increase its service offering to customers. Nationale-Nederlanden in Spain launched Contigo Futuro, a financial product and tool that helps customers reaching their personal savings goals. Environmental, social and corporate governance criteria are being applied to the investments made via the tool. In addition, Contigo Futuro includes a protection rider that waives premiums if the customer suffers permanent disability. NN in Turkey launched a health insurance that covers the surcharges for medical services from private medical institutions that are contracted by the state Social Security system. This product results from government efforts to relieve overcrowded public hospitals and is sold via agents and joint ventures. NN in Hungary announced plans to introduce payment protection insurance, home insurance and travel insurance products in 2020 and 2021. In addition, NN Slovakia launched NN Partner, a new risk life insurance product. The basic component is death coverage with a guaranteed sum, plus a traffic accident death benefit. Additional riders can cover death, disability, illnesses and accidents. NN Partner has been available via most brokers since 1 October 2019.

Dutch group Robeco's pension scheme assigned its fiduciary mandate of EUR 750 million to NN Investment Partners (NN IP). In addition, NN IP was selected as the fiduciary manager for the EUR 3.2 billion portfolio of the Dutch pension fund for notaries and their staff.

NN wants to offer its customers personal and relevant products and services. To this end, Nationale-Nederlanden in the Netherlands introduced Smart Move, a personalised digital checklist for customers who are moving house detailing the actions needed before, during and after the move. Customers have the option to outsource multiple tasks and book them directly. Together with Tango, an operator of unmanned petrol stations, we started a pilot for car insurance allowing owners to just pay for kilometres driven while being insured at all times. Tango Car Insurance is modelled on the Nationale-Nederlanden's Bundelz concept which was developed in our SparkLab innovation lab.

We also saw strong growth in our health insurance business, with more than 60,000 new customers welcomed by OHRA Zorg and NN Zorg for the new 2020 policy year.

Partnerships

In November, NN IP acquired a majority stake in Venn Hypotheken, allowing the asset manager to broaden its offering to its institutional clients to invest in Dutch mortgages, besides the existing NN Dutch Residential Mortgages Fund. In October, NN IP and Irish Life Investment Managers expanded their joint product range with three enhanced index funds, which offer investors a way to responsibly invest while closely tracking an established stock index, as well as with a Real Liability Driven Investment fund, which hedges pension liabilities against inflation and interest rate risks.

Brand, sponsorships, events and awards

In November, NN Group was awarded the top-scoring company in the fifth annual Tax Transparency Benchmark published by the Dutch Association of Investors for Sustainable Development. We believe our tax contributions play an important role for the communities in which we operate. BeFrank was awarded by PensioenWegwijzer 2019 for the most effective pension communication. In October, NN Czech was recognised as the best life insurance company in the Czech market by Hospodářské noviny, one of the leading Czech financial daily newspapers. NN Belgium was awarded the innovation and term life product prize at the Belgian Life Insurance awards ceremony organised by Decavi. The innovation award was received for NN Lifelong Income, our annuity solution that is unique in the market. The term life product prize was received for NN Hypo care, in the category Best Debt Balance Insurance/Term Life insurance linked to mortgages. Further, ABN AMRO Verzekeringen was awarded best insurer by Dutch Magazine Management Team (MT1000) for the third consecutive year.

Consolidated results

Consolidated profit and loss account and key figures NN Group

In EUR million	4Q19	4Q18	Change	FY19	FY18	Change
Analysis of results¹⁾						
Netherlands Life	193	192	0.7%	922	972	-5.2%
Netherlands Non-life	63	40	58.6%	203	94	115.8%
Insurance Europe	69	72	-3.5%	283	271	4.3%
Japan Life	50	29	72.1%	218	167	30.5%
Asset Management	41	30	37.6%	161	155	3.9%
Banking	54	28	93.5%	152	130	16.5%
Other	-44	-48		-144	-164	
Operating result	428	343	24.9%	1,794	1,626	10.3%
Non-operating items	14	257	-94.7%	887	1,276	-30.5%
of which gains/losses and impairments	190	206	-7.8%	335	1,034	-67.6%
of which revaluations	-134	210		827	427	93.7%
of which market & other impacts	-43	-160		-275	-185	
Special items	-96	-99		-262	-321	
Acquisition intangibles and goodwill	-8	-885		1	-984	
Result on divestments	0	0		8	60	-86.0%
Result before tax	338	-384		2,429	1,657	46.6%
Taxation	5	141	-96.2%	444	524	-15.2%
Minority interests	3	8	-56.6%	23	16	42.2%
Net result	329	-533		1,962	1,117	75.7%
Basic earnings per ordinary share in EUR ³⁾	0.97	-1.63		5.76	3.15	82.5%
Key figures¹⁾						
Gross premium income	2,924	2,880	1.5%	14,508	13,272	9.3%
New sales life insurance (APE)	263	407	-35.3%	1,741	1,640	6.2%
Value of new business				358	391	-8.3%
Total administrative expenses	542	569	-4.7%	2,076	2,116	-1.9%
Cost/income ratio (Administrative expenses/Operating income)	30.5%	32.2%		28.6%	29.6%	
Combined ratio (Netherlands Non-life) ⁵⁾	93.6%	96.4%		95.4%	99.4%	
Investment margin/Life general account invested assets (bps) ⁷⁾	65	70				
Net operating result ⁸⁾	324	244	32.8%	1,339	1,206	11.1%
Net operating ROE ⁹⁾	8.6%	6.9%		9.0%	8.9%	

In EUR billion	4Q19	3Q19	Change	FY19	FY18	Change
Key figures						
Asset Management Assets under Management	276	287	-3.8%	276	246	12.3%
Life general account invested assets	143	148	-3.2%	143	138	3.8%
Total provisions for insurance & investment contracts	168	171	-1.4%	168	161	4.4%
of which for risk policyholder	34	34	1.8%	34	30	14.0%
Solvency II ratio ²⁾	218%	217%		218%	230%	
NN Life Solvency II ratio ²⁾	213%	211%		213%	255%	
CET1 ratio ⁴⁾	15.8%	16.3%		15.8%	16.3%	
Total assets	249	263	-5.3%	249	224	10.9%
Shareholders' equity (in EUR million, end of period)	30,768	34,987	-12.1%	30,768	22,850	34.7%
Employees (internal FTEs, end of period)	14,343	14,333	0.1%	14,343	14,122	1.6%

- NN Group's operating result increased to EUR 428 million compared with EUR 343 million in the fourth quarter of 2018, driven by higher operating results at almost all segments
- Result before tax was EUR 338 million versus EUR -384 million in the fourth quarter of 2018, which included an impairment of goodwill
- Full-year 2019 operating result increased to EUR 1,794 million, up from EUR 1,626 million in 2018, which benefited from a total of EUR 38 million of private equity and special dividends and other non-recurring items, versus a total of EUR 121 million of non-recurring benefits in 2019
- Administrative expense base of the business units in the scope of the cost reduction target reduced by EUR 36 million in the fourth quarter of 2019; total cost reductions achieved to date of EUR 360 million
- Value of new business for full-year 2019 down 8.3% to EUR 358 million, reflecting lower sales at Japan Life, partly compensated by an improved business mix and higher life and pension sales at Insurance Europe

Operating result

NN Group's operating result increased to EUR 428 million compared with EUR 343 million in the fourth quarter of 2018, driven by higher operating results at almost all segments. The current quarter reflects a total of EUR 20 million of non-recurring benefits compared with a EUR 10 million non-recurring charge in the same quarter in 2018.

The administrative expenses of the business units in the scope of the cost reduction target decreased by EUR 36 million in the fourth quarter of 2019, bringing the expense base down to EUR 1,610 million on a last 12-months basis. Total cost reductions achieved to date amount to EUR 360 million compared with the full-year 2016 administrative expense base of EUR 1,970 million.

The operating result of Netherlands Life was EUR 193 million compared with EUR 192 million in the fourth quarter of 2018, reflecting lower expenses partly offset by a lower investment margin.

