

NN Group delivers continued solid performance in 3Q15

Operating result increased and strong capital position

- 3Q15 operating result ongoing business of EUR 392 million, up 43% from 3Q14, supported by a private equity dividend, partly offset by an unfavourable claims experience in Property & Casualty in the Netherlands
- Net result down 7% to EUR 329 million, due to lower non-operating items and negative hedge results in Japan Closed Block VA
- Capital position remained strong with IGD ratio at 322%
- Holding company cash capital stable at EUR 1.6 billion, reflecting EUR 332 million dividends from subsidiaries and the payment of the 2015 interim dividend of EUR 156 million and EUR 150 million share buy-back
- Free cash flow to the holding for the first nine months of 2015 was EUR 1,031 million driven by dividends from all segments
- Cumulative cost savings in the Netherlands of EUR 201 million compared with 2013
- New sales (APE) EUR 261 million, down 15% from 3Q14 at constant currencies
- AuM at Asset Management down 2% to EUR 180 billion compared with 2Q15, mainly due to net outflows

Statement of Lard Friese, CEO

"Overall, our business continued to show a solid performance in the third quarter of 2015 despite volatile financial markets. The strong increase in the Group's operating result compared with the third quarter of 2014 was mainly driven by Netherlands Life, supported by a large private equity dividend. Insurance Europe also contributed to the increased result and continues to make progress in shifting its product mix towards protection products. In Japan, our focus on the SME segment is bearing fruit, as COLI protection sales are showing double-digit growth. Overall sales for the Group were down, as we focus on profitable growth in the low interest rate environment. We recognise that there is more work to do to increase the net inflows of our asset management business and to improve the combined ratio of the Dutch Non-life company.

Our solvency ratios remain solid, reflecting the strong capital generation of our businesses. We were therefore able to complete another EUR 150 million share buy-back in September in line with our policy to return excess capital to our shareholders. This buy-back was part of ING's sell-down of another tranche of NN Group shares, reducing its remaining holding to 25.8% of outstanding shares.

To deliver on our medium-term and long-term strategic objectives, we will continue our focus on disciplined execution and innovation in our business operations. Since 2013, we have reduced our cost base in the Netherlands by a total of EUR 201 million. While this means that we have already achieved our original cost-reduction target for the Group, further efficiency improvements will remain a focus area, especially in the Netherlands. In helping to secure the financial futures of our customers, we are innovating our products and services. This year we have implemented several initiatives that employ new technologies to digitally engage with our customers. By doing so, we aim to continually improve their experience with us.

While we are pleased with another set of good results, we will further optimise our businesses to deliver on our financial and non-financial objectives and continue to create value for all our stakeholders - our customers, our shareholders, our employees and society at large."

NN Group key figures

In EUR million	3Q15	3Q14	Change	9M15	9M14	Change
Operating result ongoing business	392	274	43.0%	1,184	826	43.5%
Net result	329	354	-7.2%	1,205	391	208.5%
Net operating ROE	12.2%	8.3%		12.0%	8.9%	
IGD Solvency I ratio	322%	283%		322%	283%	
New sales life insurance (APE)	261	307	-15.0%	1,037	1,051	-1.3%
Asset Management AuM (end of period, in EUR billion)	180	180	-0.2%	180	180	-0.2%

Strategy and business highlights

NN Group's strategy is to deliver an excellent customer experience based on great service and long-term relationships. We aim to achieve this by offering transparent products and services that serve our customers' lifetime needs. We do this by making our multi-access distribution network available to customers wherever and whenever they want, and by maintaining effective operations that deliver excellent customer service.

Netherlands Life

Netherlands Life aims to benefit from its strong position in the pension market and selectively capture growth opportunities in the Dutch market, driven by the shift from defined benefit (DB) to defined contribution (DC) pension schemes, as well as selectively pursuing buy-out opportunities. In preparation for the expected changes in regulations, AZL, NN Life's pension administrator, and NN Investment Partners are joining forces to establish a General Pension Fund (*Algemeen Pensioenfonds* or 'APF'). NN's strong position in the pension market was recently recognised, for the second year in a row, by the Dutch business magazine *Management Team*. Their annual survey among managers ranks Nationale-Nederlanden as best pension provider. Furthermore Netherlands Life focusses on reducing expenses and gradually shift to higher-yielding assets, such as mortgages and loans, in order to offset the negative impact of lower interest rates on the investment margin. In the third quarter we further invested in mortgages with an attractive yield.

Netherlands Non-life

Netherlands Non-life aims to improve underwriting performance and to expand in specific market segments where there are clear opportunities for profitable growth. The continued focus on exceeding customers' expectations and transparent customer communication resulted in winning the Dutch Insurance Communication Award, granted by *AM*, a leading insurance magazine, and GfK, provider of market and consumer information. Another example of delivering excellent customer care is our improved Net Promotor Score for the Claims Manager at Home (*'Schademanager Thuis'*) service. Furthermore, a new awareness campaign called the *'Nationale Inbrekersindex'* was launched to help prevent burglary. Netherlands Non-life has also broadened its experience in Usage-Based Car Insurance with the launch of a third initiative called *'Voorop'*. This is a new usage-based proposition for the Dutch Retail market that registers driving behaviour. Pay How You Drive, as the insurance technique is also referred to, was introduced in pilot form (under the name of *'Fairzekering'*) in the Netherlands last year. It won several innovation awards.

Insurance Europe

Insurance Europe is shifting its business mix towards protection products and repositioning its savings and retirement products in response to the low interest rate environment. The Polish business, which was rebranded to Nationale-Nederlanden Poland in July, launched a new campaign reinforcing the importance of protection and offering customers clarity and guidance on how to lead a healthy lifestyle and secure their financial futures. In August, an awareness campaign was launched that features teenagers asking their parents about their health, and about their financial futures. The main message of the commercials is that parents should remain healthy to support their children, now and in the future. Campaigns like these reinforce Nationale-Nederlanden Poland's reputation as a knowledgeable partner that truly cares about its customers. NN Slovakia recently launched a new life insurance option for children's hospitalisation coverage, responding to customer and distributor demand for this product. This demonstrates the active dialogue and the ongoing engagement NN Slovakia has with its customers. This new option offers a daily allowance - paid from the first day - when a child has to stay in hospital.

Japan Life

In the third quarter of 2015, Japan Life continued to diversify its product and distribution. COLI protection sales increased by 26% at constant currencies compared with the third quarter in 2014, partly driven by the launch of a new term product addressing death and severe disability needs of SME owners up to age 90. Bancassurance COLI sales increased by 21% year-on-year, excluding currency effects, driven by higher bank activation and the continuing expansion of the bank distribution network. In September, Japan Life's call center received a Service & Hospitality Award for its excellent customer care. This award programme was established in 2014 by the Japan Institute of Information Technology.



Asset Management¹⁾

Assets under Management decreased to EUR 180 billion, reflecting net outflows as well as negative market performance. In target markets, Asset Management plans to protect and further expand its leading position and continues to develop a more distinct range of products, including its sustainable product offering. The NN Global Sustainable Equity strategy and the NN European Sustainable Equity strategy reached a 15 and 10-year track record, respectively, in July and have also been granted the ESG label from LuxFLAG. Both strategies have performed well against their benchmarks and have seen strong client interest, driving assets under management in sustainable equity strategies to EUR 2.2 billion. Furthermore the European Central Bank recognised the expertise of NN Investment Partners by extending the contract for the Asset-Backed Securities Programme.

NN Bank

NN Bank continued to expand its mortgage and customer savings activities. In line with its strategy, NN Bank's mortgage portfolio increased to EUR 10.0 billion from EUR 9.5 billion at the end of the second quarter. Customer deposits (internet savings and bank annuities) grew to EUR 8.1 billion at the end of the third quarter. NN Bank improved the accessibility of its products and services by introducing the NN app. To further enhance its customer service NN Bank has started sending a personal video message to customers who have taken out a mortgage loan. This video addresses many practical questions about the customer's mortgage, for example about installments, how to submit bills for a construction depot or about the variable interest rate.

