NN Group N.V.
2016
Solvency and Financial Condition Report

Solvency and Financial Condition Report

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Summary

Summary

NN Group's approach to the Solvency and Financial Condition Report
This Solvency and Financial Condition Report ('SFCR') provides public quantitative and qualitative disclosures for NN Group N.V. ('NN Group' or 'the Group') on Solvency II as required by the Solvency II legislation. NN Group already discloses most of the information that is required to be included in the SFCR in its 2016 Annual Report ('Annual Report'). In order to ensure the most transparent and user-friendly approach, the information that is already included in the Annual Report (including the Consolidated annual accounts, the Annual Review and the Financial Report) is not duplicated in this SFCR. Therefore, this SFCR is prepared as a supplement to NN Group's Annual Report. It includes all information required to be disclosed in the SFCR, either through a specific reference to the Annual Report or as supplemental information.

As required by the Solvency II legislation, this SFCR follows the required standard chapter layout.

The amounts disclosed in this SFCR are, consistent with the amounts in the Annual Report, in millions of euros unless stated otherwise.

NN Group is required to submit so-called Quantitative Reporting Templates ('QRTs') to its supervisor DNB. A subset of these QRTs, which are required to be publicly disclosed and which provide quantitative information in accordance with Solvency II as at 31 December 2016, are included in the appendix to this SFCR. To comply with the Solvency II legislation, the amounts in these QRTs are in thousands of euros.

The Solvency ratios, as well as the amount of Own Funds and Solvency Capital Requirement ('SCR') disclosed in the SFCR are not final until filed with the regulators.

Material changes in 2016
In April 2016, the Dutch regulator DNB designated NN Group as a financial conglomerate ('FICO') effective from 1 January 2016. As of that date NN Group N.V. qualifies as a mixed financial holding company and is subject to supplemental group supervision by DNB in accordance with the requirements of the EU's Financial Conglomerate Directive. As a result, DNB has required NN Group to deduct its participation in credit institutions from the NN Group Solvency II ratio. Accordingly, NN Group excludes NN Bank from both Own Funds and the SCR. The NN Group Solvency II ratio of 239% at the end of 2015 would have been 245% on a comparable basis.

No other material changes occurred in the business and performance, system of governance, risk profile, valuation for solvency purposes and capital management over the reporting period.

Acquisition Delta Lloyd
On 2 February 2017, NN Group announced a recommended public cash offer by NN Group Bidco B.V., a direct wholly-owned subsidiary of NN Group (the 'Offeror') to all holders of issued and outstanding ordinary shares in the capital of Delta Lloyd (the 'Shares') to acquire their shares at a price of EUR 5.40 (cum dividend) in cash for each share (the 'Offer'), representing a total consideration of EUR 2.5 billion. The Offer is supported and recommended by the Delta Lloyd Executive Board and the Delta Lloyd Supervisory Board. On 7 April 2017, the Offeror declared the Offer unconditional. Settlement of the Offer took place on 12 April 2017. NN Group funded the transaction through a combination of existing cash resources and debt.

Following settlement of the Shares tendered during the Post Closing Acceptance Period and of the transaction with Fonds NutsOHRA, NN Group holds (indirectly) (i) 93.3% of the issued and outstanding ordinary shares in the capital of Delta Lloyd, (ii) 100% of the issued and outstanding preference shares A in the capital of Delta Lloyd, (iii) 93.4% of the aggregate number of issued and outstanding ordinary shares and preference shares A in the capital of Delta Lloyd and (iv) 92.3% of the aggregate number of issued ordinary shares and preference shares A (i.e. including ordinary shares held by Delta Lloyd in its own share capital) in the capital of Delta Lloyd.

NN Group's Solvency II Capital ratio
NN Group's Solvency II Capital ratio as at 31 December 2016 was 241%, reflecting Eligible Own Funds of EUR 13,149 million and SCR of EUR 5,459 million.

The Solvency II ratio of NN Group improved to 241% from 239% at the end of 2015 reflecting the ongoing capital generation partly offset by capital flows to the shareholders. Eligible Own Funds decreased by EUR 0.2 billion from EUR 13.3 billion at 31 December 2015 to EUR 13.1 billion at 31 December 2016. The decrease reflects capital flows to shareholders and the exclusion of NN Bank from the Group solvency. This was partially offset by ongoing capital generation and positive market impacts. Solvency Capital Requirement decreased by EUR 0.1 billion, from EUR 5.6 billion at 31 December 2015 to EUR 5.5 billion at 31 December 2016. The decrease is mainly caused by the exclusion of NN Bank from the Group solvency, partially offset by market impacts.

Business and Performance

A. Business and Performance

Introduction

This chapter of the SFCR contains general information on NN Group, a simplified organisational structure, the scope of entities in Solvency II reporting and NN Group's financial performance over 2016.

A.1 Business

General

Reference is made to the section 'Corporate governance- General' of the 2016 Financial Report for the legal form of NN Group and its legal structure.

The supervisory authority responsible for financial supervision of NN Group:
Dutch Central Bank (DNB)
Westeinde 1
1017 ZN Amsterdam
The Netherlands

The contact details of NN Group's external auditor are:
Mr. P.A.M. (Peti) de Wit RA
KPMG Accountants N.V.
Laan van Langerhuize 1
1186 DS Amstelveen
The Netherlands

Information on the appointment of the external auditor is included in the section 'Corporate governance- External auditor' in the 2016 Financial Report of NN Group.

Qualifying holdings

A 'qualifying' holding is a direct or indirect holding in NN Group which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking.

RRJ Capital II Ltd qualifies as holder of a qualifying holding in NN Group. On 19 December 2016, RRJ Capital II Ltd indirectly held 10.26% of the issued shares in NN Group via RRJ Capital Master Fund II L.P, Foxdale Asset Holding Ltd, Mayfair Asset Holding Ltd., Newton Asset Holding Ltd, Berkeley Asset Holding Ltd, Glasgow Asset Holding Ltd and Hemingway Asset Holding Ltd.

On 19 December 2016, RRJ, its owners and certain associated companies, received a Declaration of No Objection ('DNO') from the Dutch Central Bank ('DNB'), as referred to in section 3:95 of the Dutch Financial Supervision Act ('WfT'), to hold an interest in NN Group not exceeding 12.5% of the issued share capital of NN Group. On the date the DNO was issued by DNB, RRJ held an interest of 10.26% in the issued share capital of NN Group.

The immediate and ultimate owner of RRJ Capital II Ltd is Ong Tiong Sin. RRJ Capital is a private equity firm specialising in special situations, buyouts and growth capital investments. It seeks to invest in energy, agriculture, healthcare, food, natural resources, consumer products, real estate and financial institutions. The firm targets investing in Asia with a focus on China and South East Asia. It invests between USD 50 million and USD 3 billion per deal. RRJ Capital was founded in February 2011 and is based in Hong Kong with an additional office in Singapore.

Material lines of business and related undertakings

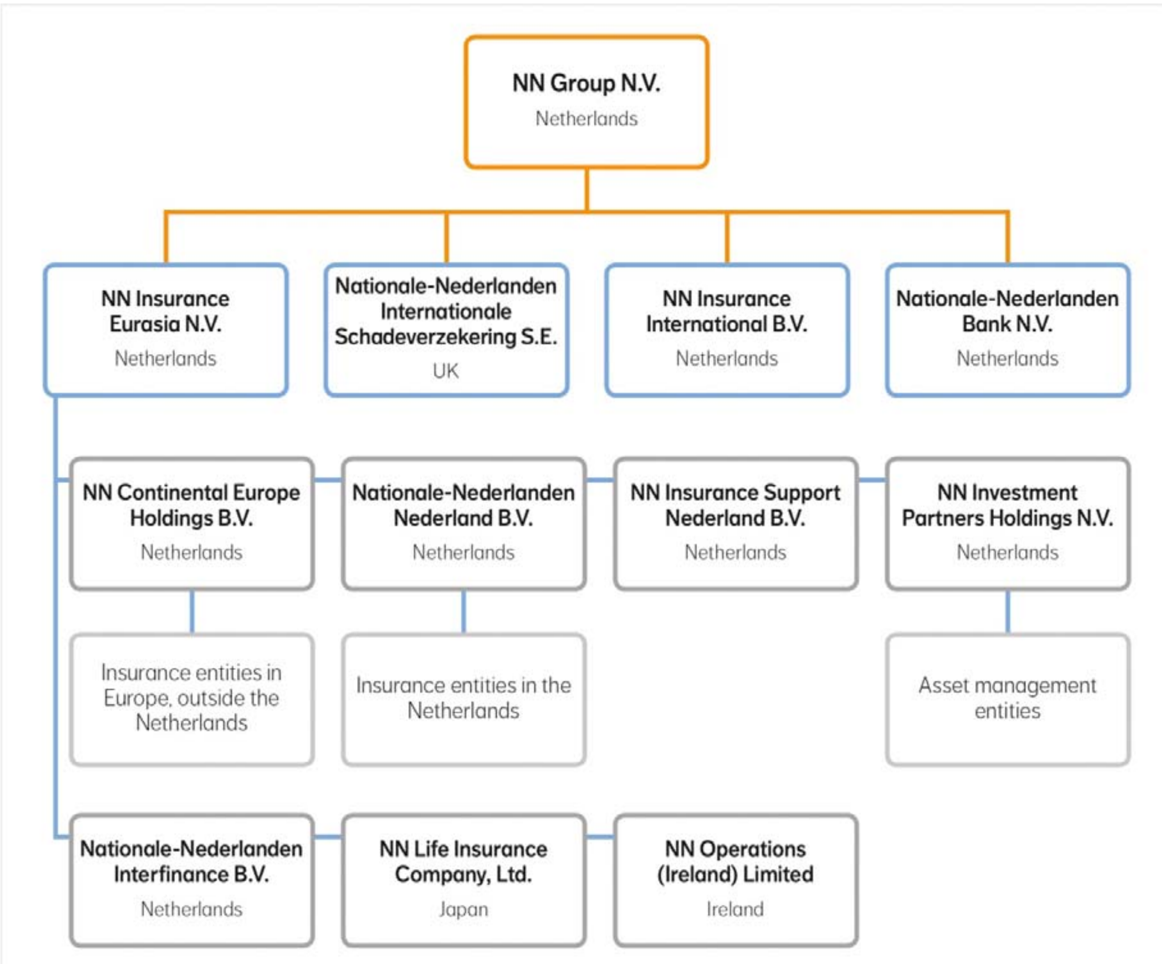
Reference is made to Note 33 'Segments' and Note 34 'Principal subsidiaries and geographical information' in the 2016 Consolidated annual accounts and the Annual Review for more information on the material lines of business and geographical areas of NN Group.

For information on any significant business events or other events that have occurred over the reporting period reference is made to the Financial developments section in the 2016 Financial Report.

