

NN Group NV Annual Shareholders Meeting

Company Participants

- Delfin Rueda Arroyo, Vice Chairman of Executive Board & CFO
- E. Friese, Chairman of Executive Board & CEO
- Jan Hendrik Holsboer, Former Supervisory Board Chairman
- Janet Stuijt, General Counsel, Company Secretary & Member of Management Board
- Johannes Wilhelmus Schoen, Supervisory Board Member
- Unidentified Speaker, Unknown

Other Participants

- Peti de Wit, Analyst
- Robert Vreeken, Analyst
- Unidentified Participant, Analyst

Presentation

Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) Welcome to this annual general meeting of NN Group. This year, once again, we are meeting at the Marriott Hotel, the site very close to the national head office of Nationale-Nederlanden, which was based here on the corner before it merged with NMB Postbank Groep at Johan de Wittlaan 3 across the World Forum next to you.

In addition to welcoming you as shareholders, I'm pleased to welcome some other guests. First, our external auditor, to my right and to your left in front of the room, Mr. Devitt and Mr. (Davison), both representing KPMG. I'm also pleased to welcome our notary, Mrs. Cremers of Stibbe. She is to your -- at your extreme right in the room; and the representative of our Central Works Council. It's very nice to have you with us again. And representatives of the press, welcome. As you'll hear, this meeting is in Dutch.

Some members of the management and supervisory Boards will be speaking English. For that reason, we have headsets available for everybody to listen to the meeting either entirely in Dutch or entirely in English. Channel 1 is Dutch and channel 2 is English.

The presentation, which will be projected on the screen here in this room as well as online, is in English because of our international stakeholders. At the registration desk, each of you received an agenda in English or in Dutch depending on your preference. This meeting is also broadcast live on the NN Group website. I'd like to welcome our online guests.

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I have a few observations. Pursuant to the law and the articles of association, shareholders have been convened so that this meeting can take legally valid decisions. Shareholders have not submitted any proposals for consideration. The issued capital on the record date, which was 1 May 2019 this year, consisted of 335,209,071 common shares, a total of 1,878,640 common shares, were held by NN Group on the record date. So no votes may be cast on those shares, which means that a total of 333,330,431 votes may be cast. The capital presently represented and the proxy votes cast will be presented on the screen prior to the first vote. The entire meeting is being recorded on audio to draft the minutes.

I'm pleased to present the members of the Management and Supervisory Boards to you now. To my right and to your far left, from left to right, at your far left, Hans Schoen, HÃ©lÃ©ne Vletter-van Dort and David Cole, all members of the Supervisory Board. Then Mr. Delfin Rueda, our CFO; and next to me, Lard Friese, our CEO. To my left and to your right is Janet Stuijt, the company Secretary and a member of the Management Board as General Counsel. Then Dick Harryvan, Vice President of Supervisory Board. And next to him, the supervisory members, Clara Streit, Bob Jenkins; and Heijo Hauser. One of the Supervisory Board members, Mr. Robert Ruijter, is unfortunately unable to attend today because of prior obligations.

Before I continue, I'm going to take a moment to speak about the death of Doctor Johan Witteveen. In addition to being the former Minister of Finance in various governments and Director of the IMF, Johan Witteveen, between 1960 and 1991, in various periods, he was much appreciated as a member of the Supervisory Board of first, the Nationale Levensverzekering-Bank and then Nationale-Nederlanden. Later on, as Chairman of the Nationale-Nederlanden Supervisory Board, he was an impressive Board member for the Management Board and was pivotal in the merge between Nationale-Nederlanden and the NMB Postbank Groep, which brought about the ING Group. Johan Witteveen became the first Supervisory Board Chairman there. And we're grateful to him for all his good services for our company. And our condolences to his family.

In the room or present in the center front, the other members of the Management Board: Mr. Satish Bapat. Satish, please rise; Tjeerd Bosklopper; Jan-Hendrik Erasmus; David Knibbe; Dailah Nihot; and last but not least, Fabian Rupprecht. In addition to the CEO and the CFO, they're in charge of the general operations at NN Group.

I'm going to elaborate briefly on the procedure at this meeting. As you've seen, we have a relatively extensive agenda. And I've got a rigid time schedule. For that reason, please ask your questions concisely and formulate your remarks concisely as well so that everybody can have a turn. Of course, the questions need to relate to that agenda item. Other questions may be asked later on under any -- at any other business. If you ask a question, please state your name. And if you're speaking on behalf of an organization, state the name of the organization as well clearly for the minutes.

When we vote, in some cases, I'll briefly summarize that voting item. And we'll otherwise refer to the detailed explanatory notes to the agenda and all documentation on the website. Of course, ultimately, the vote will concern the proposal as formulated in its entirety in the agenda with the explanatory notes.

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Finally, any questions or comments that you may have as a customer or regarding NN products or services, please don't ask those questions during this meeting. But instead, I refer you to the information desk in the lobby outside this room. And please switch off the sound on your mobile phones.

As for the vote, the vote will be conducted electronically on all items on the agenda. Those entitled to vote have received a voting device for electronic voting with a corresponding chip card. And the voting handset and chip card are to be surrendered when you permanently leave the room, not necessarily if you leave the room for a few moments. And we'll be explaining how the system works shortly as soon as we need to vote electronically. Those were my opening remarks.

Now Agenda Item 2 is the annual report for the company from 2018. This is a discussion topic. Please see the 2018 annual review, which is Part 1 of the annual report for 2018, as well as the 2018 financial report, which is Part 2 of the 2018 annual report, especially Pages 1 through 31 and page 37.

Now I'm pleased to give the floor to Lard Friese to elaborate on the annual report. In his presentation, Lard will reflect on the -- on 2018 including the performance. Adoption of the financial statements for the financial year 2018 will be a separate voting item at Agenda Item 4A.

Lard, the floor is yours.

E. Friese {BIO 17996109 <GO>}

(Interpreted) Thank you, Mr. Chairman. Have you got that? Perfect.

Good afternoon, ladies and gentlemen. Welcome. Nice to see you here. Also on behalf of my Management Board colleagues, I'm pleased to welcome you to this General Meeting of NN Group Shareholders.

In just over a month, on 2 July this year, we will be celebrating our first fifth anniversary as NN Group, that will mark five years of being listed on the Amsterdam Stock Exchange. With over 14,000 coworkers, we aim to continue creating value in this dynamic world for our stakeholders, including our 17 billion customers. I'm proud of what we've accomplished in the past five years. We had crystallized our brand and identity and established a solid reputation. NN is financially robust and has strong financial discipline.

On our domestic market and in Belgium, we've solidified our position, thanks to the acquisition of Delta Lloyd; and internationally, thanks to acquiring the Aegon Life Insurance company in the Czech Republic; and the Life and Pension Company of Aegon in Slovakia. 2018 was a good year for Aegon. And I'm going to reflect today on our strategic choices, our financial and nonfinancial performance and the figures for the First Quarter of this year.

But first, I'd like to elaborate briefly on changes that took place in our Management Board, especially in 2018. We bid farewell to 2 appreciated colleagues: Dorothee van Vredenburg, Chief Change and Organisation; and our CEO for International Insurance Operations, Robin Spencer. In 2018, 4 new members joined the Management Board: Dailah Nihot, previously Director of Corporate Relations in NN Group, was appointed Chief Organization Corporate Relations, succeeding Dorothee van Vredenburg; Fabian Rupperecht, from AXA, was appointed CEO of International Insurance Businesses to succeed Robin Spencer; Janet Stuijt, who's a familiar face in recent years, joined our Board as General Counsel. That's a new position on our Management Board; Tjeerd Bosklopper, previously responsible for integrating Delta Lloyd and NN in the Netherlands and Belgium, was appointed Chief Transformation Officer, also a new position on the Management Board. And he works closely with all our business units in the 18 countries where we operate to accelerate the transformation of NN.

Our integrated annual report for 2018 features the title Shaping Our Tomorrow. So shaping our future. We are navigating through a challenging, rapidly changing field. And to remain our success, we need to remain adaptable and ensure long-term vision. Our country has changed over the years and grown since our very early start in 1845. But the constant is that we help our -- we help people secure their financial future. But in the world where we're doing this, change is continuous in this international political environmental dynamic featuring trade restrictions, protectionism, debt issues, increasing nationalism and uncertainty, for example, concerning Brexit. In addition, after several years of solid growth, the growth perspective of Europe is lagging behind that of the rest of the world. And the growth is expected to slow down in the Netherlands as well. In the meantime, digitization is rapidly changing the way we live and work together.

In the European Union, 20 years from now, it's expected as is already the case in Japan, nearly 1/3 of the population will be over 65. At present, that's 1/5 of the European population. But once again, in 20 years, the European demographics will be the same as those of Japan today. The workplace is also rapidly changing. People increasingly have flexible employment contracts, including contract that transcend borders. And we're seeing the risk shifting so that the traditional role of insurers is changing along with it. Responsibility for securing people's financial future increasingly boils down to the individual.

The question remains: How can we help people to make carefully considered financial decisions? Because we know that the interest in financial products and issues is limited. So we need to help people because they need to take so many of those decisions themselves. And together with governments, we're working hard to raise financial awareness and knowledge among people. As the NN Group Management Board, we're well aware of these trends and developments and their impact on our customers and our long-term strategy.

In 2018, in relation to our refined strategic course in our group, we have discussed this at length with our Supervisory Board. We considered the different areas of focus for our company in the future at length and also envisioned the opportunities and challenges. As a result, we are convinced of the following: For example, that the need for advice in financial planning will increase rather than decrease in the years ahead. In addition, there

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is an awareness that growth will be driven largely by demographic changes in economic growth. We explicitly seek changes in how customer relations materialize and how they can be perpetuated. Services in 2018, that's a 24/7 business, 24 hours a day, seven days a week. Digital and no hassle. And experiences from other sectors determine what customers expect from our service.

It's becoming increasingly important to remain with solid relations with our customers in this transition. The changes that we've introduced in our management will ensure that in the future, we'll have the right knowledge and experience to deliver long-term value for our stakeholders. Our strategy for the long-term is the logical continuation of the course that we took from positioning ourselves as an independent company. And our focus is on optimizing our existing business as those are the foundation of our company and also on exploring and seizing new opportunities that add value for our customers, our business partners and the societies where we operate.

I'll tell you how we'll achieve these 2 by setting the following priorities: first we're going to optimize our existing organizational portfolios. This holds true for all our business units. We aim to improve profitability and capitalize the growth opportunities. In 2018, in the Netherlands and Belgium, the integration of Delta Lloyd was an important topic. We received the approval from the Netherlands Bank to integrate Delta Lloyd Life and Nonlife in the Netherlands in our internal model for Solvency II. And all legal mergers for all business units in the Netherlands and Belgium had been completed. Rebranding Delta Lloyd products to NN has been completed. And in the Netherlands, 1.5 million customers of Delta Lloyd have been digitally transitioned to main nn.nl.

We're proud of all the work that has been accomplished and of the fact that customers and insurance brokers and their satisfaction levels have remained stable. And market share has increased and internal employee satisfaction is slightly up as well. In all business units, of course, we continue to work toward optimization, especially in our nonlife company where results improved considerably. And we achieved progress in cost cutting and improving efficiency, in part by implementing IT and system migrations. That's a challenging task that we'll continue working on throughout 2019. At the end of 2018 at the integration -- in the Netherlands and Belgium, EUR 289 million in the cost were saved with respect to the 2016 financial year.

Now the next important priority. In addition to optimization, that has always been achieving profitable growth. By continuing to improve and expand our product selection and diversifying distribution channels, the value of new business increased in 2018 in our international operations. We are a leading life insurance and pension operator on many markets. So we emphasize creating value over volume. Our products are sold via different distribution channels. For example, via tide and independent agents. Those are independent agents or agents that work specifically for us. Those are the tide agents. And we also operate through banking channels and with direct business models. So we work continuously to expand and broaden our distribution channels, for example, through strategic partnerships such as with the online loan provider, Hesapkurdu, in Turkey. This enables us to reach a broader network to sell our products.

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In Europe, we're shifting the product selection increasingly to products with -- that are less capital-intensive. So less capital is necessary to supply these products. In Europe, we're shifting the product selection toward products that don't require as much capital, as I just said, says the speaker. And in Japan, we launched some new corporate-owned life insurance products in 2018. These products are purchased by SMEs in Japan. And corporate-owned life insurance products mean that the policyholder is the company, not the individual. That's why it's corporate owned. So it's a policy purchased by the company. We would like to offer a distinctive customer experience and continue to digitize our sales process.

Our innovation labs, Sparklabs are now present in 7 of our markets and continue to elaborate and test new initiatives. In addition, we invest in new technology to continue reinforcing our operations such as artificial intelligence, machine learning and data analysis. Advanced learning enables us to better assess risks and detect fraud more effectively. And we're deploying robots, for example, in our pension operations. Robots can take over routine tasks.

In addition to focusing on optimization and growth, we are examining how, with new partnerships such as ecosystems and platforms, we can create value in our services to customers and add value. We continuously explore new ways of remaining attractive to customers. And we consider the opportunities offered by the increasingly digitized world. We're exploring different topics that are relevant to our customers and that our company has an affinity with, for example, carefree retirement. That's very important for life insurance companies. Or vitality, that's essential for customers when we're talking about income and disability insurance or cybersecurity. That's very important for our nonlife insurance operations and for customers, especially in small and medium enterprises, SMEs.

And within these topics, we extend our vision beyond traditional services that are initially expected of us and are trying to expand our offer. And finally, the focus not only applies for insurance and banking activity but also for asset managers and investment partners. We would like to continue strengthening NN partners in terms of expertise through distribution strength and brand awareness so that we're an increasingly appealing, enduring partner for our customers.

The focus for our asset manager lies in using our expertise in multi-asset, fixed income and distinctive equities. In addition, sustainability criteria, also known as the ESG criteria, environment, social factors and good governance. Those principles are being absorbed in our investment procedure. Scale matters for asset managers. So we're going to emphasize achieving maximum efficiency and growth of assets, especially of third parties.

