

**NN Group N.V.
30 September 2017
Condensed
consolidated
interim accounts**

Condensed consolidated interim accounts contents

Condensed consolidated interim accounts

Condensed consolidated balance sheet	3
Condensed consolidated profit and loss account	4
Condensed consolidated statement of comprehensive income	6
Condensed consolidated statement of cash flows	7
Condensed consolidated statement of changes in equity	9
Notes to the condensed consolidated interim accounts	11
1 Acquisition of Delta Lloyd	11
2 Accounting policies	11
3 Investments for risk of policyholders	12
4 Available-for-sale investments	13
5 Loans	14
6 Associates and joint ventures	15
7 Real estate investments	16
8 Intangible assets	16
9 Assets and liabilities held for sale	16
10 Other assets	17
11 Equity	17
12 Subordinated debt	19
13 Debt securities issued	19
14 Other borrowed funds	19
15 Insurance and investment contracts, reinsurance contracts	20
16 Customer deposits and other funds on deposit	20
17 Other liabilities	20
18 Gross premium income	21
19 Investment income	21
20 Underwriting expenditure	22
21 Staff expenses	23
22 Earnings per ordinary share	23
23 Segments	24
24 Taxation	28
25 Fair value of financial assets and liabilities	29
26 Companies and businesses acquired and divested	32
27 Other events	36
28 Capital management	37
Authorisation of the condensed consolidated interim accounts	38
Other information	39
Review report	39

Condensed consolidated balance sheet

Amounts in millions of euros, unless stated otherwise

Condensed consolidated balance sheet

	notes	30 September 2017	31 December 2016
Assets			
Cash and cash equivalents		9,665	8,634
Financial assets at fair value through profit or loss:			
– investments for risk of policyholders	3	33,532	30,711
– non-trading derivatives		4,910	4,421
– designated as at fair value through profit or loss		866	873
Available-for-sale investments	4	105,838	79,767
Loans	5	56,098	33,920
Reinsurance contracts	15	919	231
Associates and joint ventures	6	3,153	2,698
Real estate investments	7	3,470	2,028
Property and equipment		151	86
Intangible assets	8	1,859	342
Deferred acquisition costs		1,666	1,631
Deferred tax assets		121	35
Assets held for sale	9	2,422	6
Other assets	10	4,920	3,117
Total assets		229,590	168,500
Equity			
Shareholders' equity (parent)		22,009	22,695
Minority interests		321	12
Undated subordinated notes		1,764	986
Total equity	11	24,094	23,693
Liabilities			
Subordinated debt	12	2,474	2,288
Debt securities issued	13	2,566	598
Other borrowed funds	14	7,522	7,646
Insurance and investment contracts	15	164,380	115,708
Customer deposits and other funds on deposit	16	14,583	10,224
Financial liabilities at fair value through profit or loss:			
– non-trading derivatives		2,835	2,008
Deferred tax liabilities		1,655	2,979
Liabilities held for sale	9	2,408	2
Other liabilities	17	7,073	3,354
Total liabilities		205,496	144,807
Total equity and liabilities		229,590	168,500

Amounts for 2016 have been restated for the change in NN Group's accounting policy for the Reserve Adequacy Test. Reference is made to Note 2 'Accounting policies' for more details.

Condensed consolidated profit and loss account

Condensed consolidated
interim accounts
Other information

Condensed consolidated profit and loss account

notes	1 July to 30 September 2017	1 July to 30 September 2016	1 January to 30 Sep- tember 2017	1 January to 30 Sep- tember 2016	
Gross premium income	18	2,927	2,124	9,271	7,424
Investment income	19	1,485	1,013	3,697	2,838
Result on disposals of group companies				-179	
– gross fee and commission income		295	231	835	697
– fee and commission expenses		-100	-82	-285	-251
Net fee and commission income:		195	149	550	446
Valuation results on non-trading derivatives		-9	-200	-310	744
Foreign currency results and net trading income		-70	56	-101	28
Share of result from associates and joint ventures		66	81	247	230
Other income		28	11	54	18
Total income		4,622	3,234	13,229	11,728
– gross underwriting expenditure		4,117	2,791	11,139	9,395
– investment result for risk of policyholders		-1,076	-616	-1,728	-570
– reinsurance recoveries		-73	-27	-129	-72
Underwriting expenditure:	20	2,968	2,148	9,282	8,753
Intangible amortisation and other impairments		35	2	73	17
Staff expenses	21	396	289	1,107	880
Interest expenses		91	81	322	264
Other operating expenses		234	167	665	509
Total expenses		3,724	2,687	11,449	10,423
Result before tax		898	547	1,780	1,305
Taxation		160	111	360	263
Net result		738	436	1,420	1,042

Amounts for 2016 have been restated for the change in NN Group's classification of interest income/expense on derivatives. Reference is made to Note 2 'Accounting policies' for more details.

Net result

	1 July to 30 September 2017	1 July to 30 September 2016	1 January to 30 Sep- tember 2017	1 January to 30 Sep- tember 2016
Net result attributable to:				
Shareholders of the parent	734	436	1,410	1,041
Minority interests	4		10	1
Net result	738	436	1,420	1,042

Condensed consolidated profit and loss account

Continued

Earnings per ordinary share

amounts in euros	1 July to 30 September 2017	1 July to 30 September 2016	1 January to 30 September 2017	1 January to 30 September 2016
Earnings per ordinary share				
Basic earnings per ordinary share	2.14	1.31	4.16	3.12
Diluted earnings per ordinary share	2.13	1.31	4.16	3.12

Reference is made to Note 22 'Earnings per ordinary share' for the disclosure on the Earnings per ordinary share.

Condensed consolidated statement of comprehensive income

Condensed consolidated
interim accounts
Other information

Condensed consolidated statement of comprehensive income

	1 July to 30 September 2017	1 July to 30 September 2016	1 January to 30 Sep- tember 2017	1 January to 30 Sep- tember 2016
Net result	738	436	1,420	1,042
- unrealised revaluations available-for-sale investments and other	242	63	-783	5,284
- realised gains/losses transferred to the profit and loss account	-339	-151	-575	-238
- changes in cash flow hedge reserve	-228	91	-1,171	1,517
- deferred interest credited to policyholders	61	31	751	-1,942
- share of other comprehensive income of associates and joint ventures		2	1	2
- exchange rate difference	-71	-8	-140	182
Items that may be reclassified subsequently to the profit and loss account:				
- remeasurement of the net defined benefit asset/liability	-335	28	-1,917	4,805
- unrealised revaluations property in own use	-2	-9	9	-50
Items that will not be reclassified to the profit and loss account:				
	-2	-8	9	-52
Total other comprehensive income	-337	20	-1,908	4,753
Total comprehensive income	401	456	-488	5,795
Comprehensive income attributable to:				
Shareholders of the parent	391	457	-504	5,795
Minority interests	10	-1	16	
Total comprehensive income	401	456	-488	5,795

Condensed consolidated statement of cash flows

Condensed consolidated
interim accounts
Other information

Condensed consolidated statement of cash flows

	notes	1 January to 30 September 2017	1 January to 30 September 2016
Result before tax		1,780	1,305
Adjusted for:			
– depreciation		103	32
– deferred acquisition costs and value of business acquired		-109	-33
– underwriting expenditure (change in insurance liabilities)		-3,122	-1,094
– other		-323	-182
Taxation paid		-111	-92
Changes in:			
– non-trading derivatives		-48	673
– other financial assets at fair value through profit or loss		69	-812
– loans		-2,736	-2,041
– other assets		578	397
– customer deposits and other funds on deposit		558	1,648
– financial liabilities at fair value through profit or loss – non-trading derivatives		-406	381
– other liabilities		-563	-707
Net cash flow from operating activities		-4,330	-525
Investments and advances:			
– group companies	26	907	-6
– associates and joint ventures		-498	-92
– available-for-sale investments		-7,452	-7,997
– real estate investments		-199	-301
– property and equipment		-14	-16
– investments for risk of policyholders		-5,243	-4,369
– other investments		-35	-1,363
Disposals and redemptions:			
– group companies	26	26	
– associates and joint ventures		347	123
– available-for-sale investments		8,838	5,824
– real estate investments		89	
– property and equipment		1	
– investments for risk of policyholders		10,146	10,265
– other investments		125	
Net cash flow from investing activities		7,038	2,068
Proceeds from subordinated debt	12	836	
Repayments of subordinated debt	12	-1,300	
Proceeds from debt securities issued	13	1,388	
Proceeds from other borrowed funds	14	5,528	9,711
Repayments of other borrowed funds	14	-7,355	-8,466
Dividend paid		-351	-298
Purchase/sale of treasury shares	11	-224	-448
Coupon on undated subordinated notes		-78	-45
Net cash flow from financing activities		-1,556	454
Net cash flow		1,152	1,997

Condensed consolidated statement of cash flows

Continued

Included in Net cash flow from operating activities:

	1 January to 30 September 2017	1 January to 30 September 2016
Interest received	2,972	2,673
Interest paid	-346	-469
Dividend received	336	297

Cash and cash equivalents

	1 January to 30 September 2017	1 January to 30 September 2016
Cash and cash equivalents at beginning of the period	8,634	7,436
Net cash flow	1,152	1,997
Effect of exchange rate changes on cash and cash equivalents	-118	-286
Cash and cash equivalents at end of the period	9,668	9,147
Cash and cash equivalents comprises the following items:		
Cash and cash equivalents	9,665	9,131
Cash and cash equivalents classified as assets held for sale	3	16
Cash and cash equivalents at end of the period	9,668	9,147

Condensed consolidated statement of changes in equity

Condensed consolidated
interim accounts
Other information

Condensed consolidated statement of changes in equity (2017)