1) The segment Investment Management was renamed to Asset Management in the third quarter of 2015

Consolidated results

Consolidated profit and loss account NN Group

In EUR million	3Q15	3Q14	Change	9M15	9M14	Change
Analysis of results						
Netherlands Life	267	152	76.1%	751	458	64.0%
Netherlands Non-life	24	32	-23.5%	93	93	0.5%
Insurance Europe	53	45	16.8%	148	135	9.6%
Japan Life	37	37	-1.6%	133	128	4.2%
Asset Management	34	41	-16.0%	108	117	-7.6%
Other	-23	-33		-50	-106	
Operating result ongoing business	392	274	43.0%	1,184	826	43.5%
Non-operating items ongoing business	54	123	-55.7%	302	105	188.0%
of which gains/losses and impairments	131	9		349	-33	
of which revaluations	-56	38	-247.8%	85	122	-30.4%
of which market & other impacts	-21	76	-127.0%	-132	16	
Japan Closed Block VA	-64	89	-171.1%	-4	132	-103.0%
Special items before tax	-12	-32		-67	-629	
Result on divestments	1	4	-61.7%	1	60	-98.0%
Result before tax from continuing operations	372	458	-18.7%	1,416	493	187.0%
Taxation	41	86	-52.6%	183	71	156.0%
Net result from continuing operations	331	371	-10.8%	1,234	422	192.2%
Net result from discontinued operations	0	-3		0	-16	
Minority interests	3	14	-80.3%	28	15	87.2%
Net result	329	354	-7.2%	1,205	391	208.5%
Basic earnings per ordinary share in EUR ¹⁾	0.95					

Key Figures

In EUR million	3Q15	3Q14	Change	9M15	9M14	Change
Ongoing business						
Gross premium income	1,911	2,047	-6.7%	7,435	7,513	-1.0%
New sales life insurance (APE)	261	307	-15.0%	1,037	1,051	-1.3%
Total administrative expenses	439	427	2.6%	1,306	1,303	0.2%
Cost/income ratio (Administrative expenses/Operating income)	32.6%	35.6%		32.6%	35.7%	
Combined ratio (Netherlands Non-life) ²⁾	105.6%	99.6%		101.8%	99.4%	
Asset Management Assets under Management ³⁾	180	180	-0.2%	180	180	-0.2%
Life general account invested assets ³⁾	83	78	5.6%	83	78	5.6%
Investment margin/Life general account invested assets (bps) ⁴⁾	114	90				
Total provisions for insurance & investment contracts ³⁾	105	104	1.4%	105	104	1.4%
of which for risk policyholder ³⁾	25	27	-8.9%	25	27	-8.9%
NN Life Solvency I ratio	299%	252%		299%	252%	
Net operating result ⁵⁾	330	203	62.5%	960	615	56.0%
Net operating ROE ⁶⁾	12.2%	8.3%		12.0%	8.9%	
Japan Closed Block VA						
Account value	10,217	14,313	-28.6%	10,217	14,313	-28.6%
Number of policies	219,824	317,316	-30.7%	219,824	317,316	-30.7%
Total NN Group						
IGD Solvency I ratio	322%	283%		322%	283%	
Total assets ³⁾	162	160	1.1%	162	160	1.1%
Shareholders' equity	20,271	18,344	10.5%	20,271	18,344	10.5%
Employees (internal FTEs, end of period)	11,531	11,854	-2.7%	11,531	11,854	-2.7%

1) Basic earnings per ordinary share is calculated as the net result, adjusted for the coupon on undated subordinated notes classified in equity, divided by the weighted average number of ordinary shares outstanding (net of treasury shares)

2) Excluding Mandema and Zicht broker businesses

3) End of period, in EUR billion

4) Four-quarter rolling average

5) Net operating result of the ongoing business, adjusted for the accrued coupon on undated notes classified in equity

6) Net operating ROE is calculated as the (annualised) net operating result of the ongoing business, adjusted for the coupon on undated subordinated notes classified in equity, divided by the average allocated equity of the ongoing business adjusted for revaluation reserves and excluding undated subordinated notes classified in equity

Note: Operating results are non-GAAP measures. These are derived from figures according to IFRS-EU by excluding impact from divestments, discontinued operations and special items, gains/losses and impairments, revaluations and market & other impacts

- NN Group's operating result of the ongoing business increased to EUR 392 million from EUR 274 million in the third quarter of 2014, supported by a large private equity dividend in the Netherlands, partly offset by an unfavourable claims experience in Property & Casualty (P&C)
- The result before tax decreased to EUR 372 million, reflecting a negative hedge-related result in Japan Closed Block VA and lower non-operating items, partly offset by a higher operating result of the ongoing business
- The expense reduction programme in the Netherlands realised a cumulative cost reduction of EUR 201 million versus 2013
- New sales (APE) were EUR 261 million, down 14.8% from the third quarter of 2014 on a constant currency basis, due to lower sales in all Life segments

The operating result of the ongoing business was EUR 392 million, up 43.0% from the third quarter of 2014, mainly driven by a higher result at Netherlands Life supported by a private equity dividend. Improved results at Insurance Europe and the segment 'Other' also contributed to the increase, offset by lower results of Netherlands Non-life and Asset Management.

Total administrative expenses of the ongoing business were EUR 439 million, up 2.5% from the third quarter of 2014, excluding currency effects. FTEs decreased 2.7% year-on-year to 11,531. Although administrative expenses rose at NN Bank and Asset Management, administrative expenses in Netherlands Life, Netherlands Non-life and corporate/holding entities decreased in line with target. By the end of the third quarter of 2015, cumulative cost reductions of EUR 201 million were realised in the Netherlands versus the target of EUR 200 million by 2016, of which EUR 36 million in Netherlands Life, EUR 35 million in Netherlands Non-life and EUR 130 million in corporate/holding entities.

The operating result of Netherlands Life improved to EUR 267 million from EUR 152 million in the third quarter of 2014, supported by a private equity dividend of EUR 110 million and a higher technical margin. This was partly offset by lower fees and premium-based revenues.

The operating result of Netherlands Non-life decreased to EUR 24 million from EUR 32 million in the third quarter of 2014. The impact of large weather-related and fire claims and lower results on prior accident years was partly compensated by a EUR 17 million private equity dividend. The combined ratio increased to 105.6% from 99.6% in the third quarter of 2014, mainly due to an unfavourable claims experience in Property & Casualty (P&C).

The operating result of Insurance Europe was EUR 53 million, up from EUR 45 million from the third quarter of last year, which included EUR 12 million of write-offs. An increase of fees and premium-based revenues was more than offset by a reduction in the investment margin due to lower invested volumes and lower interest rates on reinvested assets as well as a decrease in the technical margin.

The operating result of Japan Life was broadly stable at EUR 37 million versus the third quarter of 2014, which included a EUR 6 million benefit from a change in pension liability. Fees and premium-based revenues increased 12.6% excluding currency effects, partly offset by a lower investment margin.

The operating result of Asset Management decreased to EUR 34 million from EUR 41 million in the third quarter of 2014, reflecting higher staff-related and market data expenses.

The operating result of the segment 'Other' improved to EUR -23 million from EUR -33 million in the third quarter of 2014, reflecting lower holding expenses and a higher operating result of the reinsurance business and of NN Bank. This was partly offset by an addition to the technical provisions of a legacy entity.

In the first nine months of 2015, the operating result of the ongoing business increased to EUR 1,184 million from EUR 826 million in the same period last year. The increased result reflects higher private equity dividends, a release from the unit-linked guarantee provision due to an increase in interest rates versus an addition to this provision in the first nine months of last year, as well as higher non-recurring benefits in 2015, reflected in the technical margin in Netherlands Life. Lower administrative expenses in the Netherlands and lower funding costs also contributed to the increased operating result, partly offset by an unfavourable claims development in Property & Casualty (P&C).

Result before tax

The result before tax from continuing operations for the third quarter of 2015 decreased to EUR 372 million compared with EUR 458 million in the third quarter of 2014 due to lower non-operating items and a lower result of Japan Closed Block VA.

Gains/losses and impairments were EUR 131 million compared with EUR 9 million in the third quarter of 2014. The current quarter reflects capital gains on debt, public and private equity securities, partly offset by EUR 38 million of impairments.

Revaluations amounted to EUR -56 million compared with EUR 38 million in the third quarter of 2014. The current quarter reflects EUR 37 million of positive revaluations on real estate investments and EUR -82 million of negative revaluations on private equity. The revaluations on private equity consist of an improvement in value, more than offset by negative revaluations of those investments that paid out dividends which were recognised in the operating result.

Market and other impacts amounted to EUR -21 million compared with EUR 76 million in the third quarter of 2014, which included a EUR 52 million refund received from the guarantee fund in Poland following the pension reforms. The result in the current quarter reflects the movement in the provision for guarantees on separate account pension contracts (net of hedging) in Netherlands Life.

The result before tax of Japan Closed Block VA was EUR -64 million compared with EUR 89 million in the third quarter of 2014, which included a reserve decrease of EUR 63 million from higher lapse assumptions. The current quarter includes a hedge-related result of EUR -82 million caused by the impact of higher global market volatility.