Integrating Delta Lloyd Asset Management was completed in mid-2018. Using new techniques based on the combination of people and machines enable us to make the most of the data available to us. Behavioral analysis also supports investment processes and our approach to investments. And with NN Investment Partners, we want to expand our portfolios to encompass new partnerships and distribution partnerships.

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In Japan, we have set up a new investment service with Rakuten Securities consumers. Together with Irish Life Investment Managers and investment partners, we'll be managing a series of sustainably improved share index strategies. And in China, we signed a memorandum of understanding with one of the largest asset managers, their China Asset Management Company. Together, we're creating a platform for joint product development to use our mutual competencies on European and Chinese capital markets. We envisage strengthening our supply of ourselves and of our Chinese partner in responsible investments.

And now I'm going to address our financial performance in 2018. 2018 was a successful year for our company. We strengthened our market positions and retained a strong balance sheet with a Solvency II ratio of 230% after subtraction of the final dividend that we're going to propose to you and a holding cash position exceeding EUR 2 billion. Operating result of ongoing activities in 2018 was about 3% higher than in 2017. And this was attributable to improved results in Dutch Life and Nonlife companies and at Insurance Europe.

In Japan Life at NN Investment Partners and at our reinsurance company, there were a few setbacks. Our net result decreased in 2018. But this resulted primarily from the impairment of goodwill, a noncash item in connection with the integration of NN Life with Delta Lloyd Life. Commercially, we retained our momentum, thanks in part to an improved product selection, which led the value of our new business to increase by 13% compared to 2017. Life insurance sales, which we also refer to as APE, annual premium equivalent, was 8% lower in 2018 than in 2017, partly because of differences in exchange rates but also because in 2018, fewer pension contracts were eligible for renegotiation than in 2017.

Our assets under management remains stable, EUR 246 billion. The majority of that is proprietary assets. I mentioned 1 milestone at the start, that with the acquisition of the Aegon Life Insurance Company in the Czech Republic and of Aegon's Life and pension company in Slovakia. This transaction is compatible with our strategy of creating profitable growth and value and strengthens our distribution networks and position on the markets.

This strong capital position and balance sheet enables us to pay you an attractive dividend. Today, we are proposing a final dividend to you of EUR 1.24 per common share. Combined with the interim dividend that we distributed in September, the dividend for all of 2018 would then equal EUR 1.90, an increase of 14.5% with respect to 2017. And a distribution percentage of 50% of the operating result from ongoing operations. This entirely aligns with our pursuit of achieving double-digit growth in the dividend per share in 2018.

Now I'll tell you about the performance in the First Quarter of this year. We published those results 2 weeks ago on May 16. We were off to a good start in 2019. The operating result of EUR 468 million reflects these solid results of NN Life and in Nonlife and income in Japan Life. This -- while, the results of Insurance Europe and Investment Partners NN Bank were somewhat under pressure, our capital position has held strong with a Solvency II ratio of 213% and a cash position exceeding EUR 2 billion.

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Compared with the same quarter in 2018, new sales increased by 72%. All segments contributed to the significant increase, especially those in Japan. There, the increased revenue resulted from strong efforts by our sales staff as well as from the anticipated revision of tax regulations for the COLI life insurance products in SMEs. I'm proud to report that various funds of our asset manager were distinguished in the First Quarter on various markets. The hard work of the NN asset managers was rewarded with the Morningstar Award and a top 10 climate score of Climetrics in the CDP Europe Awards. In addition, NNIP has joined the Roundtable on Sustainable Palm Oil in the previous quarter.

Together with our 14,000 coworkers, we continue to pursue our ambitions. As usual, we notify you about this in our regular quarterly updates in August and November. And for December, we'll issue an update for investors and analysts. That was our financial performance.

I'd also like to mention a few nonfinancial highlights of the company. As an insurance company, investor, employer and user of goods and services, we aim to do right by society. As I described, our society faces new risks, challenges and opportunities. As an insurance company and institutional investor, we can help find the right solutions. I'm convinced at this. For example, in sustainability. This is not merely an ideological point of view. It's an interesting business case as well. We want to finance the transition to a sustainable economy and are helping companies that go about this seriously, in part by engaging in discussions with them alone or together with other investors. But sometimes, this dialogue is not sufficiently effective. And we have to make other decisions.

In 2018, for example, we decided that tobacco manufacturers and company that extract oil from tar sands will be excluded from our investments. And this morning, we published a coal policy. Mining companies that obtain over 30% of their income from coal are henceforth excluded from all our investments. In addition, as far as our own monies are concerned, we are going to run off our investments in the remaining mining companies and utilities companies down to nearly 0 by 2013. This will be gradually.

Our asset manager, NN Investment Partners, is launching an intensive engagement course with these companies to enable them to transition to more sustainable energy sources. If these companies do not achieve sufficient progress, then they may be excluded. For the sake of consistency, the stated criteria will also be applied to our insurance operations.

Today, we also introduced our total tax contribution report for 2018. By paying taxes, we contribute to local communities where our employees and customers operate. The report reviews in detail the taxes we pay, to whom we pay them and that we collect for governments and all countries where we operate. The total amount exceeds EUR 1.9 billion for 2018. This report elaborates on our previous steps to increase transparency in taxes.

Invested assets is sustainable. And impact investment strategies equaled EUR 16.5 billion at end 2018, which is an increase of 53% with respect to 2017. And our ambition is to grow this further. If you would like to read more about this, NN Investment Partners has

published its first report this year with more detailed information, in part of that, ESG integrations. So sustainable investment integration and the operations of NN Investment Partners on active shareholdership and responsible investing. And you'll find all these on our website.

And I have more highlights for you. Our community investment program, NN Future Matters, which aims to improve the financial well-being and economic opportunities of people, has reached out to nearly 113,000 young adults since it was launched in 2014. And this already exceeds our target of 100,000 young adults by 2020. We aim to grow this number further.

In 2018, NN staff worked about 13,000 hours of volunteer work, of which over 800 NN volunteers in the Netherlands alone. We participated in the week of money with 181 coworkers and 240 -- 274 guest lessons about insurance and money matters, reaching nearly 7,000 primary school students. Through our program From Debt to Opportunities, we're promoting financial self-sufficiency in the Netherlands. And we aim to reduce poverty rising from debts in the 4 major cities.

As for new risks as a financial service provider, we can figure in providing protection against data and cybersecurity risks. One example is Perfect Day, a new cybersecurity company that we launched together with third parties. And we used the Dutch cyber collective for this as well to offer SMEs in the Netherlands' protection and support in combating globally increasing cyber risks. In addition, we're taking on a lot of major issues both domestically and internationally and seek broadly supportive solutions, for example, about the future of the pension system.

Diversity matters for NN. Slightly over half of our staff is Dutch. But aside from that, we have 64 nationalities employed here. And in management, 33% is of non-Dutch extraction. Our gender diversity is also receiving consideration. All managers in our company, we now have a 35% share of women. And our target is to have at least 30% women in senior management positions by 2020. In 2018, we increased from 32% to 33%. But we're aiming to continue improving the score as well.

You matter, which is our brand promise, you matter, is pivotal. You matter to us. That holds true for our customers and, of course, for our coworkers as well. We think it's important that You matter is recognizable in our culture, a culture where every coworker feels listened to, where we appreciate each other's differences, talents, personality and ideas. It's gratifying to see that our efforts to contribute to society and our dedication and diversity have been recognized in the Dow Jones Sustainability Indices. And the FTSE4Good Index and Bloomberg Gender Equality Index have listed us. And Sustainalytics see us a leader in this sector in terms of sustainability.

And we also take pride in the special performance of the NN Running Team. In 2018, the athletes not only delivered an impressive from list of winners but also new record such as the world record on marathon by Eliud Kipchoge or the improvement of the Dutch record at that distance by Abdi Nageeye.

We're also delighted with the partnership since 2016 with the Mauritshuis because we also support a lot of cultural initiatives. And we recently extended this for the next three years through 2021. The Mauritshuis is an excellent museum. If you have the opportunity, please take a look at it. Go visit it. Now finally, we're proud of the successful sponsoring of the North Sea Jazz Festival where over 90,000 jazz lovers listened to the best performers. And these enhanced our visibility and had value.

I'm going to wrap up now. I walked you through our performance, the dynamic build in which we operate our approach and the highlights of NN Group in 2018. Since we were listed on the stock exchange five years ago, we've achieved fine results altogether since the IPO in 2014. We have returned EUR 3.8 billion to shareholders. The total dividends equal EUR 2.4 billion. And in recent years, we did share buybacks totaling EUR 1.4 billion including the present program of EUR 500 million.

NN Group is a robust company with a solid financial backing. Customers and shareholders can rely on this company. And the coworkers have reason to be proud of it. This gives us a stable foundation and flexibility to build our business for tomorrow, shaping our tomorrow so that we can remain a company that really matters for our stakeholders. Our values, we care. We are clear. We commit. We'll point this in that direction.

And I'm pleased to hand you back to our Chairman. Thank you.

Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) Thank you, Lard. Thank you for this introduction to this item on the agenda.

So you now have the floor. Should you have any questions, we have 2 microphones available for you, # 1 and #2. And I see Mr. (Kaynar) has raised his hand, ready to fire away with a first question on behalf of the VEB.

Questions And Answers

Q - Unidentified Participant

(Interpreted) Yes. (Kaynar) of VEB. Mr. Chairman, I have 3 issues I would like to discuss. Two minor ones. And the third one is most important one. And the third point, I have 4 questions. So in total, I have 6 questions.

So first point, positive. Let me start that way. I'm very pleased to see that nonlife is doing well and that you have been capable of reducing your cost structure so that you have a small margin of 0.6%. Now you might say, well that's not a lot of money. This is almost EUR 100 million. So my compliments for that. A question under this item, what is your potential here? 0.6%, I mean, is that so much money? I mean 1% would be really serious. I'm pleased with that news and you were able to take that step. My question is what your potential is without any possible acquisitions, because that could improve efficiency.

My second question is a bit more critical. Return on equity, to be precise, net operating return on equity, the second page in your financial report. We see a decline here from 10.3% to 8.9%. And ordinarily, you could say, well that's bad news. Your returns are declining. But the argument is that you -- or the reasons that you put forward is that your equity is increasing and that, that is the reason why the percentage is declining. It seems to me that the analysis should be, well, we are less profitable than we would have hoped. And equity, according to the balance sheet, remain more or less the same. That's my second question.

Third point, very important point. In the preparation for this meeting, I remember, over the past two years, that the Delta Lloyd acquisition was considered to be very successful. You were able to get your hands on Delta Lloyd for a low price. Not only were you able to get your hands on it for a very interesting price but you also succeeded in generating efficiency benefits. So reading the reports, I read that you had to impair something because of the merger. And I don't know. And EUR 852 million has to be impaired. This is impairment on goodwill. So I prepared my question. Was this acquisition of Delta Lloyd perhaps less successful than we all had hoped or had understood from you? Until a colleague of mine said to me, "Well (Erol), you should have read it more carefully. The situation is not that there was a skeleton in the closet of Delta Lloyd. The skeleton was probably with NN itself in the past." And that has to do with -- because I read it. And I think I understand it. But this is my first question. Is it correct what might colleague, (Jasper Johansen) said? Is he right? Is it correct that, because of your valuation method on the basis of market value with the exact interest rate without the historic interest rates that the -- with the low interest rates, the obligations in the future have all of a sudden become very expensive? And on a historical basis, NN had valued its obligations, its liabilities. And if you're going to do that with the actual interest rates, well it starts hurting. Is that correct? So that was my first question.

Second question has to do with the amount involved, the EUR 852 million. I'm sure this amount was not discovered all of a sudden a month or three months ago. You must have seen this about a year ago. You must have understood at the time of the acquisition that you had to book goodwill first if you want to value it properly. It appears to be worth more than you expected. So you can book goodwill. And it's exactly this EUR 852 million in goodwill that Delta Lloyd presented is being impaired. What a coincidence. Shouldn't you have warned us at the time that you thought we were richer than we were? And you should have said that there was going to be an impairment of EUR 852 million. So that was my second question. Shouldn't you have warned us at the time?

Third question, which is more fundamental by nature. The NN Group, in the past, let's forget about Delta Lloyd. In the past, don't you think NN should have warned us that the valuation of your liabilities makes us seem richer on paper than we are in actual fact? Then EUR 852 million is being impaired. This is the Delta Lloyd goodwill because Delta Lloyd was worth more than what we paid for it being the former NN. Well isn't it a coincidence that it's exactly this amount? Or I can imagine that the real amount is much higher. What about the rest of this amount? Where can I find it? It won't be EUR 852 million but EUR 1.2 billion, something like that. Where will I find that impairment? It doesn't have to be goodwill. Where can I find it? Those are my questions.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) Thank you, Mr. (Kaynar). Well I would say, quite fundamental questions, particularly the latter one. Delfin Arroyo will answer most of the questions. But first, let me discuss -- or Delfin is going to take care of the complicated things. And I'll do the positive things.

Okay. Let's start with the nonlife business. Yes. We're really pleased that the program that we've introduced at the end of 2017. This was a program that we announced on our Capital Markets Day. As we said, okay, the nonlife business after the acquisition of Delta Lloyd, we won't start integrating it. But at the same time, we really want to improve the profitability of this business unit, which is a large one.

In the previous years, we saw that the combined ratios, which is one of the metrics that we work with, were really high, much too high. So this is a combination of 2 things, really. First, that your efficiency is simply too low. Your costs are too high. And second that you really have to think about it with the premiums that you're calculating, whether they are in line with the way in which risks have developed over the past few years.

And here, once again, we have to really focus on these things. And we have a full-fledged program for that. And our goal is because you said, it's wonderful improvement. But what are your goals? I mean are you going to improve this? Yes is the answer. We have a goal, structurally. We want 97% or lower. This is what we want to have the combined ratio at. In the Fourth Quarter, we had a quarter in which we had dropped from the 97%. But 1 quarter is not enough. And we want to improve it structurally. And we do this by reducing the cost even further by improving our efficiency.