Reference is made to Note '34 Principal subsidiaries and geographical information' in the 2016 Consolidated annual accounts for a list of material related undertakings and a description of the legal structure of the group. Reference is made to the section 'Corporate governance' of the 2016 Financial Report for information on the governance and organisational structure of NN Group.

Business and Performance
Continued

Simplified group structure
The simplified group structure as at 31 December 2016 is as follows:



Reference is made to QRT S.32.01.22 'Undertakings in scope of the group' in the Appendix for more details on the undertakings in the scope of the Group.

Material differences between the scope of the Group used for the consolidated financial statements and the scope for the consolidated data in Solvency II

Basis of consolidation for financial (IFRS) reporting

The IFRS Consolidated annual accounts of NN Group comprise the accounts of NN Group N.V. and all entities over which NN Group has control. NN Group has control over an entity when NN Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assessment of control is based on the substance of the relationship between NN Group and the entity and considers existing and potential voting rights that are substantive. For a right to be substantive, the holder must have the practical ability to exercise that right.

For interests in investment entities, the existence of control is determined taking into account both NN Group's financial interests for own risk and its role as asset manager. Financial interests for risk of policyholders are not taken into account when the policyholders decide on the investment allocations of their insurance policies (i.e. the policyholder has the 'power') and assume all risks and benefits on these investments (i.e. the policyholder assumes the variable returns).

The results of the operations and the net assets of subsidiaries are included in the profit and loss account and the balance sheet from the date control is obtained until the date control is lost. On disposal, the difference between the sales proceeds, net of directly attributable transaction costs and the net assets is included in Net result.

A subsidiary which NN Group has agreed to sell but is still legally owned by NN Group may still be controlled by NN Group at the balance sheet date and, therefore, still be included in the consolidation. Such a subsidiary may be presented as Held for sale if certain conditions are met.

All intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Where necessary, the accounting policies used by subsidiaries are changed to ensure consistency with NN Group policies. In general, the reporting dates of subsidiaries are the same as the reporting date of NN Group N.V.

There are no material minority interests in the Consolidated annual accounts of NN Group.

Basis of consolidation for Solvency II reporting

For Solvency II reporting, NN Group makes a distinction in the treatment of the following groups of entities:

- Solvency II entities: These are all life, non-life and reinsurance entities and their direct participations that are located within the European Economic Area ('EEA'). These entities are subject to the Solvency II legislation for both solo and group reporting. The accounting and consolidation-based method, similar to the IFRS consolidation method, is used to consolidate Solvency II entities over which NN Group has control. Solvency II entities are consolidated line-by-line in the Solvency II balance sheet whereas intra-group transactions between Solvency II entities have been eliminated.
- Non-Solvency II entities are entities controlled by NN Group that are not (re)insurance entities in the EEA. These entities are not consolidated in the Solvency II balance sheet, but recognised as participations in the Solvency II balance sheet of NN Group. Their participation value and their contribution to the Group capital requirement are based on local sectoral rules. Intra-group transactions between Solvency II entities and non-Solvency II entities or between two non-Solvency II entities are not eliminated.
  NN Group recognises the following types of non-Solvency II entities:
  - Other financial sector ('OFS') entities, including Institutions for Occupational Retirement Provision ('IORP'), pension funds in Central Europe and NN Investment Partners
  - NN Bank is included as an associate in the Group Solvency II balance sheet and is excluded from NN Group's Own Funds and SCR
  - Non-EEA insurance entities on equivalence basis: DNB approved the use of the deduction and aggregation method for NN Life Japan, following the granting of temporary equivalence of Japan by the European Commission.

Main difference in consolidation basis for Solvency II and IFRS reporting

For Solvency II reporting, non-Solvency II entities are not consolidated line-by-line while they are for IFRS reporting.

Relevant operations and transactions within the Group

In the normal course of business, NN Group entities enter into various transactions with entities within the consolidated Group. These are described in chapter B.7 'Outsourcing'. In addition to the intra-group outsourcing arrangements, various intra-group transactions occurred in 2016 in the normal course of business. These include the transfer of Dutch mortgages, with a nominal value of EUR 399 million from NN Bank to NN Non-Life and NN Belgium. These exclude mortgages originated by NN Bank directly for NN Life.

A.2 Underwriting Performance; A.3 Investment Performance

NN Group's operating result is analysed through a margin analysis, which includes the investment margin (investment performance), fees and premium-based revenues and the technical margin (underwriting performance). For information on underwriting and investment performance per material line of business, reference is made to the Financial developments section in the 2016 Financial Report and Note 33 'Segments' in the 2016 Consolidated annual accounts of NN Group. For the underwriting performance of entities in scope of Solvency II, reference is made to QRT S.05.01.02 'Premiums, claims and expenses by line of business' and QRT S.05.02.01 'Premiums, claims and expenses by country' in the Appendix.

Further reference is made to Note 22 'Investment income' in the 2016 Consolidated annual accounts of NN Group for information on income and expenses arising from investments by asset class and the components of such income and expenses.

Gains and losses on investments recognised directly in equity are disclosed in Note 13 'Equity' as part of the revaluation reserve and in the Consolidated statement of comprehensive income in the 2016 Consolidated annual accounts of NN Group.

Information on investment in securitisations is included in Note 47 'Structured entities' in the 2016 Consolidated annual accounts of NN Group. Most of the investments in securitisations issued by third parties relate to debt instruments of structured entities regarding asset-backed securities ('ABS'), classified as loans. Further reference is made to Note 4 'Available-for-sale investments' in the 2016 Consolidated annual accounts of NN Group for more information on these investments in structured entities.

A.4 Performance of other activities

Other material income and expenses incurred over 2016 are disclosed in notes 21-30 and the Financial developments section in the 2016 Consolidated annual accounts of NN Group. Leasing arrangements are included in Note 30 'Other operating expenses' and future rental commitments are disclosed in Note 44 'Contingent liabilities and commitments' in the 2016 Consolidated annual accounts.

A.5 Any other information

Reference is made to the Financial developments section in the 2016 Financial Report of NN Group for any other material information regarding the business and performance of NN Group.

System of governance

B. System of governance

Introduction
This chapter of the SFCR contains information on the system of governance of NN Group in addition to the governance information included in the NN Group 2016 Financial Report. The additional information includes relevant committees within the Executive Board, a description of the main roles and responsibilities of key functions and NN Group's approach to the 'fit and proper' requirements and to the Own Risk and Solvency Assessment.

B.1 General information on the system of governance
This chapter describes the Risk and Finance Committee structure, as well as the Compensation Committee and Functional Committee and explains the responsibilities, members and interdependencies of each committee.

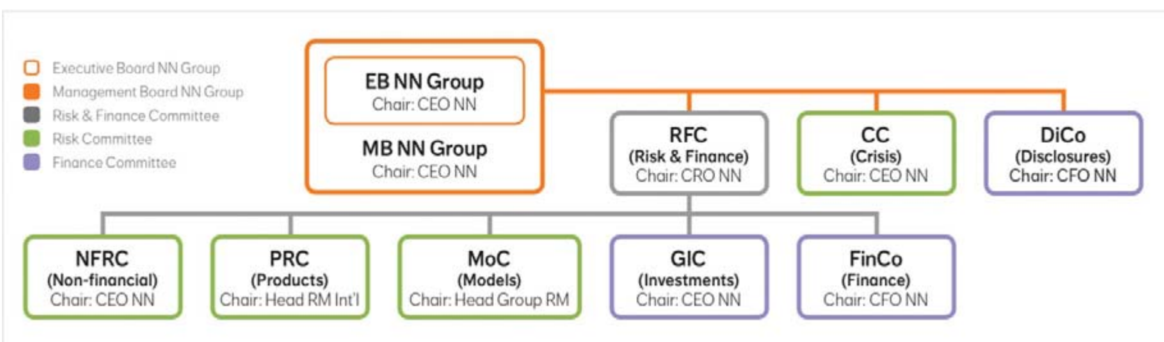
Over the course of 2016, NN Group reviewed its system of governance and considered improvements to its control framework. As a result, an updated system of governance was put in place as of January 2017. Framework improvements will be implemented over the course of 2017.

This chapter sets out the governance and control framework effective in 2016.

Structure of governance and changes in system of governance
For a description of the structure of NN Group's administrative, management and supervisory body, reference is made to the Corporate governance section and the Report of the Supervisory Board, both included in the NN Group 2016 Financial Report and to the NN Group website: https://www.nn-group.com/Who-we-are/Corporate-governance/Corporate-governance.htm. These sources also describe the main roles and responsibilities of these bodies, provide a brief description of the segregation of responsibilities within these bodies and describe relevant committees that exist within them.

Committees of the Executive Board
The Executive Board ('EB') of NN Group has entrusted the Management Board of NN Group with the day-to-day management of NN Group and the overall strategic direction of NN Group.

The Charter of the Risk and Finance committees describes the Risk and Finance Committee structure and explains the responsibilities, memberships(s) and interdependencies of each committee.



Mirroring of committees at Business Units is expected, although waivers from the relevant NN Group Risk and Finance committees can be requested if local deviations are seen as important to local business governance without compromising the governance requirements. In case of disagreement within a committee, the Chair of the committee decides. Appropriate veto and escalation rights for committee decisions are in place.

Other committees with involvement of the Management Board of NN Group are described below.

Compensation Committee
The Compensation Committee ('CompCo') is responsible for reviewing and pre-approving remuneration proposals for identified staff and high earners as defined in the NN Group Remuneration Framework. It also reviews and approves remuneration proposals in the annual pay review for individuals who are a direct report of a Business Unit CEO or a Management Board member. The CompCo is also responsible for setting, monitoring and reviewing the total spend on discretionary variable remuneration within NN Group and reviewing the design and operation of the Remuneration Framework.

Roles and responsibilities of key functions
NN Group is of the view that all the Solvency II key functions are organised in accordance with the applicable Solvency II regulations. All key function holders within NN Group have passed the DNB fit and proper test. All the Solvency II key functions are able to carry out their duties objectively and free from undue influence and can report relevant findings directly to the relevant Board(s).

System of Governance
Continued

Risk function
Role

The Chief Risk Officer of NN Group ('CRO') is the Head of the Risk function and is entrusted with the day-to day responsibility for NN Group's risk management function. The CRO steers an independent risk organisation which supports the first line in their decision making, but which also has sufficient countervailing power to prevent excessive risks. The CRO must ensure that both the Management Board and the Supervisory Board are at all times informed of, and understand, the material risks to which NN Group is exposed.

Responsibilities

Within the Management Board, the CRO is responsible for:

- Setting and monitoring compliance with, NN Group's overall risk policies
- Formulating and communicating NN Group's risk management strategy and ensuring that it is implemented throughout the NN Group organisation
- Supervising the operation of NN Group's risk management and business control systems
- Reporting NN Group's risks, as well as the processes and internal business controls
- Making risk management decisions with regard to matters which may have an impact on the financial results of NN Group or its reputation, without limiting the responsibility of each individual Management Board and Executive Board member in relation to risk management

Compliance function
Role

To effectively manage Compliance Risk, NN Group has put in place a Compliance Function. The NN Management Board appoints the NN General Counsel and Head of Compliance ('General Counsel') to establish and maintain an operationally independent Compliance Function at the corporate level led by the Chief Compliance Officer.