The operating result of Netherlands Non-life increased to EUR 63 million from EUR 40 million in the fourth quarter of 2018, driven by a higher underwriting result in Property & Casualty and lower administrative expenses. The combined ratio improved to 93.6% from 96.4% in the fourth quarter of 2018.

The operating result of Insurance Europe decreased to EUR 69 million from EUR 72 million in the fourth quarter of 2018, mainly due to higher administrative expenses as well as lower pension fees in Romania, partly offset by favourable mortality and morbidity results in Belgium.

The operating result of Japan Life was EUR 50 million, up 63.6% from the fourth quarter of 2018, excluding currency effects, reflecting a higher technical margin and lower DAC amortisation and trail commissions.

The operating result of Asset Management increased to EUR 41 million from EUR 30 million in the fourth quarter of 2018, driven by a decrease of administrative expenses as well as higher fees.

The operating result of Banking increased to EUR 54 million from EUR 28 million in the fourth quarter of 2018 driven by higher fees and other income which includes a non-recurring benefit of EUR 20 million, as well as a higher interest result.

The operating result of the segment Other improved to EUR -44 million from EUR -48 million in the fourth quarter of 2018, mainly reflecting an improved holding result.

The full-year 2019 operating result increased to EUR 1,794 million from EUR 1,626 million in 2018, which benefited from a total of EUR 38 million of private equity and special dividends and other non-recurring items, versus a total of EUR 121 million of non-recurring benefits in 2019. Excluding these items, the increase mainly reflects improved underwriting results at Netherlands Non-life and higher results at Japan Life.

Result before tax

The result before tax was EUR 338 million versus EUR -384 million in the fourth quarter of 2018, which included a EUR 852 million impairment of goodwill related to Delta Lloyd Life. Excluding this, the current quarter mainly reflects lower revaluations, partly offset by a higher market and other impacts as well as a higher operating result.

Gains/losses and impairments were EUR 190 million compared with EUR 206 million in the fourth quarter of 2018. The current quarter mainly reflects EUR 175 million of capital gains on the sale of debt securities.

Revaluations were EUR -134 million compared with EUR 210 million in the fourth quarter of 2018. The current quarter reflects EUR 273 million of negative revaluations driven by the impact of higher interest rates on derivatives

used for hedging purposes reflecting accounting asymmetries, partly offset by positive revaluations on real estate of EUR 120 million.

Market and other impacts improved to EUR -43 million versus EUR -160 million in the fourth quarter of 2018, mainly reflecting movements in the provisions for guarantees on unit-linked, separate account pension contracts and inflation-linked liabilities (all net of hedging) at Netherlands Life.

Special items amounted to EUR -96 million compared with EUR -99 million in the fourth quarter of 2018. Special items in the current quarter comprise EUR -66 million of restructuring expenses incurred in respect of the cost reduction target and EUR -30 million of other project-related expenses, such as the implementation of IFRS 17.

Acquisition intangibles and goodwill amounted to EUR -8 million versus EUR -885 million in the fourth quarter of 2018, which included a EUR 852 million impairment of goodwill.

The full-year 2019 result before tax increased to EUR 2,429 million from EUR 1,657 million in 2018, which included the impairment of the goodwill, while 2019 reflects a higher operating result, lower amortisation of acquisition intangibles and lower special items, partly offset by lower non-operating items.

Net result

The net result was EUR 329 million compared with EUR -533 million in the fourth quarter of 2018. The effective tax rate in the fourth quarter of 2019 was 1.6%, reflecting the impact of the remeasurement of deferred tax positions due to the change in the Dutch corporate income tax rate, tax-exempt dividends and capital gains in the Netherlands and non-recurring tax adjustments.

The full-year 2019 net result was EUR 1,962 million compared with EUR 1,117 million in 2018. The effective tax rate for the full-year 2019 was 18.3%.

Sales and value of new business

Total new sales (APE) at NN Group decreased to EUR 263 million from EUR 418 million in the fourth quarter of 2018 at constant currencies, mainly due to lower sales at Japan Life, partly offset by higher sales at Insurance Europe. New sales at Japan Life decreased to EUR 40 million versus EUR 218 million in the fourth quarter of 2018 at constant currencies, following the revised tax regulations. At Insurance Europe, new sales increased to EUR 193 million, up 16.5% at constant currencies, mainly driven by higher pension and protection sales across the region.

In 2019, total new sales were EUR 1,741 million, up 4.8% at constant currencies, driven by higher sales at Netherlands Life and Insurance Europe, partly offset by lower sales at Japan Life.

The value of new business in 2019 amounted to EUR 358 million, down 8.3% on 2018, reflecting lower sales at Japan Life, partly compensated by an improved business mix and higher life and pension sales at Insurance Europe.

Net operating Return On Equity (ROE)

The net operating ROE of NN Group increased to 8.6% compared with 6.9% in the fourth quarter of 2018, reflecting a higher net operating result. The full-year 2019 net operating ROE was broadly stable at 9.0%.

Netherlands Life

- Operating result was EUR 193 million compared with EUR 192 million in the fourth quarter of 2018, reflecting lower expenses partly offset by a lower investment margin
- Result before tax decreased to EUR 144 million from EUR 498 million in the fourth quarter of 2018 due to lower non-operating items
- Full-year 2019 operating result decreased to EUR 922 million from EUR 972 million in 2018, largely due to lower fees and premium-based revenues as well as lower private equity and special dividends partly offset by lower administrative expenses

In EUR million	4Q19	4Q18	Change	FY19	FY18	Change
Analysis of results						
Investment margin	175	184	-5.0%	844	872	-3.3%
Fees and premium-based revenues	104	106	-1.3%	412	444	-7.3%
Technical margin	42	44	-5.3%	161	188	-14.3%
Operating income non-modelled business	0	0		0	0	
Operating income	321	334	-3.8%	1,417	1,504	-5.8%
Administrative expenses	120	133	-10.0%	462	494	-6.5%
DAC amortisation and trail commissions	8	9	-8.0%	33	38	-13.0%
Expenses	128	142	-9.9%	495	532	-7.0%
Operating result	193	192	0.7%	922	972	-5.2%
Non-operating items	-27	324		833	1,310	-36.4%
of which gains/losses and impairments	148	223	-33.9%	205	1,022	-79.9%
of which revaluations	-144	222		864	428	101.8%
of which market & other impacts	-30	-121		-237	-140	
Special items	-22	-18		-57	-63	
Result on divestments	0	0		5	56	-91.4%
Result before tax	144	498	-71.1%	1,703	2,275	-25.1%
Taxation	-22	107		308	430	-28.3%
Minority interests	2	5	-68.8%	8	10	-16.5%
Net result	165	386	-57.3%	1,386	1,835	-24.5%
New business						
Single premiums	124	137	-9.6%	1,286	479	168.4%
Regular premiums	18	21	-13.9%	351	214	64.3%
New sales life insurance (APE)	30	35	-12.2%	480	262	83.3%
Value of new business				9	9	-3.2%
Key figures						
Gross premium income	733	760	-3.7%	4,373	3,602	21.4%
Total administrative expenses	120	133	-10.0%	462	494	-6.5%
Cost/income ratio (Administrative expenses/Operating income)	37.3%	39.8%		32.6%	32.8%	
Investment margin/Life general account invested assets (bps) ⁷⁾	79	85				
Net operating ROE ¹⁰⁾	6.2%	5.6%		7.1%	7.9%	

In EUR billion	4Q19	3Q19	Change	FY19	FY18	Change
Key figures						
Life general account invested assets	108	112	-3.8%	108	103	4.1%
Total provisions for insurance & investment contracts	116	118	-1.2%	116	112	3.8%
of which for risk policyholder	24	24	1.5%	24	21	16.2%
Allocated equity (in EUR million, end of period) ¹⁰⁾	24,090	28,039	-14.1%	24,090	16,892	42.6%
NN Life Solvency II ratio ²⁾	213%	211%		213%	255%	
Employees (internal FTEs, end of period)	2,317	2,356	-1.7%	2,317	2,450	-5.4%

The operating result of Netherlands Life was EUR 193 million compared with EUR 192 million in the fourth quarter of 2018, reflecting lower expenses partly offset by a lower investment margin.