And second, also by looking at the risks and the products and see whether the risk have been properly priced but also risk in SMEs, for instance, small and medium-sized business. Look at the requirements that we have with respect to maintenance, sprinkler equipment, whether that is really good enough. So we want to end up in a situation in which we can structurally price our risk properly. We're efficient. And that way, we can increase profitability of this business unit on a structural basis.

And with that, Jan, if that's okay with you, I would like to give the floor to Delfin.

A - Unidentified Speaker

From 10% to 8.9%, yes.

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

Yes. Thank you very much, Mr. (Kaynar) for your question. I think they were all very relevant. I think starting with your return on equity, I think -- well, that is taking the profits divided by the shareholders' equity. The very good thing is that the numerator. So the basically the profits has increased from one year to another. That is positive. And the second one is also positive in the sense that the shareholders' equity has increased and that is -- must be read as a positive. One point to mention is that our shareholders' equity (float away) quite a bit from one quarter to another, from one period to another

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depending on the revaluation reserves. So that means that shareholders' equity tends to increase when we have increase in the value of our investments and decreases when it drops. And that affects the return on equity. But the main reason for the return -- the decrease in the return on equities indeed that the base (inaudible) the shareholders' equity was increased.

Your second question was about the goodwill. And I think also that this is a good question because it is not intuitive. While the acquisition of Delta Lloyd -- when you look at it from every angle in terms of the savings, in terms of the operating result, in terms of the capital generated has actually resulted in better than we initially anticipated. And as a consequence, this goodwill elimination is purely a technical IFRS account item and with no reflection whatsoever on our views for the future cash generation coming from the business that we bought from Delta Lloyd. This has, as I said, not underlying economic significance, also have no impact in our solvency nor on our cash capital.

And because it's a bit technical, I suggest that I take you through the full details later. But maybe for the benefit of everyone, this relates to how, in IFRS, you need to look at the impairment test of your goodwill. So the figure is not a surprise because at the day 1 balance sheet, we generated EUR 1.3 billion of goodwill, of which this EUR 852 million that you mentioned was allocated to the business of Netherlands Life. So when we combined and subsequently merged the business of Delta Lloyd with the business of Nationale-Nederlanden, the Life business, you no longer can look at the cash generated from the old NN Life. It comes all together. When -- due to the test based on the cash flows of the whole entity. This is not specific for NN. It's the case for many insurance companies. Liabilities tends to be value based on the assumptions at the time when you take the liability.

So there is a very well-known accounting asymmetry. You want which our assets are -- most of our assets are valued at market value and our liabilities based on the technical results, the technical assumptions when you take the liability on both. So it's purely a technical accounting item not impacting our views in terms of the cash flow generation from the unit or otherwise.

A - Unidentified Speaker

Perhaps Delfin, you can also explain that this was not at all a surprise for the investment community. Perhaps for the average shareholder, it was something new. But this was certainly not a surprise for the investment community.

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

Yes. And also, what you can see, when you -- I think your third question was about the devaluation of the liabilities. And this, we have always been very clear about it. There is, in our financial supplement, that you can see how we reconcile from IFRS equity to own forms. And indeed, you can see that there are some adjustments, one of them very important related to the valuation of the insurance. This again is not unique to NN. It's very much driven by the IFRS 4 accounting that we all use at this point of time.

And there is a lot of volatility. Just to illustrate, an example, at the end of the year, our shareholders' equities were EUR 23 billion. At the end of March, it is EUR 27 billion. So it's an increase of EUR 4 billion, which I don't think it will be reasonable to assume that has been an increase in the value because the valuation will continue to fluctuate.

Q - Unidentified Participant

Yes. It will surprise you but (only said) more of your story than you would assume. But it didn't answer my question. My first question was a simple one. Is (Jasper) right or wrong? (Jasper's) point was the following: My colleague, he said it's not so much that there was an issue with the portfolio of Delta Lloyd. Post -- at the time of the takeover, both the assets and the liabilities were already mark-to-market but all the reasonable assumptions of today. The reason why any kind of impairment had to be done was within the old NN Life portfolio, not with that one. That was my first question. My first question is, is Jasper right or wrong?

A - Unidentified Speaker

It's not a problem or a significant thing.

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

So I think because the ways that you phrased the question was if there were skeletons in the wardrobe about NN. So the answer is absolutely not. The accounted indeed reflects for the all NN Life business that the book value because of what just -- I just explained that the liabilities are measured not with current assumption but the assumption from the past. Accounting-wise, correct. In terms of message to the market, we are always highlighting. And that's why we also calculate our return on equity based on adjusted equity. It is correct that it is related to the fact that NN Life, the book value was lower than the fair value, IFRS accounting fair value. But that's no problem with the business of NN Life, no skeletons in the wardrobe.

Q - Unidentified Participant

But that's a (inaudible) it very clear answer to most of my questions. The last question, which was EUR 852 million could be impaired, written off because that was the goodwill which you received with the takeover of Delta Lloyd, how much extra had to be impaired? You didn't have goodwill yet anymore. So how much was this total amount which was the result of valuing the liabilities of the old NN portfolio based on current market conditions?

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

No. The book value or the liabilities, nothing has to be revalued or written in a different way. This was only the EUR 852 million of goodwill that was generated at the time of the acquisition from Delta Lloyd. And it is -- and this is again a bit technical from an IFRS point of view. The assets between the price that you pay and the calculated fair value for that entity. And that is the amount that has been eliminated, only that, not more than that; only the one coming from the acquisition.

Q - Unidentified Participant

But do you agree with me at least it's not counterintuitive? It's a bizarre that, okay, you've got EUR 852 million. That's a gift more or less. Thank you very much. That gives us the opportunity to really revalue the old portfolio of NN. So if we value it and it hurts, it hurts less because you've got EUR 852 million, that the kind of impact you're having is just EUR 852 million. That's a very big coincidence. So there must be more than that.

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

No. It's not coincidence because you cannot write off more than -- more goodwill that you have.

Q - Unidentified Participant

Exactly. That's what caused...

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

That's the first thing.

Q - Unidentified Participant

So my question is where else do I find the pain spread out?

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

There is no further pain. So there is -- I think we should take this question off-line and we can explain it further. Just if you want to believe me, the cash flows that have been generated not only from the Delta Lloyd Life business but from the Delta Lloyd -- from the NN Life business, they are very healthy. You can see that on every quarter. So they are not any skeletons in any wardrobe. This is how IFRS accounting works when you do an acquisition based on the day 1 balance sheet that you need to establish.

Q - Unidentified Participant

That, I understand.

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

And from that perspective, be assured that there is no economic recognition of any loss. There was no impact on solvency. Our capital generation and our profit -- the capacity to generate profit has not been impaired at all because of this accounting matter.

Q - Unidentified Participant

I understand but these were not my questions. So you're answering questions which I haven't been asking. So I didn't ask for Solvency. I understand that that's most relevant. I understand that. The questions I'm asking if you have to do something with IFRS, which you've done and you've explained that and you confirmed more or less what I -- what -- by introduction speech was here. My question, which remains, is there should be more than EUR 852 million. If you're valuing your current portfolio, which is primarily the NN

portfolio based on current market rates, it doesn't stop at EUR 852 million. It cannot be like that.

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

And the answer...

Q - Unidentified Participant

I understand that with goodwill, then it stops. There's no more goodwill to be written off. But then there should be other places in your balance sheet where the pain should stop, where the pain should be put to.

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

Yes. I can assure you that there is no need -- there was no need and there is no need in order to adjust our current assessment of the liabilities under IFRS. I'm not saying that this is a reflection of market value. But this is how we should account for it. And I am adding, for your peace of mind, that this is not an NN-specific matter. Anyone that understand IFRS accounting for insurance will understand that.

Q - Unidentified Participant

Okay. I will ask the external accountant later on.

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

There you go. Probably they will be able to answer the question more elegantly. Thank you.

A - Unidentified Speaker

(Interpreted) I can add to that, that in the Supervisory Board, upon initiative of the Chairman of our Audit Committee way before all this was about to happen, we had an additional session in order to understand all the intricacies of IFRS accounting, everything that was just discussed just now. So we discussed that and the Supervisory Board paid a lot of attention to this. And indeed, it is exceptionally technical. And I compliment you for asking this question because these questions were spot on.

Q - Unidentified Participant

(Interpreted) Mr. Chairman, if you allow me, I do have one question that was also asked. In the Third Quarter, with the interim accounts, we said that we expected that in a merger in the Fourth Quarter, we would write off goodwill. Your question is, shouldn't we have announced that earlier?

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) We did that. Because in the interim accounts, it is earlier but we couldn't do that at the time because we haven't sorted out the merger yet. We haven't finalized it.

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I see Mr. (Spanjer) there.

Q - Unidentified Participant

(Interpreted) Yes. My name is (Spanjer). 40 minutes, I have a fan here at the table, which is always great. And I studied the entire book from cover to cover, from left to right, from top to bottom. And in the viewpoint on Page three in Part 1, here, I have a couple of questions. The Chair says in the third column, line 12, says something about distribution channels. I understand that you are talking about other businesses. My question is why do you still do business -- with these businesses, with these proxy businesses? And what about the profit on these proxy businesses?

And in the second part, I understand that it is loss-incurring. Is this correct? Apparently, because of the enormous payments that you have to make to these proxy companies, that is why the business also is becoming loss-incurring. And I also think that there are enormous risks involved in these proxy portfolios. And what about damages to your reputation? What about that? According to my calculations, NN in Non-life, damages can reduce its cost much more than the cost charged by these proxy companies if I read the second part of your financial report correctly. And it says that these proxy companies have a better contact with their clients and that they make up for their intermediaries -- or intermediaries or their clients. But you can do that. You don't need these proxy businesses for that.

Those are my first questions. Let me start off with that. But I also have some financial questions. But I'm sure that there are other speakers who would also like to ask questions.

A - Unidentified Speaker

(Interpreted) Thank you, Chairman. Thank you very much for your question. The Non-life business has many ways of distributing things. You can underwrite damages through the stock exchange. We do direct business. You can also buy an insurance directly from us, a car insurance for instance. But we also work with what we call these proxy companies. These are large, independent brokers. They're independent intermediaries and they need a special license, a broker's license. So they need an additional certificate. And so what they do is that they take over quite a lot of the work that we would have to do. And that allows them to act in niche markets in the Netherlands. So these are markets, of course, well, with -- your general products is very difficult to reach these niche markets and they can do a better job in doing that. And so they have very local contact with clients. It's always a good thing to work with them.

And as to Mr. (Kaynar's) question, I just said that our Non-life division is a large division. It is a division that in terms of profitability is at too low a level. So we need to do something about the cost and we need to do something about the way in which we price risks. And the same applies to the distribution channel of the brokers. And here, we also see that the combined ratio, this ratio of claims costs over and above the costs that you make that is simply too high and that you're simply not making enough money and you're not generating the return you want. And so in this overall program that we have for the entire Non-life business, we have all these improvements on returns. We also have an improvement on return with respect to the broker business.

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Now the good news is that on the one hand, we need to focus more on this broker business as part of the business and also the rest of the business. But with the number of brokers, we see that the combined ratios are going down. One of the things that we did is that the signing commission that we pay to the brokers has gone down. Why? Because we want the cost of these brokers' businesses that they need to be in -- they have to be in line with our own costs. So we're also decreasing in other parts of our Non-life business. So that way, we want all the distribution channels in due course to have a good combined ratio. Sustainably, we want a profitable Non-life business. I'd like to close by saying that the brokers are very important partners for us. We have a long-standing relationship with them. It's good to work with them. They're very professional people, professional companies that we expect a lot of in the future.

Q - Unidentified Participant

(Interpreted) What about potential damage to your reputation? Because they may be taking too many risks and you may footing the bill -- be footing the bill for that, that may be a danger.

A - Unidentified Speaker

(Interpreted) Oh, I entirely understand that you should ask this question. The thing is that with these brokers, we have very clear arrangements and agreements and we check up on them. So the brokers operate between -- within specific guidelines. And they've been well trained. As I said, they have certificates for that and we check everything. We have data exchange between the brokers and ourselves so that we can keep tabs on everything. Thank you, Mr. (Spanjer).

And do you have a question? Microphone #2.

Q - Unidentified Participant

(Interpreted) (Stan Eckoff) on behalf of VBDO, the Association of Investors for Sustainable Development. We always address 3 subjects which we want to raise questions at AGMs. This year, it's climate adaptation, living wage and SDGs.

So my first question is with respect to climate adjustment in the review of the task force on financial disclosures, climate-related financial disclosures. I read that you take the implementation thereof onboard and you're trying to develop an analysis model in order to analyze the climate adjustments. And VBDO would like to compliment you for implementing that and, yes, also what you disclosed this morning about excluding mining businesses, et cetera. Now our question is, can we expect. And if so when, carbon dioxide reduction goals? Can we expect that? Because that's also part of the recommendations of the TCFD.

Second question, living wage. As was said just now, palm oil appears in your engagement in the palm oil sector. There are many violations of human rights. So VBDO would like to ask you whether living wage is a part or shall become a part of your human rights violation engagement in the palm oil sector and whether in other sectors, you will be discussing and addressing living wage.

For the third subject, the SDGs, the VBDO would like to compliment you on applying the SDGs to your investment portfolio. So my question is whether in implementing the SDGs, you also take into account the negative aspects, whether you're going to map them out and whether you're going to establish specific goals for the SDGs.

A - Unidentified Speaker

(Interpreted) Thank you. Thank you for those questions. It's a lot. First, I would like to thank you for your very kind words. We're doing our best. But we realize full well that we're doing this with the conviction that we want to contribute to a good climate, good transition and so on. But we also understand that this is a journey. It's a journey we would encourage you to constantly address these matters in your dialogue with us because we are doing this together. This Bloomberg task force, these disclosures, we've been including them in our reports for a number of years. So we're continuously improving here. We have a carbon footprint report that we have drafted based on our investments. The footprint of our own investments, this is closed and we have the (inaudible) that we implemented in order to make sure that we can do the scenario analysis and in order to be able to improve on that basis.