Special items amounted to EUR -12 million compared with EUR -32 million in the third quarter of 2014. Special items in the current quarter relate to the rebranding of NN Group's subsidiaries. Special items in the third quarter of 2014 mainly related to expenses for the transformation programme in the Netherlands.

In the first nine months of 2015 the result before tax from continuing operations increased significantly to EUR 1,416 million from EUR 493 million in the same period last year, which included a special item of EUR -541 million related to the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. The improved result reflects the increased operating result and higher capital gains on debt securities, public and private equity, as well as higher revaluations on real estate. These items were partly offset by the lower result of Japan Closed Block VA and the negative market and other impacts reflecting the movement in the provision for guarantees on separate account pension contracts (net of hedging) in Netherlands Life, as well as lower revaluations on private equity.

Net result

The net result from continuing operations decreased to EUR 331 million from EUR 371 million in the third quarter of 2014 following the lower result before tax. The effective tax rate in the third quarter of 2015 was 11%, mainly caused by tax-exempt dividends and capital gains related to shareholdings of 5% or more in the Netherlands.

Sales

Total new sales (APE) at NN Group were EUR 261 million, down 14.8% from the third quarter of 2014 on a constant currency basis. New sales were down 39.8% in Netherlands Life due to lower sales of individual pension contracts and a pension buy-out in the third quarter of 2014. At Insurance Europe, new sales were down 18.9% compared with the third quarter of 2014 as a result of lower sales mainly in Belgium, Poland, Spain and Turkey. New sales in Japan Life were 4.2% lower compared with the third quarter of last year. The lower new sales at these international units partly reflect product management actions to preserve margins in a low interest rate environment.

In the first nine months of 2015, total new sales amounted to EUR 1,037 million, down 2.8% compared with the same period last year, on a constant currency basis. The decrease reflects lower sales in Insurance Europe (6.3%) and Japan Life (3.0%), partly compensated by higher sales in Netherlands Life (3.8%).

Net operating Return On Equity (ROE)

The net operating ROE for the ongoing business of NN Group improved to 12.2% compared with 8.3% in the third quarter of 2014, reflecting improved profitability supported by a private equity dividend in the Netherlands.

Other events

In July 2013, the investment management business in South Korea was agreed to be sold to Macquarie Group. The transaction closed on 2 December 2013. In the fourth quarter of 2014, a provision was recognised following a claim letter that NN Group received from Macquarie Group under the share purchase agreement. On 11 August 2015, parties entered into a settlement agreement regarding the claim.

Netherlands Life

- Operating result increased to EUR 267 million compared with EUR 152 million in the third quarter of 2014, supported by a EUR 110 million private equity dividend
- Administrative expenses decreased 1.2%, mainly due to lower staff costs, excluding the impact of the transfer of the personnel provisions in the third quarter of 2014
- NN Life's Solvency I Ratio up at 299%, supported by market movements

In EUR million	3Q15	3Q14	Change	9M15	9M14	Change
Analysis of results						
Investment margin	260	154	68.6%	681	455	49.7%
Fees and premium-based revenues	83	92	-10.2%	279	309	-9.8%
Technical margin	43	17	148.3%	150	87	72.3%
Operating income non-modelled business	0	0		0	0	
Operating income	385	263	46.4%	1,110	851	30.5%
Administrative expenses	107	98	9.9%	322	343	-6.2%
DAC amortisation and trail commissions	11	14	-22.0%	37	50	-25.7%
Expenses	118	111	6.0%	359	393	-8.6%
Operating result	267	152	76.1%	751	458	64.0%
Non-operating items	46	63	-26.3%	244	27	
of which gains/losses and impairments	104	4		282	-62	
of which revaluations	-37	34	-209.2%	94	116	-19.4%
of which market & other impacts	-21	25	-184.1%	-132	-27	
Special items before tax	0	4	-103.7%	-2	-343	
Result on divestments	1	0		1	0	
Result before tax	315	218	44.0%	995	142	
Taxation	37	36	2.4%	112	-10	
Minority interests	3	4	-26.3%	25	2	
Net result	275	179	53.9%	858	151	469.0%
New business						
Single premiums	89	224	-60.5%	715	550	29.9%
Regular premiums	19	23	-20.1%	160	168	-4.8%
New sales life insurance (APE)	28	46	-39.8%	231	223	3.8%
Key figures						
Gross premium income	448	574	-22.0%	2,314	2,593	-10.8%
Total administrative expenses	107	98	9.9%	322	343	-6.2%
Cost/income ratio (Administrative expenses/Operating income)	27.8%	37.3%		29.0%	40.3%	
Life general account invested assets ¹⁾	61	57	7.3%	61	57	7.3%
Investment margin/Life general account invested assets (bps) ²⁾	143	108				
Total provisions for insurance & investment contracts ¹⁾	72	71	1.4%	72	71	1.4%
of which for risk policyholder ¹⁾	17	20	-11.5%	17	20	-11.5%
Allocated equity (end of period)	14,148	12,386	14.2%	14,148	12,386	14.2%
Net operating ROE ³⁾	13.6%	7.6%		12.7%	7.8%	
NN Life Solvency I ratio	299%	252%		299%	252%	
Employees (internal FTEs, end of period)	2,099	2,314	-9.3%	2,099	2,314	-9.3%

1) End of period, in EUR billion

2) Four-quarter rolling average

3) Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by the average allocated equity of the segment adjusted for revaluation reserves

The operating result of Netherlands Life increased to EUR 267 million compared with EUR 152 million in the third quarter of 2014, supported by a EUR 110 million private equity dividend and a higher technical margin. This was partly offset by lower fees and premium-based revenues.

The investment margin increased to EUR 260 million from EUR 154 million in the third quarter of 2014, driven by a EUR 110 million private equity dividend in the current quarter, whereas the third quarter of 2014 included EUR 20 million of private equity and fixed income fund dividends. An increased allocation to higher-yielding assets helped to offset the impact of the low interest rate environment on reinvestments. The investment spread, calculated as a four-quarter rolling average, increased to 143 basis points from 108 basis points in the third quarter of last year.

Fees and premium-based revenues decreased to EUR 83 million compared with EUR 92 million in the third quarter of 2014, reflecting the individual life closed book run-off.

The technical margin increased to EUR 43 million from EUR 17 million in the third quarter of 2014. The current quarter reflects a EUR 7 million increase in the unit-linked guarantee provision due to a decrease in interest rates, compared with a EUR 14 million provision increase in the third quarter of 2014. Furthermore, the current quarter includes a release of EUR 6 million from a provision for transferring liabilities to industry-wide pension funds, while the third quarter of 2014 included a EUR 5 million addition to this provision.

Administrative expenses increased to EUR 107 million from EUR 98 million in the third quarter of 2014, which included a EUR 11 million reallocation of expenses related to personnel provisions for retired personnel in the Netherlands to the segment 'Other'. Excluding the reallocation of expenses, administrative expenses decreased 1.2% due to lower staff costs, partly offset by higher project expenses.

DAC amortisation and trail commissions decreased to EUR 11 million from EUR 14 million in the third quarter of 2014, reflecting the run-off of the individual life closed book and regulatory changes.

The result before tax was EUR 315 million compared with EUR 218 million in the third quarter of 2014, reflecting the higher operating result, partly offset by a lower result from non-operating items.

Gains/losses and impairments were EUR 104 million compared with EUR 4 million in the third quarter of 2014. The current quarter mainly reflects gains on debt, public and private equity securities, partly offset by EUR 34 million impairments of mainly public equity investments.

Revaluations were EUR -37 million compared with EUR 34 million in the third quarter of 2014 as positive revaluations on real estate were more than offset by negative revaluations on private equity reflecting revaluations of those investments that paid out dividends which were recognised in the operating result.

Market and other impacts were EUR -21 million compared with EUR 25 million in the third quarter of 2014, mainly reflecting movements in the provision for guarantees on separate account pension contracts (net of hedging).

New sales (APE) decreased to EUR 28 million from EUR 46 million in the third quarter of 2014, due to lower individual pension sales and a pension buy-out in the third quarter of 2014.

In the first nine months of 2015 the operating result of Netherlands Life increased to EUR 751 million compared with EUR 458 million in the same period of 2014, primarily driven by an increase of the investment margin and the technical margin. The investment margin benefited from EUR 195 million of private equity dividends, higher public equity dividends and an increased allocation to higher-yielding assets. The increase in the technical margin was supported by non-recurring benefits as well as a release from the unit-linked guarantee provision due to higher interest rates versus an addition to this provision in the first nine months of last year.