The investment margin decreased to EUR 175 million compared with EUR 184 million in the fourth quarter of 2018. The investment spread, calculated on a four quarter rolling average, decreased to 79 basis points from 85 basis points in the fourth quarter of 2018.

Fees and premium-based revenues decreased to EUR 104 million from EUR 106 million in the fourth quarter of 2018, due to the run-off of the individual life closed book as well as lower margins in the pension business.

The technical margin decreased to EUR 42 million from EUR 44 million in the fourth quarter of 2018.

Administrative expenses were EUR 120 million versus EUR 133 million in the fourth quarter of 2018 as a result of lower staff expenses.

DAC amortisation and trail commissions decreased to EUR 8 million compared with EUR 9 million in the fourth quarter of 2018.

The result before tax decreased to EUR 144 million from EUR 498 million in the fourth quarter of 2018 due to lower non-operating items. Gains/losses and impairments decreased to EUR 148 million from EUR 223 million in the same period in 2018. The current quarter mainly reflects capital gains on the sale of government bonds. Revaluations decreased to EUR -144 million compared with EUR 222 million in the fourth quarter of 2018. The current quarter reflects negative revaluations driven by the impact of higher interest rates on derivatives used for hedging purposes reflecting accounting asymmetries, as well as positive revaluations of real estate and private equity. Market and other impacts improved to EUR -30 million versus EUR -121 million in the fourth quarter of 2018, mainly reflecting movements in the provisions for guarantees on unit-linked, separate account pension contracts and inflation-linked liabilities (all net of hedging).

New sales (APE) decreased to EUR 30 million compared with EUR 35 million in the fourth quarter of 2018.

The full-year 2019 operating result decreased to EUR 922 million from EUR 972 million in 2018. The decrease is largely due to lower fees and premium-based revenues which includes a non-recurring charge of EUR 6 million, lower private equity and special dividends and a lower technical margin, partly offset by lower administrative expenses. The investment margin for full-year 2019 includes private equity and special dividends for a total amount of EUR 83 million, whereas the same period in 2018 included EUR 110 million of such items.

The full-year 2019 result before tax decreased to EUR 1,703 million compared with EUR 2,275 million in 2018. The decrease mainly reflects lower gains on the sale of government bonds.

New sales (APE) for the full-year 2019 increased to EUR 480 million from EUR 262 million in 2018, reflecting a higher volume of group pension contracts up for renewal as well as new business.

The value of new business for the full-year 2019 was stable at EUR 9 million.

Netherlands Non-life

- Operating result increased to EUR 63 million from EUR 40 million in the fourth quarter of 2018, reflecting a higher underwriting result in Property & Casualty and lower administrative expenses
- Combined ratio improved to 93.6% from 96.4% in the fourth quarter of 2018
- Full-year 2019 operating result increased to EUR 203 million from EUR 94 million in 2018, driven by higher underwriting results in both Property & Casualty and Disability & Accident as well as lower administrative expenses

In EUR million	4Q19	4Q18	Change	FY19	FY18	Change
Analysis of results						
Earned premiums	723	786	-8.1%	2,941	2,954	-0.4%
Investment income	27	26	6.1%	106	118	-10.3%
Other income	-1	-4		-5	-4	
Operating income	749	807	-7.2%	3,042	3,068	-0.9%
Claims incurred, net of reinsurance	487	544	-10.4%	2,045	2,151	-4.9%
Acquisition costs	125	147	-14.7%	516	534	-3.3%
Administrative expenses	79	83	-4.3%	305	316	-3.5%
Acquisition costs and administrative expenses	205	230	-10.9%	821	850	-3.4%
Expenditure	692	773	-10.6%	2,866	3,001	-4.5%
Operating result insurance businesses	57	34	69.4%	176	67	162.7%
Operating result health business and broker business	6	6	0.6%	28	27	1.2%
Total operating result	63	40	58.6%	203	94	115.8%
Non-operating items	52	-19		61	-2	
of which gains/losses and impairments	47	-1		48	11	352.5%
of which revaluations	5	-4		12	2	
of which market & other impacts	0	-14		1	-15	
Special items	-27	-31		-67	-91	
Result on divestments	0	0		0	0	
Result before tax	88	-10		197	1	
Taxation	15	-1		42	-2	
Minority interests	3	3	18.6%	13	6	115.6%
Net result	70	-12		143	-3	
Key figures						
Gross premium income	546	553	-1.3%	3,097	3,083	0.5%
Total administrative expenses ¹¹⁾	100	103	-3.1%	385	393	-2.1%
Combined ratio ⁵⁾	93.6%	96.4%		95.4%	99.4%	
of which Claims ratio ⁵⁾	65.2%	67.1%		67.4%	70.6%	
of which Expense ratio ⁵⁾	28.3%	29.3%		27.9%	28.8%	
Net operating ROE ¹⁰⁾	25.5%	19.2%		22.1%	10.8%	

In EUR billion	4Q19	3Q19	Change	FY19	FY18	Change
Key figures						
Total insurance provisions	6	6	-3.0%	6	6	2.3%
Allocated equity (in EUR million, end of period) ¹⁰⁾	1,016	1,082	-6.1%	1,016	855	18.8%
Employees (internal FTEs, end of period)	2,775	2,720	2.0%	2,775	2,804	-1.1%

The operating result of Netherlands Non-life increased to EUR 63 million from EUR 40 million in the fourth quarter of 2018, driven by a higher underwriting result in Property & Casualty (P&C) and lower administrative expenses. The combined ratio improved to 93.6% from 96.4% in the fourth quarter of 2018.

The operating result in Disability & Accident (D&A) increased to EUR 19 million from EUR 17 million in the fourth quarter of 2018 as lower administrative expenses and higher investment and other income were largely offset by an unfavourable claims development in the Individual Disability portfolio, which was partly covered by reinsurance with NN Re. The D&A combined ratio was 94.0% versus 93.7% in the fourth quarter of 2018.

The operating result in P&C increased to EUR 38 million from EUR 17 million in the fourth quarter of 2018, driven by a favourable claims development, lower administrative expenses and higher investment and other income. The P&C combined ratio improved to 93.4% from 97.6% in the fourth quarter of 2018.

Administrative expenses decreased to EUR 79 million from EUR 83 million in the fourth quarter of 2018, reflecting expense reductions and integration benefits.

The operating result of the health business and broker business was broadly stable at EUR 6 million.

The result before tax of Netherlands Non-life increased to EUR 88 million from EUR -10 million in the fourth quarter of 2018, driven by the higher operating result and gains on the sale of government bonds.

The full-year 2019 operating result of Netherlands Non-life increased to EUR 203 million from EUR 94 million in 2018, which included the impact of the January 2018 storm for an amount of EUR 56 million net of reinsurance and EUR 11 million of private equity dividends. Excluding these, the increase was mainly attributable to an improved claims experience in both P&C and D&A and lower administrative expenses.

The full-year 2019 result before tax increased to EUR 197 million from EUR 1 million in 2018, reflecting the higher operating result, higher non-operating items and lower special items. Non-operating items in 2019 benefited from gains on the sale of government bonds and private equity revaluations. Special items include integration expenses and costs related to the migration of the legal aid service provider, while 2018 also included a charge related to the agreement with Van Ameyde to insource claims handling activities.

The combined ratio for 2019 was 95.4% compared with 99.4% in 2018, or 97.5% excluding the impact of the January 2018 storm.