And as I just said for the second time now, in our annual review, we have further updated our disclosures and improved our reporting on these task force disclosures. The analysis that we will be doing this year with the (inaudible) is looking at the climate or the temperature increase scenarios. We're going to look at different scenarios, the horizons at the short and medium term and the longer term and going to look at the physical risks as well. And all this is in line with the recommendations of the task force. And in this respect, we are developing in line with the task force's recommendations. And we hope that, that way, we'll be able to make better estimates with respect to the impact of climate change on our portfolio and what it is that we can do about that. We do intend to be more transparent about the outcomes thereof. But we don't know exactly how we want to do that.

So first, we're going to carry out the scenario analysis and then understand what the outcomes are and then we will be reporting on our progress next time. About these goals, scope 1, 2 and 3, that is really what I would say. I'm sure you're used to thinking along those lines. Scope 1 is the carbon dioxide emission of our own buildings. 2 -- scope 2 is the emissions by traveling air, the road, et cetera. And we do have a goal, namely 3% per FTE per year. With respect to scope 3, which is the CO2 emission of the invested equity, we don't have quantitative goals here but we have taken a number of important steps. We're integrating all these factors in our investment policy. This is -- those are the energy factors. And we have this concept of engagement that we constantly engage with the companies that we work with.

So we constantly engage with them in order to make sure that the energy transition gets the attention it deserves. And we encourage them just as you are encouraging us. We're encouraging them to further -- to move forward in this energy transition and addressing the energy change problems. And we're excluding businesses, as you just said, mining but also the tobacco industry and also excluding the oil extraction from tar sands, et cetera. And we want to make a positive contribution. So these are all these things that we're doing in order to make sure that in scope 3, we can also make headway this way.

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And we constantly try to improve not only by means of the approach that we pursue but also reports that we constantly do in the field of this task force.

Now living wage. Yes. We do have the engagement policy. We joined the sustainable palm oil roundtable and then there's active engagement. We constantly take living wage on board. So there's a very active dialogue that we have. We're doing this engagement along with others or we act alone. So we do work with other investors in order to make sure that all these elements, including living wage, be taken onboard structurally. We're also part of the living wage financials platform. I don't know whether you're aware of that. Living wage is addressed in the consumer industry and we're talking about food, clothing, electronics. We're doing this with (Rebecca) NN Services, ING and ABN AMRO. And in the annual report, by the way, the NNIP published that for 2018. You can see all the details and what it is that we do. So this element of living wage is indeed something that we focus on.

And the third point, the SDGs, sustainable development goals. In our annual report, in several respects, we established this link. We try to do this and improve this every year between the SDGs and the SDGs that are most relevant for us, the ones that we can really influence given the kind of company that we are. We report on that. We report on the different indicators. Examples are, well, like I mentioned in the speech -- in my speech, the Future Matters program, the people that we reach with that, the assets under management which is sustainable more than 53%. And I can go on and on about this. And in terms of the carbon footprint of our own investments, we intend to expand the scope here. The latter, the emissions of our own investments could be seen as a negative impact that we address, as you have just asked us to do. But this may not be compared one on one to the reports that we do with respect to sustainable impact investments.

So we're constantly trying to improve our reports, how we can connect our operations with sustainable development goals, how we can improve that every year and how we can disclose more every year as well. So I would say with all these components, back to what I said at the very beginning, is a journey and we are doing our utmost, knowing that every day, we have to take steps and move forward in this very important subject. Thank you.

I see Mr. Vreeken at microphone 1.

Q - Robert Vreeken

(Interpreted) Mr. Holsboer. And -- in this NN Group case, what's so wonderful is that the image is wonderful. And the image is no longer tainted with the ING Group, such as the controversy about the CEO's salary and money-laundering damages amounting to EUR 800 million. So the image of NN Group has suffered no damage at all. More good news concerns the good results. So the assets under management have achieved 20% since January 1, 2018. They're really clever dudes. And one group even achieved a return of 30%. That's excellent. And you know what? The best performing fund is the NN information and technology fund. And I achieved a return of 700%. That is fantastic. It's the best performing fund I have. And I never see any advertising about that because if you communicate that, I think I've invested in that for the past 10 or 20 years. A lot of money can be made there. That might be worth considering.

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Next, cybercrime. You're active on that topic. But in Taiwan, they suffer 20 million cybercrime attacks every month. That's why you might want to consider using only Apple equipment. So iPads, iPhones and MacBooks if -- because far fewer viruses target Mac equipment than the equipment manufactured by the competitors. You know a lot about China. That's another topic. In five years, China wants to be a frontrunner in all sectors. Taiwan is warning, "Watch out for China because they chase you out like a plague of locusts and you're left with nothing."

And how much of NN will remain to -- then NN is really on top of other trends. And there are quite a few sustainable companies in the Netherlands especially at the top. But despite the dedication of all those companies in the years ahead, 1 million plant and animal species will become extinct. It's inconceivable. And if you crunch the numbers on all those damage, the Climate Central calculation is that if the temperature increases by 2 degrees, all of the Western Netherlands will be flooded, including the NN office. But Delta does -- has a different opinion. How about if you were to consider all those different studies? Because of course, they'll impact NN's performance and -- as well as the share prices.

Last year, you spoke about coal in Poland. Poland is the coal paradise. And perhaps you could use your influence to see whether there are a lot of wind parks and solar parks that could be built there. You can explore this opportunity with the European authorities and other governments because coal is the dirtiest source of energy in the world and is on its way to Germany and the Netherlands. So if we dismantle the coal centers here, the coal stuff comes our way nonetheless.

You support the SDG target of no poverty. What matters there is that people have water, light and energy. Last year, I suggested that you use the Waka Waka, which cost only EUR 5 or EUR 10 to provide people with light. Has NN made any progress on that cause? Then there's circular showers which cut consumption of water and gas by 80%, i.e. 80% reduction in carbon dioxide emissions. So if people don't need as much water and energy, they won't suffer poverty as much. We also have wheelchairs nowadays that -- no, we have desk chairs that reduce the use of energy by 20% at offices. So you -- they heat the air and keep people warm.

Next, DSR (sic) (DSM) has developed the clean cow so that you save 30% on methane emissions. Perhaps NN would care to sponsor that, too?

And I always have to come here by car. What I wanted to suggest was that next time perhaps, you could consider a site in the center, for example, Hotel Des Indes, Newport or the NN Group head office because DSM also has their shareholders' meetings at their own office. So do Unilever and Randstad just as Ahold does. And that will reduce some CO2 emissions a lot. And you have a magnificent office that would be a joy for the shareholders to see.

And the fine print that bothers me...

A - Unidentified Speaker

(Interpreted) Do you have a lot more?

Q - Robert Vreeken

(Interpreted) No. I'll be brief. My final point for those who love hearing about this. I am extremely irritated and it's not very customer-friendly that all insurance companies throw that 10 pages of fine print that you -- which are difficult for me to understand. I would like one page with the main exclusions. That's a much easier way of communicating with customers and it facilitates things.

A - Unidentified Speaker

(Interpreted) Okay. That's an awful lot of questions, Mr. Vreeken. I've jotted them down. First, return from the IT fund. And if you don't mind, Mr. Chairman, I wrote them all down. I'll take them all at once. I'll take the bull by the horns.

Thank you for your kind words. We agree that NN is doing quite a good job and we're proud of that. We're proud that all employees in all countries have achieved so much in the past five years to achieve our independent positioning. We're all delighted and we're glad that you are, too. As for the returns, we're also delighted at our good returns and that with your good returns through your investments in NN and we'll continue to give our all to ensure ongoing good returns. And our publications for the medium term are ambitious and we're doing our best to achieve those objectives. As for the NN investment partners investment funds, we're improving a lot there every day. Our investment teams work day in, day out to make sure that they achieve better and better returns at their funds, their mandates. And we do see continuous improvement. So I'm delighted to hear from you as an investor that you're so happy about the return from the technology fund. We're delighted, too.

Be good in talent is your recommendation -- be good and tell it. You're saying they should publicize and advertise more? Well perhaps the best advertising is when you talk about your experience. You could tell others how good it is. That might be the best possible advertisement. And we do invest a lot in advertising. It does cost money. So we have to weigh the expenditure. We keep building the brand day after day to ensure ongoing, improved, solid, sustainable reputation and retain that reputation. And that takes a lot of hard work.

As for your comments about cybercrime, we agree. In this world, technological risks keep growing. We invest a lot to ensure that we're well prepared for all that so that our customers' data are always protected. We have an extensive technology function for that and we have hubs in certain countries. For example, we opened one recently in Prague. If you thought you would be shocked that all the screens that continuously monitor how safe the company is, there's a lot of hard work invested there and we have procedures and protocols. And we've appointed security officers in recent years and we're doing everything we possibly can to make sure that we keep everything safe and functional for you and your customers. And we help our customers actively through all the products and services I mentioned in my presentation. As to your suggestion that we should do everything with Apple, whether we should consider that, I will pass that on to Tjeerd

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Bosklopper, who, in addition to the transformation, is also responsible for IT. Thank you for your suggestion.

As for the climate, you made a lot of points about the climate and everything that can be done about that. Yes. We're aware that we're a large institutional investor that in our investment processes continuously tries to urge those companies to enhance the climate and the climate transition. We have an elaborate strategy and we account for that in our annual report. I certainly recommend reading this. If you want to know even more, please see the NNIP annual report, which reveals far more about that. And all the examples you mentioned from the clean cow to wheelchairs and desk chairs, all those -- we welcome all those ideas if we're talking about companies that want to invest and work on those. And if by investing in them, we can support them as institutional investors, we'll certainly do that.

As for the venue of this annual general meeting, we would be delighted to have this at our head office but our head office does not have enough space. We do have a space such as this one but you would see all the technology that surround it because this is webcast worldwide so that all our investors and staff and other stakeholders can attend. And that infrastructure can be set up more efficiently here than at our offices in The Hague.

Now to wrap up, the communication and complexity of products and documents that you receive as a customer. Well this is from the heart. Last week, I attended an Insurance Europe conference where I spoke out in favor of the cases, such as the BILLY cupboards at IKEA. My son is in school and I have to keep building those bookcases that takes me a whole weekend. The best thing to do is to get one of those BILLY bookcases at IKEA -- and I'm all thumbs, to be honest. But that's the only operating manual that I can really use and financial products should be like that, too. I told the regulators I certainly understand that we need to inform customers about our products and services. But it needs to be effective. And the simpler it is, the more effective it is. So you certainly appeal to me.

We've got one more point, China. Yes, of course, Mr. Vreeken, China has a very important purpose in terms of continuing to develop artificial intelligence and other technologies because they aim to be one of the front-runners, if not the front-runner. In addition to the partnership of our asset manager with the Chinese asset manager, we have no operations in China but we often go there because we want to learn from everything that's happening. We invest a lot in technology. And we also invest heavily in applying artificial intelligence, robots and the like. We do all that because we're convinced that the digital transformation has promised. So we've set up a position on our Board and appointed Tjeerd Bosklopper to that to adapt our company even faster to provide still better services at a still lower cost. You may have missed that part because that was part of the introduction before you arrived. And also, China is particularly interested in this meeting. They dispatched their vice president to this hotel. That's why there was some additional security when you arrived here.

Very well. More questions? Mr. (Kainer).

Q - Unidentified Participant

(Interpreted) I'm Mr. (Kainer) from the VEB. I have an entirely different question, customer satisfaction, customer loyalty, Net Promoter Score. First of all, you're outperforming the competition, 8 of your 12 business units. I know one competitor that doesn't do as good a job and was under heavy criticism. But of the 12, there was a deterioration in loyalty amongst 7 that you measured. As concerning as that 3 weeks ago, I read an interesting article in the Wall Street Journal where even the inventor of the Net Promoter Score argued that the system was not intended for this purpose. The system is being misused, don't fix what isn't broken. How can I rely on NN Group to use the system properly without tampering it -- with it and thinking, "Let's call a customer who is very satisfied and reiterate that satisfaction." How do you make sure that the system works as it's intended to?

A - Unidentified Speaker

(Interpreted) Okay, that's quite a few questions. I really care about customer loyalty. In simply dismissing it with an NPS score, I couldn't agree with you more, Mr. (Kainer) and with the founder. It really doesn't do justice to the importance of long-term customer relations. It's good to quantify that. And it also reflects changes over time because it's a consistent measurement system. But we examine loyalty and perception of customers in many ways besides NPS. I'll tell you about one. Otherwise, we'd be here until the cows came home. The (Zapa) score is an important methodology to -- and measures how customers experience call center contact. That's an entirely different contact moment and the transactional scores that we have from NPS.

So your point that you should pay attention not only to that, I agree with you. We need to consider a much broader range when you're measuring customer satisfaction. What I do care about is that you need to discuss it continuously so that you can keep considering your customers' feedback. All other aspects are 1 point higher or lower. And I'm sure the founder would agree with me that to be honest, it's volatile and it's not significant. Only if there's a 10-point change does it become truly significant on this specific measurement instrument. So I certainly don't not want to suggest that we underrate NPS. But to be honest, loyalty matters immensely. And quantifying, engaging in good dialogue with customers to see where we need to improve is important and involves far more than NPS -- NPS.

Could you state your name and your organization?

Q - Unidentified Participant

Yes. My name is (Claude Uleski). I'm a senior (finance container) for Fundacja Rozw³j Tak; Odkrywki Nie. In English, that's Foundation Development Yes Open-Pit Mines No. We are coming for the third time to the AGM. I was here two years ago. And gladly, some other already referred to Poland. First, I want to compliment you. I'm rather critical. But the policy statement you pulled out in the morning is world class. It really goes a long way towards achieving the climate objectives. So congratulations on this. Having said that, there is a problem in Europe and this problem in coal is called (inaudible) with the government and the companies. How to reflect that (BMP) during this AGM this week, they said that they're engaging with the Polish company and this includes stop providing

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all the financial services. So not only loans, underwriting, anything, advisory services to the Polish coal companies because they don't believe there's a transition potential there.

