

2019 Annual Report

NN Investment Partners B.V.



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Management Board report

Company profile

NN Investment Partners B.V. (“NN IP”) is a Dutch legal entity primarily engaged in collective and individual portfolio management activities. NN IP acts as manager of all Dutch and Luxembourg domiciled NN investment funds, as board member of certain NN investment companies (NN Paraplufondsen) and as investment manager/advisor for proprietary assets (NN Group assets) as well as the assets of third parties (institutional clients). NN IP’s distribution platform ‘Fitvermogen’ enables retail clients to invest in NN Funds.

NN IP’s business objective is to meet clients’ needs by responsibly managing their assets through actively managed income-driven products and advice-embedded solutions, creating value for all stakeholders and society.

NN Investment Partners B.V. has been licensed since May 11th 2006 pursuant to Section 2:65 Wft (management of non-UCITS funds) and has been licensed since June 6th 2014 pursuant to Section 2:69b Wft (management of UCITS funds). The company is under supervision of the Dutch Authority for the Financial Markets (AFM) and De Nederlandsche Bank (DNB). The 2:65 Wft license was converted to an AIFMD license as of July 22nd 2014. In the course of 2015 an extension on the licence was granted, authorizing NN Investment Partners B.V. to provide investment advice and individual portfolio management services.

NN IP is under regulation of the AFM (and DNB with regards to the prudential supervision) and a prior reliability and suitability assessment of its Board Members is required for their appointment in the Management Board. NN IP is through a number of group companies a wholly-owned subsidiary of NN Group N.V. (its immediate parent is NN Investment Partners International Holdings B.V.). NN IP has established branch offices in Germany, France, Spain, Italy, the United Kingdom and Romania (“Branches”).

NN Group profile

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

NN Group is listed on Euronext Amsterdam (NN).

Governance

NN IP’s management board consist of: S.S. Bapat (Chairman, Chief Executive Officer), V. van Nieuwenhuijzen (Chief Investment Officer), M.C.M. Canisius (Chief Finance and Risk Officer) and H.W.D.G. Borrie (Chief Client Officer). J. Schmiedová (Chief Human Resources Officer (CHRO)), the CHRO resigned as per 1 February 2020. As per 11 March 2020 two new management board members are appointed: M.C.J. Grobbe (Chief Human Resources Officer (CHRO)) and B.G.J. van Overbeek (Global Chief Operation Officer (GCOO)).

NN IP’s staff of 700 employees (2018: 706) are employed by NN Personeel B.V. The parent company of NNIP, NN Investment Partners International Holdings B.V. is charged for the staff expenses by NN Personeel B.V. under a service level agreement and accordingly NN IP is charged by NN Investment Partners International Holdings B.V. via a cost allocation charge. For NN IP’s remuneration policy we also refer to NN IP’s website.

NN Group and the shareholder of NN IP aim to have an adequate and balanced composition of the Management Board of NN IP. Thereto, they aim to achieve a gender balance by having at least 30% men and at least 30% women amongst the members of the Board. The composition of the Board met the mentioned gender balance during 2019. NN Group and the shareholder of NN IP will continue to strive for an adequate and balanced composition of the Board in future appointments, by taking into account all relevant selection criteria including, but not limited to, gender balance.

Dutch law requires that fund management companies take care of independent supervision of the execution of its policies and the procedures and systems of the management company. The Dutch asset management industry and its branch organization Dufas (Dutch Fund and Asset Management Association) are dedicated to self-regulation in this area.

Strategy

NN IP is an active asset manager focusing on distinctive investment capabilities. These include specialised fixed income strategies (e.g., High Yield, Convertibles, Emerging Market Debt), alternative credit (illiquid) capabilities, multi-assets, and specialised equity strategies (e.g., European equities), where we believe we can generate active alpha. To support these capabilities we rely on a central innovation and responsible investing platform, allowing us to share and store information in one place, facilitating continuous learning amongst investment professionals. NN IP’s main focus is to continue offering products and solutions that bring clients value, with excellent customer experience, while continuously focusing on becoming more efficient.

Our investment process is founded in fundamental research. As an active asset manager, we continuously pursue other sources of value/alpha for our clients.

Responsible Investing is one of our key investment beliefs where we strive to achieve a positive impact on society while achieving sustainable and enhanced risk-adjusted returns for our clients. In 2019, we integrated Environmental, Social and Governmental (ESG) factors into the investment process of approximately two-thirds of our assets while also offering various dedicated Sustainable and Impact strategies. We believe responsible investing is about actively engaging with companies to stimulate them to make a sustainable transition, and that ESG integration leads to better risk-adjusted performance over the mid- to long term.

NN IP is also looking to utilise artificial intelligence techniques and big data to enhance our fundamental research. For example, we are testing the implementation of Natural Language Processing techniques into our European Equity strategies. NN IP has invested in new and innovative data sources, improved our tooling, recruited people with the right skills, from outside the asset management industry, and embedded data scientists within our investment teams.

Finally, we believe investors are not completely rational, but subject to cognitive biases. Behavioural analyses are used to identify the biases both driving the market and affecting our investor decision-making, using the insights to sharpen our investment processes and make better investment decisions.

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NN IP continuously engages with our clients about their current and future needs. In 2019, the obtained feedback was used to improve our digital channels. We delivered a more intuitive website and an updated client portal where institutional clients can create customised views with real-time portfolio information.

Through its strategic partnerships, NN IP further enhances its client propositions across geographies. For example, in 2019 NN IP launched the sustainable enhanced index equity range together with Irish Life Investment Management (ILIM). Rakuten in Japan and China AMC are further examples of how NN IP spearheads joint product offerings to identifying how best to leverage one another's presence and knowhow.

NN IP continues its focus on becoming a more efficient and adaptable asset manager. We strive to allocate resources towards our core activities: investing clients' money, delivering risk adjusted returns and ensuring excellent client experience. Non-core activities can, when needed, be sourced from partners. In furthering our progress, in 2019, we decommissioned MSCI RiskMetrics (a calculation and reporting engine for Financial Risk Management), by migrating it to Blackrock Aladdin. We've finalised the transfer of our Luxembourg management company to our Dutch licensed entity, and finalised agreement to outsource our formal Dutch fund and mandate accounting to Bank of New York Mellon (BNY Mellon).

In the mid to long term, NN IP will continue to invest in its distinctive investment capabilities. In addition, we are committed to integrate ESG criteria wherever relevant throughout the investment process. Besides strengthening investment capabilities, NN IP will continue considering new ways to bring our products to both existing and new clients. Finally, as asset management is a scalable business, while continuing to make the right choices organically, NN IP will also look to supplement organic growth with partnerships and bolt-on acquisitions. As with any business decision we make, these will need to meet strict financial and non-financial criteria, and support our strategic direction.

All amounts are in thousands of Euro unless stated otherwise. The annual report is prepared for the period 1 January 2019 to 31 December 2019.

Financial situation and result 2019

As at 1 January 2019, NNIP Luxembourg S.A. merged into NN IP (both subsidiaries of NN Investment Partners International Holdings B.V.) under universal legal title. As a result of the merger, NN IP Luxembourg S.A. ceased to exist. The merger is accounted for using the carry-over method. As a result of this transaction, NNIP's equity has increased with € 32.9 million, as well the operational result before tax has increased. The legal merger of NN IP Luxembourg S.A. as of 1 January 2019 created efficiencies of scale, as NN IP integrated the business at low incremental cost to its current cost base.

NN IP's cash balance as of 31 December 2019 is € 39.3 million (31 December 2018: € 7.7 million) the increase is due to the merger of NN IP Luxembourg S.A. The cash and cash equivalents are at the free disposal of NN IP. NN IP's financing requirements in 2019 were met by means of financing through NN Group companies. NN IP's Finance department manages the risk associated with NN IP's business activities through the management, planning and allocation of capital within NN IP. The Finance department manages NN IP's capital on a pro-active basis.

Gross income from operations increased to € 579.0 million (2018: € 360.7 million), mainly as a result of the merger between NN IP and NN IP Luxembourg S.A. The fee and commission expenses for the year increased to € 253.0 million (2018: € 71.8 million).