	Share capital	Share premium	Reserves	Total Shareholders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
Balance as at 1 January 2017	40	12,153	10,502	22,695	12	986	23,693
Unrealised revaluations available-for-sale investments and other			-789	-789	6		-783
Realised gains/losses transferred to the profit and loss account			-575	-575			-575
Changes in cash flow hedge reserve			-1,171	-1,171			-1,171
Deferred interest credited to policyholders			751	751			751
Share of other comprehensive income of associates and joint ventures			1	1			1
Exchange rate differences			-140	-140			-140
Remeasurement of the net defined benefit asset/liability			9	9			9
Total amount recognised directly in equity (Other comprehensive income)	0	0	-1,914	-1,914	6	0	-1,908
Net result for the period			1,410	1,410	10		1,420
Total comprehensive income	0	0	-504	-504	16	0	-488
Changes in share capital	1	419		420			420
Dividend			-317	-317	-34		-351
Purchase/sale of treasury shares			-224	-224			-224
Employee stock option and share plans			-2	-2			-2
Coupon on undated subordinated notes			-59	-59			-59
Changes in composition of the group and other changes				0	327	778	1,105
Balance as at 30 September 2017	41	12,572	9,396	22,009	321	1,764	24,094

Condensed consolidated statement of changes in equity

Continued

Condensed consolidated statement of changes in equity (2016)

	Share capital	Share premium	Reserves	Total Share- holders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
Balance as at 1 January 2016	40	12,153	8,265	20,458	9	986	21,453
Unrealised revaluations available-for-sale investments and other			5,284	5,284			5,284
Realised gains/losses transferred to the profit and loss account			-238	-238			-238
Changes in cash flow hedge reserve			1,517	1,517			1,517
Deferred interest credited to policyholders			-1,942	-1,942			-1,942
Share of other comprehensive income of associates and joint ventures			2	2			2
Exchange rate differences			183	183	-1		182
Remeasurement of the net defined benefit asset/liability			-50	-50			-50
Unrealised revaluations property in own use			-2	-2			-2
Total amount recognised directly in equity (Other comprehensive income)	0	0	4,754	4,754	-1	0	4,753
Net result for the period			1,041	1,041	1		1,042
Total comprehensive income	0	0	5,795	5,795	0	0	5,795
Dividend			-298	-298			-298
Purchase/sale of treasury shares			-448	-448			-448
Employee stock option and share plans			-14	-14			-14
Coupon on undated subordinated notes			-34	-34			-34
Balance as at 30 September 2016	40	12,153	13,266	25,459	9	986	26,454

Amounts for 2016 have been restated for the change in NN Group's accounting policy for the Reserve Adequacy Test. Reference is made to Note 2 'Accounting policies' for more details.

Notes to the condensed consolidated interim accounts

1 Acquisition of Delta Lloyd

These Condensed consolidated interim accounts of NN Group N.V. for the period ended on 30 September 2017 are significantly impacted by the acquisition of Delta Lloyd N.V. (Delta Lloyd) in the second quarter of 2017. Information on the acquisition of Delta Lloyd, the acquisition accounting under IFRS and the impact on the financial information included in these interim accounts is included in Note 26 'Companies and businesses acquired and divested' and, where relevant, in the individual notes hereafter.

2 Accounting policies

These Condensed consolidated interim accounts of NN Group have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The accounting principles used to prepare these Condensed consolidated interim accounts comply with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and are consistent with those set out in the notes to the 2016 NN Group Consolidated annual accounts, except as set out below.

In these Condensed consolidated interim accounts, 'NN Group' refers to NN Group N.V. (the parent company) and/or NN Group N.V. together with its consolidated subsidiaries (the consolidated group). These Condensed consolidated interim accounts should be read in conjunction with the 2016 NN Group Consolidated annual accounts.

IFRS-EU provides a number of options in accounting policies. NN Group's accounting policies under IFRS-EU and its decision on the options available are set out in Note 1 'Accounting policies' of the 2016 NN Group Consolidated annual accounts.

Certain amounts recorded in the Condensed consolidated interim accounts reflect estimates and assumptions made by management. Actual results may differ from the estimates made. Interim results are not necessarily indicative of full-year results.

The presentation of and certain terms used in these Condensed consolidated interim accounts has been changed to provide additional and more relevant information or (for changes in comparative information) to better align with the current period presentation. The impact of these changes is explained in the relevant notes when significant.

Reference is made to the 2016 NN Group Consolidated annual accounts for more details on upcoming changes in accounting policies.

Changes in accounting policies

Reserve Adequacy Test (RAT)

As of 1 January 2017, NN Group changed its accounting policy for the Reserve Adequacy Test. The policy that was applied until 2016 is set out in the section 'Accounting policies for specific items – Insurance and investment contracts, reinsurance contracts – Adequacy test' in the 2016 NN Group Consolidated annual accounts.

As of 1 January 2017, the following policy applies:

'The adequacy of the insurance liabilities, net of DAC and VOBA (the net insurance liabilities), is evaluated at each reporting period by each business unit for the business originated in that business unit. The test involves comparing the established net insurance liability to a liability based on current best estimate actuarial assumptions. The assumed investment returns are a combination of the run-off of current portfolio yields on existing assets and reinvestment rates in relation to maturing assets and anticipated new premiums; as a result (part of) the revaluation reserve in shareholders equity is taken into account in assessing the adequacy of insurance liabilities.

If, for any business unit, the established insurance liability is lower than the liability based on current best estimate actuarial assumptions the shortfall is recognised immediately in the profit and loss account.

If the net insurance liabilities are determined to be more than adequate no reduction in the net insurance liabilities is recognised.'

The differences between the new policy and the policy applied until 2016 are:

- In the new policy, the adequacy is assessed by comparing the balance sheet liability to a best estimate liability; in the policy applied until 2016 it was compared to a liability with a 50% and 90% confidence level
- In the new policy, the adequacy is assessed at the level of individual business units; in the policy applied until 2016 aggregation at the segment and Group levels applied

The new policy aligns better to current market practice. The change represents a change in accounting policy under IFRS and is implemented retrospectively.

This change had no impact on the Consolidated profit and loss account. The impact on the Consolidated balance sheet as at 31 December 2016 was not significant and is as follows:

Notes to the condensed consolidated interim accounts

Continued

Impact of RAT change in accounting policy on the consolidated balance sheet

	31 December 2016 as reported earlier	Change in RAT accounting policy	31 December 2016 (restated)
Assets			
Deferred acquisition costs	1,636	-5	1,631
Total Assets	168,505	-5	168,500
Equity			
Shareholders' equity (parent)	22,706	-11	22,695
Total equity	23,704	-11	23,693
Liabilities			
Insurance and investment contracts	115,699	9	115,708
Other liabilities (Deferred tax)	6,336	-3	6,333
Total liabilities	144,801	6	144,807
Total equity and liabilities	168,505	-5	168,500

Changes in classification

Interest income/expense on derivatives

NN Group changed its classification of interest income/expense on derivatives for which no hedge accounting is applied. This interest income/expense was classified in 'Investment income' and 'Interest expenses' respectively. This classification is changed and interest income/expense on derivatives for which no hedge accounting is applied is now classified in 'Valuation results on non-trading derivatives', together with the changes in the (clean) fair value of these derivatives. The new classification aligns better to current market practice. The relevant comparative figures for 2016 have been amended as shown in the table below. This change only impacts the classification in the Condensed consolidated profit and loss account. There was no impact on shareholders' equity and net result.

Impact of change in classification on the consolidated profit and loss account

	1 July to 30 September 2016			1 January to 30 September 2016		
	Reported earlier	Change in classification	Restated	Reported earlier	Change in classification	Restated
Income						
Investment income	1,094	-81	1,013	3,172	-334	2,838
Valuation results on non-trading derivatives	-244	44	-200	576	168	744
Total income		-37			-166	
Expenses						
Interest expenses	118	-37	81	430	-166	264
Total expenses		-37			-166	
Result before tax and Net result		0			0	

3 Investments for risk of policyholders

The increase in Investments for risk of policyholders from EUR 30,711 million as at 31 December 2016 to EUR 33,532 million as at 30 September 2017 includes EUR 9,980 million recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

Notes to the condensed consolidated interim accounts

Continued

4 Available-for-sale investments

The increase in Available-for-sale investments from EUR 79,767 million as at 31 December 2016 to EUR 105,838 million as at 30 September 2017 includes EUR 30,434 million recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

Available-for-sale investments

	30 September 2017	31 December 2016
Equity securities:		
– shares in NN Group managed investment funds	2,513	1,989
– shares in third-party managed investment funds	1,796	1,711
– other	4,301	3,288
Equity securities	8,610	6,988
Debt securities	97,228	72,779
Available-for-sale investments	105,838	79,767

NN Group's total exposure to debt securities is included in the following balance sheet lines:

Total exposure to debt securities

	30 September 2017	31 December 2016
Available-for-sale investments	97,228	72,779
Loans	1,644	1,935
Available-for-sale investments and loans	98,872	74,714
Investments for risk of policyholders	1,229	1,352
Designated as at fair value through profit or loss	242	241
Financial assets at fair value through profit or loss	1,471	1,593
Total exposure to debt securities	100,343	76,307

NN Group's total exposure to debt securities included in Available-for-sale investments and Loans is specified as follows by type of exposure:

Debt securities by type

	Available-for-sale investments		Loans		Total	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Government bonds	70,492	56,042			70,492	56,042
Covered bonds	365	320			365	320
Corporate bonds	15,177	10,409			15,177	10,409
Financial institution bonds	9,584	4,863			9,584	4,863
Bond portfolio (excluding ABS)	95,618	71,634	0	0	95,618	71,634
US RMBS	488	233			488	233
Non-US RMBS	914	784	1,276	1,487	2,190	2,271
CDO/CLO	14	35		4	14	39
Other ABS	194	93	368	444	562	537
ABS portfolio	1,610	1,145	1,644	1,935	3,254	3,080
Debt securities – Available-for-sale investments and Loans	97,228	72,779	1,644	1,935	98,872	74,714

Notes to the condensed consolidated interim accounts

Continued

Reclassifications to Loans (2009)

As per reclassification date	Q2 2009
Fair value	6,135
Range of effective interest rates	1.4%-24.8%
Expected recoverable cash flows	7,118
Unrealised fair value losses in Shareholders' equity (before tax)	-896
Recognised fair value gains/losses in Shareholders' equity (before tax) between the beginning of the year in which the reclassification occurred and the reclassification date	173
Recognised fair value gains/losses in Shareholders' equity (before tax) in the year prior to reclassification	-971
Impairments (before tax) between the beginning of the year in which the reclassification occurred and the reclassification date	nil
Impairment (before tax) in the year prior to reclassification	nil