Insurance Europe

- Operating result decreased to EUR 69 million from EUR 72 million in the fourth quarter of 2018, mainly due to higher administrative expenses as well as lower pension fees in Romania, partly offset by favourable mortality and morbidity results in Belgium
- Full-year 2019 operating result increased to EUR 283 million from EUR 271 million in 2018, mainly driven by higher performance fees in Slovakia, protection growth and a EUR 6 million non-recurring benefit in Non-life, partly offset by lower pension fees in Romania
- Full-year 2019 value of new business increased to EUR 204 million from EUR 168 million, up 21.4% from 2018, reflecting an improved business mix and higher life and pension sales

In EUR million	4Q19	4Q18	Change	FY19	FY18	Change
Analysis of results						
Investment margin	28	30	-8.4%	102	93	9.7%
Fees and premium-based revenues	193	177	9.0%	737	703	4.9%
Technical margin	61	47	29.8%	239	207	15.4%
Operating income non-modelled business	0	0	-72.2%	1	1	-50.2%
Operating income Life Insurance	282	255	10.7%	1,080	1,005	7.4%
Administrative expenses	112	98	13.7%	419	398	5.3%
DAC amortisation and trail commissions	104	81	28.8%	386	328	17.9%
Expenses Life Insurance	216	179	20.5%	805	725	11.0%
Operating result Life Insurance	66	76	-12.5%	275	280	-1.8%
Operating result Non-life	3	-4		8	-8	
Operating result	69	72	-3.5%	283	271	4.3%
Non-operating items	-4	-26		51	4	
of which gains/losses and impairments	-6	-16		73	-2	
of which revaluations	-1	1		-20	22	
of which market & other impacts	3	-11		-2	-16	
Special items	-12	-10		-35	-28	
Acquisition intangibles and goodwill	0	0		33	0	
Result on divestments	0	0		0	0	
Result before tax	53	37	46.5%	331	247	34.3%
Taxation	19	7	191.1%	73	55	30.8%
Minority interests	0	0		0	0	
Net result	34	30	14.9%	259	191	35.3%
New business						
Single premiums	345	350	-1.5%	1,245	1,156	7.7%
Regular premiums	158	131	20.6%	550	512	7.4%
New sales life insurance (APE)	193	166	15.9%	674	627	7.5%
Value of new business				204	168	21.4%
Key figures						
Gross premium income	845	762	10.8%	3,073	2,931	4.8%
Total administrative expenses (Life & Non-life)	114	105	7.9%	431	418	3.1%
Cost/income ratio (Administrative expenses/Operating income)	39.0%	40.0%		38.5%	40.3%	
Investment margin/Life general account invested assets (bps) ⁷⁾	56	50				
Net operating ROE ¹⁰⁾	9.8%	11.6%		10.3%	10.9%	
In EUR billion						
Key figures						
Life general account invested assets	18	18	-0.7%	18	18	-0.3%
Total provisions for insurance & investment contracts	27	27	-1.2%	27	25	6.5%
of which for risk policyholder	8	8	3.1%	8	7	18.7%
Assets under management pensions ¹²⁾	22	20	6.9%	22	18	18.8%
Allocated equity (in EUR million, end of period) ¹⁰⁾	2,791	2,790	0.0%	2,791	2,307	21.0%
Employees (internal FTEs, end of period)	4,942	4,934	0.2%	4,942	4,562	8.3%

Note: For data in constant currencies, refer to the 'NN Group Financial Supplement: 2.4.1 Analysis of results: Insurance Europe – Excluding currency effects'

The operating result of Insurance Europe decreased to EUR 69 million from EUR 72 million in the fourth quarter of 2018, mainly due to higher administrative expenses and lower pension fees in Romania, partly offset by favourable mortality and morbidity results in Belgium.

The investment margin decreased to EUR 28 million from EUR 30 million in the fourth quarter of 2018.

Fees and premium-based revenues increased to EUR 193 million from EUR 177 million in the fourth quarter of 2018, mainly driven by the increase of the portfolio following the inclusion of the acquired Czech and Slovak businesses, growth of the protection portfolio across the region and higher performance fees in Slovakia. This was partly offset by lower pension fees in Romania.

The technical margin increased to EUR 61 million from EUR 47 million in the fourth quarter of 2018, mainly driven by the inclusion of the aforementioned acquisition and favourable mortality and morbidity results in Belgium.

Administrative expenses increased to EUR 112 million from EUR 98 million in the fourth quarter of 2018, primarily due to higher project and IT-related expenses and the aforementioned acquisition.

DAC amortisation and trail commissions increased to EUR 104 million from EUR 81 million in the fourth quarter of 2018, mainly due to the contribution of the aforementioned acquisition and growth of the protection portfolio across the region.

The Non-life operating result increased to EUR 3 million from EUR -4 million in the fourth quarter of 2018, reflecting portfolio growth as well as a reclassification of expenses.

The result before tax increased to EUR 53 million from EUR 37 million in the fourth quarter of 2018, mainly reflecting results on the sale of government bonds, while the fourth quarter of 2018 included mutual fund impairments.

New sales (APE) increased to EUR 193 million from EUR 166 million in the fourth quarter of 2018, mainly driven by higher pension and protection sales across the region and the contribution of the aforementioned acquisition.

The full-year 2019 operating result increased to EUR 283 million from EUR 271 million in 2018, mainly driven by higher performance fees in Slovakia, protection growth and a EUR 6 million non-recurring benefit in Non-life, partly offset by lower pension fees in Romania.

The full-year 2019 result before tax increased to EUR 331 million from EUR 247 million in 2018, reflecting the negative goodwill arising from the aforementioned acquisition, gains on the sale of government bonds as well as the higher operating result, partly offset by lower revaluations in Belgium.

Full-year 2019 new sales (APE) increased to EUR 674 million from EUR 627 million in 2018. The increase was mainly driven by higher pension and protection sales across the region and the contribution of the aforementioned acquisition, partly offset by negative currency impacts in Turkey and lower unit-linked sales in Belgium.

The full-year 2019 value of new business increased to EUR 204 million from EUR 168 million, up 21.4% from 2018, reflecting an improved business mix and higher life and pension sales.

Japan Life

- Operating result was EUR 50 million, up 63.6% from the fourth quarter of 2018, excluding currency effects, reflecting a higher technical margin and lower DAC amortisation and trail commissions
- New sales (APE) were EUR 40 million and decreased from EUR 206 million in the fourth quarter of 2018, due to lower sales following the revised tax regulations
- Full-year 2019 operating result was EUR 218 million, up 23.0% compared with 2018, excluding currency effects, reflecting a higher technical margin
- Full-year 2019 value of new business decreased to EUR 146 million, down 31.8% from 2018, reflecting lower sales following the revised tax regulations

In EUR million	4Q19	4Q18	Change	FY19	FY18	Change
Analysis of results						
Investment margin	-5	-3		-16	-9	
Fees and premium-based revenues	136	130	4.9%	659	605	9.1%
Technical margin	10	1		24	-1	
Operating income non-modelled business	0	0		0	0	
Operating income	141	128	10.5%	667	594	12.4%
Administrative expenses	38	40	-5.5%	148	140	5.6%
DAC amortisation and trail commissions	53	58	-9.4%	302	287	5.1%
Expenses	91	98	-7.8%	449	427	5.3%
Operating result	50	29	72.1%	218	167	30.5%
Non-operating items	-6	-9		-34	-25	
of which gains/losses and impairments	0	0		-6	-3	
of which revaluations	-7	-9		-28	-22	
of which market & other impacts	0	0		0	0	
Special items	-1	-1		-4	-3	
Result on divestments	0	0		0	0	
Result before tax	43	19	122.9%	180	139	29.6%
Taxation	10	8	34.1%	48	41	17.0%
Minority interests	0	0		0	0	
Net result	33	12	180.1%	131	97	35.0%
New business						
Single premiums	0	0		0	0	
Regular premiums	40	206	-80.4%	587	751	-21.7%
New sales life insurance (APE)	40	206	-80.4%	587	751	-21.7%
Value of new business				146	214	-31.8%
Key figures						
Gross premium income	793	797	-0.5%	3,939	3,628	8.6%
Total administrative expenses	38	40	-5.5%	148	140	5.6%
Cost/income ratio (Administrative expenses/Operating income)	26.9%	31.4%		22.1%	23.6%	
Net operating ROE ⁽¹⁰⁾	7.3%	4.7%		7.8%	6.8%	

In EUR billion	4Q19	3Q19	Change	FY19	FY18	Change
Key figures						
Life general account invested assets	17	18	-2.2%	17	16	6.2%
Total provisions for insurance & investment contracts	17	17	-1.9%	17	15	12.2%
of which for risk policyholder	0	0		0	0	
Allocated equity (in EUR million, end of period) ⁽¹⁰⁾	2,649	2,836	-6.6%	2,649	2,358	12.3%
Employees (internal FTEs, end of period)	820	834	-1.7%	820	829	-1.1%

Note: For data in constant currencies, refer to the 'NN Group Financial Supplement: 2.5.1 Analysis of results: Japan Life – Excluding currency effects'

The operating result of Japan Life was EUR 50 million, up 63.6% from the fourth quarter of 2018, excluding currency effects, reflecting a higher technical margin and lower DAC amortisation and trail commissions.