The operating expenses decreased to € 231.1 million (2018: 261.7 million), as in 2018 the operating expenses were higher due to a number of organizational changes implemented in several departments, to ensure better alignment of these functions with the future and strategic direction of NN IP. For 2019 the positive result after tax amounts to € 71.9 million (2018: € 20.6 million).

Assets Under Management

The assets under management comprise the total assets managed by NN IP and its foreign sister companies. The total assets under management at the end of 2019 amounted to € 276 billion (31 December 2018: to € 246 billion). Assets under management (AuM) increased due to market performance (€ 28.7 billion), net flows (€ 1.5 billion). During 2019, third party AuM increased with € 8.1 billion to € 89.8 billion.

Risk Management

Methodology

NN IP's organization presents several "In Control" statements (e.g. ISAE3402) to clients, shareholders, regulators and other stakeholders. For that purpose, NN IP uses an integrated approach and governance. The "In Control" statements and the work performed for these statements (risk assessments, control testing and evaluating testing results) form largely also the basis for this risk paragraph. NN IP is internally governed by a Management Board. The Management Board is responsible for maintaining a governance framework that encourages a strong control environment and contributes to integrity, ethical values and operational excellence.

The most significant risks and control measures

For NN IP the risk appetite is defined as the acceptable and authorised maximum level of risk in each of the risk areas in order to achieve its business objectives within approved budgets. The risk areas are categorised in the following areas:

- Strategy
- Operating activities
- Financial position
- Laws, rules and regulations

Strategy

Management Board report – continued

The strategic risk is included implicitly as part of business risk. NN IP constantly monitors outflows in its fund ranges, as challenging market conditions can potentially cause investors to retrieve investments from our fund range.

Operating activities

In this section we take into account several stress tests to see what the operational impact will be and relate these scenarios to the impact of our capital.

- Fraud

The risk of internal fraud inherently is within each business unit with employees. The usual mitigating measures within NN IP, such as segregation of duties between portfolio management, trading desk and back office, limit the actual risk of internal fraud. There is however always the risk of internal fraud from overriding or bypassing the internal controls. NN IP regards this as a limited risk. Important to note is the segregation of assets: no physical assets can be stolen, as these are held by the custodians who only act upon instructions following the process with the segregation of duties.

- Conflicts of interest

A possible scenario could be to have a conflict of interest enacted through the transfer of securities between two funds, where the purpose is to have the interest of one client more at heart than another client. This may result in claims from clients, reputation damage or fines from the regulator. Controls within NN IP to prevent this from happening are the involvement of Compliance and Risk in fund restructuring processes, Compliance involvement in the required cross-trade process as described in the cross-trade procedure of the Trading Manual, and periodic monitoring on cross-trades by Compliance.

- Supplier Failure

A critical third-party supplier failing to provide the level of service desired and contracted for, can cause operational disruptions, potential litigation costs and severe declines in the quality of customer service. Potential impact could be the loss of reputation, higher cost of a new service provider or cost of external staff when taking the activity back on a temporary basis. NN IP has controls in place that mitigate the risks, such as a pre-contract partner due diligence investigation, monitoring the services provided, including potential breaches of mandates and the outsourcing contract, regular Service Level Management and internal review of the control reports from the service suppliers.

- Partnership Failure

Default of a major partnership provider of critical services may result in disturbance of critical activities until exit/contingency strategies can be enacted. In order to mitigate this risk a number of measures are in place including the monitoring of credit worthiness of partners, a clearly documented exit and contingency strategy and limits on counterparty exposures, including independent monitoring of these limits.

- Pandemic

An outbreak of a global pandemic of influenza can affect a large fraction of critical staff at NN IP and/or business partners and consequently impact the business' operations. Essential to reducing the impact of the pandemic is to prevent viruses spreading across critical staff by preventing them from having physical contact with staff that have been infected. Such measures include the spreading of staff of critical departments across independent sections of the office, working from several offices and having critical staff work from home. The last measure has already become common practice within NN IP.

- Marketing of products

Deficiencies in the development, design or approval of investment products can lead to loss of new business, financial losses or a liability gap for NN IP. This affects all elements of the product including marketing material. Complicating factors are the varying local requirements for products and services. This may result in reputational damage or regulatory fines.

Measures to seriously reduce the impact of this scenario are twofold. Firstly, NN IP has implemented a solid product approval process covering all new or amended products involving control functions like Risk and Compliance. Secondly, Compliance is involved in the review of all marketing materials.

Financial position

During the normal course of business, NN IP uses various financial instruments that expose it to market, currency, credit and liquidity risks. To control these risks, NN IP developed a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of NN IP. Furthermore, other risks are taken into account.

- Market risks

The market risks relate to worsening markets and thus decreasing assets under management and related income (for example as a result of rising interest rates), while the cost base is largely fixed. NN IP accepts the risks of market impact on its assets under management and the related income derived.

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- Currency risks

NN IP is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro. The currencies in which these transactions primarily are denominated are Euro and USD.

- Credit risks and counterparty risk

The credit and counterparty risk exposures that NN IP has on its own balance sheet are largely related to receivables and deposits. Trade receivables consist mainly of client invoices. Client profiles (asset management clients usually have asset surpluses) historically have shown that defaults of counterparties, as well as the loss given defaults, are very rare.

- Liquidity risks

NN IP is part of the NN Group and hence funding is provided by the immediate parent when and if required, hence the liquidity risk is limited within NN IP.

- Laws, rules and regulations

Both the Management Board of NN IP and the Management Board of NN Group are committed to preserving its integrity and reputation. Therefore, NN Group requires all its businesses to have a good understanding of, and adherence with applicable laws, regulations and standards in each of the markets and jurisdictions in which it operates. NN IP has adopted the NN Group Compliance Charter and Framework to help businesses effectively manage their compliance risks. An overview of relevant local laws and regulations are covered in NN IP local Compliance Charts. The Compliance Charts describe the compliance risks which are material and relevant to NN IP.

Complaints are also an important element of event identification. A complaint handling and response procedure is available, and the process has been implemented. Our Client Servicing team is aware of the procedures surrounding the receiving of complaints. Complaints handling is dealt with in employee training and communicated by management to employees. Also, a Whistle-blower procedure is available and reporting of Whistle-blower cases is implemented. Whistle-blowing reporting officers have been appointed and instructed. There is a documented methodology for investigation that protects all parties involved during the process. To allow the compliance function to perform its duties, it has direct reporting lines to both the board and Corporate Legal & Compliance of NN Group.

Impact on the financial position and result 2019 in case significant risks would materialize

The U.S. – China trade war and Brexit were the biggest stories of the year and regular changes to its expected outcome added volatility to the markets. In general, market circumstances have become more unpredictable in recent years but we deem current capital sufficient to cover for potential future losses from operational incidents. Besides these potential operational losses, we also used stress scenarios on our gross revenues and operating results from adverse market conditions.

- Risk and uncertainties that had a significant impact during the year

In general the risks and uncertainties affecting economic growth were caused by the ongoing trade war and escalating US-China tensions. Also Middle East tensions flared periodically but without a lasting global impact and the Brexit saga dragged on although a near-term hard Brexit has been avoided. But it wasn't all negative as the growth slowdown and low inflation saw central banks ease, with the Fed cutting three times and the ECB reinstating quantitative easing. The geopolitical risks that dominated markets for much of 2019 faded in Q4, helping global equity markets to post gains. Falling interest rates and a stable credit backdrop also helped generate solid returns for bond investors in 2019. This positive market performance across all segments and asset classes is reflected in the substantial increase in Total Assets under Management of NN IP.

- Improvements to the risk management systems

During 2019, the investment risk, counterparty risk and performance attribution systems were changed to further leverage on the capabilities of existing systems and providers within NN IP, to allow for faster throughput time and to align the risk view across the company. NN IP believes to continue to be in control of the applicable risks.

Remuneration Policy

The following remuneration report describes NN Investment Partners remuneration philosophy and system as applicable to staff who perform activities for NN Investment Partners B.V., including its investment funds as regulated by the Alternative Investment Funds Management Directive (AIFMD) and/or the Undertakings for Collective Investments in Transferable Securities Directive (UCITS).