Years after reclassification	30								
	September 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011	31 December 2010	31 December 2009
Carrying value	355	404	533	809	1,098	1,694	3,057	4,465	5,550
Fair value	503	526	676	984	1,108	1,667	2,883	4,594	5,871
Unrealised fair value gains/losses in shareholders' equity (before tax)	-163	-171	-203	-213	-111	-186	-307	-491	-734
Effect on shareholders' equity (before tax) if reclassification had not been made	148	122	143	175	10	-27	-174	129	321
Effect on result (before tax) if reclassification had not been made	nil	nil	nil	nil	nil	nil	nil	nil	nil
Effect on result (before tax) after the reclassification (mainly interest income)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	121
Effect on result (before tax) for the year (interest income and sales results)	nil	nil	1	-2	-10	-47	90	89	n.a.
Impairments (before tax)	nil	nil	nil	nil	nil	nil	nil	nil	nil
Provisions for credit losses (before tax)	nil	nil	nil	nil	nil	nil	nil	nil	nil

Reclassifications out of Available-for-sale investments to Loans are allowed under IFRS-EU as of the third quarter of 2008. In the second quarter of 2009 NN Group reclassified certain financial assets from Available-for-sale investments to Loans. NN Group identified assets, eligible for reclassification, for which at the reclassification date it had the intention to hold for the foreseeable future. The table above provides information on this reclassification made in the second quarter of 2009. Information is provided for this reclassification as at the date of reclassification and as at the end of the subsequent reporting periods. This information is disclosed under IFRS-EU for as long as the reclassified assets continue to be recognised in the balance sheet.

5 Loans

The increase in Loans from EUR 33,920 million as at 31 December 2016 to EUR 56,098 million as at 30 September 2017 includes EUR 19,924 million recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

Notes to the condensed consolidated interim accounts

Continued

Loans

	30 September 2017	31 December 2016
Loans secured by mortgages	43,174	25,699
Unsecured loans	9,811	4,936
Asset-backed securities	1,644	1,935
Deposits	970	1,097
Policy loans	555	259
Other	59	74
Loans-before loan loss provisions	56,213	34,000
Loan loss provisions	-115	-80
Loans	56,098	33,920

Changes in Loan loss provisions

	30 September 2017	31 December 2016
Loan loss provisions – opening balance	80	87
Write-offs	-5	-18
Increase in loan loss provisions	30	14
Changes in the composition of the group and other changes	10	-3
Loan loss provisions – closing balance	115	80

6 Associates and joint ventures

The increase in Associates and joint ventures from EUR 2,698 million as at 31 December 2016 to EUR 3,153 million as at 30 September 2017 includes EUR 10 million recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

Associates and joint ventures

	Interest held	Balance sheet value	Interest held	Balance sheet value
		30 September 2017		31 December 2016
CBRE Dutch Office Fund FGR	28%	380	26%	321
CBRE Retail Property Fund Iberica L.P.	33%	238	33%	218
CBRE Dutch Retail Fund FGR	21%	225	18%	178
Parcom Investment Fund II B.V.	100%	176	100%	205
CBRE UK Property Fund L.P.	10%	170	10%	169
Dutch Residential Fund I FGR	11%	156		
CBRE Property Fund Central and Eastern Europe FGR	50%	124	21%	51
Parcom Buy Out Fund IV B.V.	100%	118	100%	126
Parcom Investment Fund III B.V.	100%	114	100%	192
Allee center Kft	50%	111	50%	111
CBRE European Industrial Fund C.V.	19%	109	18%	101
DPE Deutschland II B GmbH & Co KG	34%	107	34%	91
Fiumaranuova s.r.l.	50%	96	50%	95
Boccaccio - Closed-end Real Estate Mutual Investment Fund	50%	90	50%	68
Dutch Student and Young Professional Housing fund FGR	49%	80	49%	45
CBRE Dutch Retail Fund II FGR	10%	78	10%	80
Le Havre LaFayette SNC	50%	57	50%	59
Achmea Dutch Health care Fund	24%	56	24%	49
Robeco Bedrijfsleningen FGR	23%	55	21%	35
Delta Mainlog Holding GmbH & Co. KG	50%	53	50%	51
Other		560		453
Associates and joint ventures		3,153		2,698

Other represents associates and joint ventures with an individual balance sheet value as at 30 September 2017 of less than EUR 50 million.

Notes to the condensed consolidated interim accounts

Continued

7 Real estate investments

The increase in Real estate investments from EUR 2,028 million as at 31 December 2016 to EUR 3,470 million as at 30 September 2017 includes EUR 1,138 million recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

8 Intangible assets

The increase in Intangible assets from EUR 342 million as at 31 December 2016 to EUR 1,859 million as at 30 September 2017 includes EUR 1,593 million recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

Intangible assets

	30 September 2017	31 December 2016
Value of business acquired	9	11
Goodwill	1,395	253
Software	64	61
Other	391	17
Intangible assets	1,859	342

Goodwill includes the provisional goodwill of EUR 1,146 million recognised on the acquisition of Delta Lloyd.

Intangible assets include the preliminary values of the intangibles recognised on the acquisition of Delta Lloyd:

- Delta Lloyd brand name – with an expected remaining useful life of 2 years
- Other brand names – with an average expected remaining useful life of 10 years
- Client relationships – with an average expected remaining useful life of 9 years
- Distribution channels/agreements – with an average expected remaining useful life of 17 years
- Software – with an average expected remaining useful life of 3 years

Reference is made to Note 26 'Companies and businesses acquired and divested'.

9 Assets and liabilities held for sale

Assets and liabilities are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This relates to businesses that are available for immediate sale in their present condition, for which management is committed to a sale and for which a sale is highly probable, i.e. expected to occur within one year.

As at 30 September 2017 assets and liabilities held for sale relate to NN Life Luxembourg. NN Life Luxembourg is presented in the segment 'Insurance Europe'. Assets held for sale relate mainly to Available-for-sale investments. Liabilities held for sale relate mainly to Insurance and investment contracts. Classification as held for sale does not impact the comparative figures in the balance sheet. As NN Life Luxembourg does not qualify as a discontinued operation, there is no impact on the presentation of the profit and loss account. For more information, reference is made to Note 26 'Companies and businesses acquired and divested'.

Notes to the condensed consolidated interim accounts

Continued

10 Other assets

The increase in Other assets from EUR 3,117 million as at 31 December 2016 to EUR 4,920 million as at 30 September 2017 includes EUR 1,777 million recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

Other assets

	30 September 2017	31 December 2016
Insurance and reinsurance receivables	937	431
Property obtained from foreclosures	1	1
Income tax receivable	213	137
Accrued interest and rents	1,502	1,503
Other accrued assets	1,074	492
Net defined benefit assets	19	
Other	1,174	553
Other assets	4,920	3,117

11 Equity

Total equity

	30 September 2017	31 December 2016
Share capital	41	40
Share premium	12,572	12,153
Revaluation reserve	8,399	10,227
Currency translation reserve	-118	10
Net defined benefit asset/liability remeasurement reserve	-94	-103
Other reserves	1,209	368
Shareholders' equity (parent)	22,009	22,695
Minority interests	321	12
Undated subordinated notes	1,764	986
Total equity	24,094	23,693

Changes in equity (2017)

30 September 2017	Share capital	Share premium	Reserves	Total shareholders' equity (parent)
Equity – opening balance at 1 January	40	12,153	10,502	22,695
Net result for the period			1,410	1,410
Total amount recognised directly in equity (Other comprehensive income)			-1,914	-1,914
Changes in share capital	1	419		420
Dividend			-317	-317
Purchase/sale of treasury shares			-224	-224
Employee stock option and share plans			-2	-2
Coupon on undated subordinated notes			-59	-59
Equity – closing balance	41	12,572	9,396	22,009

Notes to the condensed consolidated interim accounts

Continued

Changes in equity (2016)

31 December 2016	Share capital	Share premium	Reserves	Total shareholders' equity (parent)
Equity – opening balance at 1 January	40	12,153	8,265	20,458
Net result for the period			1,189	1,189
Total amount recognised directly in equity (Other comprehensive income)			1,893	1,893
Dividend			-298	-298
Purchase/sale of treasury shares			-503	-503
Employee stock option and share plans			-10	-10
Coupon on undated subordinated notes			-34	-34
Equity – closing balance	40	12,153	10,502	22,695

Dividend

Interim dividend 2017

In September 2017, NN Group paid a 2017 interim dividend of EUR 0.62 per ordinary share, or approximately EUR 208 million in total. The 2017 interim dividend was paid either in cash or in ordinary shares at the election of the shareholder. As a result, an amount of EUR 130 million was distributed out of Other reserves (cash dividend) and 2,346,671 ordinary shares, with a par value of EUR 0.12 per share, were issued (EUR 78 million stock dividend). To neutralise the dilutive effect of the final and interim stock dividend, NN Group repurchases ordinary shares for an amount equivalent to the stock dividend.

Dividend 2016

In September 2016 NN Group paid a 2016 interim dividend of EUR 0.60 per ordinary share, which represents a total amount of EUR 195 million. The 2016 interim dividend was paid on 9 September 2016 either in cash or in ordinary shares at the election of the shareholder. As a result, an amount of EUR 113 million was distributed out of other reserves (cash dividend) and 3,086,014 ordinary shares, with a par value of EUR 0.12 per share were issued (EUR 82 million stock dividend).

On 1 June 2017, the General Meeting of Shareholders adopted the proposed 2016 final dividend of EUR 0.95 per ordinary share, or approximately EUR 317 million in total. This dividend was paid on 26 June 2017 either in cash or in ordinary shares at the election of the shareholder. As a result, an amount of EUR 187 million was distributed out of Other reserves (cash dividend) and 4,082,061 ordinary shares, with a par value of EUR 0.12 per share, were issued (EUR 129 million stock dividend). Together with the 2016 interim dividend of EUR 0.60 per ordinary share paid in September 2016, NN Group's total dividend for 2016 amounted to EUR 1.55 per ordinary share, or approximately EUR 512 million.