The NN Group Management Board has approved a Compliance Charter that is available to all NN Group employees. This Charter defines the responsibility of the Compliance Function and provides a clear mandate to the Compliance Function to manage the Compliance Risk.

Responsibilities

The Compliance function operates within the context of NN Group's broader risk management framework. Within this framework the Compliance Function is responsible for four conduct related integrity risk areas:

- Client conduct related integrity risk: compliance-related risks that can arise based on client's characteristics, activities, location, and other factors
- Personal conduct related integrity risk: compliance related risks that can arise based on NN employee characteristics, conduct, location, and other factors
- Financial services conduct related integrity risk: compliance-related integrity risks that can arise based on the types of products, services and activities NN businesses engage in
- Organisational conduct related integrity risk: compliance related risks that can arise as a result of the NN organisational structure, governance, strategy and decisions

Other functions
The Corporate Audit Services ('CAS') and the Actuarial function are also considered key functions within NN Group. For a description of these functions, roles and responsibilities and implementation in the NN Group governance and reporting structure, reference is made to sections B.5 and B.6.

Remuneration
Reference is made to the Remuneration report in the 2016 Financial Report and Note 28 'Staff expenses' in the 2016 Consolidated annual accounts of NN Group for information on the remuneration policy and practices regarding administrative, management and supervisory bodies and employees. Other information on remuneration is disclosed on NN Group's website: https://www.nn-group.com/Who-we-are/Corporate-governance/Remuneration.htm.

Transactions with related parties
Reference is made to Note 48 'Related parties' and Note 49 'Key management personnel compensation' in the 2016 Consolidated annual accounts of NN Group for information about material transactions during the reporting period. Section B.7 in this SFCR contains more information on intra-group outsourcing arrangements. Transactions with people who exercise a significant influence on NN Group and with members of the Management Board, Executive Board and Supervisory Board are disclosed in Note 49 'Key management personnel compensation' in the 2016 Consolidated annual accounts of NN Group.

Adequacy of system of governance
The assessment of the adequacy of the system of governance of NN Group to the nature, scale and complexity of the risks inherent in its business is disclosed in Note 51 'Risk management' of the 2016 Consolidated annual accounts.

Consistent use of risk management, internal control systems and reporting procedures
Reference is made to Note 51 'Risk management' in the 2016 Consolidated annual accounts of NN Group for a description of how the risk management and internal control systems and reporting procedures are implemented consistently throughout the Group.

Own risk and solvency assessment at group and entity level
NN Group did not make use of the option provided for in the third subparagraph of Article 246(4) of Directive 2009/138/EC to conduct the own risk and solvency assessments at the level of the group and at the level of any subsidiary in the group simultaneously. The assessment is done for each regulated entity separately and for NN Group as a whole.

B.2 Fit and proper requirements
For a description of NN Group's specific requirements concerning skills, knowledge and expertise applicable to the people who manage NN Group, reference is made to the Executive Board Profile, included in Annex 2 to the Charter of the Executive Board of NN Group N.V., which is available on the NN Group website: https://www.nn-group.com/Who-we-are/Corporate-governance/Corporate-governance.htm.

As stated in article 1.3(c) of the Charter of the Nomination and Corporate Governance Committee of the Supervisory Board of NN Group N.V., this Committee reviews, assesses and recommends at least annually any actions to be taken by the Supervisory Board regarding the Executive Board profile.

Requirements concerning skills, knowledge and expertise applicable to people who have other key functions, are included in the respective job profiles.

Various NN Group policies and charters include provisions aiming to ensure that the people who effectively manage NN Group and the people fulfilling key functions are fit and proper. During recruitment all candidates must have the professional qualifications, knowledge and experience that are required for sound and prudent management ('fit') and be of good repute and have integrity ('proper'). In an early stage of the hiring process and preferably at the time a position has become vacant, an approval request is put forward to the external regulator (DNB or AFM).

For a description of NN Group's process for assessing the fitness and the propriety of the people who effectively run NN Group, reference is made to article 1.4 (f), 2.2 (g) and 7 (j) of the Charter of the Supervisory Board, which is available on the NN Group website: https://www.nn-group.com/Who-we-are/Corporate-governance/Corporate-governance.htm.

All people holding key functions are assessed against both their performance objectives, leadership behaviours and any other requirements from their job profiles during the annual performance cycle and specifically during the year-end appraisal.

Furthermore, the Supervisory Board and its Audit Committee are involved in the assessment of the functioning and performance of the General Manager Corporate Audit Services.

B.3 Risk management system including the Own Risk and Solvency Assessment
Description of NN Group's risk management system
Reference is made to Note 51 'Risk management' in the 2016 Consolidated annual accounts of NN Group for a description of the risk management system comprising of strategies, processes and reporting procedures, and how NN Group is able to effectively identify, measure, monitor, manage and report, on a continuous basis, the risks on an individual and aggregated level, to which NN Group is or could be exposed. In the same note, a description is included of how the risk management system including the risk management function are implemented and integrated into the organisational structure and decision-making processes of NN Group.

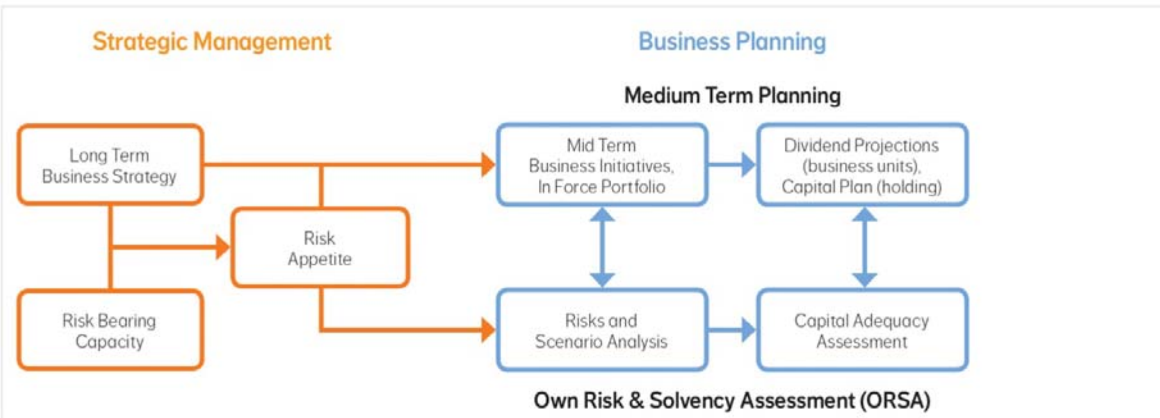
Own Risk and Solvency Assessment (ORSA)
Business strategy and objectives, key risk appetite statements, risk and capital management are aligned in the ORSA in synchronisation with the yearly medium-term business plan. The ORSA report supports the Management Board in assessing the overall risk and capital profile of the business under a wide range of scenarios.

System of Governance
Continued

The ORSA is defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long-term risks a (re)insurance legal entity faces or may face and to determine the own funds necessary to ensure that the entity's overall solvency needs are met at all times. In particular, the ORSA:

- Is a specific instrument within NN Group's risk management system which allows the Group and its Business Units to perform a high level forward looking analysis on capital adequacy under a wide range of scenarios based on the current and emerging risk profile of each entity, given its strategy and risk appetite
- Does not serve to calculate the capital requirement, although capital add-ons can be considered as a result of the ORSA
- Is an integral part of business planning

As such, the ORSA is linked to the strategic management process and related decision-making framework of the Group and each Business Unit as illustrated below:



Regular frequency

NN Group (and each of its regulated insurance subsidiaries) prepares an ORSA at least once a year. In the ORSA, NN Group articulates its strategy and risk appetite; describes its key risks and how they are managed; analyses whether or not its risks and capital are appropriately modelled; and evaluates how susceptible the capital position is to shocks through stress testing and scenario testing. Stress testing examines the effect of exceptional but plausible scenarios on the capital position of NN Group. Stress testing can also be initiated outside ORSA, either internally or by external parties such as DNB and the European Insurance and Occupational Pensions Authority ('EIOPA'). The ORSA includes a forward looking overall assessment of NN Group's solvency position in light of the risks it holds.

At least once a year, NN Group's banking and investment management operations run an internal capital adequacy assessment process ('ICAAP') in conformity with Basel III requirements. ICAAP tests whether current capital positions are adequate for the financial risks that the relevant NN Group entities bear.

Monitoring between regular ORSAs: possible ad-hoc ORSA

To the extent necessary, the outcomes of ORSA are translated in ad-hoc ORSA triggers (i.e. events that lead to a significant shock in the risk profile and/or capital position), relevant metrics and/or indicators and management actions for identified material risks. Monitoring of the same is part of the regular (Finance & Risk) control cycle. Developments are documented in internal Finance & Risk reports and discussed during board and/or delegated committee meetings. CROs within NN Group are responsible for identifying the need of a (partial) ad-hoc ORSA. NN Group will be informed as soon as possible when the decision for a (partial) ad-hoc ORSA is made in a Business Unit ('BU'). In such cases, the relevant national supervisory authority is also informed.

The regular ORSA process as undertaken within NN Group

Strategy and risk appetite

A thorough re-assessment of strategy is usually done once every 3-5 years or when material developments in the external or internal environment give rise to an earlier re-assessment. Yearly assessments are made in the first half of the year whether to adjust the strategy for developments in the past year and/or revised assumptions on the future. Setting (and adjusting) the risk appetite is inextricably part of strategy setting (and adjusting).

System of Governance
Continued

Risk Assessment
Key to ORSA is the identification of potentially solvency threatening risks for legal entities by management boards, given their strategy and risk appetite. Basis for this risk assessment is NN Group's risk taxonomy. Modelled risks are subject to an appropriateness test (see below) and additional statistical stress testing (see below), both contributing to adequate capitalisation of these risks. Focus is therefore on non-modelled risks.

Appropriateness test of regulatory capital calculation
The assumptions and models for calculating regulatory solvency requirements are assessed against the actual risk profile. Differences are analysed in terms of future model improvements and/or non-modelled risks. The outcome of the analysis may lead to mitigating actions to overcome model shortcomings. If the deviations or uncertainties are considered material, quantification of the deviation is necessary in order to consider a (temporary) self-imposed capital add-on.

Capital and capital projections
The recognition and valuation bases for internal capital projections are the same as those used for regulatory solvency reporting and are consistent with the best-estimate assumptions and parameters used for the Business Plan best estimate financial forecasts, among others the yearly updated Macro Economic Scenario.

The Actuarial Function is to confirm that the base-case and projected technical provisions represent a true and fair view of future liabilities. The Actuarial Function also provides input concerning the risks arising from the calculation of technical provisions.