Why am I referring to Poland? You're one of the biggest asset managers in the country. You have a few subsidiaries who are running a number of resources. At the end of 2015, it was EUR 470 million in the Polish coal companies. At the end of last year, it's EUR 375 million. And it's not because you stopped investing -- or your Polish subsidiary, to be exact, stopped investing in it because the price has dropped. The share prices of coal companies are already dropping. It's a visible trend. You still keep on investing it. I do appreciate your focus on engagements rather than divestment. I think this is (highly immediate). But I attend all the AGMs of the Polish coal companies and now on the financial institutions. Nationale-Nederlanden subsidiary is silent and all the other institutional actors are silent. So if the engagement takes place, it's not here on AGMs.

So I would encourage you with the statement that you've put out. But you actually do engage publicly and state that what your purpose in climate is and how transitioning is important also in difficult countries like this one. And there are some analysis by -- for example, the Institute for Energy Economics & Financial Analysis, what's even within the framework, legal framework for the Polish financial markets, third-party asset management can be done with diversifying the portfolio. I know you're working on it.

My 3 questions, to be short. So it was a big step, the policy. Now what I think is still missing, which might be improvement, there is -- you don't address those companies who are planning on building new coal investments and new coal power plants if they don't meet the criteria. In -- as you said, the world is shifting and increasingly, companies that don't have anything to do with energy and coal mining or coal power plants doing investments in the new field. That happens in Asia. That happens in other places. And in these forward-looking criteria, we don't actually buy equity bond in companies that plan or have strategies. But applying new coal capacity is one element that's relatively easy to adjust and it hasn't been part of it.

The other is will you apply your (other) statements, your policy to third-party asset management? So particularly to your clients in countries that do not share your appetite. Again, Poland doesn't have climate goals for 2050, (inaudible) company has a price-aligned strategy.

So it's clearly a different situation than Urgenda and Holland talking about phasing out pretty new power plants. And the last thing, specifically, it's a very new system for pension provision that's coming in Poland that will be starting operating from July. And that's...

A - E. Friese {BIO 17996109 <GO>}
PPK...

Q - Unidentified Participant

PPK, it's like pension plans for engineers set up by the company and then pay itself. It's an opportunity because if you have a climate statement and you're setting up a new system,

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you can design the rule for opt in, opt out. Will you actually be engaging your clients, saying only if you opt for those nonpolicy option, I will do it and as a default option, I would rather those policies. But they're covered within your climate policy?

A - E. Friese {BIO 17996109 <GO>}

Okay. Thank you very much for your presence here. It's quite a journey to be here. So I highly appreciate the time that you're taking to get here. Well we share both, I think, the longer-term objective as is, I think, demonstrated by the coal policy that we launched this morning. I think the coal policy is a big step, I think, forward for us in demonstrating our commitment. And your call to action and your call to, say, be public, I think, this morning, we have been very public about what we think about this and how we should transition and how we should transition ourselves but also help the world to transition.

So we play our part. So there, I do believe that while the journey is long, we're together on that journey and we do our best to play our part. When it comes to the particular situation in Poland, you are very well aware that we operate in Poland in a number of ways. And wherever we can, we will apply the policy that we have announced this morning, right? But -- so whether it's the new PPK regulation, whether it is the funds that we have by NN Investment Partners, where we can, we will implement it. Where it becomes very -- more difficult is with the OFE. So the pension management that we do for clients in the pension management company that we own there. And the nature of that is as follows, as you know.

First of all, legally, the money that we're managing, which is pension money for Polish citizens, for Polish families and households, in order to protect their financial futures and prepare for that, we need to work according to the rules of the country. And the rules of the country say basically 2 things. The first one is thou shalt not interfere in the fiduciary duty of the management of that pension company in the way they need to manage that pension money. And the thinking behind that is that the pension money as per the constitutional court ruling is seen as public money that we manage on behalf of the mandatory system that is in place in Poland. That's one.

Number two, we have to adhere to very strict -- that pension management company's Board, which we are not allowed to influence, needs to work also within rules, which, for instance, say that you need to invest 70% of the assets in Polish-denominated investments. And if you then go to all the conflicting regulation around that and the fact that you need to diversify your portfolio if you want to be an appropriate manager of pension money and if you also need to adhere to the rule that says that you need to maximize profits and investment returns, then you're basically forced to get yourself, to a large extent, into the Polish stock exchange and as a result, with the nature of that exchange, you get yourselves into an investment.

Now we have to work within those rules because we believe that we are better placed to further the cause that you and I both share by using our relationships with the government and help to continuously push for change. And that's what we do. And we believe that is better than not engaging at all. That is one. And that is, unfortunately, the situation where we are.

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So to conclude and to bring this all together, we've launched very publicly this morning our commitment in this field. Number two, where we are allowed and where it's possible to implement that commitment, we will. Where we are confronted with conflicting regulation, we will always need to abide by regulation. Our objective is to talk to the legislators and move them step-by-step to improving that regulation rather than running away from that business because we believe it is in the interest of the Polish citizens and households that we are there to help them to manage the pension money and make sure that they have a well-planned financial future.

Q - Unidentified Participant

Just one. Nordea had a pension fund in Poland and they had climate commitments. And they decided to sell off the management to Aegon and leave the country.

A - E. Frieese {BIO 17996109 <GO>}

Yes.

Q - Unidentified Participant

So increasingly, if those 2 trends diverge and you go on a climate pathway that you just started. And you will see that the legislation of the country does not, there will be hard choices to make. So I'm just raising it year after year. And it might lead to a conclusion when engagement does not bring the results and the decision is straightforward. So I will keep coming, yes. We will keep worrying...

A - E. Frieese {BIO 17996109 <GO>}

Yes. You're more than welcome. You're more than welcome.

Q - Unidentified Participant

I'm representing for the citizens that are resisting a project that was for their livelihoods and health. So they are working their very self-interest. So they are not going to go away easily. And that's why we have to also have this conversation. I know the rules are different. But this divergent is coming in a number of countries. And you will have to be alert.

A - E. Frieese {BIO 17996109 <GO>}

Yes. We are. And we respect your position in this. We -- and I think, again, our common objective is the same and what we're striving towards. So I welcome your comments. I welcome your encouragement. But at this point in time, I also want to be quite frank. We are not in a place where we wish to remove ourselves from managing the pension money for the interest of the Polish citizens. And (inaudible) we are focusing on changing the rules there and helping to convince the government to do so. But thank you very much for your comments.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

Okay. Any caller?

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Q - Unidentified Participant

(Interpreted) I'm (Kase Godha) from Greenpeace. First, I'd like to compliment you on your tar sand policy. Last year, you decided to stop investing in tar sands of oil companies. That was an excellent decision both for owned assets and third-party assets. However, we regret that in your -- in the coal decision that was disclosed this morning, you did not reach the same decision because that holds true mainly for your owned assets and in far less measure, for your third-party assets. That's a shortcoming, a flaw in your decision on the coal industry. And as the gentleman from Poland just said, you're also talking about third-party assets in Polish coal. That's a serious shortcoming because you're estimated to invest over EUR 500 million in coal. Half of that is in Poland. So -- and there's also a share of third-party assets outside Poland, in Asia. We think that's a shortcoming in the policy. And we hope that you'll be able to improve this.

In addition, Mr. (Kopa Koroleski) in Poland also rightly mentioned coal plant developers because you apply a threshold of 30% for coal-sharing power production and revenue from mining companies. The problem, of course, is that they're a great number of highly diversified countries, especially in Asia, that are active in many different industries and are therefore just below the 30% threshold. Unfortunately, those are the companies that are building new coal power plants, such as textile companies or companies such as Marubeni from Japan. Some of the large companies that are opening new coalmines are within that 30% threshold. And that's another shortcoming. I know that you agreed on a declining percentage, which that should solve the problem over time. But that will take us nine years down the road in a worst-case scenario. So we'd like you to try to accelerate there as well.

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Now my final question, which is about both oil and coal, we think it's very good that NNIP voted as it did at -- on resolutions at Shell in Ecuador in IP. A lot of investors could learn from that. And we think it's excellent that you issued a statement clarifying your expectations from the oil and gas companies. But a problem in my view is that you still seem to be assuming the 2 degrees of global warming. So the scenario of the international agency, energy agency, that assumes 2 degrees warming. But that IEA scenario has many shortcomings, one of which is assuming future available negative emission techniques, CCS and comparable techniques. And those scenarios are betting that in the next 4 decades, such technologies will become available and will be solving a lot of the climate problem for us. So a massive forestation program and deployment of CCS that's rampant with uncertainties and possible severe biodiversity disadvantages. And those IEA scenarios are relying on technologies that we don't have yet and we don't know whether they will be widely applicable. So that's why we think that the new benchmark for everybody should be 1.5 degrees of global warming. And the ICC Report, the UN panel of scientists last year, explained very cogently that there's a huge difference between 1.5 degrees global warming and 2 degrees global warming. The risks arising from 2 degrees of global warming are far greater than the risks arising from 1.5 degrees of global warming. That's why we're urging that in your scenarios of energy, oil and others, you base yourself on 1.5 degrees of global warming in the future and aware that the IEA does not embrace that scenario yet. So that's why we, as environmental and development organizations, have lodged an appeal to the IEA to develop such a 1.5 degrees scenario. My question to you is whether you're willing to support that scenario on behalf of the NGOs and the ING. That was my third question.

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A - E. Frieze {BIO 17996109 <GO>}

(Interpreted) Thank you. Good to have you here. And thank you, in any case, for agreeing that we are making headway in a number of respects. And as I said at the beginning, we're doing our best, our utmost. But we do realize, in fact, that this is a journey. We're taking different steps in the field of disclosures, the task force disclosures, the different elements that we're facing, tobacco, extracting oil from oil sands. The code, step-by-step, we are moving forward. And your encouragement and the encouragement of your peers are very much welcome. Just like we are encouraging so many other institutions and companies by means that they follow these resolutions as well, that NNIP has supported. And the very active shareholdership, more than 2,000 times, we have let our voice be heard at the shareholders meetings. And so in that respect, we are contributing to the meetings. And coal, 30%, why not? There's the problem that you were referring to, the large conglomerates that are so large, that somewhere in the back of their company, they're in the code wars. The overall revenues comply with the 30%. But these are developments. And we've got to start somewhere. And we feel that we are really making a move forward.

In terms of our own assets, we've shown you our program. Every year, we are going down a bit more. The 30% revenue limit is going down time and time again in order to have this extra incentive in order to be really close to 0 in our own portfolio by the end of 2030. And as far as NNIP, the mandates and so on and so forth, we've said the same thing. But we said this for mining. But for utilities, we said we feel that it's much better to add, through the engagement program that we have, which is why we decided to do that. We are evaluating. And we're starting with this. And as we said this morning in our announcement, we feel that this is quite a considerable effort that we're making. But obviously, we are evaluating this program. So we will periodically evaluate the implementation. But also to see where we can improve things. So let's start with what we introduced this morning. And then we will constantly evaluate, as I said.

Third point, the IPCC scenarios. We are using them in order to establish the criteria of the 2%. They're based on the 2% increase in temperature, not the 1.1 -- not the 1.5. I need some time to think about your question, whether we can support your call in this respect. So I need some time to discuss this with my colleagues. But thank you very much for the suggestion.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

Right. Ladies and gentlemen, I see my schedule that we are 1 hour behind schedule, to be quite honest. I would like to finalize the questions and answers on this item.

+++presentation

So I'd like to proceed with agenda item 3, which is the implementation of the remuneration policy for the financial year 2018. And this is also a discussion item. I would like to refer you to the remuneration report that's included in the financial report, pages 32 through 35. And also Note 46 to the financial statements as included in the financial report, Page 129 through 131.

A - E. Frieze {BIO 17996109 <GO>}

2 degrees, not 2%. I'm sorry, it just occurred to me.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

Well that's quite relevant. In previous years, I would give the floor for this subject to my colleague, Ms. van Dort. But as you know, last year, I took over the chairmanship of the Remuneration Committee last year. So I will continue to take the floor.

Ladies and gentlemen, the remuneration policy of listed companies is constantly a much-discussed subject. And we're quite aware of the constant sentiment in society and political sentiment with respect to this matter. It emphasizes the fact that taking a decision on the remuneration of directors in this country is extremely complex. In 2015, your general meeting has adopted the remuneration policy for the NN Group. This is a clear and transparent remuneration policy that is applicable to all, I repeat, all employees that allows the company to attract and hopefully retain qualified and skilled employees at all levels in our organization.

The Supervisory Board makes sure that the long-term goals of NN are supported, being focusing on the interest of the customer, that's the first thing, second, solid business operation and also controlling risks, managing risks. In order to be able to establish a fair remuneration policy, it's all about striking a balance and not losing sight of the international nature of our company. NN Group has the ambition to become -- to be an attractive employer. After the acquisition of Delta Lloyd in 2017, the company started, along with the trade unions, started to harmonize the different job classification systems and employment conditions because if you have one company, you need one CLA that is aligned to the interest of the employees and the company that is future-proof and innovative.

On April 2nd of this year, the unions and NN Group reached an agreement in principle. And the representatives of the unions have shared their positive views with respect to this agreement. Or this is what was stated yesterday. The new CLA that applies to more than 8,000 employees of NN in the Netherlands is an important step towards the integration with Delta Lloyd. And so it constitutes a very important step for the future of the company.

This brings me to an explanation of the implementation of the remuneration policy for the Board of Management for 2018. In establishing the remuneration for the members of the Managing Board, the Supervisory Board takes into account the interest of the different stakeholders involved in the NN Group, being the clients, shareholders, employees and the society in which NN is operating, both in the Netherlands and beyond. In accordance with the remuneration policy, the Supervisory Board will review the level of the remuneration of the Management Board in light of the remuneration of its peers in the financial and nonfinancial sectors. And as Supervisory Board, we will be advised in this process by external experts in this field.

We also look at the mutual relationships. And it has been established that, for the NN Group, that those employees that are covered by the collective labor agreement, they will

be remunerated just above the median of the relevant peer group. And members of the Executive Board will be remunerated just below the median of the relevant peer group. Variable remuneration that was granted for the year 2018 is based on the outcome of the performance indicators of the NN Group and the individual performance indicators for the members of the Management Board. These indicators, as you know, because we reported on this every year, are, in part, financial and in part, nonfinancial.