Issue of ordinary shares

In April 2017, NN Group issued 8,749,237 ordinary shares to Fonds NutsOhra in exchange for the preference shares A in Delta Lloyd held by Fonds NutsOhra and the perpetual subordinated loan provided to Delta Lloyd.

In June 2017, NN Group issued 5,069,969 ordinary shares for a total amount of EUR 165 million in connection with the acquisition of Delta Lloyd as set out in Note 26 'Companies and businesses acquired and divested'.

Purchase/sale of treasury shares

During the first nine months of 2017, 7,221,639 ordinary shares for a total amount of EUR 230 million were repurchased, of which EUR 7 million relate to Employee share plans.

The repurchased shares are held by NN Group and the amount was deducted from Other reserves (Purchase/sale of treasury shares). During the first nine months of 2017, 14,348,967 NN Group treasury shares were cancelled.

As at 30 September 2017, 3,388,749 treasury shares were held by NN Group.

Undated subordinated notes

The increase in Undated subordinated notes of EUR 778 million relates to the Undated subordinated notes of Delta Lloyd which are classified as equity under IFRS.

Coupon on Undated subordinated notes

The Undated subordinated notes issued by NN Group have an optional annual coupon payment in July. Following the payment of dividend in 2017, the payment of the annual coupon on 15 July 2017 became mandatory and was recognised as a liability in June. As a result, EUR 34 million (net of tax) was deducted from equity.

The Undated subordinated notes issued by Delta Lloyd (now NN Group Bidco B.V.) have an optional annual coupon payment in June. As a result, EUR 25 million (net of tax) was deducted from equity.

Notes to the condensed consolidated interim accounts

Continued

Minority interest

Through the acquisition of Delta Lloyd, NN Group owns 51% of the shares of ABN AMRO Verzekeringen Holding B.V. (ABN AMRO Verzekeringen). ABN AMRO Verzekeringen's principal place of business is Zwolle, the Netherlands. ABN AMRO Verzekeringen is fully consolidated by NN Group, with a minority interest recognised of 49%.

At 30 September 2017, the minority interest relating to ABN AMRO Verzekeringen recognised in equity was EUR 309 million.

Summarised information ABN AMRO Verzekeringen ¹

	30 September 2017
Total assets	5,511
Total liabilities	4,880
Total income ²	280
Total expenses ²	259
Net result recognised in period ²	16
Dividends paid ²	71

¹ All on 100 % basis.

² For the period from acquisition till 30 September 2017.

12 Subordinated debt

The increase in Subordinated debt from EUR 2,288 million as at 31 December 2016 to EUR 2,474 million as at 30 September 2017 includes EUR 1,651 million recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

Issuance

In January 2017, NN Group issued subordinated notes with a nominal value of EUR 850 million. The EUR 850 million subordinated notes have a maturity of 31 years and are first callable after 11 years and every quarter thereafter, subject to conditions to redemption. The coupon is fixed at 4.625% per annum until the first call date and will be floating thereafter. These notes qualify as Tier 2 regulatory capital. The proceeds were used to repay EUR 823 million of hybrid loans to ING Group in the first quarter of 2017.

Repayment of Subordinated debt

In January 2017, NN Group redeemed all three perpetual subordinated hybrid loans with variable coupons for a total amount of EUR 823 million. In May 2017, NN Group redeemed the outstanding aggregate principal amount of EUR 476 million of the 6.375% Fixed to Floating Rate Subordinated Notes due 2027.

13 Debt securities issued

The increase in Debt securities issued from EUR 598 million as at 31 December 2016 to EUR 2,566 million as at 30 September 2017 includes EUR 591 million recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

Issuance

During the first half of 2017, NN Group issued senior unsecured notes with a nominal value of EUR 500 million, EUR 300 million and EUR 600 million.

The EUR 500 million senior unsecured notes have a fixed coupon of 0.875% per annum and a maturity of 6 years. The proceeds were used to repay EUR 476 million of Subordinated debt of NN Group on its first call date in May 2017.

The EUR 300 million senior unsecured notes have a fixed coupon of 0.25% per annum and a maturity of 3 years. The EUR 600 million senior unsecured notes have a fixed coupon of 1.625% per annum and a maturity of 10 years. The net proceeds of both senior unsecured notes were applied to repay the EUR 900 million bridge loan used to finance the acquisition of Delta Lloyd.

14 Other borrowed funds

The change in Other borrowed funds from EUR 7,646 million as at 31 December 2016 to EUR 7,522 million as at 30 September 2017 includes EUR 1,706 million recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

Notes to the condensed consolidated interim accounts

Continued

15 Insurance and investment contracts, reinsurance contracts

The increase in Insurance and investment contracts, reinsurance contracts from EUR 115,477 million as at 31 December 2016 to EUR 163,461 million as at 30 September 2017 includes EUR 56,665 million Insurance and investment contracts and EUR 794 million reinsurance contracts recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

Insurance and investment contracts, reinsurance contracts

	Liabilities net of reinsurance		Reinsurance contracts		Insurance and investment contracts	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Life insurance liabilities excluding liabilities for risk of policyholders	123,429	80,590	655	114	124,084	80,704
Liabilities for life insurance for risk of policyholders	33,165	29,111	45	46	33,210	29,157
Life insurance liabilities	156,594	109,701	700	160	157,294	109,861
Liabilities for unearned premiums and unexpired risks	646	248	14	3	660	251
Claims liabilities	5,038	3,217	205	68	5,243	3,285
Insurance liabilities	162,278	113,166	919	231	163,197	113,397
Investment contracts liabilities	1,183	2,311			1,183	2,311
Insurance and investment contracts, reinsurance contracts	163,461	115,477	919	231	164,380	115,708

The 'Liabilities for insurance and investment contracts' is presented gross in the balance sheet as 'Insurance and investment contracts'. The related reinsurance is presented as 'Reinsurance contracts' under Assets in the balance sheet.

16 Customer deposits and other funds on deposit

The increase in Customer deposits and other funds on deposit from EUR 10,224 million as at 31 December 2016 to EUR 14,583 million as at 30 September 2017 includes EUR 3,802 million recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

17 Other liabilities

The increase in Other liabilities from EUR 3,354 million as at 31 December 2016 to EUR 7,073 million as at 30 September 2017 includes EUR 3,830 million recognised on the acquisition of Delta Lloyd. For more information reference is made to Note 26 'Companies and businesses acquired and divested'.

Other liabilities

	30 September 2017	31 December 2016
Income tax payable	32	7
Net defined benefit liability	141	116
Other post-employment benefits	28	23
Other staff-related liabilities	105	135
Other taxation and social security contributions	107	126
Deposits from reinsurers	405	87
Accrued interest	349	331
Costs payable	320	174
Amounts payable to policyholders	750	737
Provisions	418	189
Amounts to be settled	3,726	1,118
Other	692	311
Other liabilities	7,073	3,354

Notes to the condensed consolidated interim accounts

Continued

18 Gross premium income

Gross premium income includes EUR 736 million for the 3 months period and EUR 1,546 million for the 9 months period relating to Delta Lloyd for the period from acquisition until 30 September 2017.

19 Investment income

Investment income includes EUR 214 million for the 3 months period and EUR 460 million for the 9 months period relating to Delta Lloyd for the period from acquisition until 30 September 2017.

Investment income

	1 July to 30 September 2017	1 July to 30 September 2016	1 January to 30 September 2017	1 January to 30 September 2016
Interest income from investments in debt securities	507	423	1,379	1,259
Interest income from loans:				
– unsecured loans	25	41	123	103
– mortgage loans	355	260	959	775
– policy loans	2	2	6	6
– other	13	18	51	64
Interest income from investments in debt securities and loans	902	744	2,518	2,207
Realised gains/losses on disposal of available-for-sale debt securities	433	173	555	269
Impairments of available-for-sale debt securities	-1	-1	-9	-4
Realised gains/losses and impairments of available-for-sale debt securities	432	172	546	265
Realised gains/losses on disposal of available-for-sale equity securities	47	30	228	81
Impairments of available-for-sale equity securities	-15	-10	-31	-41
Realised gains/losses and impairments of available-for-sale equity securities	32	20	197	40
Interest income on non-trading derivatives	15	4	21	12
Increase in loan loss provisions	-33	-5	-30	-6
Income from real estate investments	38	24	102	69
Dividend income	59	44	224	208
Change in fair value of real estate investments	40	10	119	43
Investment income	1,485	1,013	3,697	2,838

Impairments on investments by segment

	1 July to 30 September 2017	1 July to 30 September 2016	1 January to 30 September 2017	1 January to 30 September 2016
Netherlands Life	-14	-7	-37	-31
Netherlands Non-life	-1		-1	-1
Insurance Europe		-3	-1	-11
Asset Management		-1		-1
Other	-1		-1	-1
Impairments	-16	-11	-40	-45

Notes to the condensed consolidated interim accounts

Continued

20 Underwriting expenditure

Underwriting expenditure includes EUR 777 million for the 3 months period and EUR 1,566 million for the 9 months period relating to Delta Lloyd for the period from acquisition until 30 September 2017.

Underwriting expenditure

	1 July to 30 September 2017	1 July to 30 September 2016	1 January to 30 September 2017	1 January to 30 September 2016
Gross underwriting expenditure:				
- before effect of investment result for risk of policyholder	3,041	2,175	9,411	8,825
- effect of investment result for risk of policyholder	1,076	616	1,728	570
Gross underwriting expenditure	4,117	2,791	11,139	9,395
Investment result for risk of policyholders	-1,076	-616	-1,728	-570
Reinsurance recoveries	-73	-27	-129	-72
Underwriting expenditure	2,968	2,148	9,282	8,753

The investment income and valuation results regarding investments for risk of policyholders is recognised in 'Underwriting expenditure'. As a result it is shown together with the equal amount of related change in insurance liabilities for risk of policyholders.