Fees and premium-based revenues were EUR 136 million, down 1.1% from the fourth quarter of 2018, excluding currency effects, due to lower new business premiums following the revised regulations for the tax treatment of COLI products which were introduced in July 2019, partially offset by an increased persistency of the in-force portfolio.

The technical margin was EUR 10 million, up from EUR 1 million in the fourth quarter of 2018, driven by favourable mortality and morbidity results as well as higher surrender results reflecting increased persistency following the revised tax regulations.

Administrative expenses were EUR 38 million, down 11.2%, excluding currency effects, from the fourth quarter of 2018, reflecting expense measures following the revised tax regulations as well as lower project and marketing expenses in the current quarter.

DAC amortisation and trail commissions were EUR 53 million, down 14.8% from the fourth quarter of 2018, excluding currency effects, due to lower surrenders reflecting the increased persistency.

The result before tax was EUR 43 million, up from EUR 19 million in the fourth quarter of 2018, reflecting the higher operating result.

New sales (APE) were EUR 40 million, down 81.5% from the fourth quarter of 2018, excluding currency effects, due to lower sales of COLI products following the revised tax regulations.

The full-year 2019 operating result of Japan Life was EUR 218 million, up 23.0% compared with 2018, excluding currency effects. The increase was primarily driven by the strong sales in the first quarter of 2019, a higher technical margin on favourable mortality and morbidity results as well as higher surrender results reflecting better persistency after the revised tax regulations.

The result before tax for 2019 was EUR 180 million, up 22.3% compared with the same period in 2018, at constant currencies, reflecting the higher operating result partly offset by lower non-operating items.

New sales (APE) for the full-year 2019 were EUR 587 million, down 24.6% from 2018 at constant currencies, due to lower sales of COLI products following the revised tax regulations.

Full-year 2019 value of new business decreased to EUR 146 million, down 31.8% from the 2018, reflecting the lower sales.

Asset Management

- Total Assets under Management decreased to EUR 276 billion compared with EUR 287 billion at the end of the third quarter of 2019, reflecting negative market performance and net outflows of assets
- Operating result increased to EUR 41 million from EUR 30 million in the fourth quarter of 2018, driven by lower administrative expenses and higher fees
- Full-year 2019 operating result increased to EUR 161 million from EUR 155 million in 2018, driven by lower administrative expenses, partly offset by lower fees

In EUR million	4Q19	4Q18	Change	FY19	FY18	Change
Analysis of results						
Investment income	0	0		1	-1	
Fees	114	110	3.2%	443	454	-2.5%
Operating income	114	110	3.9%	444	453	-2.1%
Administrative expenses	73	80	-8.8%	283	298	-5.1%
Operating result	41	30	37.6%	161	155	3.9%
Non-operating items	0	0		0	0	
of which gains/losses and impairments	0	0		0	0	
of which revaluations	0	0		0	0	
of which market & other impacts	0	0		0	0	
Special items	-4	-15		-15	-31	
Result on divestments	0	0		0	0	
Result before tax	37	15	140.8%	146	123	18.0%
Taxation	9	4	121.6%	35	29	19.3%
Minority interests	-1	0		2	0	
Net result	29	11	158.4%	108	94	15.4%
Key figures						
Total administrative expenses	73	80	-8.8%	283	298	-5.1%
Cost/income ratio (Administrative expenses/Operating income)	63.8%	72.7%		63.8%	65.9%	
Fees/average Assets under Management (bps)	16	18		17	19	
Net Operating ROE ¹⁰⁾	35.6%	22.8%		34.1%	27.6%	

In EUR billion	4Q19	3Q19	Change	FY19	FY18	Change
Key figures						
Assets under Management	276	287	-3.8%	276	246	12.3%
Allocated equity (in EUR million, end of period) ¹⁰⁾	321	355	-9.8%	321	371	-13.6%
Employees (internal FTEs, end of period)	941	943	-0.2%	941	982	-4.2%
AuM roll-forward						
Beginning of period	287	268	7.3%	246	246	-0.1%
Net inflow	-3	6		2	-6	
Acquisition / Divestments / Transfers	0	0		0	7	
Market performance (incl. FX impact) and other	-7	13		29	-1	
End of period	276	287	-3.8%	276	246	12.3%

Total Assets under Management (AuM) at Asset Management decreased to EUR 276 billion at the end of the fourth quarter of 2019 compared with EUR 287 billion at the end of the third quarter of 2019. The decrease reflects negative market performance of EUR 7.5 billion, as well as net outflows of EUR 3.3 billion, of which EUR 1.7 billion in Affiliates and EUR 1.6 billion in Third Party.

The operating result of Asset Management increased to EUR 41 million from EUR 30 million in the fourth quarter of 2018, driven by a decrease of administrative expenses as well as higher fees.

Fees were EUR 114 million, up from EUR 110 million in the fourth quarter of 2018, reflecting higher average AuM partly offset by a less favourable asset mix and fee pressure.

Administrative expenses decreased to EUR 73 million from EUR 80 million in the fourth quarter of 2018, reflecting additional cost savings and efficiencies.

The fourth-quarter result before tax increased to EUR 37 million from EUR 15 million in the fourth quarter of 2018, driven by the higher operating result and lower special items.

The full-year 2019 operating result was EUR 161 million compared with EUR 155 million in 2018. This increase reflects lower administrative expenses, partly offset by lower fees, due to a less favourable asset mix and fee pressure.

The full-year 2019 result before tax increased to EUR 146 million from EUR 123 million in 2018, driven by the higher operating result and lower special items.

Banking

- Operating result increased to EUR 54 million from EUR 28 million in the fourth quarter of 2018, driven by higher fees and other income which includes a EUR 20 million non-recurring benefit, as well as a higher interest result
- Full-year 2019 operating result increased to EUR 152 million from EUR 130 million in 2018, mainly driven by higher investment and other income which includes a EUR 26 million non-recurring benefit
- Common equity Tier 1 ratio of 15.8% at the end of the fourth quarter 2019 versus 16.3% at the end of the third quarter of 2019

In EUR million	4Q19	4Q18	Change	FY19	FY18	Change
Analysis of results						
Interest result	68	62	8.6%	259	259	-0.2%
Commission income	9	11	-12.1%	35	36	-2.3%
Total investment and other income	30	8	259.7%	67	35	92.8%
Operating income	107	81	32.1%	361	330	9.4%
Operating expenses	52	53	-2.7%	192	189	1.7%
Regulatory levies	4	3	4.8%	17	17	3.0%
Addition to loan loss provision	-2	-3		-1	-7	
Total expenses	53	53	-0.3%	209	200	4.6%
Operating result	54	28	93.5%	152	130	16.5%
Non-operating items	8	-1		-14	-15	
of which gains/losses and impairments	0	0		7	0	
of which revaluations	0	3		0	0	
of which market & other impacts	8	-3		-21	-15	
Special items	-3	-3		-15	-17	
Result before tax	59	24	140.3%	123	99	24.9%
Taxation	13	14	-9.2%	30	32	-7.0%
Minority interests	0	0		0	0	
Net result	46	11	334.9%	93	66	40.5%
Key figures						
Total administrative expenses ¹³⁾	55	57	-2.2%	210	206	1.8%
Cost/income ratio ¹⁵⁾	48.3%	65.6%		53.3%	57.3%	
Net Interest Margin (NIM) ⁷⁾	1.1%	1.2%				
Net operating ROE ¹⁰⁾	21.5%	10.8%		15.0%	12.9%	

In EUR billion	4Q19	3Q19	Change	FY19	FY18	Change
Key figures						
CET1 ratio ⁴⁾	15.8%	16.3%		15.8%	16.3%	
Total capital ratio ⁴⁾	17.2%	17.7%		17.2%	17.8%	
Risk Weighted Assets (RWA) ⁴⁾	6	6	2.5%	6	6	6.1%
Savings & deposits	15	15	0.3%	15	14	4.2%
Mortgages	19	19	2.3%	19	18	7.5%
Total assets	25	25	-1.4%	25	22	13.7%
Allocated equity (in EUR million, end of period) ¹⁰⁾	776	742	4.6%	776	789	-1.6%
Employees (internal FTEs, end of period)	847	847	0.0%	847	814	4.1%

The operating result of Banking increased to EUR 54 million from EUR 28 million in the fourth quarter of 2018, driven by higher fees and other income which includes a non-recurring benefit of EUR 20 million, as well as a higher interest result.