This paragraph consists out of the following::

- I. Governance;
- II. Identified Staff; and
- III. Quantitative information.
- IV. Information third parties

I. Governance

NN Investment Partners operates a Compensation Committee responsible for (among others) setting, monitoring and reviewing the remuneration policies, plans and overall remuneration spend globally for NN Investment Partners. The NN Investment Partners Compensation Committee comprises the CEO NN IP, the Head of Human Resources NN IP, the Chief Financial & Risk Officer NN IP, the Head of Compliance NN IP and the Head of Reward NN IP.

The Remuneration Governance of NN Investment Partners is embedded in the NN Group Governance Framework which requires certain remuneration proposals to be approved at NN Group level. This includes requirements for approvals by (i) the NN Group Compensation Committee in which the relevant control functions

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(Finance, Risk, HR, Legal and Compliance) and the NN Group Management Board Members are represented and (ii) the NN Group Supervisory Board to ensure an objective and independent view. Examples of events at NN Investment Partners that require approval at NN Group level include:

- the Identified Staff (i.e. those staff with a material impact on the risk profile of NN Group and staff with material impact on the AIF's, UCITS's and/or the management company NN Investment Partners B.V.) selection methodology, criteria and the annual selection of Identified Staff roles, and remuneration proposals;
- remuneration decisions for NN Investment Partners Compensation Committee members.
- the annual compensation review for selected Identified Staff members, senior management and high earners, including the potential cases for holdback of deferred compensation by way of malus and or holdback;
- the total variable remuneration spent for any performance year;
- job offers for joiners and proposals for leavers exceeding certain thresholds; and
- any deviation from the minimum standards as set in the NN Group Remuneration Framework.

The Compensation Committees and NN Group Supervisory Board are authorised to engage external remuneration advisors. In 2019 it made use of the services of Willis Towers Watson, and additionally NN Investment Partners made use of the services of McLagan and PwC with regards to remuneration related policies and practices (including benchmarking).

Further information regarding NN Group Remuneration Governance, including the roles and responsibilities of relevant committees can be found in the NN Group 2019 Annual Report (<https://www.nn-group.com – Investors – 2019 Annual report>).

II. Identified Staff

NN Investment Partners selected Identified Staff (staff whose professional activities have material impact on the risk profile of NN Group) on the basis of CRD IV, and Identified Staff on the basis of both AIFMD and UCITS (being staff whose professional activities have a material impact on the Dutch licensed AIF(s), and/or the UCITS and/or NN Investment Partners B.V. based in The Hague). All NN Investment Partners Identified Staff selected on the basis of CRD IV, also qualify as AIFMD and UCITS Identified Staff.

AIFMD and UCITS Identified Staff are selected in accordance with ESMA guidelines and a selection methodology and selection criteria that were approved by the NN Group Compensation Committee.

More specifically, the assessment for material influence was done on the following basis:

- examining the potential impact on the financial, operational and reputational risks of the organisational units in scope in a way that exceeds the companies risk appetite, and/or the Performance of the AIF and/or UCITS;
- by means of the formal organisational position, including applicable governance, role and responsibilities either alone or in committees, organisational unit or as part of a department;
- in combination with the factual situation (testing actual versus theoretical), where the actual situation has been considered leading;
- taking into account controls in place, and focusing on the residual level of influence one can have, taken normal functioning of the controls into account; and
- back testing with past incidents and outcome from monitoring (ISAE3402, financial reporting risk) to establish if the controls have been working effectively or if any material influence could be exercised outside of the existing controls.

The following six groups of Identified Staff have been assessed:

- (i) executive and non-executive members of the governing body of the AIFM and UCITS;
- (ii) senior management;
- (iii) staff in control functions;
- (iv) staff responsible for heading the portfolio management, administration, marketing and human resources;
- (v) other risk takers; and
- (vi) staff whose remuneration in the previous year is as high as or higher than senior management and other risk takers.

Performance management for Identified Staff

The performance management process for Identified Staff selected on the basis of CRD IV is centrally designed and coordinated by NN Group Human Resources, and resulting rules and requirements are also to be applied to AIFMD and UCITS selected Identified Staff.

The performance management principles applied to Identified Staff ensure that there is focus on financial and non-financial performance and on leadership behavior. In addition, the company's strategy (both long and short term objectives), client interests, as well as the companies values (Care, Clear and Commit) are reinforced. The principles also create alignment with the AIF and UCITS risk profile. In addition to general performance management principles that apply to all NN Group staff, the following performance management principles apply specifically to Identified Staff in 2019:

- (i) the performance objectives include both financial and non-financial performance objectives according to the following balance: (a) for non-control functions Identified Staff a maximum of 50% financial and a minimum of 50% non-financial performance objectives and (b) for control functions: a

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maximum of 15% financial (e.g. departmental budget responsibility) and a minimum of 85% non-financial performance objectives linked to their control function specific role;

- (ii) control functions will only have financial performance objectives that are not linked to the performance of the business unit they control; and
- (iii) all performance objectives are reviewed by the Risk and Compliance functions.

For each Identified Staff member a set of objectives is defined, including details on what the individual is expected to contribute to the company's business success and how this contribution is to be achieved. The individual performance objectives score is used as one of several factors that determine individual variable remuneration. The final amount of variable remuneration is also dependent on other factors such as: the overall financial affordability, the assessment of undesired risk-taking, as well as non-compliant behavior, and the outcome of an assessment of leadership behavior which may cause adjustments of the level of variable remuneration.

The performance assessment of Identified Staff and the consequent awarding of variable remuneration is effected as part of a multiple-year framework. As deferral periods apply to variable remuneration of Identified Staff, it is ensured that variable remuneration is "at risk" during the entire deferral period. Variable remuneration is linked to risk and non-financial performance and takes into account the company performance at group level, business line performance and individual performance. Any undesired risk taking or breaches of compliance that were not apparent at the time the variable remuneration was awarded, will be taken into account at every (deferred) vesting of variable remuneration.

Remuneration principles and policy for Identified Staff

Variable remuneration for Identified Staff is performance-based and risk-adjusted and is partly paid upfront and partly deferred. Deferred variable remuneration is subject to the assessment of undesired risk-taking, as well as non-compliant behavior in view of past performance. If deemed necessary by the Supervisory Board, (deferred) compensation is adjusted downwards via hold back or claw back.

Different elements of remuneration for Identified Staff

The remuneration of Identified Staff has been structured in accordance with the applicable laws and regulations. The total reward of Identified Staff consists of the following elements:

- fixed remuneration;
- variable remuneration; and
- general employee benefits, such as employer pension contributions, employee discounts on financial services, disability insurance coverage (applicable to all NN Investment Partners staff).

Variable Remuneration awarded to Identified Staff

At least 40% of the variable remuneration as awarded to Identified Staff is deferred, and for control function Identified Staff a stricter regime applies as a minimum of 50% is deferred.

For all selected Identified Staff members, the variable remuneration comprises the following components:

- upfront cash;
- upfront Investment Entitlements, managed by NN Investment Partners (an additional retention of at least one year applies after vesting);
- upfront NN Group shares (for CEO NN IP and Member of the Management Board NN Group, and an additional retention of at least five year applies after award);
- deferred Investment Entitlements managed by NN Investment Partners (the minimum deferral period is three years, applying a tiered vesting schedule. Deferred variable remuneration vests annually in equal tranches. The first deferred portion of the variable remuneration vests in one year after the date of grant. Any vested portion of the deferred Funds is subject to an additional retention period of at least one year); and
- deferred NN Group shares (the minimum deferral period is three years, applying a tiered vesting schedule. Deferred variable remuneration vests annually in equal tranches. The first deferred portion of the variable remuneration vests in one year after the date of grant).

For all selected Identified Staff, ex-post performance assessment is carried out. The performance assessment extends beyond the date of the award of variable remuneration and continues as part of a multi-year framework of at least three to five years.