Regulatory solvency is at the heart of ORSA: NN Group must ensure that it is able to meet regulatory required solvency ratios of all (re)insurance companies and NN Group consolidated at all times. In addition, NN Group and relevant subsidiaries assess:

- The quantity and quality of Own Funds over the Business Plan period
- The composition of Own Funds across tiers and how this composition may change as a result of redemption, repayment and maturity dates during the Business Plan period

As -in principle- only NN Group raises capital in the financial markets, the group-wide ORSA is to:

- Identify internal and external sources of capital if additional new capital is necessary
- Assess availability, transferability and fungibility of capital within the group, with special attention for businesses in non-EEA countries
- Reference any planned material transfer of capital within the group and its consequences
- Determine the capital plan for funding the capital needed by the subsidiaries

Stress testing and overall assessment of capital adequacy
Based on the Business Plan and the outcomes of the ORSA risk assessment, (reverse) stress scenario's and their parameters are developed and documented. The Management Board is responsible for identifying the key uncertainties and the related scenarios.

Scenario testing, as well as (reverse) stress testing are required for each ORSA. At the same time, the group-wide ORSA will assess any local stress scenario that significantly impacts NN Group overall and perform statistical stress tests (based on 1-in-20 shocks) on modelled risks. When the outcomes of performed stress tests show solvency ratios dropping below 100%, realistic strategies for recovering solvency ratios will be considered and documented in the ORSA report. For Business Units, a capital downstream is only considered if there is no other feasible management option left.

Ultimately, after all assessments and considerations (including formulated management actions) the ORSA is to conclude whether, going forward, the entity concerned is adequately capitalised under a wide range of scenarios over the planning horizon.

Governance of NN Group's Partial Internal Model
The responsible departments and committees for NN Group's partial internal model and how they interact with the Executive and Supervisory Board are disclosed in the Corporate Governance section of the 2016 Financial report and in section B.1 'General information on the system of governance' above.

Model Validation
NN Group's model governance and validation function seeks to ensure that NN Group's models are fit for their intended purpose. Models and their disclosed metrics are approved by the Model Committee. The findings of the model validation function are also regularly reported to the Model Committee. This committee is responsible for modelling policies, processes, methodologies and parameters which are applied within NN Group. Furthermore, the model validation function carries out validations of risk and valuation models particular those related to Solvency II. Any changes to models that affect NN Group risk figures above a certain materiality threshold are presented to the Risk and Finance Committee.

Model validation is not a one-off assessment of a model, but an ongoing process whereby the reliability of the model is verified at different stages during its lifecycle: at initiation, before approval, when the model has been redeveloped or modified and on a regular basis discussed and agreed with model development. It is not a mere verification of the mathematics or statistics of the model, but encompasses both a quantitative and qualitative assessment of the model. Accordingly, the validation process encompasses a mix of developmental evidence assessment, process verification and outcome analysis.

System of Governance
Continued

The validation cycle is based on a five year period. This means that at least once every five years a model in scope will be independently validated. In general, the validation frequency relates the relative materiality of the models in scope.

Changes in the governance of NN Group's partial internal model
During 2016 no material changes to the governance of NN Group's partial internal model were made.

B.4 The Internal control system and compliance function
Reference is made to Note 51 'Risk management' of the 2016 Consolidated annual accounts of NN Group for a description of the implementation of the Internal control system and compliance function.

B.5 Internal audit function
Corporate Audit Services NN Group ('CAS'), the internal audit department within NN Group, is an independent assurance function and its responsibilities are established by the Executive Board and approved by the Audit Committee of the Supervisory Board, under the ultimate responsibility of the Supervisory Board. The Dutch Financial Supervision Act ('Wet op het financieel toezicht'), Dutch Corporate Governance Code and Solvency II require NN Group to have an internal audit department which independently assesses the effectiveness of the design of the organization and the quality of procedures and control measures. CAS is responsible for executing the internal Audit function in an NN entity provided NN has 100% ownership, has a majority stake and management control or has no majority stake but effectively has management control. The area of work ('Audit universes') is defined as every activity, departments and offices of NN Group, including branches, subsidiaries as well as outsourced activities (with a 'right-to-audit' clause). CAS is an essential part of the corporate governance structure of NN Group.

CAS keeps in close contact with home and local supervisors and regulators as well as with the external auditor via regular meetings in which current (audit) issues are discussed as well as internal and external developments and their impact on NN Group and CAS. CAS also exchanges information like risk assessments and relevant (audit) reports.

The General Manager and staff of CAS are authorised to:

- Obtain without delay, from General Managers within NN Group, any significant incident concerning NN Group's operations including but not limited to security, reputation and/or compliance with regulations and procedures
- Obtain without delay, from responsible managers within NN Group, a copy of all letters and reports received from external review agencies (e.g. external auditor, supervisors, regulators and other agencies providing assurance related services)
- Have free, full, unrestricted and unfettered access at any time deemed appropriate to all NN Group departments, offices, activities, books, accounts, records, files, information. CAS must respect the confidentiality of (personal) information acquired
- Require all NN Group staff and business management to supply such information and explanations, as may be needed for the performance of assessments, within a reasonable period of time
- Allocate resources, set frequencies, select subjects, determine scope of work and apply appropriate techniques required to accomplish the CAS's objectives
- Obtain the necessary assistance of personnel in various departments/offices of NN Group where CAS performs audits, as well as other specialised/professional services where considered necessary from within or outside NN Group. CAS should exercise its authority with the minimum possible disruption to the day-to-day activities of the area being assessed

In compliance with the Dutch Corporate Governance Code, the Audit Committee supervises the activities of the Executive Board with respect to the role and functioning of CAS. The General Manager of CAS is accountable to the CEO and functionally to the Audit Committee. On a day-to-day basis the General Manager of CAS reports to the CEO.

CAS performs its work in accordance with the International Standards for the Professional Practice of Internal Auditing Standards and Code of Ethics set by the Institute of Internal Auditors ('IIA'), and with other relevant authorities or professional associations (e.g. NBA, NOREA). These professional standards are incorporated in the CAS Audit Manual. Compliance to the audit manual is embedded at various levels in the audit process and includes review by the independent positioned Professional Practices Management team within NN Group CAS. On a periodic basis CAS globally is subject to an independent external assessment.

B.6 Actuarial function
Reference is made to Note 52 'Risk management' of the 2016 Consolidated annual accounts of NN Group for a description of the Actuarial function.

B.7 Outsourcing
External Outsourcing arrangements
In 2016 an outsourcing arrangement was in effect regarding the claim settlement and claim expertise for NN Non-life through Van Ameyde Services B.V. (VAS), a specialised claim handling company. VAS is an entity owned by NN Non-life and Van Ameyde Nederland B.V. There are no significant provisions for doubtful debts or individually significant bad debt expenses recognised on outstanding balances with VAS.

In addition, NN Group outsourced part of its IT processes to external service providers. There are no significant provisions for doubtful debts or individually significant bad debt expenses recognised on outstanding balances with these providers.

For these external outsourcing arrangement written service level agreements are in place, setting out:

- The mutual rights and obligations of the parties
- The duties and responsibilities of all parties involved
- The Service Provider's commitment to comply with applicable local laws and regulatory requirements, applicable to the outsourced function or activity and to cooperate with the Outsourcing Entity's relevant supervisory authority with regard to the outsourced function or activity
- The Service Provider's obligation to disclose any development which may have a material impact on its ability to carry out the outsourced functions and activities effectively and in compliance with applicable laws and regulatory requirements
- That the Service Provider and the Outsourcing Entity can only terminate the contract with a notice period and that this notice period is to be defined yearly by both parties
- That the Outsourcing Entity is able to terminate the arrangement for outsourcing where necessary without detriment to the continuity and quality of its provision of services to policy holder and other clients
- That the Outsourcing Entity reserves the right to be informed about the outsourced functions and activities and their performance by the Service Provider as well as a right to issue general guidelines and individual instructions at the address of the Service Provider, as to what has to be taken into account when performing the outsourced functions or activities

Intra-group Outsourcing arrangements

In the normal course of business, NN Group entities enter into various transactions with entities within the consolidated Group. Transactions with entities within the consolidated Group take place on an arm's length basis and include distribution agreements, human resources-related arrangements and rendering and receiving of services. There are no significant provisions for doubtful debts or individually significant bad debt expenses recognised on outstanding balances within the Group.

All intra-group transactions are conducted under market-consistent conditions. Included in the intra-group transactions were the following:

- Facility services carried out by group companies for insurance and other entities
- Various other shared services, including finance and information technology, carried out by group companies for insurance and other entities
- Staff of the insurance entities within NN Group in The Netherlands is employed by NN Insurance Personeel B.V. The Dutch insurance entities are charged for their staff expenses by NN Insurance Personeel B.V., under a service level agreement. Although these costs are not paid out in the form of salaries, they do have the character of staff expenses and they are therefore recognised as such. A staff provision for holiday entitlement and bonuses is recognised at NN Insurance Personeel. Actual spending is charged to the Dutch insurance entities as per the contract with NN Insurance Personeel B.V.
- Transactions between NN Group and its Dutch subsidiaries concerning the payment of tax, as NN Group heads the fiscal unity in the Netherlands
- NN Re (Netherlands) N.V. carries out reinsurance activities of NN Non-life, NN Life and certain other NN Group entities
- The transactions in financial instruments, such as shares, bonds, loans (excluding mortgage loans) and derivatives, are conducted via a management agreement with NN Investment Partners B.V. NN Investment Partners B.V. makes use of Nationale-Nederlanden Interfinance B.V. for the execution of the transactions involving derivatives
- Zicht B.V. acts as an authorised agent for NN Non-life
- Mandema & Partners B.V., a group company of NN Group, acts as an authorised agent for NN Non-life. Mandema and Partners B.V was sold in 2016. After the closing of this transaction in January 2017, Mandema & Partners B.V. is no longer part of NN Group
- NN Bank is the servicing and originating partner for mortgage loans held by other group companies

For intra-group outsourcing arrangements, a written service level agreement is normally in place, similar to the one used for external service providers.

B.8 Any other information

Reference is made to the Corporate Governance Chapter and the Report of the Supervisory Board, both included in the NN Group 2016 Financial Report and the NN Group website: https://www.nn-group.com/Who-we-are/Corporate-governance/Corporate-governance for other material information regarding the system of governance of NN Group.

Risk profile

C. Risk profile

Introduction

This chapter of the SFCR contains information on the risk profile of NN Group and information on the 'prudent person principle' used when investing.

Risk profile per risk category

Reference is made to Note 51 'Risk management' in the 2016 Consolidated annual accounts for quantitative and qualitative information on the risk profile per risk category. The following risk categories have been disclosed:

C.1 Underwriting risk

Underwriting risk is disclosed as insurance risk and business risk in Note 51 'Risk management' in the 2016 Consolidated annual accounts.

C.2 Market risk

Market risk is disclosed in Note 51 'Risk management' in the 2016 Consolidated annual accounts.