The interest result increased to EUR 68 million from EUR 62 million in the fourth quarter of 2018, mainly reflecting penalty interest received on a higher volume of mortgage redemptions as well as lower funding costs. The net interest margin (NIM), calculated on a four-quarter rolling average, decreased to 1.1% compared with 1.2% in the fourth quarter of 2018, reflecting the continued decline of mortgage rates, partly offset by lower funding costs.

Commission income decreased to EUR 9 million from EUR 11 million in the fourth quarter of 2018.

Total investment and other income increased to EUR 30 million from EUR 8 million in the fourth quarter of 2018, mainly driven by origination fees and premiums on a higher volume of mortgage sales to the NN IP Dutch Residential Mortgage Fund. The current quarter includes a non-recurring benefit of EUR 20 million relating to premiums on mortgage sales as a result of the lower mortgage rates.

Operating expenses decreased to EUR 52 million from EUR 53 million in the fourth quarter of 2018.

The addition to the loan loss provision was a release of EUR 2 million compared with a release of EUR 3 million in the fourth quarter of 2018.

The result before tax increased to EUR 59 million from EUR 24 million in the fourth quarter of 2018, mainly driven by the higher operating result.

The full-year 2019 operating result of Banking increased to EUR 152 million from EUR 130 million in 2018, mainly driven by higher investment and other income which included EUR 26 million of non-recurring benefits, partly offset by a lower release of loan loss provisions and higher operating expenses reflecting the increased mortgage production.

The full-year 2019 result before tax increased to EUR 123 million from EUR 99 million in 2018, mainly reflecting the higher operating result.

Other

- Operating result improved to EUR -44 million from EUR -48 million in the fourth quarter of 2018, mainly reflecting an improved holding result
- Operating result of the reinsurance business decreased to EUR -2 million from EUR 2 million in the fourth quarter of 2018, which included positive hedge-related results on the VA Europe portfolio, while the current quarter reflects unfavourable claims experience
- Full-year 2019 operating result was EUR -144 million compared with EUR -164 million in 2018, which was impacted by non-recurring charges for a total amount of EUR 44 million, while 2019 reflects EUR 12 million of non-recurring benefits

In EUR million	4Q19	4Q18	Change	FY19	FY18	Change
Analysis of results						
Interest on hybrids and debt ¹⁴⁾	-27	-27		-108	-108	
Investment income and fees	28	24	17.1%	105	96	9.6%
Holding expenses	-40	-49		-145	-156	
Amortisation of intangible assets	0	0		0	-1	
Holding result	-39	-52		-148	-170	
Operating result reinsurance business	-2	2		-5	-12	
Other results	-2	2		10	18	-46.0%
Operating result	-44	-48		-144	-164	
Non-operating items	-8	-13		-9	5	
of which gains/losses and impairments	2	1	167.4%	8	7	10.0%
of which revaluations	13	-2		-1	-3	
of which market & other impacts	-24	-11		-16	1	
Special items	-26	-22		-69	-87	
Acquisition intangibles and goodwill	-8	-885		-32	-984	
Result on divestments	0	0		4	4	-8.4%
Result before tax	-86	-968		-251	-1,226	
Taxation	-38	3		-92	-63	
Minority interests	0	0		0	0	
Net result	-48	-971		-158	-1,163	
Key figures						
Total administrative expenses	43	51	-15.6%	158	167	-5.2%
of which reinsurance business	2	2	-29.8%	7	9	-24.6%
of which corporate/holding	41	48	-14.9%	152	158	-4.1%
Employees (internal FTEs, end of period)	1,700	1,680	1.2%	1,700	1,680	1.2%

In EUR million	4Q19	3Q19	Change	FY19	FY18	Change
Key figures Japan Closed Block VA						
Account value	1,865	1,874	-0.5%	1,865	2,355	-20.8%
Net Amount at Risk	34	81	-58.5%	34	175	-80.9%
Number of policies	20,047	20,635	-2.8%	20,047	34,436	-41.8%

The operating result of the segment Other improved to EUR -44 million from EUR -48 million in the fourth quarter of 2018, mainly reflecting an improved holding result.

The holding result improved to EUR -39 million from EUR -52 million in the fourth quarter of 2018, which included a EUR 10 million non-recurring charge in the holding expenses, while the current quarter reflects higher investment income and fees.

The operating result of the reinsurance business decreased to EUR -2 million from EUR 2 million in the fourth quarter of 2018, which included EUR 3 million of positive hedge-related results on the VA Europe portfolio, while the current quarter reflects unfavourable claims experience.

The result before tax of the segment Other improved to EUR -86 million from EUR -968 million in the fourth quarter of 2018, which included a EUR 852 million impairment of goodwill, while the current quarter reflects lower amortisation of acquisition intangibles.

The full-year 2019 operating result of the segment Other was EUR -144 million compared with EUR -164 million in 2018, which was impacted by EUR 44 million of non-recurring charges, while 2019 reflects EUR 12 million of non-recurring benefits and a lower result of the reinsurance business.

The full-year 2019 holding result improved to EUR -148 million from EUR -170 million in 2018, which was impacted by EUR 12 million of non-recurring charges, while the 2019 holding result reflects higher investment income and fees.

The full-year 2019 operating result of the reinsurance business was EUR -5 million compared with EUR -12 million in 2018, which included EUR 33 million of claims relating to the storm in January 2018, a EUR 8 million claim from a legacy reinsurance portfolio as well as EUR 9 million positive hedge-related results on the VA Europe portfolio. The full-year 2019 operating result reflects EUR 22 million of claims related to Non-life's Disability portfolio, as well as a large claim from a legacy reinsurance portfolio.

Other results in 2019 were EUR 10 million compared with EUR 18 million in 2018, which included a provision release of EUR 14 million, while 2019 includes a net release of provisions of EUR 12 million, both related to a legacy entity.

The full-year 2019 result before tax of the segment Other was EUR -251 million compared with EUR -1,226 million in 2018, which included a EUR 852 million impairment of goodwill, while 2019 reflects lower amortisation of acquisition intangibles, the improved operating result and lower special items.

Consolidated Balance Sheet

- Total assets of NN Group decreased by EUR 14.0 billion compared with the end of the third quarter of 2019 to EUR 248.6 billion, reflecting the impact of higher interest rates
- Shareholders' equity decreased by EUR 4.2 billion to EUR 30.8 billion, reflecting decreased revaluation reserves as a result of higher interest rates

In EUR million	31 Dec 19	30 Sep 19	31 Dec 18		31 Dec 19	30 Sep 19	31 Dec 18
Assets				Equity and liabilities			
Cash and cash equivalents	6,436	10,524	8,886	Shareholders' equity (parent)	30,768	34,987	22,850
Financial assets at fair value through profit or loss				Minority interests	260	274	234
- investments for risk of policyholders	34,433	33,808	30,230	Undated subordinated notes	1,764	1,764	1,764
- non-trading derivatives	10,189	15,299	5,096	Total equity	32,792	37,025	24,848
- designated as at fair value through profit or loss	1,184	1,120	722	Subordinated debt	2,409	2,415	2,445
Available-for-sale investments	117,644	122,390	104,329	Debt securities issued	1,992	1,991	1,990
Loans	61,768	61,693	58,903	Other borrowed funds	7,614	7,080	5,717
Reinsurance contracts	988	1,002	1,010	Insurance and investment contracts	168,251	170,616	161,118
Associates and joint ventures	5,457	5,228	5,000	Customer deposits and other funds on deposit	15,161	15,129	14,729
Real estate investments	2,571	2,523	2,374	Financial liabilities at fair value through profit or loss			
Property and equipment	465	405	151	- non-trading derivatives	3,232	5,319	2,163
Intangible assets	995	1,003	863	Deferred tax liabilities	4,030	5,046	1,809
Deferred acquisition costs	1,913	1,963	1,843	Other liabilities	13,116	17,987	9,427
Deferred tax assets	84	95	131	Total liabilities	215,805	225,583	199,398
Other assets	4,470	5,555	4,708	Total equity and liabilities	248,597	262,608	224,246
Total assets	248,597	262,608	224,246				

Assets

Non-trading derivatives

Non-trading derivatives decreased by EUR 5.1 billion in the fourth quarter to EUR 10.2 billion, reflecting negative revaluations on derivatives used for hedging purposes due to higher interest rates in the quarter.