NN Group has the right to apply a hold back from any (ex-)employee, i.e., not to pay variable remuneration, in the following circumstances:

- the variable remuneration does not reconcile with the financial situation of NN Group or is not justified on the basis of the performance of the relevant business unit or the relevant employee; or
- NN Group does not comply with the relevant capital requirements applicable from time to time, which includes a significant deterioration in the financial performance of the AIF/UCITS Management Company and/or AIF's/UCITS's funds or a significant downturn in the AIF/UCITS Management Company overall financial situation; or
- NN Group's capital adequacy is insufficient as determined via the capital test; or
- the relevant staff member participated in or was responsible for conduct which resulted in significant losses to NN Group or any of its subsidiaries or affiliates; or

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- the relevant staff member failed to meet the appropriate standards of fitness and propriety (bekwaamheid en correctheid), such as an oath for the financial sector, a code of conduct or other internal rules and regulations that are applicable to NN Group; or
- NN Group or the business unit in which the relevant employee works suffers a significant failure of risk management; or
- if this is required or reasonable taking into account the outcome of the reassessment procedures set out in the NN Group Remuneration Framework; or
- in the event of significant negative changes in the economic and regulatory capital base; or
- in the event of specific conduct which has led to the material re-statement of NN Group's annual accounts and/or significant (reputational) harm to NN Group or any of its subsidiaries or affiliates; or
- if any other material new information arises that would have changed the original determination of the award of variable remuneration to that individual if it were known at the time of the award; such reassessment is also based on the criteria for the original award.

A claw back of paid/vested variable remuneration from any (ex-)employee can be applied in the following circumstances:

- this is required or reasonable taking into account the outcome of the (reassessment) procedures; or
- in the event of engagement in conduct or performance of acts which are considered malfeasance or fraud; or
- in the event of specific conduct which has led to the material re-statement of NN Group's annual accounts and/or significant (reputational) harm to NN Group or any of its subsidiaries or affiliates; or
- in case the relevant staff member participated in or was responsible for conduct which resulted in significant losses to NN Group or any of its subsidiaries or affiliates; or
- in case the participant failed to meet appropriate standards of fitness and propriety, such as an oath for the financial sector, a code of conduct or other internal rules and regulations that are applicable to the NN Group; or
- a significant deterioration in the financial performance of the AIF/UCITS Management Company and/or AIF's/UCITS's funds or a significant downturn in the AIF/UCITS Management Company overall financial situation; or
- in the event of significant negative changes in the economic and regulatory capital base; or
- if any other material new information arises that would have changed the original determination of the award of variable remuneration to that individual if it were known at the time of the award; such reassessment is also based on the criteria for the original award.

III. Quantitative information

The table below provides aggregated information on the remuneration of all active staff members employed on 31 December 2019 and performing activities for NN Investment Partners International Holdings B.V. in The Netherlands during the year 2019, and includes all Identified Staff selected on the basis of AIFMD and/or UCITS.

A significant proportion of the numbers listed below can be attributed to NN Investment Partners B.V. (Management Company), as NN Investment Partners B.V. is the main operating entity held by NN Investment Partners International Holdings B.V.

Information at the level of NN Investment Partners B.V. (beheerder) and/or the AIF's/UCITS's is not available. The 2019 variable remuneration is not charged to the AIF's.

Aggregated fixed remuneration and variable remuneration for the performance year 2019

Amounts in € 1,000 and gross	Fixed and variable remuneration awarded in relation to the performance year 2019		
	Identified Staff qualified as Senior Management (including Executives)	Other Identified Staff (excluding Senior Management)	All staff – excluding Identified Staff
Number of employees (#)	8	12	640
Fixed remuneration (1)	2.997	3.089	61.437
Variable remuneration (2)	1.294	1.540	15.032
Aggregate of fixed and variable remuneration	4.291	4.629	76.469

Note 1) Fixed remuneration per ultimo 2019 for contractual working hours. The fixed remuneration includes collective fixed allowances, which includes elements such as holiday pay and pension allowance, and excludes benefits.

Note 2) Variable remuneration includes all conditional and unconditional awards in relation to the performance year 2019 as approved by the relevant committees and authorized per 24 March 2020. This includes all payments to be processed through payroll per March/April 2020, upfront NN Group shares and NN IP Investment Entitlements (Fund-of-Fund with a one year holding period) as awarded to Identified Staff, as well as all conditional deferred NN Group shares and NN IP Investment Entitlements.

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IV. Information third parties

NN Investment Partners B.V. (NN IP) has (partly) outsourced its portfolio management activities to third parties. For each of these parties a Portfolio Management Agreement (PMA) has been arranged. The PMA guarantees efficient and effective services in accordance with the set agreements with these third parties. The services offered by these third parties based on the PMA are evaluated annually by NN IP.

The transparency that NN IP maintains with regard to the applied remuneration policy also includes transparency regarding the remuneration policy of third parties who carry out portfolio management activities for NN IP. By doing this NN IP is aligned with the guidance from the European regulator (ESMA).

NN IP annually requests information from third parties in order to be able to evaluate the services and information about the applied remuneration policy by the third party is included in this request. For more information about the remuneration policies of these third parties, please refer to: <https://nnip.com> – About – Policies and governance – Remuneration policy - Remuneration information third parties.

Social aspects of operating the business

At NN IP, we are committed to improving people's financial well-being, and to responsibly managing the assets entrusted to us by our customers. We aim to be a positive force in the lives of our customers. We believe this also includes taking responsibility for the well-being of the wider society and supporting the communities in which we operate. NN IP's values guide us in fulfilling our role as a good corporate citizen. NN IP's Code of Conduct contains the core values to ensure that we never lose sight of the essence of what we do: adding value to our customers and society. The Code of Conduct is available via 'Code of Conduct' community on the intranet of NN IP.

Outlook 2020

Since the beginning of 2020, the coronavirus (COVID-19) has been unfortunately affecting people and businesses around the world. Like other companies, NN IP is exposed to the challenges resulting from the spread of the coronavirus. Looking ahead, the macroeconomic environment remains very uncertain. We are observing disruption in the global financial markets as both stock markets and interest rates have declined significantly. At the time of writing this report, the full impact of the coronavirus outbreak is not yet clear. We are taking the necessary measures aimed at safeguarding the interests and the wellbeing of all our stakeholders.

What we see is that our strategy we started with in 2018 becomes effective and strengthens us in continuing this strategy. Therefore we will further strengthen our business by continuing to make clear choices, streamline our organization, and focus on distinctive capabilities, while embedding ESG throughout the entire investment process. We aim to develop the right skills, use the combination of man and machine as well as behavioral analysis to make a difference, and improve our decision-making processes. We have growth ambitions to add more scale to our business. This can be achieved by attracting third party mandates based and can be supplemented through new distribution partnerships and bolt-on acquisitions provided that these support our strategic direction and meet strict financial and non-financial criteria. In 2020, we will continue to focus on delivering top performance and servicing our clients. We are committed to help our clients secure their financial futures.

Significant investments in data, technology and people aim to strengthen NN IP's current top-performing strategies and fund research and development, which centers around new sources of data, enhanced use of technology in the investment process and decision making (e.g. artificial intelligence and behavioral analyses). For 2020, NN IP has the ambition to show growth of its annual result from operations. The growth in revenues will be partially offset by pricing pressure in the asset management industry. Furthermore, the envisioned operational cost savings will be (partly) reallocated to build capabilities in line with NN IP's strategy.