C.3 Credit risk

Credit risk is disclosed in Note 51 'Risk management' in the 2016 Consolidated annual accounts.

C.4 Liquidity risk

Liquidity risk is disclosed in Note 51 'Risk management' in the 2016 Consolidated annual accounts.

C.5 Operational risk

Operational risk is disclosed in Note 51 'Risk management' in the 2016 Consolidated annual accounts.

C.6 Other material risks

Compliance risk

Reference is made to Note 51 'Risk management' in the 2016 Consolidated annual accounts for information on compliance risk.

Concentration risks

NN Group does not have an appetite for risk concentration and manages concentration risk with a limit structure. During the year no limit breaches occurred. More information on the mitigation of several types of concentration risk is included in Note 51 'Risk Management' in the 2016 Consolidated annual accounts.

Investing assets in accordance with the 'Prudent person principle'

Acceptable investments

NN Group maintains a Global Asset List, which contains all asset classes in which NN Group its subsidiaries are allowed to invest. Before an asset class is approved for this list, a New Investment Class Approval & Review Procedure ('NICARP') must be followed.

The NICARP should describe all relevant considerations on return, risk and operational consequences that are relevant to the decision whether a Business Unit of NN Group should invest in the proposed investment class.

The NICARP request does not describe a specific transaction, but is a proposal for the potential investment in an investment class. The NICARP should nevertheless address the quantitative impact of potential future investments and include proposed portfolio limits for the product. This should always be in line with NN Group internal policies as well as external constraints (such as regulatory limits).

Investment decisions: GITA

The intention of a Global Investment Transaction Approval ('GITA') request is to obtain approval for a specific investment (transaction or program). The GITA should always be combined with the locally approved investment approval. The GITA request itself is an overlay form on this investment proposal that should allow NN Group to validate that the proposed investment is in line with NN Group risk appetite and Business Unit strategic asset allocation.

Governance of investments

Within the Three Lines-of-Defense model, investments are managed in the first line through a dedicated Central Investment Office, reporting directly to the CEO of NN Group. The second line function Investment Risk Management reports to the CRO of NN Group. Both lines of defence meet regularly in several risk and finance committees, notably the Group Investment Committee ('GIC') and the Risk & Finance Committee ('RFC') for the most material issues. Operational activities regarding investments are performed by NN Group's Business Unit NN Investment Partners, which also provides (unsolicited) advice on proposed or current investments.

All investments related activities are performed within the boundaries as set by NN Group. These include among others the following:

- Asset-Liability Management-Strategic Asset Allocation ('ALM-SAA') Policy
- NICARP, GITA and Global Asset List
- Investment Mandate Policy
- Concentration Risk Policy
- Hedging Policy

Chief Investment Officer
Based on market views, local Business Unit requirements, input from its assets managers, the Chief Investment Officer will:

- Propose Investment Strategies for NN Group as well as for the Business Units
- Prepare proposals for mandates and for delegated approval levels for the Asset Managers
- Propose Investment ideas to the GIC
- Prepare Performance Measurement Guidelines of all investment decisions taken under the delegated approval authorities

NN Investment Partners prepares a market view, proposes investment ideas based on market developments and Business Unit requirements and makes investment decisions within allocated limits/thresholds. NN Investment Partners executes the Performance Measurement Guidelines as prepared by the Chief Investment Officer.

IFRS net result sensitivity analysis
Reference is made to Note 51 'Risk Management' in the 2016 Consolidated annual accounts of NN Group for a description of the methods used, the assumptions made and the outcome of stress testing and sensitivity analysis for material risks and events.

Own funds sensitivity analysis
Reference is made to Note 51 'Risk Management' in the 2016 Consolidated annual accounts of NN Group for the outcome of the NN Group Own Funds at Risk ('OfaR') analysis, the loss of Own Funds in a 1-in-20 year scenario.

Other material risks
Reference is made to the 2016 Annual Review of NN Group for any other information on any other material risks.

Risk exposure from off-balance sheet positions and transfer of risk to special purpose vehicles
Reference is made to Note 51 'Risk management' in the 2016 Consolidated annual accounts regarding the risk exposure of NN Group, including the exposure arising from off-balance sheet positions and describing the measures used to assess these risks. Reference is made to the 2016 Annual Review ('Our Risk Profile') for the Material risks that that NN Group is exposed to.

As at 31 December 2016, no material risks were transferred to special purpose vehicles outside NN Group. For the risks transferred to consolidated special purpose vehicles, reference is made to Note 47 'Structured entities' in the 2016 Consolidated annual accounts.

C.7 Any other information relevant to the risk profile of NN Group

Techniques used for mitigation of risks
Reference is made to Note 51 'Risk management' of the 2016 Consolidated annual accounts of NN Group for a description of the techniques used for mitigating risks and the processes for monitoring the continued effectiveness of these risk mitigation techniques.

No other material information is relevant to the risk profile of NN Group.

Valuation for Solvency purposes

D. Valuation for Solvency Purposes

Introduction

This chapter of the SFCR contains information on the valuation for solvency purposes of assets, insurance liabilities and other liabilities of NN Group and explains the differences with their valuations in the NN Group 2016 Consolidated annual accounts.

Reconciliation IFRS Balance sheet to Solvency II Balance sheet

As at 31 December 2016. In EUR million.	IFRS	Consolidation scope	Valuation differences	Presentation differences	Solvency II
Assets					
Cash and cash equivalents	8,634	-3,030		-4,405	1,199
Financial assets at fair value through profit or loss and Available-for-sale investments [1]	115,772	-22,655		6,759	99,876
Loans	33,920	-12,253	1,439	-1,009	22,097
Reinsurance contracts	231	-15	4		220
Associates and joint ventures	2,698	3,423	-1,182	-8	4,931
Real estate investments	2,028				2,028
Property and equipment	86	-9			77
Intangible assets	342	-180	-162		0
Deferred acquisition costs	1,636	-982	-654		0
Other assets	3,158	-910	996	-1,368	1,876
Total assets	**168,505**	**-36,611**	**441**	**-31**	**132,304**
Equity					
Shareholders' equity (parent)	22,706		-9,972		12,734
Minority interests	12			-12	0
Undated subordinated notes	986			-986	0
Total equity/ Excess of assets over liabilities	**23,704**	**0**	**-9,972**	**-998**	**12,734**
Liabilities					
Subordinated debt	2,288		207	1,047	3,542
Debt securities issued	598			-598	0
Other borrowed funds	7,646	-3,341	229	605	5,139
Insurance and investment contracts	115,699	-21,103	12,272		106,868
Customer deposits and other funds on deposit	10,224	-10,224			0
– non-trading derivatives	2,008	-216		45	1,837
Other liabilities	6,338	-1,727	-2,295	-132	2,184
Total liabilities	**144,801**	**-36,611**	**10,413**	**967**	**119,570**
Total equity and liabilities	**168,505**	**-36,611**	**441**	**-31**	**132,304**

1 Investments consists of the IFRS Balance sheet items 'Financial assets at fair value through profit or loss' and 'Available-for-sale investments'.

Reference is made to the 2016 Consolidated annual accounts of NN Group for more detailed information on the IFRS Balance sheet. Reference is made to QRT S.02.01.02 'Balance sheet' in the Appendix for the full Solvency II Balance sheet. The values in these tables may differ from those included in Note 51 'Risk Management' in the 2016 Consolidated annual accounts of NN Group due to classification and valuation differences to reflect a risk management view.

For Solvency II reporting, non-Solvency II entities (pension funds in Central Europe, NN Investment Partners, NN Bank and NN Life Japan) are not consolidated line-by-line while they are for IFRS reporting. Reference is made to section A1 'Business' for more information on the difference arising from the scope of consolidation. The impact from this difference is reflected above in the column 'Consolidation scope'. The most important differences arising from the scope of consolidation are caused by NN Bank (Customer deposits and other funds on deposit) and NN Life Japan (all other line items).

The valuation and presentation differences between IFRS and Solvency II resulting from differences in accounting principles and methods are explained in the sections below. For items where no valuation difference occurred, reference is made to Note 1 'Accounting policies', Note 36 'Fair value of financial assets and liabilities' and Note 37 'Fair value of non-financial assets' in the 2016 Consolidated annual accounts of NN Group for a description of the bases, methods and main assumptions used for their valuation.

The most important presentation differences are the presentation of money market funds and accrued interest. The most important valuation differences are related to loans and technical provisions.

Details of these and other valuation, presentation and consolidation differences are included in Section D.1- D.3 below.

D.1 Assets

Accounting principles, methods and main assumptions used

In general, Solvency II valuation requires a market consistent approach to the valuation of assets and liabilities. The default reference framework for valuing assets and liabilities, other than technical provisions, is IFRS as endorsed by the European Union ('IFRS-EU'). The exception is if the IFRS valuation principle does not reflect a market consistent valuation (e.g. amortised cost). For main assumptions used in fair valuing assets, reference is made to Note 36 'Fair value of financial assets and liabilities' and to Note 37 'Fair value of non-financial assets' in the 2016 Consolidated annual accounts of NN Group.

Cash and cash equivalents

In the IFRS balance sheet, cash and cash equivalents are reported at the notional amount. In the Solvency II balance sheet, cash and cash equivalents are reported at market value. There are no significant valuation differences between IFRS and Solvency II for cash and cash equivalents as the market value is not significantly different from the notional value. Total presentation differences of EUR -4,405 million as at 31 December 2016 are caused by the presentation of short term deposits and money market funds as investments (excluding loans) in the Solvency II balance sheet. Differences due to a different scope of consolidation amounted to EUR -3,030 million as at 31 December 2016.

Investments (excluding loans)

In the IFRS balance sheet, investments are reported at fair value. In the Solvency II balance sheet, investments are reported at market value. There are no significant valuation differences between IFRS and Solvency II for investments as fair value generally equals market value. Presentation differences of EUR 6,759 million as at 31 December 2016 are caused by:

- Presentation of short term deposits and money market funds as investments under Solvency II, instead of their inclusion in cash and cash equivalents under IFRS.
- Presentation of accrued interest as part of the investments, instead of a separate presentation as accrual under IFRS. Solvency II requires accrued interest to be presented as part of the investments ('dirty market value') and not separately as other assets as in the 2016 Consolidated annual accounts of NN Group ('clean market value').
- Presentation of certain Asset Backed Securities as investments under Solvency II, instead of their presentation as loans in the 2016 Consolidated annual accounts.

Differences due to a different scope of consolidation amounted to EUR -22,655 million as at 31 December 2016.

Loans

In the IFRS balance sheet, loans are reported at amortised cost. In the Solvency II balance sheet, loans are reported at market value. For loans that are repriced frequently and have had no significant changes in credit risk, the carrying values in the 2016 Consolidated annual accounts of NN Group represent a reasonable estimate of the market value for Solvency II. For other loans the market value is estimated by discounting expected future cash flows using a discount rate that reflects credit risk, liquidity and other current market conditions. The market value of mortgage loans is estimated by taking into account prepayment behaviour. Loans with similar characteristics are aggregated for calculation purposes.