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For Mr. Friese and Mr. Rueda, based on these indicators, a maximum variable remuneration of 20% of the basic salary has been granted. And the Supervisory Board is of the opinion that both members of the Management Board have made an essential contribution to the implementation of our strategy. The successful integration with Delta Lloyd supports this. But also, there have been good operation -- there's been a good operational performance and administrative costs have been decreased substantially. And after the acquisition of Delta Lloyd, the capital position of the company has remained strong. The organization has become more agile and more diverse. And now 33% of the senior leaders of NN is female and clients are very positive about products and services. And despite the integration, which obviously entailed uncertainty. So despite that, the satisfaction among employees increased slightly. All these elements played a role in granting variable remuneration.

From a benchmark in 2016, it appeared that the remuneration of the Executive Board of the NN Group was amply below the median of the peer group, very amply. This was and is not in line with the remuneration policy, which was adopted by you. In 2017, we therefore announced that, gradually, step-by-step, we would want to increase the remuneration of the members of the Board of Management. And this is what we've done over the past two years. And with these adjustments, the salaries of the directors of NN, in accordance with the policy in force, is still below the median of comparable positions in the market. The Supervisory Board, however, has also determined that the salary of Mr. Friese, after these adjustments, will not be at the level referred to in the policy, namely, slightly below the median, which is why the salary of Mr. Friese as per the 1st of January this year has been increased 5%. And towards the end of the year as per the 1st of October, it will be increased with 3%.

Summarizing, the remuneration policy that was adopted by your general meeting in 2014 is transparent and befit these times. It is a policy in which we try to take into account the interest of the different stakeholders and it's focused on the long-term objectives and goals for our company. Next year. So that will be in 2020, we will once again submit the remuneration policy to you, not the application of the policy. But the policy proper. We will be putting it to you. And we shall discuss it at this meeting. So this brings me to the end of this explanation to this agenda item. I'd like to give you the floor to ask questions.

+++qanda

I see no questions. Mr. Vreeken?

Q - Robert Vreeken

Well I can't really find Mr. Friese's salary. Is that EUR 2 million a year? Could you perhaps indicate how much it is exactly, the exact amount?

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

Okay. It's just below EUR 2 million.

Q - Robert Vreeken

Because Ralph Hamers, he makes EUR 2 million and EUR 5 billion. It's EUR 1,642,000. Okay. EUR 1.6 million.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

Ralph Hamers. Mr. Vreeken, if you don't mind, I shall not comment on salaries of other CEOs.

Q - Robert Vreeken

No. But a CEO who makes a profit of EUR 5 billion makes EUR 2 million. And Mr. Friese makes EUR 1.5 billion profit and makes EUR 1.6 million. So I would say that the entire system in the Netherlands is somewhat skewed. A CEO of another smaller bank is making disproportionately much more than the CEO that makes a profit of EUR 5 billion in the Netherlands. So what I'm trying to say, it doesn't really refer to the NN Group, what I'm trying to say is that the system is inconsistent. And it would be a good thing if all the large companies would be able to do something about it.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

As I said, next year, we will adopt the policy once again. And we will be presenting it to you for it to be discussed at the AGM next year and you'll have ample opportunity to share your opinion. I'd like to point out that we find it very important that we have a moderate and orderly remuneration policy in the company, not only for the Managing Board. But for the entire company. And I already pointed out that those employees that are below the CLA, we pay them just above the median and that, that does not apply to the members of the Management Board.

Q - Robert Vreeken

I'm not talking about the NN Group. I'm talking about the system.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

Yes. But we are talking about the NN Group here. So okay. Right. No questions. Okay. I'm looking forward to seeing your proposal next year. Thank you.

+++presentation

And with that, I'd like to proceed to the next item of the agenda, which is 4, which is the financial statements. First of all, we have the proposal to adopt the financial statements for

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the financial year 2018. So that is being put to you for a vote. I'd like to refer to the financial statements, the financial year 2018 included in the financial report, pages 38 through 184. And I'd also like to refer to the presentation just made by Mr. Frieze under agenda item 2. The financial statements have been drafted on the 13th of March 2019 by the Management Board in the English language and have been made available as per the 14th of March 2019 on the website of the company. The financial statements have been made available for perusal at the head offices of the NN Group and were also available free of charge for shareholders. The financial statements have been audited by the external accountant, the external auditor. And is issued an unqualified opinion to that effect. You'll be able to find that on the financial report, pages 185 to 200. And the Supervisory Board advises to adopt the financial statements.

Before doing that, I'd like to give the floor to Mr. de Wit of KPMG, our external auditor. I would just like to highlight that the company has discharged KPMG of its obligation to maintain confidentiality with respect to this meeting. The auditor has the obligation to restore matters. And if information is provided, it would be materially an incorrect reflection of matters with respect to the financial statements or the audit, that KPMG can request a correction thereof at the meeting or can request that the matters be corrected when adopting the minutes of the meeting. The auditor shall now give a brief presentation on the auditing work with respect to the financial statements.

Q - Peti de Wit

Ladies and gentlemen. Good afternoon. I'd like to take the opportunity to explain our work. My name is Peti de Wit. And on behalf of KPMG, since 2016, I am the external auditor of the NN Group. I signed for the independent auditor's report. The financial year 2018 is the third year that we audited KPMG's financial statement. As the Chairman said, I have no obligation to maintain the confidentiality with respect to the audits. And I can share some information on our audit and the opinion.

What is it that we audited? The single and the consolidated financial statements of NN were audited for 2018. And we issued an unqualified opinion as the Chairman just said. And at the same time, in 2018, we evaluated the quarterly figures of the NN Group. And in this intermediate evaluation, we were also able to issue an unqualified opinion. And I'll be discussing Mr. (Kande's) Third Quarterly report later on.

Our nonfinancial information as included by NN in the annual review was also evaluated. And we also issued unqualified opinion. And you'll find this in the annual review.

Then I would like to highlight that the expressions of the annual -- in the annual review of the NN Group, including the Corporate Governance, were read by us. And that based on our knowledge and our understanding, there were no material misstatements or contradictions with respect to the financial statements that we audited. And we also included this in our opinion. And the same applies to the fact that we've established that the required information bylaw has been included in the annual review. So all that is going very well.

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Now I would like to explain the opinion itself, Page 185 to 200 of the financial report. First of all, with respect to our opinion, based on our work, we reached the conclusion that the financial statements give a proper reflection of the financial position as for the 31st of December 2018 and also the income of that year. And their financial statements have been drafted on the basis of the estimates and assumptions of management, which are correct. It's important for you to know that we can act independently of management and the Supervisory Board of Directors. Worldwide, we are independent of the NN Group and its subsidiary. That has been the case since the 1st of October 2015.

2018, every quarter, we have confirmed our impartiality to the Audit Committee of the Supervisory Board. Another important matter is materiality. And we base our materiality on the benchmark core equity. Core equity consists of equity minus the revaluation reserves. And this approach, since 2016, has been applied since 2016. And for the audit of 2018, we've seen no reason to adjust matters and to do things differently. The materiality that we applied in auditing the financial statements is EUR 140 million. And with respect to the core equity benchmark, materiality is 1% unaltered.

Some parts of the financial statements are audited with that higher degree of accuracy because the nature of the matters requires that. This was the case in the audit with respect to the explanation concerning the remuneration of the Supervisory Board and the Executive Board. Any uncorrected differences over and above EUR 7 million have been communicated to the Supervisory Board in writing. The reported differences are individually. But also in total, are of limited significance. If we take into account the scope of the group and the complexity of the financial statements, IFRS and Solvency II information has to be included.

A few words about the scope of our audit. How do we go about it? Our responsibility as external auditor of NN Group means that accountants -- business units of the NN Group are given instructions to conduct audits. As per 2018, KPMG is also the external auditor of the Delta Lloyd subsidiaries, a responsibility that we took over from EY. As the group auditor, we determine where and with which degree of depth we carry out that audit. In order to organize this in the autumn of 2018, we organized an NN audit group planning event, inviting auditors and accountants from the Netherlands and abroad to an event. At this meeting, different representatives of the NN Group, the CFO, the CRO and the Head of the Internal Accounting Service, gave presentations on developments that are relevant for the planning and execution of our audit.

The outcome of the local audits are evaluated by us as group auditors and are discussed with our team's local teams and also with the team at the head office here in The Hague. And we also visit a number of countries every year. And we also evaluate the files of the local auditing teams. This year, we visited Japan, Hungary, Belgium and the Czech Republic. And obviously, we regularly talk to the auditors and the accountants of the Dutch operations. And particularly with the very large Life and Non-life business. And this work makes sure that, overall, we have sufficient coverage in order to be able to establish an opinion on the NN Group as a whole.

Briefly, I would like to take a moment to discuss the risk of fraud. Shareholders have pointed out that they want to hear more from their auditor with respect to fraud risks and

how that is embedded in their audits. And that is why, last year, we started writing a specific paragraph in our auditor's opinion about the work that we conduct concerning fraud risk.

In the audit of 2018, we saw reason for one incident to look into the underlying facts in order to find out what the causes of the incident was, what the risks were for the reliability in financial reporting. And to that effect, we also involved a forensic specialist. And we communicated with management and the Supervisory Board about this incident. And our conclusion was that our work had not led to significant findings in that respect.

Another topical issue is the work of the auditing relationship with the compliance with rules and regulations. Over the past few months, there's been a lot of talk about this. And this is why we also included specific paragraphs in our opinion. And this paragraph says that we distinguish between rules and regulation that have a direct impact on the financial statements, such as Solvency II. And on the other hand, we have rules and regulations that have an indirect impact on drafting financial statements, which is legislation on finance and terrorism and money laundering. Our audit in this respect has not led to any significant findings.

Then in conclusion, this is very important, significant risks and key audit matters in our opinion. A significant risk is an acknowledged risk with respect to deviation from material significance. In our audit, we pay special attention to these risks. And significant risks very often concern significant nonroutine transactions or events that require a judgment on the part of management. With respect to the significant risks, we have gained insight into the structure of the existence on the working of the internal control operations at the NN Group that are related to these risks. And furthermore, we have specific -- we carried out specific work, focusing on data, in order to establish that the risk does not lead to deviation of any material significance in these financial statements. Given the significant risks, we acknowledge 5 core items. And they can be found in our opinion and they concern the following matters.

First of all, the uncertainty in estimates, the exposure to risks concerning unit-linked investments, explanation with respect to Solvency II. And the fourth point is integration of Delta Lloyd. And the fifth and last core issue is valuation of goodwill in the matter of Delta Lloyd.

Ladies and gentlemen, very often, key audit matters focus on specific items in the financial statements. But shareholders have indicated that they also require information concerning observation of internal controls behind annual reporting and financial reporting, which is why I'd like to zoom in on key audit matter 4, which is integration with Delta Lloyd.

2018 is the first full reporting year in which Delta Lloyd was part of the NN Group. Management, since the acquisition, has given regular information concerning the progress on the integration of both companies. In our audit for 2018, this has been a very important core issue in our work in the Dutch businesses in Life, Non-life and Bank, the Asset Management, NNIP and in Belgium. As you can read in our statement, we had to conduct an audit in the changing environment. Speed and complexity will differ.

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Particularly in Life, Non-life and in Belgium, management still has a lot of work to do to finalize integration. 2019 is a challenge to make sure that internal controls reach the requirements. And given the mix of the system and data-focused work, we've been able to gather sufficient information to finalize our audit. For further explanation, I'd like to refer to the explanatory note in our opinion.

All our work gives us enough basis to reach the conclusion that the financial statements, as such, is a good reflection of the actual facts on the basis of which you, shareholders, can draw your own conclusions. Thank you very much.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

With that, I'd like to give you the opportunity to ask questions or make comments to Mr. de Wit. I'd like to highlight that the auditor shall only answer questions on the auditing the financial statements, the work that he has done with respect to the annual report and obviously, the auditor's opinion.

+++qanda

Who can I give the floor? Mr. (Espania)?

Q - Unidentified Participant

(Interpreted) I'm Mr. (Espania) for the meeting minutes. Mr. Auditor, I had a question at the final paragraph on Page 187. This concerns the auditor instructions that were sent to all sections of the group to identify the relevant areas of -- with relevant discrepancies and information to be reported to the group auditor's team. All components that are eligible for the group report are audited by KPMG member companies. My question is which areas, because you specifically mentioned areas as they used -- called the term in English, in which important areas in relevant risks do you mention in this paragraph? Can you state that or explain it?

Q - Peti de Wit

(Interpreted) Thank you for your question. First, we check out if the consolidation takes place and identify all the reporting components in the group. That's called the components. So if a business unit makes a separate report and sends it to The Hague and says this is my report, that's a component. Then we examine the important components. Those are components that are either individually important in financial respects. So it contributes a lot to profits or equity or assets, then, of course, that component needs to be in scope for our duties. The second concerns significant risks. As I just described, those are the key audit matters. And if such a risk figures within the unit, then that component is included in the scope. So that's how we came up with 26 components in 9 countries that are in scope. In some countries, we were on site to inspect the local work. Other countries send their reports to us. And we discuss those. And that's called the remote file review. So that from The Hague, we can look in the records of the local auditor. We weren't in Poland this year. But that way, we can examine that the work was performed as instructed in those files. That's how it works.

Q - Unidentified Participant

But understand, unless I misunderstood you, that all your KPMG member firms were brought on 1 October for an update in Amstelveen, everybody who was in the scope of the group audits.

Q - Peti de Wit

So NN, may have operations in countries where the operations are small. So that there's no significant financial significance or any significant risk. Take Turkey last year, for example. So Turkey is not invited because it's not sufficiently relevant for our group operations. Within the group, we do examine what's happening in Turkey. And we discuss that with the management. We assess the numbers contributed by Turkey. And if we think we identify a risk or a material error in the group, then we do conduct an additional audit in Turkey.

Q - Unidentified Participant

So based on this example, because you went to Hungary, should I -- was there some signs that there was something amiss in Hungary and that you felt you had to take a look there yourself, is that true?

Q - Peti de Wit

No. Each year, we examine the local operations and talk with the local management about the results of the internal management. But there's also a separate team in Hungary that's extremely important for the group's Solvency II operations in addition to the local country organization. That's an important unit for us to be able to see the operations firsthand. That's -- so that's what we also said about the security operations entering Prague. That's a very important cybersecurity control center. We were on the ground there. So that we could hear not only from our coworkers but see this firsthand. So that I can say I was there.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

Mr. (Kande)?