The Hague, 6 April 2020

The Management Board

S.S. Bapat
(Chairman, Chief Executive Officer)

V. van Nieuwenhuijzen
(Chief Investment Officer)

M.C.M. Canisius
(Chief Finance and Risk Officer)

Management Board report – continued

H.W.D.G. Borrie
(Chief Client Officer)

M.C.J. Grobbe
(Chief Human Resources Officer)

B.G.J. van Overbeek
(Global Chief Operation Officer)

Balance Sheet

After appropriation of the result
As at 31 December
Amounts in EUR

	Notes	2019	2018
Fixed assets:			
Tangible fixed assets	1	4,339,247	231,405
Financial fixed assets	2	2,177,932	521,645
Total fixed assets		6,517,179	753,050
Current assets:			
Trade receivables	3	11,670,054	4,480,183
Current account with group companies	4	17,156,180	55,162,785
Other receivables, prepayments and accrued income	5	109,388,927	90,547,070
Cash and cash equivalents		39,349,899	7,732,810
Total current assets		177,565,060	157,922,848
Total assets		184,082,239	158,675,898
Equity:			
Issued and paid-up capital	6	193,385	193,385
Other reserves	7	80,265,589	75,067,555
Total equity		80,458,974	75,260,940
Current liabilities:			
Trade creditors	8	347,276	1,731,403
Tax payable	9	10,150,140	854,676
Other liabilities, accruals and deferred income	10	89,187,767	80,828,879
Total current liabilities		99,685,183	83,414,958
Non current liabilities:			
Lease liability	11	3,938,082	-
Total non current liabilities		3,938,082	-
Total equity and liabilities		184,082,239	158,675,898

Profit and loss account

For the year ended 31 December
Amounts in EUR

	Notes	2019	2018
Gross management fee and commission income	12	579,082,465	360,749,177
Fee and commission expenses	13	-253,048,849	-71,822,167
Gross margin		326,033,616	288,927,010
Other operating expenses	14	-231,121,030	-261,733,674
Operating result		94,912,586	27,193,336
Finance income and expenses	15	155,853	-552,795
Finance income and expenses		155,853	-552,795
Result from operations before tax		95,068,439	26,640,541
Share in result from associates	3	-	631,478
Income tax	16	-23,174,649	-6,710,007
Result from operations after tax		71,893,790	20,562,012

Principles of valuation and determination of results

General

NN IP is through a number of group companies, a wholly-owned subsidiary of NN Group N.V., (its immediate parent is NN Investment Partners International Holdings B.V.) is located at Schenkade 65, 2595 AS, The Hague and is listed under number 27132220 in the Trade Register.

As at 1 January 2019, NNIP Luxembourg S.A. merged into NN IP under universal legal title. As a result of the merger, NN IP Luxembourg S.A. ceased to exist. As allowed under Dutch GAAP, the comparative figures have not been adjusted, if significant changes are applicable, these will be explained in the notes.

NN Investment Partners International Holdings B.V. declared to assume joint and several co-liability for the debts arising from legal acts of NN IP, in accordance with article 403, Part 9 Book 2 of the Dutch Civil Code ('403'-declaration).

The annual report is presented in euro, which is NN IP's functional and presentation currency.

Principles of valuation of assets and liabilities and the determination of results

The 2019 financial statements of NN IP are prepared in accordance with generally accepted accounting principles included in Part 9, Book 2 of the Dutch Civil Code. These financial statements cover the year 2019, which ended at the balance sheet date of 31 December 2019 and have been prepared on the basis of the going concern assumption.

The financial statements of NN IP are included in the consolidated financial statements of NN Group N.V. The consolidated financial statements are available via the web-site of NN Group (www.nn-group.com). The term 'group companies' used in the disclosures, refers to NN Group N.V. and its subsidiaries.

The principles used for valuing assets and liabilities and determining the result are unchanged compared with the previous reporting year.

As allowed under Dutch GAAP, NN IP has adopted IFRS 16 to account for its 'leases' starting 1 January 2019. NN IP recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using NN IP's incremental borrowing rate.

The adoption of IFRS 16 led to an initial increase of the tangible fixed assets and corresponding lease liabilities of around € 4 million.

General accounting principle

Assets and liabilities are stated at nominal value, unless otherwise stated.

An asset is recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognized in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle the obligation can be measured reliably. An asset or liability that is recognized in the balance sheet, remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability.

Assets or liabilities that are not recognized in the balance sheet are considered as off-balance sheet assets or liabilities.

Income is recognized in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognized when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

Revenues and expenses are allocated to the period to which they relate.

Use of estimates

The preparation of the financial statements requires management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any.

The cost consists of the price of acquisition, plus other costs that are necessary to get the assets to their location and condition for their intended use. Expenditure is only capitalized when it extends the useful life of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets, taking into account the estimated residual value of the individual assets. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment of the asset.

The following rates of depreciation are applied:

Principles of valuation and determination of results - continued

- Buildings, Office equipment, Other: 10-33%

Impairment of fixed assets

Tangible and intangible fixed assets are assessed at each reporting date, whether there is any indication of an impairment. If such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realizable value. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognized impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash-generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognized in previous years for the asset (or cash-generating unit).

The determination of impairments is an inherently uncertain process involving various assumptions and factors. Estimates and assumptions are based on management's judgement and other information available.

Financial fixed assets

Participating interests with significant influence

Participating interests where significant influence is exercised over the business and financial policies, are valued according to the equity method on the basis of net asset value. The net asset value is calculated on the basis of NN IP's accounting policies. Any loss that results from the transfer of current assets or an impairment of fixed assets is fully recognized. Results on transactions involving transfer of assets and liabilities between NN IP and its participating interests and mutually between participating interests are eliminated to the extent that these cannot be regarded as having been realized.

Participating interests with a negative net asset value are valued at nil.

Participating interests with no significant influence

Participating interests where no significant influence is exercised are stated at the lower of cost or realizable value. In case of a firm intention to sell, the participating interest is stated at the lower expected sales value. If NN IP transfers an asset or a liability to a participating interest that is measured at cost or current value, the gain or loss resulting from this transfer is recognized directly and in full in the profit and loss account, unless the gain is in substance not realized.

Dividends are accounted for in the period in which they are declared. Dividends from participating interests that are carried at cost, are recognized as income from participating interests in the period in which the dividends become payable.

Impairment of financial assets

A financial asset that is not stated at fair value with value changes reflected in the profit and loss account, but at amortized cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortized cost (loans and receivables and financial assets that are held to maturity) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those individually significant assets found not to be specifically impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, NN IP uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset stated at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognized by using the asset's original effective interest rate. When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

The determination of impairments is an inherently uncertain process involving various assumptions and factors. Estimates and assumptions are based on management's judgement and other information available.

Cash and cash equivalents

Principles of valuation and determination of results - continued

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement and disclosed separately. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet, when NN IP has a current legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or to realize the assets and settle the liability at the same time.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

Foreign currency translation

Transactions and balances

At initial recognition, transactions denominated in a foreign currency are translated into the functional currency of the company at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Exchange differences resulting from the settlement of monetary items or resulting from the translation of monetary items denominated in foreign currency, are recognized in the profit and loss account in the period in which they arise.

Non-monetary assets and liabilities denominated in foreign currency that are stated at historical cost, are translated into euros at the exchange rates applying on the transaction date.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at current value, are converted into euros at the exchange rate at the time when the current value was determined. Exchange rate differences arising from the translation are directly recognized in equity as part of the revaluation reserve.

Foreign operations

The assets and liabilities that are part of the net investment in a foreign operation are translated into euros at the exchange rate prevailing at the balance sheet date. The revenues and expenses of such a foreign operation are translated into euros at the exchange rate on the transaction date.

Equity

Equity consists of paid-up capital and other reserves. Other reserves comprise the cumulative results of previous years, the result of the year under review, activity related to share based payments and less any dividend paid.

Corporate income tax

NN IP is part of a Dutch fiscal unity with its indirect parent NN Group N.V. for both corporate income tax and VAT, along with other Dutch subsidiaries of NN Group N.V.

NN Group N.V. and its subsidiaries, that form part of the Dutch fiscal unity are jointly and severally liable for taxation payable by the Dutch fiscal unity. The calculation of NN IP's corporate income tax is made as if NN IP is an independent taxpayer. The corporate income tax payable is settled on a quarterly basis, through NN Investment Partners International Holdings B.V., with NN Group N.V. via the current account under the heading 'current account with group companies'.

NN IP's foreign offices (Branches) are considered to be permanent establishments. The Branches are therefore subject to corporate income tax in the country they operate and file their own corporate income tax returns.

Corporate income tax comprises the current and deferred corporate income tax payable and receivable for the reporting period. Corporate income tax is recognized in the profit and loss account except to the extent that it relates to items recognized directly to equity.

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

If the carrying amount of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences. For taxable temporary differences, a deferred tax liability is recognized.