Valuation differences between IFRS and Solvency II for loans represents the difference between amortised cost and market value of EUR 1,439 million as at 31 December 2016.

Presentation differences of EUR -1,009 million as at 31 December 2016 are caused by:

- The different presentation of accrued interest. Solvency II requires accrued interest to be presented as part of the loans ('dirty market value') and not separately as other assets as in the 2016 Consolidated annual accounts of NN Group ('clean market value')
- The presentation of certain Asset Backed Securities as investments (excluding loans) under Solvency II, instead of their presentation as loans in the 2016 Consolidated annual accounts of NN Group

Differences in loans recognised in the IFRS and the Solvency II Balance sheets due to a different scope of consolidation amounted to EUR -12,253 million as at 31 December 2016.

Reinsurance contracts

Reference is made to section D2 'Technical provisions'.

Associates and joint ventures (Holdings in related undertakings)

In the IFRS balance sheet, associates and joint ventures are reported at net asset value (equity accounting).

In the Solvency II balance sheet, non-Solvency II entities are recognised as associates and measured at the local regulatory capital in accordance with the local (sectoral) rules instead of consolidating all balance sheet items line-by-line. Differences in Associates and joint ventures recognised in the IFRS and the Solvency II Balance sheets due to a different scope of consolidation amounted to EUR 3,423 million as at 31 December 2016 (IFRS values). Valuation differences of EUR -1,182 million as at 31 December 2016 represents the difference between the value of the consolidated line items under IFRS and the local regulatory capital of these entities. The presentation difference of EUR -8 million as at 31 December 2016 consists of receivables from associates that are presented as part of the other assets in the Solvency II balance sheet.

Valuation for Solvency purposes
Continued

All holdings in related undertakings were either valued using quoted market prices in active markets or by using the adjusted equity method (when a stock listing was not available).

Differences due to a different scope of consolidation amounted to EUR 3,423 million as at 31 December 2016.

Real estate investments
In the IFRS balance sheet, real estate investments are reported at fair value. In the Solvency II balance sheet, real estate investments are reported at market value. There are no significant valuation differences between IFRS and Solvency II for real estate investments as fair value generally equals market value. There are no differences in real estate investments due to a different scope of consolidation.

Property and equipment
In the IFRS balance sheet, property in own use is reported at fair value. In the Solvency II balance sheet, property in own use is reported at market value. There are no significant valuation differences between IFRS and Solvency II for property in own use as fair value generally equals market value. In the IFRS balance sheet, equipment is reported at cost less depreciation. In the Solvency II balance sheet, equipment is reported at market value. There are no significant valuation differences between IFRS and Solvency II for equipment, as market value is generally not significantly different from depreciated cost. Differences in property and equipment recognised in the IFRS and the Solvency II Balance sheets due to a different scope of consolidation amounted to EUR -9 million as at 31 December 2016.

Intangible assets
Goodwill and Value of Business Acquired ('VOBA') are not recognised for Solvency II purposes. Other intangibles including software can be recognised and measured at a value other than nil if they can be sold separately and if there is a quoted market price in an active market for the same or similar intangible assets. As there is no quoted market price for NN Group's other intangible assets, it is valued at nil for Solvency II purposes.

Deferred acquisition costs (DAC)
Deferred Acquisition Costs are not recognised for Solvency II purposes.

Other assets
In the IFRS balance sheet, other assets are reported at their notional amounts. In the Solvency II balance sheet, other assets (with the exclusion of deferred taxes) are reported at market value. There are no significant valuation differences between IFRS and Solvency II for other assets as the market value is not significantly different from the notional value.

Presentation differences of EUR -1,368 million as at 31 December 2016 consist of the different presentation of accrued interest. Solvency II requires accrued interest to be presented as part of the interest bearing investments ('dirty market value') and not separately as other assets as in the 2016 Consolidated annual accounts of NN Group ('clean market value').

Differences in other assets recognised in the IFRS and the Solvency II Balance sheets due to a different scope of consolidation amounted to EUR -910 million as at 31 December 2016.

Valuation differences between IFRS and Solvency II for other assets consist of the valuation difference in deferred taxes.

Deferred taxes
Under IFRS, deferred tax assets are part of the other assets. In the IFRS balance sheet, deferred taxes, other than deferred tax assets arising from the carry forward of unused tax credits and the carry forward of unused tax losses, are valued on the basis of the difference between the tax bases of assets and liabilities and their carrying values. A positive value to deferred taxes is only attributed where it is probable that future taxable profit will be available against which the deferred tax asset can be used, taking into account any legal or regulatory requirements on the time limits relating to the carry forward of unused tax losses or credits.

Reference is made to Note 35 'Taxation' of the 2016 Consolidated annual accounts of NN Group for more information on the origin of the recognition of deferred tax assets and the amount and expiry date of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the IFRS balance sheet.

In the Solvency II balance sheet, deferred tax assets and liabilities are recognised and valued in conformity with IFRS. However, the differences in valuation of assets and liabilities as set out in sections D.1 'Assets', D.2 'Technical provisions' and D.3 'Other liabilities' result in an additional EUR 996 million of deferred tax assets recognised in the Solvency II balance sheet as at 31 December 2016.

Changes in valuation bases
During 2016, no material changes were made to the recognition and valuation bases, or estimations used, in the measurement of assets on the Solvency II balance sheet.

D.2 Technical provisions ('Insurance and investment contracts')

Value of the technical provisions

The value of technical provisions, including the amount of the Best Estimate of Liabilities ('BEL') and the Risk Margin ('RM') is disclosed below separately for each material line of business as at 31 December 2016:

Value of technical provisions by Solvency II Business Line

As at 31 December 2016. In EUR million.	BEL	Risk margin	Technical provisions
Technical provision per line of Business:			
1. Non-Life	961	58	1,019
2. Non-Life similar to health	180	12	192
3. Life	75,860	3,199	79,059
4. Life similar to health	2,268	132	2,400
5. Index-linked and Unit-linked	23,461	737	24,198
Total	**102,730**	**4,138**	**106,868**

Bases, methods and main assumptions used for solvency valuation

Technical Provisions are measured for Solvency II purposes as the sum of the BEL and RM. The BEL is equal to the probability-weighted average of the present value of the future liability cash flows. The RM is defined as the amount that an empty (re)insurance entity is expected to require in excess of the BEL in order to take over and meet the (re-)insurance obligations.

Best estimate of liabilities

NN Group uses cash flow models and best estimate assumptions to determine the BEL under Solvency II. Premiums, benefits, expenses and other relevant cash flows are projected for the policy term – subject to contract boundaries – and discounted at the currency specific risk-free interest rate term structure, including Ultimate Forward Rate ('UFR'), to allow for financial risk with currency specific Credit Risk Adjustments ('CRA') and country specific Volatility Adjustment ('VOLA'). This is the full-cash flow approach and is typical for traditional business. For unit-linked business, only margins are projected (expenses and charges) as investment risks are borne by the policyholder. Cash flows are either projected on a per policy basis or individual policies are grouped into representative model points.

Cash flows are projected along a sufficiently large number of future risk-free interest rate scenarios to allow for one-sided financial options and guarantees. This is typical for traditional business with profit sharing on top of a fixed interest rate guarantee and unit-linked products with a guaranteed return. The best estimate risk-free interest rate term structure (with CRA and VOLA, if applicable) is used in those instances where there are no embedded options or guarantees.

The cash flow projections consider future management actions that can be taken to mitigate the loss to NN Group, management policy covering the distribution of future discretionary benefits and the predictability and profit sharing of liability cash flows. The cash flow projections used in the calculation of the BEL are based on the best estimate assumptions. The cash flow projection reflects the expected realistic future demographic, legal, medical, technological, social, environmental and economic developments that will have a material impact on the BEL.

Assumptions underlying the BEL are portfolio-specific rather than entity-specific. Entity-specific assumptions are used only insofar as those assumptions enable the entity to better reflect the characteristics of the portfolio or where the calculation of the BEL in a realistic, reliable and objective manner without those assumptions is not possible.

For each material line of business, a quantitative and qualitative explanation of material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and those used for their valuation in financial statements are included in the local Actuarial Function Reports ('AFRs') prepared by the local Actuarial Function Holders ('AFHs').

For unmodelled business, Technical Provisions are estimated either by scaling of modelled business or by setting Solvency II Technical Provisions equal to IFRS insurance liabilities. The AFH considers the application of these approaches to estimating Technical Provisions of unmodelled business when providing his/her opinion.

Reinsurance and other recoverables

The BEL are estimated gross, without deduction of the amounts recoverable from reinsurance contracts. The amounts recoverable from reinsurance contracts and expected losses due to counterparty default are calculated separately. The principles used to calculate the amounts recoverable are consistent with those underlying the calculation of the gross BEL.

Risk margin

In addition to the BEL a RM is held to allow for non-hedgeable market and non-market risks. The calculation of the RM is performed by either explicitly calculating the SCR for each future year or by using a driver approach. Long term guarantee ('LTG') measures are excluded from the calculation of the SCRs and in the discounting, when calculating the RM.

Valuation for Solvency purposes
Continued

With the driver approach, the relevant sub-risk SCRs - either Internal Model or Standard Formula - are projected using appropriate risk drivers, multiplied by the cost of capital of 6%, then discounted at the relevant risk free rate term structure. The sub-risk market value margins are aggregated using the relevant diversification factors. This calculation is performed by main products for the material Business Units. Note that this is a simplification as Solvency II requires the individual SCRs to be diversified at each future point in time. NN Group's simplification does not lead to a material misestimation of the RM (less than 1%).

Assumptions

Non-financial assumptions

Best estimate assumptions are set for expenses, mortality, morbidity and other relevant insurance risks using historical experience of the insurance portfolio. Assumptions are reviewed by each entity at least annually and submitted to the Chief Actuary Office ('CAO') for review and submitted to the Group Model Committee ('MoC') for approval or for information, depending on materiality, following NN Group's model governance.

Policyholder behaviour regarding lapses, partial and full surrenders and paid-ups are taken into account for individual life business for traditional and unit-linked portfolios subject to the boundaries of the contracts. Policyholder behaviour is typically not considered for non-life and group life business.

Management actions are reflected in the cash flow projections. These are mostly current management actions related to dynamic decision rules in the asset liability models of NN Group. Future management actions are assumed for portfolios including discretionary benefits.

Boundaries of insurance contracts are set by the Business Units based on a detailed investigation of terms and conditions of their portfolios.

Financial assumptions

NN Group follows EIOPA requirements in determining the basic risk-free rates and the VOLA to determine the relevant currency specific risk free rate term structure for valuation of Technical Provisions. Because EIOPA curves are not available in time for NN Group's entities to start their valuations, NN Group follows the EIOPA methodology to independently produce the curves. These are then compared to the published EIOPA curves when these are made available to ensure consistency between the EIOPA and the NN Group manufactured curves. At year-end 2016, the EIOPA and NN Group curves were consistent.