The result before tax was EUR 995 million for the first nine months of 2015 compared with EUR 142 million in the same period last year, which included a special item of EUR -322 million related to the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. The non-operating items improved to EUR 244 million compared with EUR 27 million in the first nine months of 2014, mainly reflecting capital gains on public and private equity and debt securities.

New sales (APE) increased to EUR 231 million in the first nine months of 2015 from EUR 223 million in the same period last year, mainly driven by a EUR 420 million single premium relating to the pension fund buy-out of a large company pension fund, partly offset by lower group pension renewals and lower sales of individual contracts.

Netherlands Non-life

- Operating result of EUR 24 million down from EUR 32 million in the third quarter of 2014, due to unfavourable claims development in P&C, partly compensated by a EUR 17 million private equity dividend
- Combined ratio of 105.6% deteriorated from 99.6% in the third quarter of 2014

In EUR million	3Q15	3Q14	Change	9M15	9M14	Change
Analysis of results						
Earned premiums	372	380	-2.2%	1,134	1,148	-1.3%
Investment income	43	27	59.6%	110	83	32.9%
Other income	2	2	31.0%	2	0	
Operating income	417	409	2.0%	1,246	1,231	1.2%
Claims incurred, net of reinsurance	277	264	5.0%	805	790	1.9%
Acquisition costs	61	61	-0.5%	181	187	-3.2%
Administrative expenses	55	54	2.8%	169	165	2.5%
Acquisition costs and administrative expenses	116	114	1.0%	349	351	-0.6%
Expenditure	393	379	3.8%	1,154	1,141	1.1%
Operating result insurance businesses	24	30	-19.7%	92	89	2.6%
Operating result broker businesses	0	1	-118.4%	2	4	-50.2%
Total operating result	24	32	-23.5%	93	93	0.5%
Non-operating items	4	3	18.3%	17	10	59.0%
of which gains/losses and impairments	11	1		15	-3	
of which revaluations	-8	2	-498.6%	1	14	-91.1%
of which market & other impacts	0	0		0	0	
Special items before tax	0	-3		-1	-91	
Result on divestments	0	0		0	0	
Result before tax	28	32	-13.4%	109	13	
Taxation	0	6	-94.5%	15	-3	
Minority interests	0	0		0	0	
Net result	28	26	5.1%	93	15	
Key figures						
Gross premium income	274	280	-2.0%	1,297	1,327	-2.2%
Total administrative expenses ¹⁾	73	71	3.3%	221	218	1.4%
Combined ratio ²⁾	105.6%	99.6%		101.8%	99.4%	
of which Claims ratio ²⁾	74.5%	69.5%		71.0%	68.8%	
of which Expense ratio ²⁾	31.1%	30.1%		30.8%	30.6%	
Total insurance provisions ³⁾	3	3	-0.2%	3	3	-0.2%
Allocated equity (end of period)	729	704	3.6%	729	704	3.6%
Net operating ROE ⁴⁾	22.8%	25.8%		25.2%	22.1%	
Employees (internal FTEs, end of period)	1,692	1,752	-3.4%	1,692	1,752	-3.4%

1) Including Mandema and Zicht broker businesses

2) Excluding Mandema and Zicht broker businesses

3) End of period, in EUR billion

4) Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by the average allocated equity of the segment adjusted for revaluation reserves

The operating result of Netherlands Non-life decreased to EUR 24 million from EUR 32 million in the third quarter of 2014. The current quarter operating result was impacted by large weather-related and fire claims and lower results on prior accident years in Property & Casualty (P&C), which were partly compensated by a EUR 17 million private equity dividend.

The combined ratio increased to 105.6% from 99.6% in the third quarter of 2014, mainly due to an unfavourable claims experience in P&C.

The operating result in Disability & Accident (D&A) improved to EUR 32 million from EUR 26 million in the third quarter of 2014. The increase was driven by the private equity dividend, of which EUR 12 million was allocated to D&A, partly offset by a less favourable claims development. The D&A combined ratio increased to 99.7% compared with 95.7% in the third quarter of 2014.

The operating result in P&C continues to be under pressure, decreasing to EUR -7 million from EUR 4 million in the third quarter of 2014. The current quarter operating result reflects several large fire claims as well as lower results on prior accident years in both the Motor and Miscellaneous portfolios. In addition, several severe summer storms in the Netherlands led to claims impacting both the Fire and Motor portfolios. This was partly offset by a EUR 5 million private equity dividend allocated to P&C. The P&C combined ratio increased to 110.3% from 102.6% in the third quarter of 2014.

Administrative expenses increased to EUR 55 million from EUR 54 million in the third quarter of 2014 due to higher project expenses.

The result before tax of Netherlands Non-life decreased to EUR 28 million from EUR 32 million in the third quarter of 2014, due to the lower operating result.

In the first nine months of 2015, the operating result of Netherlands Non-life remained stable at EUR 93 million as EUR 26 million of private equity dividends and improved underwriting results in D&A were offset by an unfavourable claims experience in P&C.

In the first nine months of 2015 the result before tax was EUR 109 million compared with EUR 13 million in the same period of 2014, which included a special item of EUR -63 million related to the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. The combined ratio for the first nine months of 2015 was 101.8% compared with 99.4% for the same period of 2014.

Insurance Europe

- Operating result increased to EUR 53 million from EUR 45 million in the third quarter of 2014, which included EUR 12 million of write-offs
- New sales (APE) were EUR 90 million, down 18.9% compared with the third quarter of 2014, excluding currency effects

In EUR million	3Q15	3Q14	Change	9M15	9M14	Change
Analysis of results						
Investment margin	17	21	-19.7%	58	69	-15.3%
Fees and premium-based revenues	135	131	2.7%	402	386	4.1%
Technical margin	50	53	-6.0%	146	145	0.4%
Operating income non-modelled business	1	1	-32.0%	3	3	-9.0%
Operating income Life Insurance	202	206	-2.0%	609	603	0.9%
Administrative expenses	73	77	-5.2%	225	226	-0.3%
DAC amortisation and trail commissions	77	82	-6.3%	238	245	-3.0%
Expenses Life Insurance	150	159	-5.8%	463	471	-1.7%
Operating result Life Insurance	52	47	11.0%	146	132	10.2%
Non-life operating result	1	-1		3	3	-13.3%
Operating result	53	45	16.8%	148	135	9.6%
Non-operating items	5	56	-90.5%	28	66	-57.7%
of which gains/losses and impairments	3	5	-29.8%	23	23	0.5%
of which revaluations	2	0		5	0	
of which market & other impacts	0	52		0	43	
Special items before tax	-8	-17		-38	-20	
Result on divestments	0	0		0	0	
Result before tax	50	84	-40.2%	138	181	-23.7%
Taxation	17	16	6.0%	39	45	-12.9%
Minority interests	0	10		3	13	-77.1%
Net result	33	58	-42.7%	96	123	-22.2%
New business						
Single premiums	211	250	-15.4%	695	752	-7.7%
Regular premiums	69	88	-22.2%	293	313	-6.3%
New sales life insurance (APE)	90	113	-20.7%	363	388	-6.6%
Key figures						
Gross premium income	505	577	-12.4%	1,676	1,710	-2.0%
Total administrative expenses (Life & Non-life)	77	85	-9.1%	237	240	-1.2%
Cost/income ratio (Administrative expenses/Operating income)	34.8%	37.9%		35.6%	36.5%	
Life general account invested assets ¹⁾	11	12	-9.4%	11	12	-9.4%
Investment margin/Life general account invested assets (bps) ²⁾	71	77				
Total provisions for insurance & investment contracts ³⁾	19	19	-5.1%	19	19	-5.1%
of which for risk policyholder ¹⁾	7	8	-2.5%	7	8	-2.5%
Assets under management pensions ¹⁾³⁾	15	15	-0.4%	15	15	-0.4%
Allocated equity (end of period)	1,975	2,091	-5.6%	1,975	2,091	-5.6%
Net operating ROE ⁴⁾	11.1%	8.9%		9.8%	8.5%	
Employees (internal FTEs, end of period)	4,045	4,069	-0.6%	4,045	4,069	-0.6%

1) End of period, in EUR billion

2) Four-quarter rolling average

3) The numbers shown under AuM are client balances which exclude IFRS shareholders' equity related to the respective pension businesses and include the assets under administration

4) Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by the average allocated equity of the segment adjusted for revaluation reserves

The operating result of Insurance Europe was EUR 53 million, up from EUR 45 million a year ago, which included a EUR 6 million write-off of capitalised IT expenses in Belgium and a EUR 6 million write-off of capitalised commissions in Poland. An increase of fees and premium-based revenues was more than offset by a decline of the investment margin and the technical margin.