Q - Unidentified Participant

I'm Mr. (Kande) from (DEB). And I'm sure Mr. de Wit that you're not surprised that I have some questions as well. As I understand by now, there was apparently a reevaluation at the old NN Life insurance portfolio, which led EUR 852 million to be impaired. And that happened easily thanks to the goodwill that arrived, thanks to the Delta Lloyd acquisition. Why did you not impair elsewhere as well because it's quite a coincidence that it was those EUR 852 million of Delta Lloyd that was impaired? That's my first question. Second is when you discovered that there was EUR 852 million in goodwill thanks to the Delta Lloyd acquisition that was in Q3 last year, why didn't you immediately disclose that IFRS is not quite as important as it was 10 years ago? Nowadays, everybody examines solvency. But we still have to impair those EUR 852 million. Don't count your chickens before they hatch because the NN portfolio can better assess those risks through a normal discount rate. Shouldn't you have done that much earlier? And my third question is more fundamental concerning your own role. Shouldn't you have taken a more discerning look

a few years ago about how obligations in the NN Life insurance portfolio should be assessed and appraised? It's very naive to say, "Well we're allowed to do this according to IFRS. But we still maintain the historical discount ratios. And perhaps, we felt that we had too much -- perhaps, we assumed that we had more than we did based on the IFRS calculation." I have other questions. But...

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

We'll do those after the financial statements questions. First, let's wrap up the questions to the auditor.

Q - Peti de Wit

Mr. (Kande), thank you very much. Yes. Your questions reveal that we do need new reporting standards. Please bear with us for a few more years waiting for IFRS 17. Your 3 questions are very closely related. And I would like to answer them in a certain sequence and mention some spots in the financial statements where you can find that because, yes, it is a very long document and it's difficult to find everything. Let me start with Page 71, where in the explanatory notes to the intangibles, you'll see what Mr. Rueda explained previously regarding how the assessment of insurance liabilities works in IFRS 4 and how this relates to the goodwill issue. Now the first step that we took was upon the acquisition of Delta Lloyd to determine how much can be acknowledged as a total goodwill. Last year, we were here with the -- with our audit of the financial statements for 2017 and said that the total goodwill equals about EUR 1.3 billion. And we said that's provisional. We have a year to see whether that's the definitive amount for Q1. And you may have seen that, that amount has not been changed. So EUR 1.3 billion was the amount to recognize in the total transaction as far as goodwill was concerned.

Next, as you'll also see in the financial statements, the question was how that goodwill should be allocated to different cash-generating units. That's the question that IFRS 36 raises. Cash-generating units are the units to which you attribute the added value. NN set up a complicated process for that. And we audited that. The outcome was that the EUR 852 million related to the cash-generating unit for Delta Lloyd Life insurance.

Next, we said, okay, we have several units, Life, Non-life, Asset Management, Belgium. How has that goodwill been allocated? And we said that, each year. So for the first time in 2018, that has to be reviewed for impairment. So that, that was done. Now there was one special detail, which was that the cash-generating units aligned with the legal entities. Of course, the integration target of the management was for Delta Lloyd and NN Life to be merged and the same, the Delta Lloyd and NN Non-life be merged as well. At first, when the goodwill was recorded, that was uncertain because it was subject to permission from the Nederlanden Bank. So at first, we said you cannot anticipate any integrated cash-generating unit because this assumes being able to manage those cash flows there. But you can't because you're still waiting for the opinion of the regulator.

During Q4, the approval from the Nederlanden Bank was obtained to transition on 1 January 2019 to a legal merge of both Life insurance companies and both Non-life insurance companies. So that was the point when the approval was obtained, not at 1 January. But when the approval was obtained to say so the restriction on the cash-

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generating units can be released, we should progress to a single integrated life insurance company that will be one cash-generating unit. And at that point, what's in the -- and the Life insurance company and the Delta Lloyd company that was acquired would then be merged. The outcome of that review was that there is no foundation to maintain the goodwill. So the EUR 852 million had to be impaired. When? Not on 1 January 2019. That was the legal moment. But once the management could say, "Yes, I'm able to perform integrated management of this." That was in Q4 2018. And that's why it appears in the financial statements.

What you're asking is was that all? That's a very good question. That was our key audit matter, one which refers to how our insurance liabilities should be measured. And that's the adequacy test or the reserve adequacy test in the report, which is a test that the management performs each period to see whether you examine current -- the insurance liabilities according to current assumptions, do you have enough there. And what you see is that part of the reevaluation reserves are necessary in the equity to cover the adequacy of the insurance liabilities. And that's the background. That's why when we determine materiality, we do not base this on the visible equity overall but on the core equity. So we do not include those reevaluation reserves as assets available to shareholders because a significant portion has been maintained to be able to meet the insurance liabilities.

So the question is do we, as shareholders, know what's happening? Well I have good news for you because on Page 167, you'll see an explanatory note where the line, as Mr. Rueda said, between equity under IFRS to Solvency II is visualized. And you'll see a deduction of EUR 7.7 billion. So that is less than the reevaluation reserves. So you've got that left. That's how you can assess the quality of the figures. And I think that, that provides the insight into the financial statements that you would like.

Q - Unidentified Participant

So if I understand correctly, the conclusion is that if you no longer have enough goodwill to impair, you have to resort to the reevaluation reserve and you can simply take from that until that's empty and then you're in trouble.

Q - Peti de Wit

The background is to maintain investments, asset and liability matching on the grand policyholder income receiving premiums and invest in long-term items. And in the meantime, suppose interest rates decline and investments increase, you get a reevaluation reserve from equity. But the counterpart to that, the reinsurance liabilities, are not booked in IFRS. But the test is performed.

Q - Unidentified Participant

I tried to state that in easier terms. So first, you have to impair goodwill. But there's no more goodwill. You have to see whether the reevaluation reserve is sufficient. That's the buffer. But it's not a cost or an impairment. You're basically checking whether the buffer is still adequate.

Q - Peti de Wit

That's a question that I thought you asked last year or the year before. It concerns the difference between the equity on the books and the market value of the equity.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

So Mr. (Kande), you see that a simple shareholders' meeting can also be a course in IFRS.

Q - Unidentified Participant

But I already took that course. And I should be asking you directly so that I can understand that.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

Okay. Does anybody else want to ask our auditor a question? No? Okay, Mr. (Kande), you had a question for the management, didn't you?

Q - Unidentified Participant

Okay. I've learned a few things at this meeting and from other insurance companies in recent years that we don't really believe in IFRS. It's an obligation that we have to comply with. But what we're really interested in, Solvency II. And there are a lot of tricks that the Nederlanden Bank considers as well. I know that insurance companies need to use standard models that they cannot manipulate. They're compressed into a template that yields a reserve to show whether they have enough capital. Now what could be interesting as the NN Group has done to deviate from the standard model. And you need permission from the Nederlanden Bank and you can use some of your own models if you can demonstrate that you need to assess risks or upscale assets in different ways, you may have more reserves in your capital. To make a long story short, I understand that using it in obtaining permission and extending permission to deviate from the Nederlanden Bank standard model. So the internal, partially internal models, are very labor-intensive. You can't have simply 2 or 3 analysts using spreadsheets. Often, it involves huge, very costly teams. And occasionally, a company will say don't bother, it's not worth it. And we're in a tug-of-war with the Nederlanden Bank. Let's just comply with the standard system. And that will cut costs considerably.

That's a long introduction. My question to you is how much does it cost to NN group as a whole, per annum, for permission to deviate from the standard model. And what is the return? How do we benefit?

A - E. Friese {BIO 17996109 <GO>}

First, the internal model that we use. We use that because we believe that it provides a far more realistic reflection of the actual risks that we, as an international group, face. So our exposure. It's not that there's a standard model and internal model and thus the internal model provide an uplift. That's not what matters. What matters for risk management practice. And our Chief Risk Officer would probably be very unhappy if we didn't do this correctly. What matters is that for risk management, we need to determine together with the (inaudible) bank that our models provide a far better toolkit to manage our risks. That's what matters. So it's not strictly a cost-benefit assessment. It's about proper risk

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management in NN group. We have a solid and prudent financial policy and a good risk management as well. And we want to keep it sophisticated. That's why we use the system but as to what it costs us, Mr. Rueda?

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

(Interpreted) For whatever reason.

A - E. Friese {BIO 17996109 <GO>}

Different button?

A - Delfin Rueda Arroyo {BIO 7032761 <GO>}

(Interpreted) So it's very difficult to provide a precise number for the cost of the internal model because that relates, as Lard has mentioned, the risk management framework, our model validation, the team that produced the model. And there is model validation that has to provide their independent opinion about it, then we've got the internal audit that review that the process has been followed. So it is a bit, of course, here and there. And I think it would be for me to guess a number. But certainly, controls, frameworks and better risk management costs money. But I think it's a good investment to do. And maybe if I take the opportunity on your initial comment about the insurance companies somehow playing down the importance of our IFRS equity, I think it's right. But we have been absolutely transparent from the very beginning, from the time we did the IPO, from the time that I keep referring to investors and I referred to you, to our financial supplement, where you've got this adjustment between IFRS equity and shareholders and on (inaudible) Solvency II on which you can see how much is the value that is reflected due to the market value of the liability. So transparency has always been there. And we will continue to do that. And it is our intention to continue managing the group based on the capacity to generate capital, to generate solvency and to be able to pay without dividends to our shareholders. And that's where the focus is.

A - E. Friese {BIO 17996109 <GO>}

Thank you, Delfin. Explanation, which I think for the shareholders was very important.

(foreign language) (Interpreted) I could have said that in Dutch. I think we can wrap up this agenda item following your questions and the answers provided and open the vote. But first, I'd like to ask the greenroom to say how much capital is present or represented, which at today's AGM is 71.6%. Yes. You can see it. Everybody can see it. I'm pleased to mention this because that means that the turnout is once again a bit higher than it was last year. So that shareholder presence at this meeting, albeit largely by proxy, has increased. Before we open the vote, I'd like to give the floor to Mrs. Stuijt who will explain the procedure.

A - Janet Stuijt {BIO 20747468 <GO>}

(Interpreted) Once again, I'm pleased to explain the voting procedure to you. We're going to start voting. Please take your voting handsets and insert your voting card with a gold-colored chip facing into the handset. You'll see your name appear on the display.

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And after that, on the screen, you'll see the different options for casting your vote. And if you don't see that, please raise your hand now. No? No hands raised? You may keep the voting card inserted throughout the meeting. If you want to vote in favor, press 1; if you want to vote against the proposal, press 2; and if you wish to abstain, please press 3. We will now vote on each proposal individually. The first item you can vote on 4A as the Chairman just mentioned. Please cast your vote. You may cast your vote by pressing 1, 2 or 3.

(Voting)

(Interpreted) We're waiting for the sign from the notary that the votes have stabilized, as they call it.

A - Unidentified Speaker

Well I see that the blue boxes have stopped. Is something wrong?

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Foreign Language) (Interpreted) The vote is closed. And the result is what I have in front of me regarding agenda Item 4A that 99.54% has voted in favor and 0.46% voted against. And there's some abstentions that cannot be conveyed in the percentage.

Now on to agenda Item 4B that concerns the explanation of the profit retention and distribution policy. And this is a discussion item. I'm referring to the dividend policy that we published on the NN group website, which the summary is that the NN group's dividend policy is that the firm intends to distribute dividend in accordance with the meeting from financial performance and aims for a 40% to 50% payout ratio of the net operating result. The firm intends to distribute the dividend -- an option of dividend to the shareholder in shares or in cash and should neutralize dilution by repurchasing shares.

In addition, it's expected that capital generated above the capital ambition of the firm will be returned to shareholders, unless this capital may be used for other appropriate corporate objectives, such as investing in net value-increasing opportunities for the firm.

When distributing a dividend is proposed, the firm will consider its capital position, external debt position and liquidity position as well as financial supervision requirements and strategic considerations as well as expectations in that respect.

Will anybody like to ask any questions about the profit retention and distribution policy? It does not change with respect to last year. If not, I would like to invite you to the next agenda item, which is the proposal to distribute the dividend. And that's a voting item, the proposal to distribute dividend was also mentioned in Mr. Friese's presentation and is now being voted on. I'm referring to the proposal as included in the convocation, in particular Page 4, which in summary, reads a final dividend of EUR 1.24 per common share, together with which -- with the interim dividend of EUR 0.66, a total dividend for 2018 equals EUR 1.09 per common share. You have seen in the convocation, the

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explanation to the agenda that far more detailed is provided. Will anybody like for me to read all that out? If not, I am pleased to open the vote on that subject.

A - Janet Stuijt {BIO 20747468 <GO>}

(Interpreted) The procedures is the same. The voting system has been activated. And you may know cast your vote by pressing the button of your choice.

(Voting)

(Interpreted) The vote is closed. And on my screen I see that 99.52% has voted in favor. Releasing from liability that's agenda item 5A, proposal to release the members of the Executive Management Board from liability for their respective duties performed in financial year 2018. That's the voting item. I referred to the proposal as included in the convocation on Page 4. Would anybody like the floor on this item? If not, then I'm pleased to open a vote on this.

The voting system has been activated. Please press the button of your choice.

(Voting)

(Interpreted) The vote is closed.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) I note that the proposal has been adopted with 97.94% of the votes cast in favor. The next item is 5B, which is the proposal to release the supervisory board members from liability for the respective duties performed during the 2018 financial year. This is also a voting item. Aside from the present supervisory board numbers, obviously, this proposal also provides a release from liability to Mrs. Vletter-van Dort who at the end of last year's meeting on 31 May 2018, step down from the supervisory board. Please see the convocation on Page 4. Would anybody like the floor on this agenda item? If not, I am pleased to open the vote and hand you over to Mrs. Stuijt.

A - Janet Stuijt {BIO 20747468 <GO>}

(Interpreted) Please cast your vote.