For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognized, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

For taxable temporary differences related to group companies and foreign Branches, a deferred tax liability is recognized, unless NN IP is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary differences regarding group companies and foreign Branches, a deferred tax asset is recognized to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which NN IP expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value and calculated using tax rates enacted or substantively enacted at the reporting date.

Principles of valuation and determination of results - continued

Management fees and commission income

Management fees and commission income are generally recognized as the service is provided by NN IP and are based on the applicable service contracts.

Management fees and commission expenses

Management fees and commission expenses are generally recognized as the service is provided to NN IP and are based on the applicable service contracts.

Other operating expenses

Expenses are allocated to the period to which they relate.

Employee Benefits- Share-based payments

Share-based payments are recognized as staff expenses over the vesting period. A corresponding increase in equity is recognized for equity-settled share-based payment transactions. The fair value of equity settled share-based payment transactions is measured at the grant date.

Pension accounting policies for Branch employees

NN IP's Branches have contribution pension plans in place for its employees. In accordance with the pension plans the Branches pay a premium which will result in the pay out of the insured pension capital at the retirement age, or before upon death of the employees. The contributions are expensed in the period to which they relate.

Operating Lease

NN IP's Branches have entered, as lessees, into several operating lease contracts. As allowed under Dutch GAAP, NN IP has adopted IFRS 16 to account for its 'leases' starting 1 January 2019. As a result NN IP recognized a right-of-use asset and a non-current liability.

Financial income and expenses

This item comprises interest received and paid on bank accounts, deposits, interest on receivables and payables and exchange differences resulting from the settlement of monetary items or resulting from the translation of monetary items denominated in foreign currency and which are recognized in the profit and loss account in the period in which they arise, taking into account the effective interest of the related asset.

Share in result of participating interests

This item comprises NN IP's share in the results of participating interests, determined on the basis of NN IP's accounting principles. The results of the participating interests acquired or sold during the financial year are measured in the result, from the date of acquisition or until the date of the sale respectively.

Exchange rate against euro as at 31 December

		2019	2018
US Dollar	(USD)	1.12	1.14
British Pound	(GBP)	0.85	0.90
Czech Crown	(CZK)	25.41	25.74
Danish Crown	(DKK)	7.47	7.46
Hungarian Forint	(HUF)	330.71	320.80
Japanese Yen	(JPY)	121.99	125.42
Romania Leu	(RON)	4.79	4.66
Swedish Crown	(SEK)	10.51	10.14
Thai Baht	(THB)	33.62	37.22
United Arab Emirates Dirham	(AED)	4.12	4.20

Notes to the balance sheet

1 Tangible fixed assets

Tangible fixed assets

	Buildings	Equipment	Other	Total
Book value as of 1 January	-	231,405	-	231,405
Investments	4,764,682	217,623	521,907	5,504,212
Depreciation	-997,679	-153,689	-245,002	-1,396,370
Book value as of 31 December	3,767,003	295,339	276,905	4,339,247

Tangible fixed assets relate to buildings, equipment and other fixed operating assets and the depreciation method used is based on a straight-line basis over a period of three to ten years.

The adoption of IFRS 16 led to an initial increase of the tangible fixed assets and corresponding lease liabilities of around € 4 million, reflected in the line item "Investments" in the schedule above.

2 Financial fixed assets

Financial fixed assets

	2019	2018
NN Investment Partners Belgium S.A.	77	77
Deferred tax asset	2,177,855	521,568
Total financial fixed assets	2,177,932	521,645

Participating Interest

NN IP holds one share of NN Investment Partners Belgium S.A., located in Brussels, Belgium, which represents 0.0001% of NN Investment Partners Belgium S.A.

Deferred Tax Asset

The deferred tax assets relate to the recognised unused deductible temporary differences of NN Investment Partners Luxembourg S.A. NN IP B.V. has merged with NN Investment Partners Luxembourg S.A. as per 1/1/2019. The recognised unused deductible temporary differences of Luxembourg will be amortized in 10 years, starting in 2020. It is expected that € 245,570 of the deferred tax assets will be offset within one year.

Movements in the deferred tax asset during the reporting period can be specified as follows:

	2019
Balance as of 1 January	521,568
Deductable temporary difference	2,469,593
Used deductible temporary differences	-521,568
Exchange rate differences	-
Impact change in tax rate	-291,738
Balance as of 31 December	2,177,855

The impact of the change in tax rate is due to the fact that as per financial year 2021 the VPB rate in the Netherlands decreases from 25% to 21.7%.

3 Trade receivables

Trade receivables

	2019	2018
Management fees to be received	11,670,054	4,480,183
Total trade receivables	11,670,054	4,480,183

An amount of € 3,286,807 (2018: € 2,165,871) relates to receivables from group companies. The increase of the trade receivables is mainly due to the merger of NN IP Luxembourg S.A. All management fees to be received are due within one year. No provision for bad debt or doubtful debts has been recorded as at 31 December 2019 (2018: nil)

4 Current account with Group companies

Current account with Group companies

	2019	2018
Intercompany account NN Investment Partners International Holdings B.V.	16,632,913	53,134,143
Intercompany account NN IP Beleggersgiro B.V.	523,267	2,028,642
Total current account with Group companies	17,156,180	55,162,785

Notes to the balance sheet - continued

The current account with group companies are used for the NN Group overall cash pooling policy and for settlements with group companies. For further information regarding transactions with related parties reference is made to the section 'Related parties'. Movement compared to prior year is due to timing. Starting from 2019, NN IP does not present the corporate tax payable net against the current account with group companies.

5 Other receivables, prepayments and accrued income

Other receivables, prepayments and accrued income

	2019	2018
Other receivables and prepayments	1,585,737	898,944
Contract costs	31,343,374	18,619,688
Tax receivable	449,828	808,045
Accrued income	76,009,988	70,220,393
Total other receivables, prepayments and accrued income	109,388,927	90,547,070

The contract costs relate to the upfront commissions paid to distributors for the sale of a certain share class relating to specific fund ranges. The upfront commissions paid by NN IP are capitalized at the time of the payment and amortized based on a straight-line calculation throughout the period the fee relates to (36 months period). An amount of around € 4.8 million has a remaining tenor of more than one year. The increase in contract asset noted during financial year 2019 is mainly due to the increase amount of pre-payment as a result of the high inflows noted in the NN Fund Y-share classes. In addition an amortization of €16.8 million was recorded during financial year 2019.

The tax receivable relates to corporate income tax amounts to be received by the Branches.

Accrued income comprises of management fee and distribution fees, within accrued income an amount of € 15,067,800 (2018: € 39,607,122) relates to receivables from group companies and mainly refers to (sub) management fees and distribution fees.

6 Issued and paid-up capital

Issued and paid-up capital

	2019	2018
38,677 shares of € 5.00 each	193,385	193,385

NN Investment Partners International Holdings B.V. owns all issued shares.

7 Other reserves

Other reserves

	2019
Balance as of 1 January	75,067,555
Legal merger NN IP Luxembourg S.A.	32,928,642
Dividend paid	-99,900,000
Share-based payment Branches and other	275,602
Appropriation of result	71,893,790
Balance as of 31 December	80,265,589

NN IP proposes to add the financial year's result of € 71,893,790 to the other reserves.

For further information regarding the share-based payments Branches reference is made to the section 'Share-Based Compensation'.

Due to the legal merger of NN IP Luxembourg S.A. a Net Wealth Tax (NWT) reserve has been taken up for the remaining five-year period to continue benefiting from the reduction of NWT for an amount of € 19,386,525. As per financial year end the amount equals € 15,922,400.

8 Trade Creditors

Trade creditors

	2019	2018
Creditors	347,276	1,731,403
Total trade creditors	347,276	1,731,403

Within creditors an amount of € 231,129 (2018: 391,391) relates to fees payable to group companies.

9 Tax payable

The tax payable relate to corporate income tax and social security premiums including the Branches. Due to the merger of NN IP Luxembourg S.A. the corporate tax and social security premiums have increased compared to prior year. Furthermore, the increase of corporate tax payable compared to 2018 is due to the fact that starting from 2019, NN IP does not present the tax payable net against the 'current account with group companies'.