Underwriting expenditure by class

	1 July to 30 September 2017	1 July to 30 September 2016	1 January to 30 September 2017	1 January to 30 September 2016
Expenditure from life underwriting:				
- reinsurance and retrocession premiums	51	33	152	107
- gross benefits	3,791	2,466	10,388	7,902
- reinsurance recoveries	-37	-24	-80	-62
- change in life insurance liabilities	-1,490	-724	-3,524	-908
- costs of acquiring insurance business	121	128	384	386
- other underwriting expenditure	28	20	79	66
- profit sharing and rebates	11	6	30	16
Expenditure from life underwriting	2,475	1,905	7,429	7,507
Expenditure from non-life underwriting:				
- reinsurance and retrocession premiums	51	4	94	30
- gross claims	481	280	1,288	860
- reinsurance recoveries	-36	-3	-49	-10
- changes in the liabilities for unearned premiums	-153	-107	146	148
- changes in claims liabilities	49	5	93	23
- costs of acquiring insurance business	109	64	286	193
- other underwriting expenditure	-4		-9	2
Expenditure from non-life underwriting	497	243	1,849	1,246
Expenditure from investment contracts:				
- other changes in investment contract liabilities	-4		4	
Expenditure from investment contracts	-4	0	4	0
Underwriting expenditure	2,968	2,148	9,282	8,753

Notes to the condensed consolidated interim accounts

Continued

21 Staff expenses

Staff expenses includes EUR 106 million for the 3 months period and EUR 219 million for the 9 months period relating to Delta Lloyd for the period from acquisition until 30 September 2017.

Staff expenses

	1 July to 30 September 2017	1 July to 30 September 2016	1 January to 30 September 2017	1 January to 30 September 2016
Salaries	213	161	586	484
Variable salaries	26	20	72	54
Pension costs	36	26	103	76
Social security costs	33	24	91	73
Share-based compensation arrangements	5	3	14	10
External staff costs	70	47	186	148
Education	5	3	14	9
Other staff costs	8	5	41	26
Staff expenses	396	289	1,107	880

22 Earnings per ordinary share

Earnings per ordinary share shows earnings per share amounts for profit or loss attributable to shareholders of the parent. Earnings per ordinary share is calculated on the basis of the weighted average number of ordinary shares outstanding. In calculating the weighted average number of ordinary shares outstanding, own shares held by group companies are deducted from the total number of ordinary shares in issue.

Earnings per ordinary share

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 July to 30 September 2017	1 July to 30 September 2016	1 July to 30 September 2017	1 July to 30 September 2016	1 July to 30 September 2017	1 July to 30 September 2016
	Net result	734	436			
Coupon on undated subordinated notes	-15	-8				
Basic earnings per ordinary share	719	428	337.0	326.0	2.14	1.31
Dilutive instruments:						
Warrants			0.0	0.0		
Share plans			0.6	0.8		
			0.6	0.8		
Diluted earnings per ordinary share	719	428	337.6	326.8	2.13	1.31

Diluted earnings per share is calculated as if the share plans and warrants outstanding at the end of the period had been exercised at the beginning of the period and assuming that the cash received from exercised share plans and warrants was used to buy own shares against the average market price during the period.

Earnings per ordinary share

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 January to 30 September 2017	1 January to 30 September 2016	1 January to 30 September 2017	1 January to 30 September 2016	1 January to 30 September 2017	1 January to 30 September 2016
	Net result	1,410	1,041			
Coupon on undated subordinated notes	-38	-25				
Basic earnings per ordinary share	1,372	1,016	329.6	325.3	4.16	3.12
Dilutive instruments:						
Warrants			0.0	0.0		
Share plans			0.6	0.8		
			0.6	0.8		
Diluted earnings per ordinary share	1,372	1,016	330.2	326.1	4.16	3.12

Notes to the condensed consolidated interim accounts

Continued

23 Segments

The reporting segments for NN Group, based on the internal reporting structure, are as follows:

- Netherlands Life (Group life and individual life insurance products in the Netherlands)
- Netherlands Non-life (Non-life insurance in the Netherlands including disability and accident, fire, motor and transport insurance)
- Insurance Europe (Life insurance, pension products and to a small extent non-life insurance and retirement services in Central and Rest of Europe)
- Japan Life (Life insurance, primarily Corporate Owned Life Insurance (COLI) business)
- Asset Management (Asset management activities)
- Other (operating segments that have been aggregated due to their respective size; including banking activities in the Netherlands, reinsurance and items related to capital management and the head office)
- Japan Closed Block VA (Closed block single premium variable annuity individual life insurance portfolio in Japan, including the internally reinsured minimum guaranteed risk, which has been closed to new business and which is being managed in run-off)

The Executive Board and the Management Board set the performance targets and approve and monitor the budgets prepared by the reporting segments. The segments formulate strategic, commercial and financial policies in conformity with the strategy and performance targets set by the Executive Board and the Management Board.

The accounting policies of the segments are the same as those described in Note 2 'Accounting policies'. Transfer prices for inter-segment transactions are set at arm's length. Corporate expenses are allocated to segments based on time spent by head office personnel, the relative number of staff, or on the basis of income and/or assets of the segment. Intercompany loans that qualify as equity instruments under IFRS-EU are presented in the segment reporting as debt; related coupon payments are presented as income and expenses in the respective segments.

Operating result (before tax) is used by NN Group to evaluate the financial performance of its segments. Each segment's operating result is calculated by adjusting the reported result before tax for the following items:

- Non-operating items: related to (general account) investments that are held for own risk (net of policyholder profit sharing):
 - Capital gains/losses and impairments: realised gains and losses as well as impairments on financial assets that are classified as Available-for-sale and debt securities that are classified as loans. These investments include debt and equity securities (including fixed income and equity funds), private equity (< 20% ownership), real estate funds and loans quoted in active markets.
 - Revaluations: revaluations on assets marked-to-market through the Consolidated profit and loss account. These investments include private equity (associates), real estate (property and associates), derivatives unrelated to product hedging programmes (i.e. interest rate swaps, foreign exchange hedges) and direct equity hedges.
 - Market & other impacts: these impacts mainly comprise the change in the liability for guarantees on unit-linked and separate account pension contracts (both net of hedging) in the Netherlands, the equity related and other deferred acquisition costs unlocking for Japan Closed Block VA as well as the accounting volatility related to the reinsurance of minimum guaranteed benefits of Japan Closed Block VA.
- Result on divestments: result before tax related to divested operations.
- Special items before tax: items of income or expenses that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently or regularly. This includes restructuring expenses, rebranding costs, goodwill impairments, results related to early redemption of debt and gains/losses from employee pension plan amendments or curtailments.

The operating result for the life insurance business is analysed through a margin analysis, which includes the investment margin, fees and premium-based revenues and the technical margin. Disclosures on comparative years also reflect the impact of current year's divestments. Operating result as presented below is an Alternative Performance Measure (non-GAAP financial measure) and is not a measure of financial performance under IFRS-EU. Because it is not determined in accordance with IFRS-EU, operating result as presented by NN Group may not be comparable to other similarly titled measures of performance of other companies.

Notes to the condensed consolidated interim accounts

Continued

Following the acquisition of Delta Lloyd the segments remain unchanged. Delta Lloyd entities/businesses have been allocated to the relevant existing segment. The main Delta Lloyd entities have been allocated as follows:

- Delta Lloyd Levensverzekering N.V. is allocated to Netherlands Life
- Delta Lloyd Schadeverzekering N.V. is allocated to Netherlands Non-life
- Delta Lloyd Life N.V. (Belgium) is allocated to Insurance Europe
- Delta Lloyd Bank N.V. is allocated to Other

Acquisition related intangibles and related amortisation are recognised in the head office, which is presented in 'Other'.

Segments (2017)

1 July to 30 September 2017	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Asset Management	Other	Japan Closed Block VA	Total
Investment margin	179		23	-1			-1	200
Fees and premium-based revenues	103		181	154	134		9	580
Technical margin	77		50					126
Operating income non-modelled life business			1					1
Operating income	358	0	255	152	134	0	8	907
Administrative expenses	133		97	35	89		3	357
DAC amortisation and trail commissions	10		81	65			1	157
Expenses	143	0	178	100	89	0	4	515
Non-life operating result		1						1
Operating result other						41		41
Operating result	215	1	77	52	45	41	4	434
Non-operating items:								
- gains/losses and impairments	439	1	-12			5		433
- revaluations	77	4	5	-3		6		89
- market & other impacts	22		-2				-1	19
Special items before tax	-8	-3	-3		-2	-29		-45
Amortisation of acquisition intangibles						-33		-33
Result before tax	745	2	64	49	43	-9	3	898
Taxation	129	-3	18	14	9	-9	1	160
Minority interests	2	2						4
Net result	614	3	46	35	34	0	2	734

Notes to the condensed consolidated interim accounts

Continued

Segments (2016)

1 July to 30 September 2016	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Asset Manage- ment	Other	Japan Closed Block VA	Total
Investment margin	178		16	-6			-1	187
Fees and premium-based revenues	78		136	162	119		14	509
Technical margin	30		50	-11				70
Operating income non-modelled life business			1					1
Operating income	286	0	202	145	119	0	14	766
Administrative expenses	100		77	32	81		4	294
DAC amortisation and trail commissions	9		75	72			2	158
Expenses	108	0	152	105	81	0	6	452
Non-life operating result		21	2					23
Operating result other						-11		-11
Operating result	178	21	52	40	38	-11	8	327
Non-operating items:								
- gains/losses and impairments	112	1	71	2	-1	3		188
- revaluations	58	6	1	-3		-4		58
- market & other impacts	11		-6				-21	-16
Special items before tax	-1		-6		-1	-2		-10
Result before tax	358	27	113	39	36	-14	-13	547
Taxation	64	4	23	7	10	6	-3	111
Net result	294	23	90	32	27	-20	-9	436

Notes to the condensed consolidated interim accounts

Continued

Segments (2017)

1 January to 30 September 2017	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Asset Manage- ment	Other	Japan Closed Block VA	Total
Investment margin	631		62	-5			-2	685
Fees and premium-based revenues	319		503	482	387		32	1,722
Technical margin	174		143	14				332
Operating income non-modelled life business			2					2
Operating income	1,124	0	710	491	387	0	30	2,742
Administrative expenses	366		278	103	271		9	1,028
DAC amortisation and trail commissions	32		240	213			4	489
Expenses	398	0	518	316	271	0	13	1,517
Non-life operating result		5						5
Operating result other						29		29
Operating result	726	5	192	175	115	29	17	1,258
Non-operating items:								
- gains/losses and impairments	630	5	28	8		38		709
- revaluations	153	15	15	-15		6		174
- market & other impacts	39		-2				-23	14
Special items before tax	-30	-5	-11		-7	-78		-132
Amortisation of acquisition intangibles						-66		-66
Result on divestments						-178		-178
Result before tax	1,517	20	222	167	108	-249	-6	1,780
Taxation	268		44	47	26	-24	-1	360
Minority interests	6	4						10
Net result	1,243	16	179	120	82	-225	-5	1,410

Special items in 2017 reflect the acquisition and integration of Delta Lloyd, as well as restructuring expenses.