The investment margin was EUR 17 million, down from EUR 21 million in the third quarter of 2014, due to lower invested volumes and lower interest rates on reinvested assets.

Fees and premium-based revenues increased to EUR 135 million from EUR 131 million in the third quarter of 2014, reflecting higher traditional life insurance premium-based revenues across the region as well as higher fees on assets under management related to the pension business in Turkey, Poland, Romania and Spain.

The technical margin declined to EUR 50 million from EUR 53 million, mainly due to lower mortality results in Poland and Greece.

Administrative expenses were EUR 73 million compared with EUR 77 million in the third quarter of 2014, which included a EUR 6 million write-off of capitalised IT expenses in Belgium.

DAC amortisation and trail commissions decreased to EUR 77 million from EUR 82 million in the third quarter of 2014, which included a EUR 6 million write-off of capitalised commissions in Poland.

The result before tax decreased to EUR 50 million from EUR 84 million in the third quarter of 2014, which included a EUR 52 million refund received from the guarantee fund in Poland following the pension reforms. The current quarter result includes a EUR 3 million gain on the sale of bonds and equities as well as EUR 2 million positive revaluations of real estate. Special items in the current quarter reflect the rebranding expenses across the region.

New sales (APE) were down to EUR 90 million from EUR 113 million in the third quarter of 2014 as a result of lower sales mainly in Belgium, Poland, Spain and Turkey partly due to product management actions to preserve margins in a low interest rate environment.

In the first nine months of 2015 the operating result increased to EUR 148 million, compared with EUR 135 million in the same period of 2014. The increase was driven by higher fees and premium-based revenues which more than offset the negative impact of the pension reforms in Poland.

The result before tax in the first nine months of 2015 decreased to EUR 138 million from EUR 181 million in the same period of 2014, which included the aforementioned refund received from the guarantee fund in Poland and reflects an increase in special items due to rebranding expenses incurred in 2015.

New sales were EUR 363 million in the first nine months of 2015, down from EUR 388 million in the same period of 2014 due to lower pension sales in Turkey, partly offset by higher life sales in Spain and Greece. Sales of life protection products were up 11.8% year-on-year excluding currency impacts, driven by a large group contract in Spain, and were up 1.3% excluding this contract.

Japan Life

- Operating result was EUR 37 million, broadly stable versus the third quarter of 2014, which included a EUR 6 million benefit from a change in pension liability
- New sales (APE) were EUR 143 million, 4.2% lower than in the third quarter of 2014, at constant currencies

In EUR million	3Q15	3Q14	Change	9M15	9M14	Change
Analysis of results¹⁾						
Investment margin	-5	0		-10	-2	
Fees and premium-based revenues	128	112	14.0%	401	348	15.3%
Technical margin	-3	-4		-11	0	
Operating income non-modelled business	0	0		0	0	
Operating income	119	108	10.5%	380	346	9.8%
Administrative expenses	29	23	25.3%	80	71	12.1%
DAC amortisation and trail commissions	54	48	13.0%	167	147	13.5%
Expenses	82	70	16.9%	247	218	13.1%
Operating result	37	37	-1.6%	133	128	4.2%
Non-operating items	-3	0		0	-3	
of which gains/losses and impairments	10	-3		14	-2	
of which revaluations	-13	2		-14	-1	
of which market & other impacts	0	0		0	0	
Special items before tax	-1	0		-8	0	
Result on divestments	0	0		0	0	
Result before tax	33	37	-11.5%	125	125	0.6%
Taxation	5	13	-61.3%	20	43	-52.6%
Minority interests	0	0		0	0	
Net result	28	25	13.8%	105	82	28.7%
New business¹⁾						
Single premiums	2	9	-79.9%	13	40	-68.9%
Regular premiums	143	147	-2.5%	442	436	1.4%
New sales life insurance (APE)	143	148	-3.0%	444	440	0.8%
Key figures¹⁾						
Gross premium income	682	607	12.3%	2,135	1,861	14.7%
Total administrative expenses	29	23	25.3%	80	71	12.1%
Cost/income ratio (Administrative expenses/Operating income)	24.4%	21.3%		21.1%	20.5%	
Life general account invested assets ²⁾	11	9	13.5%	11	9	13.5%
Total provisions for insurance & investment contracts ²⁾	10	8	16.6%	10	8	16.6%
of which for risk policyholder ²⁾	0	0		0	0	
Allocated equity (end of period)	1,757	1,496	17.4%	1,757	1,496	17.4%
Net operating ROE ³⁾	7.8%	8.4%		9.6%	9.8%	
Employees (internal FTEs, end of period)	610	628	-2.9%	610	628	-2.9%

1) JPY/EUR average FX rates: 136.02 (3Q15), 137.82 (3Q14) and JPY/EUR end of period FX rates: 134.86 (3Q15), 138.12 (3Q14)

2) End of period, in EUR billion

3) Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by the average allocated equity of the segment adjusted for revaluation reserves

The operating result of Japan Life was broadly stable at EUR 37 million versus the third quarter of 2014, which included a EUR 6 million benefit from a change in pension liability. Fees and premium-based revenues increased year-on-year, partly offset by a lower investment margin.

The investment margin was EUR -5 million compared with EUR 0 million in the third quarter of 2014 due to lower interest rates on reinvested assets.

Fees and premium-based revenues were EUR 128 million, up 12.6% from the third quarter of 2014, excluding currency effects, driven by continuous strong sales and larger in-force volumes.

Administrative expenses were EUR 29 million, up from EUR 23 million in the third quarter of 2014, which included a EUR 6 million benefit of a change in pension liability. Excluding this benefit, expenses were stable.

DAC amortisation and trail commissions were EUR 54 million, up 11.6% compared with the third quarter of 2014, excluding currency effects, due to higher premium income.

The result before tax decreased to EUR 33 million compared with EUR 37 million in the third quarter of 2014, reflecting special items related to rebranding the business of Japan Life.

New sales (APE) were EUR 143 million, down 4.2% from the third quarter of 2014, at constant currencies, reflecting product management actions to preserve margins in a low interest rate environment.

In the first nine months of 2015, the operating result of Japan Life was EUR 133 million, stable compared with the same period of 2014, excluding currency effects. An increase in fees and premium-based revenues was offset by a lower investment margin, a lower technical margin and higher DAC amortisation and trail commissions. Fees and premium-based revenues increased by 10.9%, excluding currency effects, driven by continued strong sales and larger in-force volumes. The investment margin declined to EUR -10 million due to lower interest rates on reinvested assets. The technical margin decreased to EUR -11 million due to a lower result on surrenders.

The result before tax for the first nine months of 2015 declined to EUR 125 million, down 3.4% from the same period in 2014, excluding currency effects, mainly due to special items related to rebranding.

In the first nine months of 2015, new sales (APE) were EUR 444 million, down 3.0% compared with the same period last year, at constant currencies, reflecting product management actions to preserve margins in a low interest rate environment.

Asset Management

- Total Assets under Management (AuM) decreased to EUR 180 billion from EUR 184 billion at the end of the second quarter of 2015
- Operating result decreased to EUR 34 million from EUR 41 million in the third quarter of 2014, as increased fees were more than offset by higher expenses

In EUR million	3Q15	3Q14	Change	9M15	9M14	Change
Analysis of results						
Investment income	0	0		0	0	
Fees	124	123	0.8%	377	357	5.7%
Operating income	124	123	0.8%	377	357	5.7%
Administrative expenses	90	82	9.1%	269	240	12.2%
Operating result	34	41	-16.0%	108	117	-7.6%
Non-operating items	0	0		0	0	
of which gains/losses and impairments	0	0		0	0	
of which revaluations	0	0		0	0	
of which market & other impacts	0	0		0	0	
Special items before tax	-3	0		-18	-122	
Result on divestments	0	-2		0	-2	
Result before tax	31	38	-18.9%	90	-7	
Taxation	8	9	-18.1%	24	-4	
Minority interests	0	0		0	0	
Net result¹⁾	24	29	-19.2%	67	-3	
Key figures						
Total administrative expenses	90	82	9.1%	269	240	12.2%
Cost/income ratio (Administrative expenses/Operating income)	72.6%	66.7%		71.4%	67.2%	
Net inflow Assets under Management (in EUR billion)	-3	-2		-6	-11	
Assets under Management ²⁾	180	180	-0.2%	180	180	-0.2%
Fees/average Assets under Management (bps)	27	27		27	27	
Allocated equity (end of period)	404	386	4.7%	404	386	4.7%
Net operating ROE ³⁾	25.2%	32.9%		27.0%	32.9%	
Employees (internal FTEs, end of period)	1,188	1,135	4.6%	1,188	1,135	4.6%

1) Excluding the Net result from discontinued operations

2) End of period, in EUR billion

3) Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by the average allocated equity of the segment adjusted for revaluation reserves

In EUR billion	3Q15	3Q14	Change	9M15	9M14	Change
AuM rollforward						
Beginning of period	184	177	4.2%	186	174	7.1%
Net inflow	-3	-2		-6	-11	
Acquisition / Divestments	0	0		0	2	
Market performance (incl. FX impact) and Other	-1	5		-1	15	
End of period	180	180	-0.2%	180	180	-0.2%

Total Assets under Management (AuM) at Asset Management were EUR 180 billion at the end of the third quarter of 2015, down from EUR 184 billion at the end of the second quarter of 2015. The decrease reflects net outflows in the Third Party business of EUR 1.7 billion and in the Proprietary and Other Affiliated business of EUR 1.5 billion, as well as negative market performance of EUR 1.3 billion.