(Voting)

(Interpreted) The vote is closed.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) I know that the proposal has been adopted with 98.37% of the vote and both the executive and management boards and the supervisory boards have been released from liability. We are grateful.

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Agenda item 6 is the proposal to reappoint Mrs. Helen Vletter-van Dort to the supervisory board. This is a voting item. Pursuant to the scheduled rotation for the supervisory board, the term of appointment of Helen Vletter will end after this meeting ends. And the supervisory board is, therefore, notifying you about a vacancy that needs to be filled on this board.

The Central Works Council has an enhanced right of recommendation and has used its enhanced right of recommendation and has requested the supervisory board to nominate Mrs. Vletter-van Dort as the person recommended by the Work Council. Vletter has stated that she's eligible for reappointment and the supervisory board, therefore, nominates Mrs. Vletter for reappointment to the supervisory Board for a 4-year term.

If the proposal is adopted, the reappointment will become effective as of the end of this meeting and will end after the end of the AGM in 2023.

In the convocation for this meeting, you will have find brief curriculum vitae of Mrs. Vletter as is also conveyed on the screen above me or next to me. Mrs. Vletter is being nominated for reappointment because of her extensive knowledge in -- on corporate governance, corporate law and financial supervision as well as for expertise in serving on the supervisory board. For additional information, please see Pages 4 and 5 in the convocation.

The nomination to reappoint Mrs. Vletter by the supervisory board is subject to the condition that the general meeting does not recommend anybody else for nomination.

Prior to this meeting, we did not receive any other recommendations. So I assume that the general meeting does not want to recommend any other individuals. If not, since there are no other recommendations for filling the present vacancy on the supervisory board, I will now propose the reappointment of Mrs. Vletter-van Dort. This is the opportunity to ask questions or make remarks. If there are none, I am pleased to open the vote.

A - Janet Stuijt {BIO 20747468 <GO>}

(Interpreted) the Voting system has been activated. Please cast your vote.

(Voting)

(Interpreted) The vote is closed.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) Helen, congratulations I see that you have been reappointed with over 99% of the vote. I note that the proposal has been adopted.

During the new term to which Helen has been appointed to the supervisory board, she will continue to serve on the risk committee and denominations and corporate governance committee of the supervisory board. She will also be a member and will also

chair the remuneration committee, serving as chair of the remuneration, corporate governance committee will transferred to Mr. David Cole as of the end of this meeting.

A - Janet Stuijt {BIO 20747468 <GO>}

(Interpreted) Agenda Item 7, the proposal to reappoint KPMG accountants as the external auditor of the company. This is a voting item. I'd like to refer to the proposal as included in the convocation of the meeting, Page 2. But before I give you the opportunity to ask questions on this matter and to vote on the matter, we'd to give the floor to my colleague, Mr. Hans Schoen, Chair of our Audit Committee.

A - Johannes Wilhelmus Schoen

Thank you, Jan. We are discussing the item on the agenda to reappoint KPMG as auditor of the NN Group for the period from 2020 to 2022. I would like to explain how, from the very start of the discussions in the audit committee in May '18, how we came to this point. As you know, KPMG was appointed in 2015 for the years 2016 through 2019. We experienced that changing auditing firm is a far-reaching process that has a great impact on the company and the new and the old auditor and requires extra effort. And -- so it was obvious for us when we saw the end of the term of KPMG come decide whether it would -- were there any reasons to change auditor. First of all, we look at it outcomes at the annual service evaluations of the auditor by the company and follow-up of any points of improvement, both on the part of KPMG and NN Group itself. We also looked at the outcome of the self-evaluations of the audit committee with respect to contracts and quality of the external auditor. We compared that. And then the audit committee asked management whether they saw any reasons to change auditor.

Now on the basis of all this, the audit committee reached a conclusion that there's no reason to change auditor at this point in time. This is a conclusion that was shared by the full board -- the supervisory board and management.

We also established that, therefore, there was no reason to involve a different accounting firm in the selection process.

And subsequently, when it became apparent that KPMG would like to stay on as an auditor at NN Group, we started talking about the extension of the current contract. We reached an agreement rather quickly about a period of three years. As you know, the maximum term, including the first period of four years that is almost behind us now, is a maximum of 10 years. So we also put a lot of time and effort into discussing how the follow-up or how the succession of the current audit partners of the group will take place. And this is necessary, because given the role in regulation and also depending on the positions they have at that point. That could take place after a period of 5 to seven years. And I was intensely involved in this process as Chairman of the Audit Committee. And we also looked in this phase, to which extent the rules and regulations in other countries where NN has operations, requires a change of the audit firm. And there were 1 or 2 cases in which this was an issue. And we finally found acceptable solutions for all parties involved.

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The last step in this process was extensively discussing matters with KPMG with respect to their fees for this new this period. And all of this process has led to the fact that in March of this year, the audit committee received a proposal of KPMG covering all these elements. A new period of three years as scheduled with the succession proposals for the current audit partners were elaborated and also an overview of their fee structure. These elements were discussed in the audit committee and subsequently, were submitted to the full supervisory board with a positive advice. And a supervisory board approved the elements. And this has led to the proposal that we have now put to you at this AGM. This concludes my explanation.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

Thank you, Johannes. I'd like to give the shareholders an opportunity to ask questions or make comments on this item of the agenda. No one? Okay. So we can proceed to the vote, the proposal to reappoint KPMG as described in the notice -- the convocation of the meeting under Agenda Item 7. The system has been opened and you can now cast your vote.

A - Janet Stuijt {BIO 20747468 <GO>}

(Interpreted) The system has now been opened and you can now cast your vote.

(Voting)

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) Yes. The vote is closed. I note that this agenda item has been adopted with more than 99% -- 99.5% even so congratulations, gentlemen with this reappointment.

I shall now proceed to Item 8, which is a proposal to designate the Executive Board as the competent body to resolve on the issuance of ordinary shares and to resolve on granting of rights to subscribe for ordinary shares in the context of issuing so-called contingent convertible.

Securities, this is a voting item. The agenda item concerns a proposal that you have not seen on the agenda of our company before. And it is related to the Solvency II supervision regime, which is applicable to the company since January 1, 2016.

I would like to refer to the explanatory note to this agenda item, Pages 5 and 6 and also the Annex to the notice convening the meeting, page 8. It's a new subject. It's rather complicated but does anybody -- would anybody like to ask a question? Would anybody want me to read out the full agenda items? Someone is calling out, "No, no, no." So we'll just put it to vote. And I'll be pleased to do so. And I'll give the floor to Janet Stuijt.

A - Janet Stuijt {BIO 20747468 <GO>}

(Interpreted) The voting system has been opened. You can now proceed to cast your vote.

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(Voting)

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) The vote is closed. And I note this agenda item has been adopted with almost 95% of the votes. I shall proceed to Item 9, the authority to issue shares and to grant rights to subscribe for shares.

And the proposal designate the Executive Board is a competent body to resolve on the issuance of ordinary shares and to resolve on the granting of rights to subscribe for ordinary shares.

I'd like to refer to the explanatory note to this agenda item as included in the notice convening the meeting, Page 6. And I would like to highlight that with this proposal -- you are familiar with this proposal contrary to the previous one. Although the percentage this year has been limited to 10% of subscribe capital as compared to last year when we were asking you to agree to 10% plus 10%. Do you even want me to read out the entire text of the agenda item as published in the notice convening the meeting? No? Does anybody have a question or would anybody like to make an observation? If not, I will put this to vote and give the floor to Janet Stuijt.

A - Janet Stuijt {BIO 20747468 <GO>}

(Interpreted) the voting system is now opened. You can now proceed to vote.

(Voting)

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) The vote is closed. And I note that this item of the agenda can count on the agreement of almost 99.5% of the shareholders. And so has been adopted. The other half of this agenda item concerns a proposal to designate Executive Board as a competent body to resolve, to limit or exclude preemptive rights of existing shareholders when issuing ordinary shares and granting rights to subscribe for ordinary shares as referred to under 9A. This is a voting item. I would like to refer to the explanatory note to this agenda item as included in the notice convening the meeting, Page 6. And this proposal is the same proposal as the proposal that was put to you last year and the year before. Should -- would nonetheless someone want me to read out the entire text? No? Thank you very much. Does anybody have a question? Would anybody like to make a comment? No? So then, I would like to put it to a vote.

A - Janet Stuijt {BIO 20747468 <GO>}

(Interpreted) The voting system is now opened. You can now cast your vote.

(Voting)

(Interpreted) the vote is closed.

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A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) 98.7% of the shareholders has voted in favor of the proposals. And the proposal has been adopted. And with that, I'd like to proceed to 9B, which is proposal to designate Executive Board as a competent body to resolve on the issuance of ordinary shares and to resolve on the granting of rights to subscribe for ordinary shares by means of a rights issue. This is also a voting item. And this item also concerns a proposal that you have not seen on our agenda before, which is the proposal to designate the Executive Board as a competent body to resolve on the rights issue. To be short, I'd like to refer to the explanatory note of this agenda item, Page 5, of the notice convening a meeting. Would anybody like me to read out the entire text of the proposal? If not, would anybody like to ask a question or make a comment? No? So I'd like to put this item to vote. I'd like to give the floor to Mrs. Stuijt.

A - Janet Stuijt {BIO 20747468 <GO>}

(Interpreted) The voting system is now open. You can now vote.

(Voting)

(Interpreted) The vote is closed.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

And I see that the 96.5% of the shareholders have supported this item. And -- so therefore, it has been adopted. And with that, I'd like to proceed to agenda Item 2. The proposal to authorize the Executive Board to acquire ordinary shares in the company's share capital. I'd like to refer to the explanatory note to this agenda item as included in the notice convening the meeting, Page 7. And this proposal is the same as the proposal that was made last year or the years before that. Would anybody like me to read out the entire text of the proposal? No? Would anybody like to ask a question or make a comments? No? So I'll put it to vote and give the floor to Janet Stuijt.

A - Janet Stuijt {BIO 20747468 <GO>}

(Interpreted) the voting system has been activated. You can now cast your vote.

(Voting)

(Interpreted) The vote is closed.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) 99.47% of the shareholders has voted in favor of the proposal and therefore, the proposal has been adopted. Agenda Item 11, proposal to reduce the issued share capital by cancellation of ordinary shares held by the company. Also a voting item. This item has been explained in the explanatory note to the notice -- and the notice convening a meeting, Page 7. This is also proposal that was made last year and the years before. Does anybody want me to read the entire proposal? No? Would anybody like to ask a

question or make a comment on this agenda item? No? So I'd like to give the floor to Mrs. .Stuijt for the vote.

A - Janet Stuijt {BIO 20747468 <GO>}

(Interpreted) The voting system has now been activated. You can now cast your vote.

(Voting)

(Interpreted) The vote is closed.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) This last subject have been approved by the 99.75% of the shareholders, has been adopted.

As such, thank you for that. Well you have complied with your duties voting for these items. Well we still have 1 item on the agenda, which is any other business, I'd like to give it opportunity to ask questions or make comments that are not related to the items that we discussed earlier on. Can I give the floor to someone? Mr. España?

Q - Unidentified Participant

Mr. Chairman, I'm very pleased that you have given the whole plastic (inaudible) situation so much publicity. Thank you for that.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

Anybody else?

Q - Unidentified Participant

Yes. Mr. Chairman, before I give the floor back to you, I have something I would like to say in any other business. And that would be the following: I would like to take a moment to concentrate on some news that we announced earlier this year. In February, we announced that our Chairman, Jan Holsboer, the Chairman of our Supervisory Board has decided to retire at the end of this meeting. And we reached that point in time. And we also announced that the Supervisory Board has chosen David Cole on the right-hand side of Mr. Rueda -- on your left hand side. And he's been a member of the supervisory board since 1st of January. And -- so we've elected him as the successor for Jan. Jan can look back on a very impressive career in the insurance business. And that he's a very well-known executive nationally but also internationally. And he served on several supervisory board and he has spent his career in executive positions over the past 175 years of NN Group. Well he's experienced so many things. And he's been so closely involved with Nationale-Nederlanden for the past 50 years, former member of the Executive Board of our company, former member of the Executive Board of ING after the merger, he worked for Delta Lloyd in the past, he was a member of supervisory board of Delta Lloyd. So we are dealing with someone who has been connected to our company for a long, long time. And we've been able to benefit from his experience and his wisdom for so many years. So

on behalf of the members of my team, the management board, I would like to express our appreciation and gratitude, the way in which you have led our company as a Chairman. Thank you. And at the same time, we all know this, we're handing over the baton. And so as management, we're also looking forward to working with you, David, as the new Chairman.

A - Jan Hendrik Holsboer {BIO 1432061 <GO>}

(Interpreted) Thank you, Lard. Okay, before responding to that, I would just like to make some final announcements. Logistics, requesting the minutes, the draft of the minutes will be posted on the company's website within three months. And the shareholders can, obviously, get a copy of these minutes. You can point that out at the registration desk. The final outcomes of the votes will be posted on the corporate website within a couple of days and now, in terms of catering, outside this room, we'll be serving you drinks and a bite to eat. I'd like to invite you to that. And we would request you to hand in your handsets and your voting cards -- the chip cards. The chip cards do not contain any personal details.

We've almost reached the end of this meeting and Lard, once again, thank you so much for your very kind words. I'm looking back on more than 50 years in which I had very many different positions. I've been closely involved with the NN Group, its predecessors, the companies that are now part of the company. I feel privileged. And it pleases me greatly that NN, after its repositioning as an independent company in 2014. And the acquisition and integration of Delta Lloyd in 2017, has developed into a strong European insurance company.

I would like to thank my colleagues and supervisory board, the members of the management board and obviously, more than 50 -- 14,000 dedicated NN employees, external stakeholders in the company, politicians and regulators. So I'm very, very grateful for your -- the excellent cooperation that I have experienced in my long career. I wish the NN group a very -- every success in the future. And I'd like to thank you for your contribution to its success. We may be meeting next year but then, I will be attending the meeting as a shareholder at the other side of this table.

A - E. Frieze {BIO 17996109 <GO>}

Time for drinks.

(Portions of this transcript that are marked (Interpreted) were spoken by an interpreter present on the live call.)

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