Notes to the condensed consolidated interim accounts

Continued

Segments (2016)

1 January to 30 September 2016	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Asset Manage- ment	Other	Japan Closed Block VA	Total
Investment margin	578		49	-18			-2	607
Fees and premium-based revenues	254		407	468	343		43	1,515
Technical margin	60		143	-20				183
Operating income non-modelled life business			2					2
Operating income	893	0	601	429	343	0	42	2,308
Administrative expenses	316		233	88	243		12	891
DAC amortisation and trail commissions	30		232	212			5	479
Expenses	346	0	466	299	243	0	17	1,371
Non-life operating result		49	2					52
Operating result other						-20		-20
Operating result	547	49	138	130	100	-20	24	969
Non-operating items:								
- gains/losses and impairments	209	24	66	2	-1	6		306
- revaluations	161	13	3	-7		-10		161
- market & other impacts	68		-9				-134	-75
Special items before tax	-3	-12	-28	-2	-3	-7		-56
Result before tax	982	75	170	124	95	-31	-110	1,305
Taxation	184	14	37	25	24	5	-27	263
Net result	797	61	133	99	71	-36	-83	1,041

Special items in 2016 reflect disentanglement-related IT expenses in Belgium, restructuring expenses related to the target to reduce the administrative expense base of Netherlands Life, Netherlands Non-life and corporate/holding entities and rebranding expenses.

24 Taxation

Taxation on components of other comprehensive income

	1 July to 30 September 2017	1 July to 30 September 2016	1 January to 30 September 2017	1 January to 30 September 2016
Unrealised revaluations property in own use				1
Unrealised revaluations available-for-sale investments and other	-55	45	463	-1,769
Realised gains/losses transferred to the profit and loss account	125	41	168	67
Changes in cash flow hedge reserve	76	-28	391	-503
Deferred interest credited to policyholders	-21	-21	-264	652
Remeasurement of the net defined benefit asset/liability	1	3	-3	17
Income tax	126	40	755	-1,535

Notes to the condensed consolidated interim accounts

Continued

25 Fair value of financial assets and liabilities

The following table presents the estimated fair value of NN Group's financial assets and liabilities. Certain balance sheet items are not included in the table, as they do not meet the definition of a financial asset or liability. The aggregation of the fair value presented below does not represent and should not be construed as representing the underlying value of NN Group.

Fair value of financial assets and liabilities

	Estimated fair value		Balance sheet value	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Financial assets				
Cash and cash equivalents	9,665	8,634	9,665	8,634
Financial assets at fair value through profit or loss:				
– investments for risk of policyholders	33,532	30,711	33,532	30,711
– non-trading derivatives	4,910	4,421	4,910	4,421
– designated as at fair value through profit or loss	866	873	866	873
Available-for-sale investments	105,838	79,767	105,838	79,767
Loans	58,761	36,470	56,098	33,920
Financial assets	213,572	160,876	210,909	158,326
Financial liabilities				
Subordinated debt	2,773	2,366	2,474	2,288
Debt securities issued	2,619	614	2,566	598
Other borrowed funds	7,598	7,757	7,522	7,646
Investment contracts for risk of company	1,122	741	1,088	696
Investment contracts for risk of policyholders	95	1,615	95	1,615
Customer deposits and other funds on deposit	15,020	10,671	14,583	10,224
Financial liabilities at fair value through profit or loss:				
– non-trading derivatives	2,835	2,008	2,835	2,008
Financial liabilities	32,062	25,772	31,163	25,075

For other financial assets and financial liabilities not included in the table above, including short-term receivables and payables, the carrying amount is a reasonable approximation of fair value.

The estimated fair value represents the price at which an orderly transaction to sell the financial asset or to transfer the financial liability would take place between market participants at the balance sheet date (exit price). The fair value of financial assets and liabilities is based on unadjusted quoted market prices, where available. Such quoted market prices are primarily obtained from exchange prices for listed instruments. Where an exchange price is not available market prices are obtained from independent market vendors, brokers or market makers. Because substantial trading markets do not exist for all financial instruments, various techniques have been developed to estimate the approximate fair value of financial assets and liabilities that are not actively traded. The fair value presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of the future fair value.

Further information on the methods and assumptions that were used by NN Group to estimate the fair value of the financial instruments and the sensitivities for changes in these assumptions is disclosed in Note 36 'Fair value of financial assets and liabilities' of the 2016 NN Group Consolidated annual accounts.

Notes to the condensed consolidated interim accounts

Continued

Financial assets and liabilities at fair value

The fair value of the financial instruments carried at fair value was determined as follows:

Methods applied in determining the fair value of financial assets and liabilities (2017)

30 September 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Investments for risk of policyholders	26,977	5,752	803	33,532
Non-trading derivatives	25	4,716	169	4,910
Financial assets designated as at fair value through profit or loss	684	182		866
Available-for-sale investments	74,490	29,709	1,639	105,838
Financial assets	102,176	40,359	2,611	145,146
Financial liabilities				
Investment contracts (for contracts at fair value)	95			95
Non-trading derivatives	125	2,541	169	2,835
Financial liabilities	220	2,541	169	2,930

Methods applied in determining the fair value of financial assets and liabilities (2016)

31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Investments for risk of policyholders	28,947	941	823	30,711
Non-trading derivatives	17	4,185	219	4,421
Financial assets designated as at fair value through profit or loss	619	254		873
Available-for-sale investments	59,128	19,432	1,207	79,767
Financial assets	88,711	24,812	2,249	115,772
Financial liabilities				
Investment contracts (for contracts at fair value)	1,599	16		1,615
Non-trading derivatives	64	1,726	218	2,008
Financial liabilities	1,663	1,742	218	3,623

Level 1 – (Unadjusted) Quoted prices in active markets

This category includes financial instruments whose fair value is determined directly by reference to published quotes in an active market that NN Group can access. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions with sufficient frequency and volume to provide reliable pricing information on an ongoing basis.

Level 2 – Valuation technique supported by observable inputs

This category includes financial instruments whose fair value is determined using a valuation technique (e.g. a model), where inputs in the model are taken from an active market or are observable. If certain inputs in the model are unobservable the instrument is still classified in this category, provided that the impact of those unobservable input elements on the overall valuation is insignificant. Included in this category are items whose value is derived from quoted prices of similar instruments, but for which the prices are modified based on other market observable external data and items whose value is derived from quoted prices but for which there was insufficient evidence of an active market.

Level 3 – Valuation technique supported by unobservable inputs

This category includes financial instruments whose fair value is determined using a valuation technique (e.g. a model) for which more than an insignificant part of the inputs in terms of the overall valuation are not market observable. This category also includes financial assets and liabilities whose fair value is determined by reference to price quotes but for which the market is considered inactive. An instrument is classified in its entirety as Level 3 if a significant portion of the instrument's fair value is driven by unobservable inputs. Unobservable in this context means that there is little or no current market data available from which the price at which an orderly transaction would likely occur can be derived.

Notes to the condensed consolidated interim accounts

Continued

Changes in Level 3 Financial assets (2017)

	Investments for risk of policyholders	Non-trading derivatives	Financial assets designated as at fair value through profit or loss	Available-for- sale investments	Total
30 September 2017					
Level 3 Financial assets – opening balance	823	219		1,207	2,249
Amounts recognised in the profit and loss account	-23	-2		20	-5
Revaluations recognised in other comprehensive income (equity)				146	146
Purchase	3	2		133	138
Sale		-7			-7
Maturity/settlement				-3	-3
Other transfers and reclassifications		-32		-164	-196
Transfers out of Level 3		-18		-18	-36
Changes in the composition of the group		7		335	342
Exchange rate differences				-17	-17
Level 3 Financial assets – closing balance	803	169	0	1,639	2,611

Transfers out of Level 3 and reclassification

Reclassification in 2017 mainly relate to the transfer of certain investments in real estate funds to associates and joint ventures due to an increase in level of influence.

Changes in Level 3 Financial assets (2016)

	Investments for risk of policyholders	Non-trading derivatives	Financial assets designated as at fair value through profit or loss	Available-for- sale investments	Total
31 December 2016					
Level 3 Financial assets – opening balance	813	208	2	1,587	2,610
Amounts recognised in the profit and loss account	-1			-6	-7
Revaluations recognised in other comprehensive income (equity)				15	15
Purchase	26	11		400	437
Sale	-15		-2	-10	-27
Maturity/settlement				-149	-149
Other transfers and reclassifications				-312	-312
Transfers out of Level 3				-286	-286
Exchange rate differences				-32	-32
Level 3 Financial assets – closing balance	823	219	0	1,207	2,249

Transfers out of Level 3 and reclassification

Reclassification in 2016 mainly relate to the transfer of certain investments in real estate funds to associates and joint ventures due to an increase in level of influence.

Transfers out of Level 3 reflect certain asset backed securities for which market liquidity has improved and as a result are classified as Level 2 in 2016.