The third quarter operating result decreased to EUR 34 million, reflecting an increase in expenses.

Fees were EUR 124 million, up 0.8% compared with the third quarter of 2014, as a result of higher average AuM during the third quarter of 2015 compared with the same quarter of last year.

Administrative expenses were EUR 90 million, up from EUR 82 million in the third quarter of 2014. The increase continues to reflect higher staff-related expenses following the strengthening of various investment and marketing teams, as well as higher market data expenses due to the impact of the USD exchange rate.

The result before tax was EUR 31 million versus EUR 38 million in the third quarter of 2014, reflecting the lower operating result. The current quarter includes special items of EUR -3 million, reflecting expenses for rebranding the business to NN Investment Partners.

In the first nine months of 2015, the operating result of Asset Management was EUR 108 million, down 7.6% from the same period of 2014. Higher average AuM led to higher fee income, which was more than offset by an increase in administrative expenses as expenses in the first nine months of 2014 benefited from EUR 10 million of personnel provision releases.

The result before tax in the first nine months of 2015 was EUR 90 million, compared with a loss of EUR 7 million for the same period of 2014, which included a special item of EUR -122 million related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

Other

- Operating result improved to EUR -23 million from EUR -33 million in the third quarter of 2014, mainly due to lower holding expenses, partly offset by an addition to the technical provisions of a legacy entity
- NN Bank operating result increased, reflecting a higher interest result driven by growth of its mortgage and customer saving portfolios

In EUR million	3Q15	3Q14	Change	9M15	9M14	Change
Analysis of results						
Interest on hybrids and debt	-27	-28		-78	-96	
Investment income and fees	16	16	-2.5%	47	35	34.4%
Holding expenses	-21	-40		-53	-99	
Amortisation of intangible assets	-2	-2		-5	-5	
Holding result	-34	-53		-90	-165	
Operating result reinsurance business	4	2	122.3%	17	27	-36.5%
Operating result NN Bank	15	13	19.1%	26	20	31.9%
Other results	-9	6	-240.8%	-4	13	-132.1%
Operating result	-23	-33		-50	-106	
Non-operating items	2	1	46.5%	13	4	228.4%
of which gains/losses and impairments	2	1	104.1%	13	11	23.0%
of which revaluations	0	0		-1	-7	
of which market & other impacts	0	0		0	0	
Special items before tax	0	-17		0	-53	
Result on divestments	0	6	-99.9%	0	6	-105.2%
Result before tax	-21	-42		-38	-149	
Taxation	-7	-10		-11	-21	
Minority interests	0	0		0	0	
Net result	-14	-32		-27	-128	
Key figures						
Total administrative expenses	63	70	-9.2%	176	190	-7.5%
of which reinsurance business	3	3	-22.4%	8	9	-11.7%
of which NN Bank	35	26	38.3%	109	81	34.8%
NN Bank common equity Tier 1 ratio phased in ¹⁾	13.8%	14.6%		13.8%	14.6%	
NN Bank BIS ratio phased in ¹⁾	15.8%	16.2%		15.8%	16.2%	
Total assets NN Bank ²⁾	11	8	33.4%	11	8	33.4%
Net operating ROE NN Bank ³⁾	10.7%	10.6%		6.6%	5.3%	
Total provisions for insurance and investment contracts ²⁾	1	1	2.7%	1	1	2.7%
Employees (internal FTEs, end of period)	1,793	1,875	-4.4%	1,793	1,875	-4.4%

1) The 'NN Bank common equity Tier 1 ratio phased in' and the 'NN Bank BIS ratio phased in' are not final until filed with the regulators

2) End of period, in EUR billion

3) Net operating ROE is calculated as the (annualised) net operating result of NN Bank, divided by the average allocated equity adjusted for revaluation reserves

The operating result of the segment 'Other' improved to EUR -23 million from EUR -33 million in the third quarter of 2014, which included a EUR 11 million reallocation of expenses related to personnel provisions for retired personnel in the Netherlands from the segment Netherlands Life to the line 'holding expenses' in the segment 'Other'. In addition, the reinsurance business and NN Bank reported higher operating results, offset by lower Other results.

The holding result improved to EUR -34 million compared with EUR -53 million in the third quarter of 2014 as a result of lower holding expenses. Excluding the aforementioned reallocation of expenses, holding expenses decreased by EUR 8 million, reflecting cost reductions as well as a revised method for charging head office expenses to the segments.

The operating result of the reinsurance business increased to EUR 4 million from EUR 2 million in the third quarter last year, due to better underwriting results.

The operating result of NN Bank increased to EUR 15 million from EUR 13 million in the third quarter of 2014. The strong production of mortgages and increase in customer savings led to a higher interest result, partly offset by higher administrative expenses to support the bank's continued growth. The operating result increased from EUR 6 million in the second quarter of 2015, driven by a higher interest result and a lower addition to loan loss provisions.

Other results decreased to EUR -9 million from EUR 6 million in the third quarter of 2014, due to an addition to the technical provisions of a legacy entity, while the third quarter of 2014 included a release of these technical provisions.

The result before tax of the segment 'Other' improved to EUR -21 million compared with EUR -42 million in the third quarter of 2014, reflecting the improved operating result. The third quarter of last year included EUR -17 million of special items mainly related to the transformation programme in the Netherlands and also included the transfer to the segment 'Other' of part of the impact of the pension agreement originally reported in Netherlands Life.

In the first nine months of 2015 the operating result of the segment 'Other' improved to EUR -50 million from EUR -106 million for the same period last year. The holding result was favourably impacted by lower funding costs, higher interest income and lower holding expenses. The operating result of the reinsurance business decreased to EUR 17 million from EUR 27 million in the same period last year, due to lower hedge results and lower underwriting results. NN Bank's operating result improved to EUR 26 million from EUR 20 million in the same period last year as it successfully expanded its mortgage and customer savings activities.

The result before tax in the first nine months of 2015 improved to EUR -38 million compared with EUR -149 million in the same period last year, reflecting the improved operating result. The result of the first nine months of 2014 included EUR -53 million of special items, related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent as well as to the transformation programme in the Netherlands.