Available-for-sale investments

The decrease of Available-for-sale investments of EUR 4.7 billion in the fourth quarter of 2019 mainly reflects higher interest rates.

Liabilities

Insurance and investment contracts

Insurance and investment contracts decreased to EUR 168.3 billion, reflecting the impact of negative revaluations on debt securities following the increase of interest rates, resulting in lower deferred interest credited to policyholders.

Other liabilities

The decrease of Other liabilities of EUR 4.9 billion in the fourth quarter of 2019 mainly reflects lower cash collateral due to increased interest rates.

Equity

Shareholders' equity decreased by EUR 4.2 billion to EUR 30.8 billion in the fourth quarter of 2019. The decrease reflects net negative revaluations due to higher interest rates.

Changes in Shareholders' equity for the current quarter, the full year 2019 and the previous full year were as follows:

In EUR million	4Q19	FY19	FY18
Shareholders' equity beginning of period	34,987	22,850	22,718
Net result for the period	329	1,962	1,117
Unrealised revaluations available-for-sale investments and other	-2,594	4,471	-316
Realised gains/losses transferred to the profit and loss account	-152	-286	-823
Change in cash flow hedge reserve	-2,936	4,284	793
Deferred interest credited to policyholders	1,348	-1,403	-38
Share of other comprehensive income of associates and joint ventures	0	-4	1
Exchange rate differences	-47	53	93
Remeasurement of the net defined benefit asset/liability	20	-38	0
Dividend	0	-387	-332
Purchase/sale treasury shares	-187	-707	-231
Employee stock option & share plans	2	2	2
Coupon on undated subordinated notes	0	-59	-58
Other	-2	30	-76
Total changes	-4,219	7,918	132
Shareholders' equity end of period	30,768	30,768	22,850

The composition of Total equity at the end of the current quarter, at the end of the previous quarter and at the end of the previous year was as follows:

In EUR million	31 Dec 19	30 Sep 19	31 Dec 18
Share capital	41	41	41
Share premium	12,572	12,572	12,572
Revaluation reserve available-for-sale investments and other	6,471	7,849	3,684
Cash flow hedge reserve	8,798	11,734	4,514
Currency translation reserve	3	67	-34
Net defined benefit asset/liability remeasurement reserve	-144	-164	-106
Retained earnings and other reserves	3,027	2,888	2,179
Shareholders' equity (parent)	30,768	34,987	22,850
Minority interests	260	274	234
Undated subordinated notes	1,764	1,764	1,764
Total equity	32,792	37,025	24,848

Capital Management

- Solvency II ratio of NN Group increased to 218% from 217% at the end of the third quarter of 2019, reflecting operating capital generation and positive market impacts, partly offset by the deduction of the proposed 2019 final dividend
- Cash capital position at the holding increased to EUR 1,989 million, reflecting free cash flow to the holding, partly offset by cash outflow to repurchase own shares
- Free cash flow to the holding in the fourth quarter of 2019 was EUR 233 million, mainly driven by EUR 347 million of dividends from subsidiaries
- 2019 final dividend proposal of EUR 1.40 per ordinary share, bringing the full-year 2019 dividend to EUR 2.16 per ordinary share

Solvency II

In EUR million	31 Dec 19	30 Sep 19	31 Dec 18
Basic Own Funds	19,043	19,967	18,100
Non-available Own Funds	1,252	1,256	1,373
Non-eligible Own Funds	0	0	0
Eligible Own Funds (a)	17,792	18,711	16,727
of which Tier 1 Unrestricted	11,388	12,543	10,513
of which Tier 1 Restricted	1,922	1,935	1,895
of which Tier 2	2,474	2,479	2,433
of which Tier 3	703	502	755
of which non-solvency II regulated entities	1,305	1,252	1,132
Solvency Capital Requirements (b)	8,154	8,639	7,274
of which non-solvency II regulated entities	542	556	507
NN Group Solvency II ratio (a/b)²⁾	218%	217%	230%
NN Life Solvency II ratio²⁾	213%	211%	255%

The NN Group Solvency II ratio increased to 218% at the end of the fourth quarter of 2019 from 217% at the end of the third quarter of 2019, mainly driven by the operating capital generation and positive market impacts, partly offset by the deduction of the proposed 2019 final dividend. Market impacts mainly reflect movements in credit spreads and changes in interest rates.

The NN Life Solvency II ratio increased to 213% at the end of the fourth quarter of 2019 from 211% at the end of the third quarter of 2019, driven by the aforementioned positive market impacts and operating capital generation, partly offset by a EUR 185 million dividend payment to the holding company.

Cash capital position at the holding company

In EUR million	4Q19	FY19
Beginning of period	1,943	2,005
Cash divestment proceeds	0	4
Dividends from subsidiaries ¹⁶⁾	347	1,459
Capital injections into subsidiaries ¹⁷⁾	-38	-76
Other ¹⁸⁾	-76	-200
Free cash flow to the holding¹⁹⁾	233	1,187
Acquisitions	0	-117
Capital flow from / (to) shareholders	-186	-1,085
Increase / (decrease) in debt and loans	0	0
End of period	1,989	1,989

Note: cash capital is defined as net current assets available at the holding company

The cash capital position at the holding company increased to EUR 1,989 million at the end of the fourth quarter of 2019 from EUR 1,943 million at the end of the third quarter of 2019. The increase was mainly the result of EUR 347 million of dividends from subsidiaries, partly offset by EUR 186 million of own shares repurchased in the fourth quarter of 2019. Other movements include holding company expenses, interest on loans and debt, and other holding company cash flows.

Financial leverage

In EUR million	31 Dec 19	30 Sep 19	31 Dec 18
Shareholders' equity	30,768	34,987	22,850
Adjustment for revaluation reserves ²⁰⁾	-13,397	-17,992	-7,097
Minority interests	260	274	234
Capital base for financial leverage (a)	17,632	17,269	15,987
Undated subordinated notes ²²⁾	1,764	1,764	1,764
Subordinated debt	2,409	2,415	2,445
Total subordinated debt	4,172	4,178	4,209
Debt securities issued	1,992	1,991	1,990
Financial leverage (b)	6,164	6,170	6,199
Financial leverage ratio (b/(a+b))	25.9%	26.3%	27.9%
Fixed-cost coverage ratio ²¹⁾²²⁾	12.0x	11.4x	13.8x

The financial leverage ratio of NN Group improved to 25.9% at the end of the fourth quarter of 2019 compared with 26.3% at the end of the third quarter of 2019. This reflects an increase of the capital base for financial leverage driven by the fourth-quarter net result of EUR 329 million and positive revaluations of equity investments, partly offset by the purchase of own shares for an amount of EUR 186 million.

The fixed-cost coverage ratio was 12.0x at the end of the fourth quarter of 2019 versus 11.4x at the end of the third quarter of 2019 (on a last 12-months basis).