Changes in Level 3 Financial liabilities (2017)

	Non-trading derivatives
30 September 2017	
Level 3 Financial liabilities – opening balance	218
Other transfers and reclassifications	-32
Transfers out of Level 3	-17
Level 3 Financial liabilities – closing balance	169

Notes to the condensed consolidated interim accounts

Continued

Changes in Level 3 Financial liabilities (2016)

31 December 2016	Non-trading derivatives
Level 3 Financial liabilities – opening balance	207
Amounts recognised in the profit and loss account	1
Purchase	16
Sale	-6
Level 3 Financial liabilities – closing balance	218

Level 3 – Amounts recognised in the profit and loss account (2017)

30 September 2017	Held at balance sheet date	Derecognised during the period	Total
Financial assets			
Investments for risk of policyholders	-23		-23
Non-trading derivatives	-2		-2
Available-for-sale investments	-4	24	20
Financial assets	-29	24	-5
Financial liabilities			
Financial liabilities	0	0	0

Level 3 – Amounts recognised in the profit and loss account (2016)

31 December 2016	Held at balance sheet date	Derecognised during the period	Total
Financial assets			
Investments for risk of policyholders	-1		-1
Available-for-sale investments	-6		-6
Financial assets	-7	0	-7
Financial liabilities			
Non-trading derivatives	1		1
Financial liabilities	1	0	1

26 Companies and businesses acquired and divested

Acquisitions (2017)

Delta Lloyd

In the second quarter of 2017, NN Group acquired all issued and outstanding ordinary shares in the capital of Delta Lloyd N.V. (Delta Lloyd) for a total consideration of EUR 2,463 million. Included below is an overview of the transaction, a description of Delta Lloyd, the rationale for the transaction, the accounting at the acquisition date and certain additional disclosures on the acquisition.

Overview of transaction

In February 2017, NN Group announced a recommended public cash offer for all issued and outstanding ordinary shares in the capital of Delta Lloyd at a price of EUR 5.40 in cash for each share, representing a total consideration of EUR 2,463 million.

On 7 April 2017, NN Group announced that following the expiry of the offer period, 79.9% of all issued and outstanding ordinary shares in the capital of Delta Lloyd had been acquired. NN Group also announced an extension to the offer period which granted the holders of shares who had not yet tendered their shares the opportunity to tender their shares, under the same terms and conditions applicable to the offer, in the post closing acceptance period expiring on 21 April 2017. Furthermore, NN Group announced that all offer conditions as described in the offer memorandum had been satisfied, including obtaining the declarations of no objection from the Dutch Central Bank (DNB), the National Bank of Belgium (NBB) and the European Central Bank (ECB), and competition clearance from the European Commission. In addition, NN Group announced that if, following the settlement date and the post closing acceptance period, NN Group had acquired less than 95% of the Delta Lloyd shares, NN Group would be entitled to pursue a legal merger whereby remaining holders of Delta Lloyd shares would receive listed ordinary shares in NN Group. In exchange for each Delta Lloyd share, the owner would receive a fraction of one NN Group share equal to the EUR 5.40 offer price per share divided by the NN Group stock price on the last day prior to the date on which the notarial deed to establish the legal merger was executed.

Notes to the condensed consolidated interim accounts

Continued

On 21 April 2017 NN Group announced that following the post closing acceptance period it had acquired approximately 93.3% of the issued and outstanding ordinary shares in the capital of Delta Lloyd.

On 8 May 2017, NN Group announced that it would continue the preparations for the legal merger. The Delta Lloyd Executive Board and Delta Lloyd Supervisory Board had approved and consented to the legal merger and the Delta Lloyd General Meeting had resolved to the legal merger on 29 March 2017.

On 31 May 2017, NN Group announced that the legal merger had been executed, whereby remaining holders of issued and outstanding ordinary shares in the capital of Delta Lloyd (other than NN Group) received NN Group shares. In accordance with the legal merger proposal, in exchange for each Delta Lloyd share, the owner received 0.1662 NN Group share, being equal to the offer price of EUR 5.40 per ordinary share in Delta Lloyd, divided by the NN Group volume-weighted average stock price on 30 May 2017 of EUR 32.4946.

Following the settlement of the shares issued under the legal merger, NN Group has full ownership of Delta Lloyd.

Description of Delta Lloyd

Delta Lloyd is a financial services provider offering life insurance, pensions, general insurance, asset management and banking products and services to customers in the Netherlands and Belgium. In order to do so, Delta Lloyd uses multiple channels to distribute its products and services under the following brands: Delta Lloyd, BeFrank, OHRA and ABN AMRO Verzekeringen.

The Delta Lloyd Group offers a range of products from simple insurance products to bespoke and more sophisticated individual and group life insurance products, as well as basic savings and financial planning services through its multiple brands. The broad range of general insurance coverage includes motor vehicles, fire, liability, income protection and specialist areas such as offshore wind parks. Delta Lloyd and OHRA also distribute health insurance products underwritten by CZ.

Delta Lloyd's Dutch banking activities mainly centre around mortgage loans, bank annuities, savings products and fund investments.

Delta Lloyd Asset Management manages and invests Delta Lloyd's assets and those of its policyholders. It also manages the investments of institutional and retail customers.

Rationale for the transaction

The acquisition of Delta Lloyd by NN Group is backed by a strategic rationale and long-term value creation opportunities.

NN Group and Delta Lloyd believe that a combination of Delta Lloyd and the Dutch and Belgian activities of NN Group is compelling. The transaction will result in an overall stronger platform within the Benelux from which to provide enhanced customer propositions and generate shareholder return:

- Additional scale and capabilities will result in an improved customer proposition within the Dutch pension market
- Doubling the size of the non-life insurance business will drive underwriting results and customer experience
- The integration of two leading asset management businesses creates additional scale and expertise
- Increased size and scale of the banking business, thereby improving the competitive offering to existing and new customers
- Doubling the presence in Belgium, leading to a strong life insurance market share with a more diversified offering through additional channels.

NN Group believes that significant cost synergies will result from the combination. These synergies are anticipated in a range of areas including the integration of operational and supporting activities in Life and Non-life, full integration of Bank & Asset Management, removal of overlap in centralised functions and reduction in project spend.

The combined Group will be better placed to capture opportunities that technological innovation brings and will provide increased possibilities for knowledge sharing, strengthening capabilities and talent development. It will bring a perspective of growth and lead to opportunities for employees of both companies and will facilitate continuous improvement in customer service and experience.

Accounting at the acquisition date

The acquisition date of Delta Lloyd by NN Group for acquisition accounting under IFRS is 7 April 2017. On this date, NN Group acquired 79.9% of the ordinary shares in Delta Lloyd and thus obtained control. Furthermore, the announced legal merger as approved by Delta Lloyd at its Extraordinary General Meeting on 29 March 2017 provided certainty that NN Group would acquire full ownership of Delta Lloyd under the same conditions. Therefore, for acquisition accounting under IFRS, NN Group acquired full ownership of Delta Lloyd on 7 April 2017. NN Group used 1 April 2017 as a proxy for the acquisition date for practical reasons as the developments between 1 April 2017 and 7 April 2017 had no material impact. As a result, Delta Lloyd is included in the NN Group consolidation as of the full second quarter of 2017.

Notes to the condensed consolidated interim accounts

Continued

The initial accounting for Delta Lloyd as at 1 April 2017 is ongoing and as such all values are provisional. NN Group has accounted for the acquisition using the provisional values disclosed below and will recognise any adjustments to these provisional values within a twelve month period from the acquisition date as amendments to the initial accounting.

The provisional values of certain assets and liabilities acquired as at 1 April 2017 as disclosed below differ significantly from the values of the assets and liabilities in the balance sheet of Delta Lloyd immediately before the acquisition by NN Group. This difference is mainly a result from the following amendments as a result of the purchase price allocation as required under IFRS:

- Insurance liabilities were remeasured to fair value as defined in IFRS; this resulted in a significant increase in the amount of insurance liabilities, mainly resulting from applying a different, market consistent, discount rate. The fair value of the insurance liabilities was determined based on the price that a market participant would charge to assume the insurance liabilities of Delta Lloyd in an orderly transaction at the measurement date. In arriving at the fair value of the insurance liabilities of Delta Lloyd, future cash flows were estimated using current best estimate actuarial assumptions. Relevant observable input data was used as far as possible. These future cash flows were then adjusted for the compensation a market participant would require for assuming the risks and uncertainties relating to these insurance liabilities. This compensation was calculated using the cost of capital approach. Lastly, these adjusted future cash flows were discounted using a current market rate to reflect the time value of money.
- All financial assets and liabilities (including investments, loans and funding liabilities) were remeasured to fair value. The valuation technique applied are consistent with those disclosed in the 2016 annual accounts.
- Acquisition related intangible assets were recognised. These include brand names, client relationships, distribution channels/agreements and software. The valuation techniques used to measure the fair value of the intangible assets acquired were as follows:
 - Brands were valued using a relief from royalty method. Under this method a royalty rate is applied to the forecasted gross written premium for the remaining useful life, discounted using an adjusted cost of equity.
 - Client relationships and distribution channels were valued using the excess earnings method. Under this method the fair value is calculated by adjusting the forecasted income for the remaining useful life for contributory assets charges. This amount is then discounted using an adjusted cost of equity.
 - Software was valued using a replacement cost method. Under this method the fair value is calculated by identifying the cost of developing the software (mainly staff expenses) and adjusting the cost for any technical and functional obsolescence, efficiencies and overheads.

The difference between the net assets acquired of EUR 1,317 million and the purchase consideration of EUR 2,463 million represents goodwill and is capitalised in the NN Group balance sheet. This resulting goodwill of EUR 1,146 million is not amortised, but will be tested for impairment at least annually going forward. The amount of goodwill recognised on the acquisition of Delta Lloyd represents mainly the value of synergies to the extent that these are not reflected in the acquisition balance sheet. The goodwill is not tax deductible.