Japan Closed Block VA

- Result before tax was EUR -64 million compared with EUR 89 million in the third quarter of 2014, which included a reserve decrease of EUR 63 million and reflects negative hedge results in the current quarter
- Portfolio run-off resulted in a 8.2% decrease in the number of policies compared with the second quarter of 2015

In EUR million	3Q15	3Q14	Change	9M15	9M14	Change
Analysis of results¹⁾						
Investment margin	0	0		0	0	
Fees and premium-based revenues	23	30	-23.2%	74	87	-14.9%
Technical margin	0	0		0	0	
Operating income non-modelled business	0	0		0	0	
Operating income	23	30	-24.3%	74	87	-15.3%
Administrative expenses	4	4	-3.8%	14	13	10.7%
DAC amortisation and trail commissions	2	3	-26.0%	8	9	-14.5%
Expenses	6	7	-13.3%	22	22	0.0%
Operating result	16	22	-27.9%	52	65	-20.5%
Non-operating items	-80	67	-218.8%	-56	67	-183.4%
of which gains/losses and impairments	0	0		0	0	
of which revaluations	0	0		0	0	
of which market & other impacts	-80	67	-218.8%	-56	67	-183.4%
Special items before tax	0	0		0	0	
Result on divestments	0	0		0	0	
Result before tax	-64	89	-171.1%	-4	132	-103.0%
Taxation	-19	16	-219.3%	-17	21	-179.8%
Minority interests	0	0		0	0	
Net result	-44	73	-160.4%	13	111	-88.1%
Key figures²⁾						
Allocated equity	963	1,135	-15.1%	963	1,135	-15.1%
Account value	10,217	14,313	-28.6%	10,217	14,313	-28.6%
Net Amount at Risk	379	393	-3.4%	379	393	-3.4%
IFRS Reserves	688	792	-13.2%	688	792	-13.2%
Number of policies	219,824	317,316	-30.7%	219,824	317,316	-30.7%
Employees (internal FTEs, end of period)	104	80	30.0%	104	80	30.0%

1) JPY/EUR average FX rates: 136.02 (3Q15), 137.82 (3Q14) and JPY/EUR end of period FX rates: 134.86 (3Q15), 138.12 (3Q14)

2) End of period

The result before tax of Japan Closed Block VA declined to EUR -64 million from EUR 89 million in the third quarter of 2014, mainly due to negative hedge results and a reserve decrease of EUR 63 million on higher lapse assumptions on out-of-the-money policies in the third quarter of 2014. The operating result decreased to EUR 16 million from EUR 22 million in the third quarter of 2014, as fees and premium-based revenues declined in line with the run-off of the portfolio.

Fees and premium-based revenues were EUR 23 million, down 24.1% from the third quarter of 2014, excluding currency effects, due to a lower account value caused by a decreasing number of policies.

Administrative expenses remained stable at EUR 4 million compared with the third quarter of 2014.

Market and other impacts were EUR -80 million compared with EUR 67 million in the third quarter of 2014. The current quarter includes a hedge-related result of EUR -82 million, which reflects the impact of higher global market volatility in August and September. The result in the third quarter of 2014 included a reserve decrease of EUR 63 million related to higher lapse assumptions.

The Net Amount at Risk decreased to EUR 379 million from EUR 393 million in the third quarter of 2014, but increased from EUR 76 million in the second quarter of 2015 primarily as a result of equity markets depreciation.

In the first nine months of 2015 the operating result before tax was EUR 52 million compared with EUR 65 million in the same period a year ago, down 23.1% excluding currency impacts, and mainly caused by lower fees and premium-based revenues.

In the first nine months of 2015 the result before tax decreased to EUR -4 million from EUR 132 million in the same period last year. The first nine months of 2015 included a hedge-related result of EUR -66 million and a EUR 12 million reserve decrease on higher lapse assumptions for out-of-the-money policies.

Consolidated Balance Sheet

- Total assets of NN Group broadly stable compared with the second quarter of 2015
- Shareholders' equity increased by EUR 0.7 billion to EUR 20.3 billion, mainly reflecting higher debt securities revaluation reserve and cash flow hedge reserve due to lower interest rates

in EUR million	30 Sep 15	30 Jun 15	31 Dec 14		30 Sep 15	30 Jun 15	31 Dec 14
Assets				Equity and liabilities			
Cash and cash equivalents	8,966	8,742	7,530	Shareholders' equity (parent)	20,271	19,602	20,355
Financial assets at fair value through profit or loss				Minority interests	44	92	76
- trading assets	544	615	628	Undated subordinated notes	986	986	986
- investments for risk of policyholders	34,936	37,137	41,222	Total equity	21,301	20,680	21,417
- non-trading derivatives	5,218	4,994	7,207	Subordinated loans	2,291	2,292	2,297
- designated as at fair value through profit or loss	529	479	492	Senior debt	0	0	400
Available-for-sale investments				Debt securities issued	597	597	0
- debt securities	67,530	66,322	65,991	Other borrowed funds	5,189	4,511	5,467
- equity securities	6,504	6,604	6,286	Insurance and investment contracts			
Loans	29,324	28,368	27,802	- life insurance provisions	77,120	76,197	73,639
Reinsurance contracts	251	264	241	- non-life insurance provisions	3,664	3,749	3,540
Associates and joint ventures	1,652	1,703	1,617	- provision for risk of policyholders	34,996	37,195	41,285
Real estate investments	1,548	1,298	1,104	- other	767	768	772
Property and equipment	88	81	139	Customer deposits and other funds on deposit	8,105	7,977	6,981
Intangible assets	341	347	357	Financial liabilities at fair value through profit or loss			
Deferred acquisition costs	1,502	1,499	1,403	- non-trading derivatives	2,042	2,083	3,142
Other assets	2,970	3,209	3,462	Other liabilities	5,831	5,613	6,540
Total assets	161,903	161,662	165,481	Total liabilities	140,602	140,982	144,064
				Total equity and liabilities	161,903	161,662	165,481

Assets

Cash and cash equivalents

Cash and cash equivalents remained stable compared with the previous quarter.

Investments for risk of policyholders

Investments for risk of policyholders decreased by EUR 2.2 billion to EUR 34.9 billion, reflecting EUR 1.0 billion in lower market values mainly due to equity markets depreciation and divestments of EUR 1.2 billion. These changes are mirrored in the Provision for risk of policyholders on the liability side of the balance sheet.

Debt securities

Debt securities increased by EUR 1.2 billion to EUR 67.5 billion mainly driven by EUR 1.5 billion in higher market values as long-term interest rates decreased in the quarter.

Liabilities

Other borrowed funds

Other borrowed funds increased by EUR 0.7 billion to EUR 5.2 billion, mainly reflecting higher collateral related to the higher market value of non-trading derivatives.

Insurance and investment contracts

Life Insurance provisions increased by EUR 0.9 billion to EUR 77.1 billion due to higher deferred interest crediting to life policyholders following the increase of the debt securities revaluation reserve and cash flow hedge reserve. The provision for risk of policyholders decreased EUR 2.2 billion reflecting the lower investments for risk of policyholders.

Equity

Shareholders' equity increased by EUR 0.7 billion to EUR 20.3 billion, reflecting a EUR 0.9 billion increase in the available-for-sale investments revaluation reserves and a EUR 0.2 billion increase in the cash flow hedge reserve. This was partly offset by the deferred interest crediting to life policyholders. In September 2015, NN Group paid the 2015 interim dividend for a total amount of EUR 156 million, of which EUR 111 million in cash. NN Group repurchased ordinary shares from ING Group for a total amount of EUR 45 million to neutralise the dilutive effect of the stock dividend and participated in the ING Group sell-down via a EUR 150 million share buy-back in September.

Changes in Shareholders' equity for the quarter, the first nine months of 2015 and for the previous full year were as follows:

in EUR million	3Q15	9M15	FY14
Shareholders' equity beginning of period	19,602	20,355	14,062
Net result for the period	329	1,205	588
Unrealised revaluations available-for-sale investments and other	981	-384	6,330
Realised gains/losses transferred to the profit and loss account	-107	-329	1
Change in cash flow hedge reserve	211	-303	1,738
Deferred interest crediting to life policyholders	-430	395	-2,950
Share of other comprehensive income of associates and joint ventures	2	7	43
Exchange rate differences	-12	131	117
Remeasurement of the net defined benefit asset/liability	-5	21	-121
Capital contributions	-2	55	850
Dividend	-111	-251	-315
Purchase/sale treasury shares	-195	-597	0
Employee stock option & share plans	8	0	12
Coupon on undated subordinated notes		-34	0
Total changes	669	-84	6,293
Shareholders' equity end of period	20,271	20,271	20,355

The composition of Total equity at the end of the third quarter of 2015, at the end of the previous quarter and at the end of the previous year was as follows:

in EUR million	30 Sep 15	30 Jun 15	31 Dec 14
Share capital	40	42	42
Share premium	12,155	12,155	12,098
Revaluation reserve available-for-sale investments and other	4,370	3,925	4,639
Cash flow hedge reserve	4,161	3,950	4,464
Currency translation reserve	-84	-92	-198
Net defined benefit asset/liability remeasurement reserve	-97	-92	-118
Retained earnings and other reserves	-274	-286	-572
Shareholders' equity (parent)	20,271	19,602	20,355
Minority interests	44	92	76
Undated subordinated notes	986	986	986
Total equity	21,301	20,680	21,417
Shareholders' equity per share in EUR	61	58	58

Capital Management

- NN Group IGD Solvency I ratio at 322% and NN Life solvency I ratio at 299%, both up from last quarter
- Cash capital position at the holding company stable at EUR 1.6 billion; EUR 332 million of dividends from subsidiaries offset by 2015 interim dividend of EUR 156 million and share buy-back of EUR 150 million
- Free cash flow to the holding for the first nine months of 2015 was EUR 1,031 million driven by dividends from all segments
- Fixed-cost coverage ratio on a last-12-months basis further improved to 13.2x