Notes to the balance sheet - continued

10 Other liabilities, accruals and deferred income

Other liabilities, accruals and deferred income

	2019	2018
Other fees payable	27,776,449	14,326,853
Management fees payable	2,427,591	4,227,029
Sub management fees payable	8,315,358	7,028,097
Sales fees payable	8,714,950	5,794,930
Trailer fees payable	41,953,419	49,451,970
Total other liabilities, accruals and deferred income	89,187,767	80,828,879

Other fees payables comprises mainly of fixed service fee as well as advisory fee payables. Within total other liabilities an amount of € 32,261,607 (2018: € 28,718,117) relates to group companies, and mainly refers to management fees, sub-management fees and sales fees payable to group companies.

11 Lease Liability

NN IP has adopted IFRS 16 to account for its 'leases' starting 1 January 2019. NN IP recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using NN IP's incremental borrowing rate.

The adoption of IFRS 16 led to an initial increase of the non-current liabilities of around € 3.9 million.

Off balance sheet commitments

Tax commitments

NN IP is in a Dutch fiscal unity with its indirect parent NN Group N.V. for both corporate income tax and VAT, along with other Dutch subsidiaries of NN Group N.V.

NN Group N.V. and its subsidiaries, that form part of the Dutch fiscal unity are jointly and severally liable for taxation payable by the Dutch fiscal unity.

Other

NN IP acts as guarantor for fulfilling the obligations of NN IP Beleggersgiro B.V. (hereafter 'Giro') towards Giro's accountholders.

Notes to the profit and loss account

12 Gross management fee and commission income

Gross management fee and commission income

	2019	2018
Management fees	558,860,559	246,188,734
Sub management fees	17,065,595	80,425,050
Performance fees	138,658	122,495
Sales fees	392,447	31,400,923
Security lending fees	826,743	729,725
Advisory fees	1,161,412	1,116,355
Other income	637,051	765,895
Total gross management fee and commission income	579,082,465	360,749,177

	2019	2018
Europe	558,130,567	344,365,342
Asia	19,978,176	12,527,775
USA	973,722	3,856,060
Total gross management fee and commission income breakdown by geographical region	579,082,465	360,749,177

Management fees

The management fees relate to fees received for managing the assets of both institutional and retail clients throughout the year. Within management fees an amount of € 30,733,180 (2018: € 103,629,959) relates to group companies. The significant increase is due to the merger of NN IP Luxembourg S.A as a result of the fact that NN IP has become the manco of the NN IP Luxembourg fund range.

Sub management fees

The sub management fees relate to fees received for co-managing the assets of the clients with other managers, either internal or external throughout the year. Within sub management fees an amount of € 6,122,261 (2018: € 72,254,502) relates to group companies. The significant decrease is due to the merger of NN IP Luxembourg S.A. As such, sub-management fee payments from NNIP Luxembourg S.A. to NN IP (2018: € 61 mio) ceases to exist.

Sales fees

The sales fees relate to fees received for selling the funds managed on behalf of the clients throughout the year. Within sales fees an amount of € 386,224 (2018: € 27,817,876) relates to group companies. The significant decrease is due to the merger of NN IP Luxembourg S.A. As a result, the sales fee payments from NN IP Luxembourg S.A. to NN IP ceases to exist.

13 Fee and commission expenses

Fee and commission expenses

	2019	2018
Management fees	-5,387,035	-19,021,722
Sub management fees	-41,069,394	-25,270,733
Advisory fees	-6,737,824	-733,353
Sales fees	-20,435,745	-5,944,998
Fixed service fees	-45,482,436	-12,136,331
Trailer fees	-133,936,415	-8,715,030
Total fee and commission expenses	-253,048,849	-71,822,167

Management fees

The management fees relate to fees paid to internal and external managers for managing the assets of the clients throughout the year. Within management fees an amount of € 5,563,147 (2018: € 18,434,558) relates to group companies. The decrease is mainly due to the merger of NN IP Luxembourg S.A. As a result, the management fee payments from NN IP to Luxembourg S.A. ceases to exist.

Sub management fees

The sub management fees relate to fees paid to internal and external managers for co-managing the assets of the clients throughout the year. Within sub management fees an amount of € 24,521,993 (2018: € 23,518,945) relates to group companies. The increase is mainly due to the merger of NN IP Luxembourg S.A. As a result, NN IP has become the manco of the NN IP Luxembourg fund range. Sub-management fee expenses therefore increased.

Advisory fees

The advisory fees relate to fees paid to internal and external managers for rendering advisory service fees of the clients throughout the year. Within advisory fees an amount of € 5,295,379 (2018: € 687,903) relates to group companies. The increase is due to the merger of NN IP Luxembourg S.A.

Sales fees

The sales fees relate to fees paid to internal distributors for selling the NN funds managed on behalf of the clients throughout the year. Within sales fees an amount of € 20,431,549 (2018: € 5,928,451) relates to group companies. The increase is due to the merger of NN IP Luxembourg S.A. As a result, NN IP has become the manco of the NN IP Luxembourg fund range. Sales fee expenses therefore increased.

Fixed Service fees

The fixed service fees relate to fees paid, for expenses incurred by the managed funds, including fund accounting, custody and other expenses, due to the merger of NN IP Luxembourg S.A. the fixed service fees increased as the number of managed funds increased.

Notes to the profit and loss account - continued

Trailer fees

The trailer fees relate to fees paid to external distributors for selling the NN funds managed on behalf of the clients throughout the year as well as amortization on the contract cost. The increase is due to the merger of NN IP Luxembourg S.A. As a result, trailer fee expenses were paid to external distributors for selling the Luxembourg NN fund range. After the 2018 financial statement of NN IP Luxembourg S.A. were adopted, a non-material error in the 2018 accrual was identified. The amount of the 2018 accrued trailer fee was € 3,5 mio too low and is recognized in the 2019 profit and loss account.

14 Other operating expenses

Other operating expenses

	2019	2018
Salary expenses	-8,133,778	-5,211,298
Social securities	-1,517,808	-1,118,721
Pension expenses	-430,785	-424,233
Expenses share-based compensation	-313,560	-291,964
Other expenses Branches	-5,519,131	-3,673,635
Other expenses	-215,205,968	-251,013,823
Total other operating expenses	-231,121,030	-261,733,674

The salary expenses, social securities, pension expenses and expenses for share-based compensation relate to the employees employed by the Branches of NN IP. NN IP reports 41 Branch employees in 2019 (2018: 31 Branch employees).

Other expenses mainly relate to a cost charge of € 209,214,719 from NN Investment Partners International Holdings B.V. The cost allocation charge includes indirect organizational costs and direct business related costs, which includes, amongst others, costs for (temporary) staff, professional services, information technology, marketing and market data services.

NNIP's staff (excluding the Branches) are employed by NN Personeel B.V. NN Investment Partners International Holdings B.V. is charged for these expenses under a service level agreement and accordingly, NN IP is charged by NN Investment Partners International Holdings B.V. via a cost allocation charge.

Number of employees per branch as of 31 December 2019

Spanish Branch	2
French Branch	9
UK Branch	12
Romanian Branch	3
German Branch	10
Italian Branch	5
Total	41

Audit Cost

With reference to Section 2:382a of the Netherlands Civil Code, the following fees for the financial year are disclosed, i.e. on an accrual basis (excluding VAT):

	2019	2018
Audit financial statements	176,000	119,000
Other audit engagements	124,000	124,000
Total	300,000	243,000

Other audit engagements mainly comprises of services related to the review of interim financial information, on quarterly basis reported by NN IP to De Nederlandsche Bank N.V. (DNB).

Share-Based Compensation

Included in the salary expenses are the expenses for Share-Based Compensation for staff in the Branches of NN IP. The shares are granted to a number of senior executives and to a considerable number of employees. The purpose of the share schemes is to attract, retain and motivate senior executives and staff.

The expenses related to the share-based payments of the Branches are booked directly into equity in accordance with NN Group policy on share-based compensation.