Total fair value of the purchase consideration

	Acquisition date
Fair value of Delta Lloyd shares held previous to transaction	244
Cash paid to acquire Delta Lloyd shares	2,054
Fair value of NN Group shares issued to acquire Delta Lloyd shares	165
Total fair value of the purchase consideration	2,463

Cash flow on acquisition

	Acquisition date
Cash paid to acquire Delta Lloyd shares	-2,054
Cash in company acquired	2,961
Cash flow on acquisition	907

Provisional acquisition date fair values of the assets and liabilities acquired:

	Acquisition date
ASSETS	
Cash and cash equivalents	2,961
Financial assets at fair value through profit or loss:	
– investments for risk of policyholders	9,980
– non-trading derivatives	1,946
– designated as at fair value through profit or loss	105
Available-for-sale investments	30,434
Loans	19,924
Reinsurance contracts	794
Associates and joint ventures	10
Real estate investments	1,138
Property and equipment	69
Intangible assets	447
Deferred tax assets	2,612
Other assets	1,777
Total assets	72,197
LIABILITIES	
Subordinated debt	1,651
Debt securities issued	591
Other borrowed funds	1,706
Insurance and investment contracts	56,665
Customer deposits and other funds on deposit	3,802
Financial liabilities at fair value through profit or loss	694
Deferred tax liabilities	1,610
Other liabilities	3,830
Total liabilities	70,549
Fair value of minority interest acquired	331
Net assets acquired	1,317
Fair value of purchase consideration	2,463
Fair value of net assets acquired	1,317
Goodwill	1,146

Immediately before the acquisition, NN Group already held 45,273,626 ordinary shares in Delta Lloyd. These shares were classified as Available-for-sale investments and at the acquisition date had a fair value of EUR 244 million. A related revaluation reserve of EUR 20 million was recognised in shareholders' equity. As part of the acquisition of Delta Lloyd in the second quarter of 2017, the revaluation reserve on the shares already held was recognised in the profit and loss account, resulting in a gain of EUR 20 million (before tax) in 'Investment income – Realised gains on disposal of Available-for-sale equity securities.

Other information

	Acquisition date
Acquisition-related costs recognised as expense	25
Total income recognised in profit and loss since date of acquisition	2,009
Net profit recognised in profit and loss since date of acquisition	56
Total income that would have been recognised in profit and loss if Delta Lloyd was acquired from the start of the year ¹	3,080
Net profit that would have been recognised in profit and loss if Delta Lloyd was acquired from the start of the year ²	-95

¹ The sum of Total income since the date of acquisition plus the first quarter 2017 Total income for Delta Lloyd stand-alone.

² The sum of Net profit since the date of acquisition plus the first quarter 2017 Net profit for Delta Lloyd stand-alone.

The financial assets acquired do not include any significant receivables, other than investments in debt securities, mortgage loans and other loans.

There were no significant contingent liabilities related to Delta Lloyd that were recognised at the date of acquisition. Reference is made to Note 27 'Other events' for disclosures on Unit-linked products in the Netherlands.

Notes to the condensed consolidated interim accounts

Continued

Divestments (2017)

NN Life Luxembourg

In April 2017, NN Group announced that it had reached agreement with the Global Bankers Insurance Group on the sale of NN Life Luxembourg to an affiliate of Global Bankers Insurance Group. The sale did not impact NN Group's asset management business in Luxembourg. The transaction was closed on 31 October 2017 and did not have a material impact on the capital position and result of NN Group.

Acquisitions (2016)

Notus Financial Advisors, Poland

In May 2016, NN Group announced that it had reached an agreement to acquire 100% of the shares of Dom Kredytowy Notus S.A. (Notus). Notus is a leading financial broker in Poland, offering mortgage loans, insurance, investment and savings products. The transaction was closed in the third quarter of 2016 and did not have a material impact on the capital position and operating result of NN Group.

Divestments (2016)

Mandema & Partners

In July 2016, NN Group announced the sale of its 100% subsidiary Mandema & Partners to Van Lanschot Chabot. The transaction, which was completed in January 2017, did not have a material impact on the capital position and result of NN Group.

NN Re (Ireland)

In October 2016, NN Group announced that its wholly-owned reinsurance entity in Ireland, NN Re (Ireland) Limited, had signed a portfolio transfer agreement with Canada Life International Re Limited. The agreement is a result of the continuous strategic assessment of NN Group's portfolio. As a result of this portfolio transfer, NN Re (Ireland) Limited handed back its reinsurance license and repatriated almost all its capital to NN Group in the fourth quarter of 2016. These transactions have not impacted NN Group's reinsurance business in the Netherlands.

27 Other events

NN Bank prices inaugural EUR 500 million Covered Bonds

NN Bank announced on 4 October 2017 that it had priced its inaugural EUR 500 million Conditional Pass-Through Covered Bonds. The bonds, which were placed with a broad range of institutional investors, have a tenor of 7 years and a fixed coupon of 0.5%. The covered bonds are backed by Dutch prime residential mortgage loans, are rated AAA by Standard & Poor's Rating Services and listed on Euronext Amsterdam (ISIN:NL0012650477).

Australia

As previously disclosed, in April 2015 the Australian Taxation Office (ATO) commenced a Tax Audit on ING Australia Holdings Ltd. The Tax Audit concerns the years 2007-2013 and focused on the currency denomination of and interest on intercompany loans which resulted from the disposal of the insurance and asset management businesses in Australia. ING Australia Holdings was transferred by NN Group to ING Group in 2013 as part of which it was agreed that NN Group remains liable for any damages resulting from tax claims. An Independent Review of the Tax Audit was completed by the ATO in July 2017. In the second quarter, NN Group recognised a provision on the IFRS and Solvency II balance sheets for the amount of the expected claim of AUD 279 million (EUR 185 million at current exchange rates). This does not reflect that the final assessment will be subject to appeal by ING Australia Holdings which may be successful, and also that NN Group may be able to recover part of the amount in its Dutch tax return. The Tax Audit concerns a former subsidiary of NN Group and, therefore, does not impact NN Group's business or strategy going forward.

Unit-linked products in the Netherlands

Nationale-Nederlanden (NN) continues to reach out to customers to encourage them to carefully assess their unit-linked products in order to find an appropriate solution on an individual basis, where needed.

In March 2017, 'Consumentenbond' and 'Wakkerpolis', both associations representing the interests of NN policyholders, separately initiated so-called 'collective actions' against NN. These claims are based on similar grounds as used in the collective action initiated by 'Vereniging Woekerpolis.nl' in November 2013.

On 22 June 2017, the Appeals Committee of the KiFID ruled in an individual case that was initiated by one of NN's customers, that NN, at the time of selling the unit-linked product, should have provided more information to this customer than was prescribed by the laws and regulations applicable at that time.

Notes to the condensed consolidated interim accounts

Continued

On 19 July 2017, the District Court in Rotterdam rendered a judgment in a collective action against NN in respect of unit-linked products. The Court rejected all claims of 'Vereniging Woekerpolis.nl' and ruled that NN has generally provided sufficient information on costs and premiums. The Court's judgment is in line with NN's view that the provision of information needs to be assessed against the laws and regulations and norms applicable at the time of concluding the unit-linked insurance policy. The Court did not follow the line of reasoning of the Appeals Committee of the KiFid in the individual claim proceedings leading to the ruling of 22 June 2017. 'Vereniging Woekerpolis.nl' has lodged an appeal with the Court of Appeal in The Hague against the ruling of the District Court in Rotterdam. Dutch Courts and KiFID will continue to provide rulings with respect to unit-linked products in proceedings against NN and other Dutch insurance companies.

The claims of 'Consumentenbond' and 'Wakkerpolis' are rejected by NN and NN defends itself in these legal proceedings.

These developments do not change earlier statements and conclusions disclosed by NN Group in relation to unit-linked products.

28 Capital management

Solvency II

	30 September 2017	31 December 2016
Basic Own Funds	17,417	14,660
Non-available Own Funds	1,259	1,427
Non-eligible Own Funds	299	84
Eligible Own Funds (a)	15,859	13,149
- of which Tier 1 Unrestricted	9,495	8,414
- of which Tier 1 Restricted	1,868	1,919
- of which Tier 2	2,390	1,043
- of which Tier 3	1,091	750
- of which non-solvency II regulated entities	1,015	1,022
Solvency Capital Requirements (b)	7,782	5,459
- of which non-solvency II regulated entities	507	460
NN Group Solvency II ratio (a/b)¹	204%	241%

1. The solvency ratios are not final until filed with the regulators. The Solvency II ratio is based on the partial internal model.

The NN Group Solvency II ratio decreased to 204% at 30 September 2017 from 241% at 31 December 2016. This decrease was mainly due to the acquisition of Delta Lloyd and the deduction of the 2017 interim dividend, offset by operating performance and favourable market variances.

The Hague, 15 November 2017

The Supervisory Board

J.H. (Jan) Holsboer, chair
D.H. (Dick) Harryvan, vice-chair
H.J.G. (Heijo) Hauser
R.W. (Robert) Jenkins
Y.C.M.T. (Yvonne) van Rooij
R.A. (Robert) Ruijter
J.W. (Hans) Schoen
C.C.F.T. (Clara) Streit
H.M. (Hélène) Vletter-van Dort

The Executive Board

E. (Lard) Friese, CEO, chair
D. (Delfin) Rueda, CFO, vice-chair

To: the Shareholders and Supervisory Board of NN Group N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim accounts for the nine-month period ended 30 September 2017 of NN Group N.V. (the Company), The Hague, as included on page 3 to 38 of this report. These condensed consolidated interim accounts comprise the condensed consolidated balance sheet as at 30 September 2017, the condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the notes for the nine-month period then ended. Management of the Company is responsible for the preparation and presentation of the condensed consolidated interim accounts in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim accounts based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim accounts as at and for the nine-month period ended 30 September 2017 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 15 November 2017

KPMG Accountants N.V.

P.A.M. de Wit RA

This report is available as a pdf file on
www.nn-group.com

Contact us

NN Group N.V.
Schenkkade 65
2595 AS Den Haag
The Netherlands
P.O. Box 90504, 2509 LM Den Haag
The Netherlands
www.nn-group.com

Commercial register of Amsterdam, no. 52387534

Important legal information

NN Group's Consolidated Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and with Part 9 of Book 2 of the Dutch Civil Code.

In preparing the financial information in this document, the same accounting principles are applied as in the 2016 NN Group Consolidated Annual Accounts, except as indicated in Note 2 of the 30 September 2017 Condensed consolidated interim accounts.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) breakup of the euro or European Union countries leaving the European Union, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in investor, customer and policyholder behaviour, (11) changes in general competitive factors, (12) changes in laws and regulations and the interpretation and application thereof, (13) changes in the policies and actions of governments and/or regulatory authorities, (14) conclusions with regard to accounting assumptions and methodologies, (15) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Group's ability to achieve projected operational synergies (18) catastrophes and terrorist-related events (19) adverse developments in legal and other proceedings and (20) the other risks and uncertainties contained in recent public disclosures made by NN Group.

Any forward-looking statements made by or on behalf of NN Group speak only as of the date they are made, and, NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.

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