Dividend

At the annual general meeting on 28 May 2020, a final dividend will be proposed of EUR 1.40 per ordinary share, or approximately EUR 448 million based on the current number of outstanding shares (net of treasury shares). Together with the 2019 interim dividend of EUR 0.76 per ordinary share paid in September 2019, NN Group's total dividend over 2019 will be EUR 698 million, or EUR 2.16 per ordinary share which is equivalent to a dividend pay-out ratio of 50% of NN Group's full-year 2019 net operating result. The final dividend will be paid in cash, after deduction of withholding tax if applicable, or ordinary shares from the share premium reserve at the election of the shareholder. To neutralise the dilutive effect of the stock dividend, NN Group will repurchase ordinary shares for an amount equivalent to the stock dividend. If the proposed dividend is approved by the shareholders, NN Group ordinary shares will be quoted ex-dividend on 1 June 2020. The record date for the dividend will be 2 June 2020. The election period will run from 3 June up to and including 17 June 2020. The stock fraction for the stock dividend will be based on the volume weighted average price of NN Group ordinary shares on Euronext Amsterdam for the five trading days from 11 June through 17 June 2020. The dividend will be payable on 24 June 2020. (For more information: www.nn-group.com/investors)

Updated dividend policy

Going forward NN Group intends to pay a progressive ordinary dividend per share. Interim dividends will continue to be calculated as 40% of the prior year full-year dividend per share. NN Group also intends to execute a recurring annual share buyback of at least EUR 250 million. Additional excess capital is to be returned to shareholders unless it can be used for value creating opportunities.

Share buyback

NN Group announced today that it will execute an open market share buyback programme for an amount of EUR 250 million. The programme will be executed within 12 months and is anticipated to commence on 2 March

2020. NN Group intends to cancel the shares acquired under the programme. The share buyback will be deducted in full from Solvency II Own Funds in the first half of 2020 and is estimated to reduce NN Group’s Solvency II ratio by 3%-points. In addition to the share buyback programme announced today, NN Group intends to repurchase shares to neutralise the dilutive effect of any stock dividends in line with its dividend policy.

The share buyback programme will be executed within the limitations of the existing authority granted by the General Meeting on 29 May 2019 and such authority to be granted by the General Meeting on 28 May 2020. The shares will be repurchased at a price that does not exceed the last independent trade or the highest current independent bid on the relevant trading platform. The programme will be executed by financial intermediaries and will be performed in compliance with the safe harbour provisions for share buybacks.

On 14 February 2019, NN Group announced an open market share buyback programme for an amount of up to EUR 500 million over 12 months, commencing 1 March 2019. Up to 7 February 2020, shares for a total amount of EUR 748 million were repurchased, representing 96.5% of the total share buyback amount under the current programmes.

Following payment of the 2019 interim dividend, NN Group announced that it would repurchase ordinary shares for a total amount of EUR 106 million, equivalent to the value of the stock dividends. This share buyback programme was completed in December 2019.

NN Group reports on the progress of the share buyback programmes on its corporate website (www.nn-group.com/investors) on a weekly basis.

Share capital

The total number of NN Group shares outstanding (net of 22,987,384 treasury shares) on 7 February 2020 was 320,568,737.

Credit ratings

On 6 December 2019, Standard & Poor’s published a report affirming NN Group’s ‘A’ financial strength rating and ‘BBB+’ credit rating with a stable outlook.

Credit ratings of NN Group on 12 February 2020

	Financial Strength Rating	NN Group N.V. Counterparty Credit Rating
Standard & Poor’s	A Stable	BBB+ Stable
Fitch	A+ Stable	A Stable

Footnotes reference page

- 1) Operating result and Adjusted allocated equity (as used in the calculation of Net operating ROE) are Alternative Performance Measures. These measures are derived from figures according to IFRS-EU. The operating result is derived by adjusting the reported result before tax to exclude the impact of result on divestments, the amortisation of acquisition intangibles, discontinued operations and special items, gains/losses and impairments, revaluations and market & other impacts. The adjusted allocated equity is derived by adjusting the reported total equity to exclude revaluation reserves, the undated subordinated notes classified as equity as well as the goodwill and intangible assets recognised as a result of the Delta Lloyd acquisition. Alternative Performance Measures are non-IFRS-EU measures that have a relevant IFRS-EU equivalent. For definitions and explanations of the Alternative Performance Measures reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the NN Group N.V. 2018 Consolidated Annual Accounts.
- 2) The solvency ratios are not final until filed with the regulators. The Solvency II ratios for NN Group and NN Life are based on the partial internal model.
- 3) Basic earnings per ordinary share is calculated as the net result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by the weighted average number of ordinary shares outstanding (net of treasury shares).
- 4) The Common Equity Tier 1 (CET1) ratio, Total capital ratio and Risk Weighted Assets (RWA) are not final until filed with the regulators.
- 5) Excluding health business and broker business.
- 6) The net operating result and adjusted allocated equity used to calculate the Net operating ROE of Japan Life are adjusted for the impact of internal reinsurance ceded to NN Group's reinsurance business.
- 7) Four-quarter rolling average.
- 8) Net operating result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity.
- 9) Net operating ROE is calculated as the (annualised) net operating result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by (average) adjusted allocated equity. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves, the undated subordinated notes classified as equity as well as the goodwill and intangible assets recognised as a result of the Delta Lloyd acquisition. Reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the NN Group N.V. 2018 Consolidated Annual Accounts.
- 10) Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by (average) adjusted allocated equity. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves. Reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the NN Group N.V. 2018 Consolidated Annual Accounts.
- 11) Including health business and broker business.
- 12) The numbers shown under AuM are client balances which exclude IFRS shareholders' equity related to the respective pension businesses and include the assets under administration.
- 13) Operating expenses plus regulatory levies.
- 14) Does not include interest costs on subordinated debt treated as equity.
- 15) Cost/income ratio is calculated as Operating expenses divided by Operating income.
- 16) Includes interest on subordinated loans provided to subsidiaries by the holding company.
- 17) Includes the change of subordinated loans provided to subsidiaries by the holding company.
- 18) Includes interest on subordinated loans and debt, holding company expenses and other cash flows.
- 19) Free cash flow to the holding company is defined as the change in cash capital position of the holding company over the period, excluding acquisitions, capital transactions with shareholders and debtholders.
- 20) Includes revaluations on debt securities, on the cash flow hedge reserve and on the reserves crediting to life policyholders.
- 21) Measures the ability of Earnings Before Interest and Tax (EBIT) to cover funding costs on financial leverage; calculated on a last 12-months basis.
- 22) The undated subordinated notes classified as equity are considered financial leverage in the calculation of the financial leverage ratio. The related interest is included on an accrual basis in the calculation of the fixed-cost coverage ratio.

NN Group profile

NN Group is an international financial services company, active in 18 countries, with a strong presence in a number of European countries and Japan. With all its employees, the Group provides retirement services, pensions, insurance, investments and banking to approximately 17 million customers. NN Group includes Nationale-Nederlanden, NN, NN Investment Partners, ABN AMRO Insurance, Movir, AZL, BeFrank and OHRA. NN Group is listed on Euronext Amsterdam (NN).

Press call

David Knibbe (CEO) and Delfin Rueda (CFO and interim CRO) will host a press call to discuss the 4Q19 results at 07:45 am CET on Thursday 13 February 2020. Journalists can join the press call at +31 20 531 5863 (NL).

Analyst and investor call

David Knibbe (CEO) and Delfin Rueda (CFO and interim CRO) will host an analyst and investor conference call to discuss the 4Q19 results at 10:30 am CET on Thursday 13 February 2020. Members of the investment community can join the conference call at +31 20 531 5865 (NL), +44 203 365 3210 (UK), +1 866 349 6093 (US) or follow the webcast on www.nn-group.com/investors.

Financial calendar

- Annual General Meeting: 28 May 2020
- Capital Markets Day: 24 June 2020
- Publication 1H20 results: 6 August 2020
- Publication 2H20 results: 11 February 2021

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- NN Group 4Q19 Financial Supplement, NN Group 4Q19 Analyst Presentation
- Photos of NN Group executives, buildings and events are available for download at [Flickr](#)

Important legal information

Elements of this press release contain or may contain information about NN Group N.V. within the meaning of Article 7(1) to (4) of EU Regulation No 596/ 2014 (Market Abuse Regulation). 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 2019. The Annual Accounts for 2019 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. 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.