Share awards comprise deferred shares, granted under the NN Group Aligned Remuneration Plan ("ARP") and (until March 2014) performance shares that were granted under the NN Group Long-Term Sustainable Performance Plan ("LSPP"). The entitlement to deferred shares and performance shares is granted conditionally. If the participant remains employed for an uninterrupted period between the grant date and the vesting date, the entitlement becomes unconditional. In addition to the employment condition, the performance shares contain a performance condition. Under the old performance shares plan, performance conditions were determined based on Total Shareholder Return ("TSR") performance against a predefined group of peer companies. Deferred shares under the new plan are awarded with reference to both financial and non-financial performance targets.

Following the initial public offering (the "IPO") of NN Group N.V. ("NN Group") in 2014, all outstanding share awards on ING Group were converted into similar awards on NN Group shares by multiplying by a fraction:

Notes to the profit and loss account - continued

- The numerator of the fraction is the average of the closing price on the Euronext Amsterdam of one bearer depositary receipt representing one ordinary share of ING Group for each of the five trading days immediately preceding the date of the settlement of the IPO (i.e. 30 June – 4 July);
- The denominator of the fraction is the price per ordinary share of NN Group offered in the IPO. This price was specified in the pricing statement deposited with the AFM and published in a press release on NN Groups' website and on the website of Euronext.

NN Group, as the new ultimate holding company, granted share awards under NN Group's ARP. Performance shares are no longer awarded under the ARP. For deferred shares awarded, the shares will vest one third respectively on the first, second and third anniversary of the award date, provided the participants are still employed by NN IP.

The table below shows the movement of performance shares and deferred shares during the financial year:

Changes in Share awards outstanding

	Number of performance shares		Number of deferred shares		Weighted average
	2019	2018	2019	2018	grant date fair value 2019
Outstanding at 1 January	-	-	17,102	14,663	33,77
Transferred out/vested	-	-	-10,780	-7,560	33,20
Granted	-	-	9,540	9,999	36,06
Share awards outstanding - closing balance	-	-	15,862	17,102	35,48

As at 31 December 2019, the total unrecognized compensation costs related to share awards amount to € 221,969 (2018 € 227,433). These costs are expected to be recognized over a weighted average period of 1.5 years. NN IP's share based compensation and the expenses associated with, are recorded in its parent entity NN Investment Partners International Holdings B.V.

Remuneration of managing directors

The emoluments as referred to in Section 2:238 sub 1 of the Netherlands Civil Code, charged in the financial year to NN IP amounted to € 3,326,563 for managing directors and former managing directors.

15 Finance income and expenses

Finance income and expenses

	2019	2018
Interest and similar expenses	-173,490	-11,317
Exchange rate differences	329,342	-541,478
Total finance income and expenses	155,853	-552,795
Exchange rate differences		
Foreign currency gains	1,036,393	986,200
Foreign currency losses	-707,052	-1,527,678
Exchange rate differences	329,342	-541,478

The movement in exchange rate differences is mainly related to the movement of the USD rate as compared to the EUR rate.

16 Income Tax

The Dutch statutory tax rate in 2019 was 25% (2018: 25%). The current tax is settled on a quarterly basis, through NN Investment Partners International Holdings B.V., with NN Group N.V., the head of the Dutch fiscal unity.

The income tax expense in 2019 was € 23,174,649 million (2018: € 6.7 million). In 2019 the effective tax rate was 24,3% (2018: 25.2%). The 2019 effective tax rate is slightly lower than the statutory rate.

Related parties

Transactions with related parties are assumed when a relationship exists between NN IP and a natural person or entity that is affiliated with NN IP. This includes, amongst others, the relationship between NN IP and its Branches, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged. All transactions with related parties are conducted based on the arm's length principle.

Notes to the profit and loss account - continued

NNIP's Transfer Pricing Model

In 2016 and 2017, NN IP reviewed and updated its transfer pricing model and documentation to comply with the new Dutch TP documentation requirements and updated OECD transfer pricing guidelines. In 2019, no further changes have been executed.

Within NN IP's value chain the following four main categories of material intra-group transactions were identified to be reviewed and documented:

- o Management Company;
- o Portfolio Management;
- o Sales and distribution;
- o Central Management.

As part of the review, some transfer pricing methods and benchmark studies for these intra-group activities have been updated. More specific (local) documentation has been prepared to support these intra-group charges (amongst others to comply with any master and local file requirements). As a result, the transfer pricing of the intra-group charges are well documented and in line with the functions performed, assets used and the assumption and control of risks within NN IP.

Significant events after balance sheet date

One of the Management Board, Chief Human Resources Officer J. Schmiedová, has resigned as per 1 February 2020.

Two new member of the Management Board have been assigned as per 11 March 2020; Chief Human Resources Officer M.C.J. Grobbo and Global Chief Operation Officer B.G.J. van Overbeek.

Since early 2020, the spread of the coronavirus is causing significant disruption to society, impacting NN IP, its employees, its customers and its suppliers. Financial markets have been severely impacted by significant decreases in interest rates and equity prices and spread widening in the period up to the date of this report. Governments and central banks worldwide are responding to this crisis with aid packages and further supporting measures. At the date of this report, the depth and length of this crisis is unknown.

NN IP is constantly monitoring the developments and the (potential) impact on NN IP. The most significant risks that NN IP is facing in this context are related to the financial markets (including interest rates, equity prices and spreads). Furthermore, NN IP is facing higher Credit and counterparty risks as the risk on defaults will increase tremendously. Besides that also earnings are at risk due to worsening markets and thus decreasing assets under management resulting in lower fee income, while the cost base is largely fixed.

The notes to the annual accounts already include extensive disclosure on the exposure to such risks; there are no indications that these disclosures are no longer valid. At the date of this report, it is too early to determine the structural impact of the coronavirus on results, capitalisation and longer term assumptions, if any. Also the amount and profitability of new sales may be impacted but, at the date of this report, it is too early to assess any (potential) impact.

NN IP has established a business continuity plan to help ensure the continuity of its businesses, the well being of its staff and its capability to support its customers, whilst maintaining financial and operations resilience.

There are no other significant events after balance sheet date.

Signing by the Management Board

The 2019 financial statements of NN IP with a balance sheet total of € 184,082,239 and a profit after tax of € 71,893,790 as well as the notes to these accounts, are signed according to the articles of association of NN IP and the applicable laws and regulations.

The Hague, 6 April 2020

The Management Board

S.S. Bapat
(Chairman, Chief Executive Officer)

V. van Nieuwenhuijzen
(Chief Investment Officer)

M.C.M. Canisius
(Chief Finance and Risk Officer)

H.W.D.G. Borrie
(Chief Client Officer)

M.C.J. Grobbe
(Chief Human Resources Officer)

B.G.J. van Overbeek
(Global Chief Operation Officer)

Other information

Statutory regulations concerning the appropriation of the result.

The result, according to the approved financial statements, is at the disposal of the shareholders' meeting. Profits may only be distributed after adoption of the financial statements which evidence that NN IP's equity exceeds the reserves to be maintained pursuant to the law and articles of association and after the Board of Management has approved the distribution.

Other

In accordance with the Spanish Order ECO/734/2004, the management of the Spanish Branch confirms that no complaints or claims were received during 2019 by their customer service department.

Branches

NN IP has branch offices in France, Germany, Romania, Spain, Italy and the United Kingdom that operate under the name NN IP.

Auditor's report

The auditor's report is included on the next page.

Other information-continued

Independent Auditor's report

To: the Management Board of NN Investment Partners B.V.

Report on the accompanying annual accounts

Our opinion

We have audited the financial statements 2019 of NN Investment Partners B.V., based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of NN Investment Partners B.V. as at 31 December 2019, and of its result for the year ended on 31 December 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2019;
2. the profit and loss account for the year ended on 31 December 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of NN Investment Partners B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- management board report;
- other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

KPMG Accountants N.V., registered with the trade register in the Netherlands under number 33263683, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity. 1625530/20W00169656AVN

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the management board report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the Management Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board determine is necessary to enable the preparation of the financial statements that are free from material mis-statement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Other information-continued

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 6 April 2020

KPMG Accountants N.V.

W.L.L. Paulissen