Capital ratios

in EUR million	30 Sep 15	30 Jun 15	30 Sep 14
Shareholders' equity	20,271	19,602	18,344
Qualifying undated subordinated debt ¹⁾	1,823	1,823	1,823
Qualifying dated subordinated debt ¹⁾	1,000	1,000	1,000
Required regulatory adjustments	-7,952	-8,131	-7,934
Total capital base (a)	15,142	14,294	13,233
EU required capital (b)	4,700	4,673	4,683
NN Group IGD Solvency I ratio (a/b)	322%	306%	283%
NN Life Solvency I ratio	299%	281%	252%

1) Subordinated debt included at notional value in the IGD capital base

NN Group's IGD Solvency I ratio increased to 322% at the end of the third quarter of 2015 from 306% at the end of the second quarter of 2015. This increase was mainly driven by a tightening of sovereign credit spreads and the third-quarter net result of EUR 329 million. This was partly offset by the EUR 150 million share buy-back from ING Group and negative equity revaluations. The 2015 interim dividend to shareholders of EUR 156 million paid in September 2015 was already reflected in the IGD Solvency I ratio at the end of the second quarter of 2015.

The Solvency I ratio of NN Life increased to 299% from 281% at the end the second quarter 2015. This was mainly due to a tightening of sovereign credit spreads and the positive impact of lower interest rates, partly offset by the deduction of a dividend of EUR 125 million paid to NN Group in October 2015.

Cash capital position at the holding company

in EUR million	3Q15	9M15
Beginning of period	1,612	1,413
Cash divestment proceeds	0	0
Dividends from subsidiaries ¹⁾	332	1,172
Capital injections into subsidiaries ²⁾	-1	-125
Other ³⁾	12	-15
Free cash flow to the holding⁴⁾	343	1,031
Acquisitions	-31	-31
Capital flow from / (to) shareholders	-306	-792
Increase / (decrease) in debt and loans	0	-3
End of period	1,619	1,619

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

1) Includes interest on subordinated loans provided to subsidiaries by the holding company

2) Includes the change of subordinated loans provided to subsidiaries by the holding company

3) Includes interest on subordinated loans and debt, holding company expenses and other cash flows

4) Free cash flow to the holding company is defined as the change in cash capital position of the holding company over the period, excluding acquisitions and capital transactions with shareholders and debtholders

The cash capital position at the holding company was stable over the third quarter at EUR 1,619 million. Dividends received from subsidiaries during the third quarter of 2015 amounted to EUR 332 million including the previously announced EUR 125 million dividend received from NN Life in July. Capital flows to shareholders of EUR 306 million included the 2015 interim dividend paid in September for a total amount of EUR 156 million, of which EUR 111 million in cash. NN Group repurchased ordinary shares from ING Group for a total amount of

EUR 45 million to neutralise the dilutive effect of the stock dividend and participated in the ING Group sell-down via a EUR 150 million share buy-back in September 2015. In July 2015, NN Group completed the acquisition of the remaining 20% stake in the Polish Pension fund from ING Bank Slaski for an amount of EUR 31 million.

The cash capital position at the holding company increased to EUR 1,619 million from EUR 1,413 million at the beginning of the year. The increase reflects free cash flow to the holding of EUR 1,031 million driven by dividends from all segments, partly offset by EUR 792 million of capital flows to shareholders primarily comprising dividend payments and share buy-backs.

Financial leverage

in EUR million	30 Sep 15	30 Jun 15	30 Sep 14
Shareholders' equity	20,271	19,602	18,344
Adjustment for revaluation reserves ¹⁾	-7,349	-6,458	-6,253
Goodwill	-257	-263	-266
Minority interests	44	92	70
Capital base for financial leverage (a)	12,709	12,974	11,896
Undated subordinated notes ²⁾	986	986	986
Subordinated debt	2,291	2,292	2,299
Total subordinated debt	3,277	3,277	3,285
Debt securities issued (financial leverage)	398	398	400
Financial leverage (b)	3,675	3,675	3,685
Debt securities issued (operational leverage)	199	199	0
Total debt	3,874	3,874	3,685
Financial leverage ratio (b/(a+b))	22.4%	22.1%	23.7%
Fixed-cost coverage ratio ²⁾³⁾	13.2x	12.9x	8.4x

1) Includes revaluations on debt securities, on the cash-flow hedge reserve and on the reserves crediting to life policyholders

2) The undated subordinated notes classified as equity are considered financial leverage in the calculation of the financial leverage ratio. The related interest is included on an accrual basis in the calculation of the fixed-cost coverage ratio

3) Measures the ability of earnings before interest and tax (EBIT) of ongoing business and Insurance Other to cover funding costs on financial leverage; calculated on a last 12-months basis

The financial leverage ratio of NN Group slightly increased to 22.4% at the end of the third quarter of 2015. The capital base for financial leverage decreased by EUR 264 million as the third-quarter net result of EUR 329 million was more than offset by capital flows to shareholders of EUR 306 million and negative equity revaluations.

The fixed-cost coverage ratio further improved to 13.2x at the end of the third quarter (on a last-12-months basis) versus 12.9x at the end of the second quarter of 2015, mainly due to the increased result before tax.

Interim dividend

On 7 September 2015, NN Group paid an interim dividend of EUR 0.46 per ordinary share. Approximately 29% of shareholders elected to receive the dividend in ordinary shares. Consequently, 1,674,470 new ordinary shares were issued for the settlement of the stock dividend. The dilutive effect of the stock dividend on earnings per share was neutralised through the repurchase of the same number of shares from ING Group.

Share buy-back

On 30 September 2015, ING Group announced the sale of 40 million shares of NN Group at a price of EUR 25.00 per share which settled on 5 October 2015. As part of this transaction, NN Group repurchased 6 million shares from ING Group for an aggregate amount of EUR 150 million. Together with the repurchase of 1,674,470 ordinary shares from ING Group to neutralise the dilutive effect of the stock dividend relating to 2015 interim dividend, this transaction further reduced ING Group's stake in NN Group to 25.8% of outstanding shares (net of treasury shares).

Share capital

On 15 September 2015, 15,339,199 NN Group treasury shares were cancelled which were acquired during the first six months of 2015 following share buy-backs from ING Group.

On 31 October 2015, the total number of NN Group shares outstanding (net of treasury shares) was 332,593,161. The Executive Board of NN Group has decided to cancel 7,674,470 treasury shares, comprising the shares repurchased in September and October 2015. This cancellation is subject to a two-month creditor opposition period which will end on 30 December 2015.

Credit ratings

On 30 September 2015, Standard & Poor's affirmed its A- rating on NN Group with a stable outlook.

Credit ratings of NN Group N.V. at 4 November 2015	Rating	Outlook
Standard & Poor's	A-	Stable
Moody's	Baa2	Stable

NN Group Profile

NN Group is an international insurance and asset management company, active in more than 18 countries, with a strong presence in a number of European countries and Japan. With around 11,500 employees the group offers retirement services, insurance, investments and banking to more than 15 million customers. NN Group includes Nationale-Nederlanden, NN and NN Investment Partners. NN Group is listed on Euronext Amsterdam (NN).

Press call

Lard Friese and Delfin Rueda will host a press call to discuss the 3Q15 results at 10.00 am CET on Wednesday 4 November 2015. Journalists can join the press call via + 31 20 531 5863.

Investor conference call and webcast

Lard Friese and Delfin Rueda will host an analyst and investor conference call to discuss the 3Q15 results at 12.00 pm CET on Wednesday 4 November 2015. Members of the investment community can join the conference call at +31 20 531 5865 (NL), +44 203 365 3210 (UK), +1 866 349 6093 (US) or follow the webcast on www.nn-group.com.

Financial calendar

- Capital Markets Event: 19 November 2015
- Publication 4Q15 results: 25 February 2016
- Publication 1Q16 results: 26 May 2016
- Annual General Meeting: 2 June 2016
- Publication 2Q16 results: 18 August 2016
- Publication 3Q16 results: 17 November 2016

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Additional information on www.nn-group.com

- NN Group 3Q15 Financial Supplement and NN Group 3Q15 Analyst Presentation.
- Photos of NN Group executives, buildings and events are available for download at [Flickr](#)

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 on the Dutch Civil Code. In preparing the financial information in this document, the same accounting principles are applied as in the NN Group N.V. condensed consolidated interim financial information for the period ended 30 June 2015.

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