Changes in assumptions

During 2016, all Business Units reviewed their best estimate assumptions and updated them where necessary. The most material changes were to NN Life mortality, reducing Own Funds and updates to the trend uncertainty driver used in the calculation of the RM resulting in an increase in in Own Funds. Other assumption changes by NN Life and the remaining entities were less material in terms of impact to Own Funds.

Options and guarantees

When establishing technical provisions at NN Group, all material financial guarantees and contractual options included within the boundary of insurance and reinsurance policies are taken into account. In doing so, factors which may affect likelihood that policyholders will exercise contractual options or realise the value of financial guarantees are analysed.

The intrinsic value of financials options and guarantees is reflected in the single (deterministic) cash flow projection of technical provisions. These include the interest rate guarantees implicit in traditional products found throughout NN Group as well as policyholder options such as paid-up, guaranteed insurability options ('GIO') and automatic inflation protection, where material.

A stochastic model is required to determine the time value of options and guarantees (TVoG) where cash flows vary asymmetrically with market returns. The stochastic model uses a number of Monte Carlo simulations (typically, 1,000 to 3,500) to project future cash flows under various economic scenarios. The number of scenarios is set in order to reduce the simulation error to within the tolerance level. Currently, such error should be less than 1% of the best estimate liabilities, as determined by taking 80% confidence interval of the mean standard error of the simulations. NN Group's Business Units perform a test to ensure the simulation error is within the established limits and increase number of scenarios used if the test does not satisfy the requirements. Nearly the entire TVoG for NN Group is from Japan Closed Block VA and NN Life's group pension business.

Dynamic policyholder behaviour has been reflected where it is deemed material to the valuation under the different economic environments reflected in the stochastic scenarios. Where future profit sharing is dependent on economic conditions, the variability is taken into account in the TVoG. Where management actions have been taken into account, these are consistent with policies signed-off by the respective boards.

Actuarial function holders throughout the reporting entities of NN Group have assessed the allowances made in respect of options and guarantees in the technical provisions and the underlying assumptions, and came to the conclusion that such allowances are appropriate.

Level of Uncertainty

For the level of uncertainty associated with the value of the technical provision, reference is made to the Own funds at risk-Insurance risk in Note 51 'Risk Management' in the 2016 Consolidated annual accounts of NN Group.

Main differences between IFRS and Solvency II valuation of technical provisions

As at 31 December 2016. In EUR million.	IFRS	Consolidation scope	Valuation differences	Solvency II
Technical provision per line of Business:				
1. Non-Life	1,108		-89	1,019
2. Non-Life similar to health	208		-16	192
3. Life	81,214	-12,787	10,632	79,059
4. Life similar to health	2,352		48	2,400
5. Index-linked and Unit-linked	30,818	-8,317	1,697	24,198
Total	**115,700**	**-21,104**	**12,272**	**106,868**

Summary of main differences between IFRS and Solvency II as at 31 December 2016

At 31 December 2016, the valuation differences between the insurance and investment contracts recognised in the IFRS balance sheet and the technical provisions recognised in the Solvency II balance sheet of NN Group amounted to EUR 12,272 million. Methods and models used in calculating the Solvency II technical provisions and IFRS insurance liabilities differ substantially. The main valuation differences between IFRS and Solvency II are outlined below:

- Insurance liabilities in the IFRS Balance sheet are established in accordance with IFRS 4 'Insurance Contracts'. Under IFRS 4, an insurer may continue its existing pre-IFRS accounting policies for insurance contracts, provided that certain minimum requirements are met. Upon adoption of IFRS-EU in 2005, NN Group decided to continue the then existing accounting principles for insurance contracts under IFRS-EU. NN Group operates in many different countries and the accounting principles for insurance contracts follow local practice in these countries. NN Group's businesses in the Netherlands, for example apply accounting standards generally accepted in the Netherlands ('Dutch GAAP') for their provisions for liabilities under insurance contracts.
- The BEL in Solvency II are calculated for all entities as the expected present value of future liability cash flows using best estimate assumptions.
- A RM for non-hedgeable risks is added to the BEL to establish the Solvency II technical provisions.
- Different interest rates are used for calculation of insurance and investment contracts under IFRS and Solvency II. For Solvency II a risk-free interest rate curve with credit risk and VOLA where applicable is used. None of the entities within NN Group apply a matching adjustment. For IFRS a fixed interest rate/guaranteed technical interest rate is used and for certain non-life insurance contracts discounting is not applied.
- The present value of future profits is recognised in Solvency II technical provisions but not in IFRS insurance liabilities.
- The difference between IFRS and Solvency II provisions is primarily reflected in the Life line of Business, where IFRS insurance liabilities largely reflect assumptions - interest, mortality, morbidity, expense, etc. - locked-in at policy issue, which can depart significantly from the best estimate assumptions reflected in the Solvency II provisioning.
- For index-linked and unit-linked insurance, the IFRS insurance liabilities are equal to the fund value of these contracts. For Solvency II technical provisions, the present value of the margins is deducted from the fund value.
- The value of reinsurance contracts in the table above only relates to external reinsurance. Internal reinsurance contracts between NN Re (the reinsurer) and other Solvency II entities within NN Group are eliminated and do not appear in the consolidated Group results. The valuation differences between IFRS insurance liabilities and Solvency II technical provisions described in the above paragraph also apply to reinsurance contracts.

Differences in technical provisions recognised in the IFRS and the Solvency II Balance sheets due to a different scope of consolidation amounted to EUR -21,104 million as at 31 December 2016.

Matching and volatility adjustment, transitional measures and transitional risk-free interest rate-term structure

QRT S.22.01.22 'Impact of long term guarantees and transitional measures' in the Appendix provides the quantitative impact of excluding the so-called Long Term Guarantee ('LTG') measures and Transitional measures from own funds and the SCR. QRT S.22.01.22 mandate disclosure of the quantitative impact of excluding:

- Transitional measures in respect of technical provisions
- Transitional measures in respect of interest rates
- Volatility adjustment ('Vola')
- Matching Adjustment ('MA')

on:

- Technical provisions
- Basic own funds
- Eligible own funds to meet Solvency Capital Requirement
- Solvency Capital Requirement ('SCR')

All the elements of which the impact is excluded in this QRT are an integral part of the Solvency II framework. The resulting own funds and SCR should therefore not be seen as a replacement of, or alternative for, the own funds and SCR as determined in accordance with Solvency II. For NN Group, the VOLA is of significant relevance given its long-dated liability profile and its approach to match cash-flows of these liabilities with corresponding fixed income instruments. Transitional measures in respect of technical provisions and interest rates are applied by NN Group, but the impact thereof is less significant. NN Group does not apply the Matching Adjustment.

Transitional on technical provisions
NN Group applies the transitional measures on technical provisions for its insurance businesses in Belgium and Spain. These transitional measures resulted in a reduction of EUR 605 million in technical provisions, contributing EUR 420 million (after tax) to Basic own funds as at 31 December 2016. The impact on Eligible own funds is partly mitigated because of higher excess non available own funds. Therefore, the net impact on Eligible own funds is EUR 163 million. These transactional measures had no impact on the SCR as at 31 December 2016.

Transitional on interest rates
NN Group applies the transitional measures on interest rates for its insurance business in Greece. These transitional measures resulted in a reduction of EUR 147 million in technical provisions, contributing EUR 147 million (after tax) to Basic own funds as at 31 December 2016. The impact on Eligible own funds is partly mitigated because of higher excess non available own funds. Therefore the net impact on Eligible own funds is EUR 62 million. The impact of the application of transitional measures on interest rates is an increase of the SCR of EUR 3 million.

Volatility adjustment ('VOLA')
NN Group applies the yield curve as published by EIOPA for the calculation of the technical provisions under Solvency II. In line with Solvency II regulations, this yield curve includes a VOLA component. As at 31 December 2016, the level of the VOLA for the Euro currency was 13 bps.

The application of the VOLA resulted in a reduction of EUR 1,202 million in technical provisions, contributing EUR 902 million (after tax) to Basic own funds as at 31 December 2016. Excluding the VOLA from the calculation of technical provisions would reduce the eligible own funds by EUR 1,196 million. The impact on eligible own funds is higher than on basic own funds due to eligibility constraints.

In the calculation of the SCR for the internal model entities, NN Group assumes no change to the VOLA after a shock-event, but reflects the illiquidity of liabilities in the asset shocks to ensure appropriate solvency capital requirements. This 'Dynamic VOLA' approach is approved by DNB, in particular to ensure appropriate risk incentives on asset allocation decisions. NN Group also shocks all government bonds and its mortgage portfolio in the calculation of spread risk capital requirements for the internal model entities. Under the standard formula no capital is required to be held against spread risk arising from these assets.

If the Dynamic VOLA would be excluded from the SCR calculation for internal model entities, the modelling approach for spread risk on government bonds and mortgages would need to be adjusted accordingly. However, for the completion of QRT S.22.01.22 'Impact of long term guarantees and transitional measures' in the Appendix, NN Group is required to reflect only the impact of excluding the VOLA from eligible own funds and the SCR, without adjusting for the spread risk on government bonds and mortgages.

The table below shows the impact of excluding both the Dynamic VOLA as well as spread risk on government bonds from the SCR, in combination with removing the VOLA from eligible own funds. In such scenario, the SCR would be EUR 910 million higher and eligible own funds would be EUR 1,059 million lower.

Amount without Long Term Guarantee measures and transitionals

	Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero and eliminating additional credit spread shock	Total impact	Amount without Long Term Guarantee measures and transitionals
As at 31 December 2016. In EUR million.	**(A)**	**(B)**	**(C)**	**(D)**	**(E)=(B+C+D)**	**(F)=(A)-(E)**
Technical provisions	106,868	605	147	1,202	1,954	108,822
Basic own funds	14,660	-420	-147	-902	-1,469	13,191
Eligible own funds to meet the Solvency Capital Requirement (1)	13,149	-163	-62	-1,059	-1,284	11,865
Solvency Capital Requirement (2)	5,459		-3	910	907	6,366

D.3 Other liabilities

Subordinated debt, Debt securities issued and Other borrowed funds

In the IFRS balance sheet, subordinated debt, debt securities issued and other borrowed funds are reported at amortised cost. In the Solvency II balance sheet, these borrowings are reported at market value, excluding an adjustment for NN Group's own credit risk. In Solvency II market value, (a change in) the own credit risk is not taken into account. The Solvency II market value of subordinated debt is estimated using discounted cash flows based on interest rates and credit spreads that apply to similar instruments. The Solvency II market value of other borrowed funds is generally based on quoted market prices or, if not available, on prices estimated by discounting expected future cash flows using a current market interest rate and credit spreads applicable to the yield, credit quality and maturity.

Valuation for Solvency purposes
Continued

Valuation differences between IFRS and Solvency II for Subordinated debt of EUR 207 million and other borrowed funds of EUR 229 million represent the difference between amortised cost and market value, excluding an own credit element.

Other presentation differences include the different presentation of accrued interest. Solvency II requires accrued interest to be presented as part of the interest bearing liabilities ('dirty market value') and not separately as other assets as in the 2016 Consolidated annual accounts of NN Group ('clean market value'). In addition to this presentation difference, subordinated debt presented as equity under IFRS is presented as liability under Solvency II. Total presentation differences for subordinated debt amounted to EUR 1,047 million as at 31 December 2016.

Debt securities issued in IFRS is presented in the standard Solvency II balance sheet format as other borrowed funds, causing a presentation difference of EUR -598 million.

Differences due to a different scope of consolidation amounted to EUR -3,341 million for the other borrowed funds as at 31 December 2016.

Customer deposits and other funds on deposit
NN Bank is the only group entity carrying these Customer deposits. As NN Bank is an Other financial sector ('OFS') entity and thus not consolidated for Solvency II purposes, no Customer deposits and other funds on deposit are recognised in the Solvency II balance sheet. This consolidation difference amounted to EUR -10,224 million as at 31 December 2016.

Liabilities for employee benefits
No significant liability for employee benefits exits in NN Group.

Other liabilities
Part of the other liabilities are the deferred tax liabilities. In the Solvency II balance sheet, deferred tax assets and liabilities are recognised and valued in conformity with IFRS (reference is made to section D.1 'Assets'- Other assets). However, due to the differences in valuation of assets and liabilities as set out in sections D.1 'Assets', D.2 'Technical provisions' and D.3 'Other liabilities', EUR -2,295 million lower deferred tax liabilities are recognised in the Solvency II balance sheet as at 31 December 2016.

In the IFRS balance sheet, other liabilities are reported at the notional amount. In the Solvency II balance sheet, other liabilities (with the exclusion of deferred taxes) are reported at market value. There are no significant valuation differences between IFRS and Solvency II for other liabilities as the market value is not significantly different from the notional value.

Presentation differences include the different presentation of accrued interest. Solvency II requires accrued interest to be presented as part of the interest bearing liability ('dirty market value') and not separately as other liabilities as in the 2016 Consolidated annual accounts of NN Group ('clean market value'). Presentation differences amounted to EUR -132 million as at 31 December 2016. Differences due to a different scope of consolidation amounted to EUR -1,727 million as at 31 December 2016.

Contingent liabilities and provisions
Part of the other liabilities are the contingent liabilities and provisions. In the IFRS balance sheet, provisions are recognised when:

- An entity has a present obligation (legal or constructive) as a result of a past event
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation
- A reliable estimate can be made of the amount of the obligation

In the IFRS balance sheet, provisions are recognised for the amount representing the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Contingent liabilities are not recognised in the IFRS balance sheet. These are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

In the Solvency II balance sheet, all material contingent liabilities are recognised as liabilities for the expected present value of future cash flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate term structure.

Valuation differences between IFRS and Solvency II for contingent liabilities and provisions represent:

- A recognition difference: contingent liabilities are not recognised in the IFRS balance sheet, but are recognised in the Solvency II balance sheet if the exposure can be reliably estimated
- A measurement difference: provisions are measured in the IFRS balance sheet using the best estimate outcome (i.e. the full amount that may be incurred), while Solvency II requires a provision for the probability weighted outcome (i.e. the probability multiplied by the impact of the differences as at 31 December 2016)

For more details on other provisions and contingent liabilities, reference is made to Note 44 'Contingent liabilities and commitments' and Note 45 'Legal proceedings' in the 2016 Consolidated annual accounts of NN Group.

Leasing
Information on operating lease arrangements are recognised in Note 30 'Other operating expenses' and Note 44 'Contingent liabilities and commitments' in the 2016 Consolidated annual accounts of NN Group. There are no financial lease arrangements within NN Group.

Expected profits in future premiums
For existing business, expected profits included in future premiums are reflected in the technical provisions and therefore contribute to the Own Funds. For more information on the expected profits in future premiums, reference is made to QRT S.23.01.22 'Own funds' as included in the Appendix.

Outflow of economic benefits
For the expected timing of the outflows of economic benefits reference is made to Note 51 'Risk management', section 'Liabilities' annual undiscounted cash flows' in the 2016 Consolidated annual accounts of NN Group. Uncertainties surrounding the amount or timing of the outflows of economic benefits is described in the Liquidity Risk paragraph in Note 51 'Risk management' in the 2016 Consolidated annual accounts of NN Group. The uncertainties in amount or timing of other liability cash flows are low. Deviation risk was not taken into account in the valuation of the other liabilities.

Changes during 2016
No significant changes were made to the recognition and valuation bases nor on estimations of the other liabilities during the reporting period.

D.4 Alternative methods for valuation
Differences within NN Group
The bases, methods and main assumptions used at NN Group level for the valuation for Solvency II purposes does not differ materially from those used by any of its subsidiaries.

Alternative valuation methods used
Alternative valuation methods are used by NN Group to determine the fair value of assets and liabilities if quoted market prices in active markets are unavailable. Reference is made to Note 36 'Fair value of financial assets and liabilities' and Note 37 'Fair value of non-financial assets' in the 2016 Consolidated annual accounts of NN Group for more information on the valuation approaches used.

D.5 Any other information
Active markets
Information on the criteria used to assess whether markets are active is included in Note 1 'Accounting policies' in the 2016 Consolidated annual accounts of NN Group. The valuation methods used if the markets are inactive are described in Note 36 'Fair value of financial assets and liabilities'.

Estimation uncertainties
Reference is made to 'Strategy and value creation' in the 2016 Annual Review of NN Group for assumptions and judgments used including those about the future. For the major sources of estimation uncertainty, reference is made to the Own funds at risk in Note 51 'Risk Management' in the 2016 Consolidated annual accounts of NN Group.

Other information
No other material information regarding the valuation of assets and liabilities for Solvency II purposes is relevant.

Capital management

E. Capital Management

Introduction

This chapter of the SFCR contains information on the capital management of NN Group, including the reconciliation of IFRS equity to Solvency II Own Funds, NN Group's Minimum Capital Requirement ('MCR') and detailed information on NN Group's Partial Internal Model.

E.1 Own funds

Reference is made to Note 53 'Capital and liquidity management' in the 2016 Consolidated annual accounts of NN Group for:

- The objectives, policies and processes employed by NN Group for managing its own funds, including information on the time horizon used for business planning and on any material changes over the reporting period
- The structure, amount and quality of own funds, including the extent to which each material own fund item is available and subordinated, as well as its duration and any other features that are relevant for assessing its quality
- The amount of eligible own funds to cover the SCR and MCR, classified by tiers

Solvency II Basic Own Funds represents the excess of assets over liabilities in the Solvency II balance sheet. It comprises the following items:

- Paid-in ordinary share capital and the related share premium account
- The amount equal to the value of net deferred tax assets
- A reconciliation reserve. The purpose of the reconciliation reserve is to reconcile the value of the above items to the total amount of the excess of assets over liabilities

NN Group did not have ancillary own funds during 2016 or as at 31 December 2016.

Impact of long term guarantees and transitional measures

The quantification of the impact of a change to zero of the volatility adjustment, transitional on technical provisions and transitional on interest rates on NN Group's financial position - represented by an adjustment on the amount of technical provisions, the SCR, the basic own funds and the eligible own funds is included in Section D.2 and QRT S.22.01.22 'Impact of long term guarantees and transitional measures' in the Appendix.

Items deducted from own funds

Under Solvency II, Own funds are reduced by 'foreseeable dividends, distributions and charges'. This requirement is different from reporting under IFRS where dividends are deducted from equity (and a corresponding liability is recognised) when they are declared and share buy-backs are deducted from equity (through 'treasury shares held') when these are executed.

Recognition of 'foreseeable dividends, distributions and charges' under Solvency II are relevant in four different circumstances:

1) Dividends (interim and final)

Under IFRS and Solvency II, dividends are deducted from equity when these are declared. Dividends are declared when these are approved. Interim dividends are approved when decided by the Executive Board. Final dividends are to be approved by the General meeting of Shareholders.

In addition, under Solvency II, proposed dividends that are not yet finally approved but form part of the appropriation of the net result for the year are foreseeable dividends as from the date the decision to distribute has been made by the Executive Board. If such decision is made after the balance sheet date but before the publication date, these are reflected as foreseeable dividends. Dividends that are approved after the balance sheet date and relate to the new period/year (i.e. are not part of the appropriation of the result for the period), are not reflected as foreseeable dividends at the reporting date.

2) Coupons on undated notes

Certain funding transactions through undated perpetual notes with discretionary interest payments qualify as equity under IFRS. Under IFRS, the coupons on these notes are deducted from equity when these become irrevocably due. This implies that coupons are deducted from equity at the earlier of the following dates:

- On the date of payment
- On the date on which the otherwise discretionary payment becomes contractually required; this may be the case when the contract specifies triggers for mandatory coupon payment, such as the declaration/payment of dividend on ordinary shares and/or a purchase of own shares within a certain period

Under Solvency II, certain undated perpetual notes are recognised as Solvency capital. Coupon payments on such instruments are considered to be distributions and fall under the requirements for 'foreseeable dividends, distributions and charges'. Whilst a coupon may be discretionary (and, as such, there is no contractual requirement to pay), in normal circumstances it is expected that these will be paid. As such, these must be recognised as a foreseeable distribution on an accrual basis. If and when a trigger occurred under IFRS and the full annual coupon is already recognised under IFRS, the same amount is recognised under Solvency II. Consequently, the deduction from Solvency II Own funds is the higher of the accrued amount (if no liability is recognised under IFRS) and the full annual coupon (if recognised under IFRS).

Capital management
Continued

3) Coupons on funding liabilities
Under IFRS, coupons on funding classified as liabilities are recognised on an accrual basis.

Under Solvency II, certain funding liabilities are recognised as capital (Tier 1 or Tier 2). Coupons payable on these instruments are in scope of 'foreseeable dividends, distributions and charges'. Coupons are deducted from Own Funds on an accrual basis. The treatment is the same as under IFRS. The same applies to instruments that are liabilities (not capital) under Solvency II.

4) Purchase of own shares
Under IFRS, (re)purchased own shares ('share buy backs') are deducted from equity upon execution of the repurchase (the so-called 'trade date'). In case of a share purchase programme that is executed over time, execution takes place at different points in time and, therefore, deduction from equity occurs at every specific execution date.

Under Solvency II, when own shares are (re)purchased, these are considered to be distributions to shareholders. As such, they fall under the requirements for 'foreseeable dividends, distributions and charges'. Purchases of own shares become foreseeable when the Executive Board has decided on a purchase. In case of a share purchase programme that is executed over time, but is decided upon as one programme, the full (maximum) repurchase under the programme is deducted from own Funds at the date the Executive Board approves the programme.

Quantitative explanation of the material differences between IFRS equity and excess assets over liabilities as calculated for solvency purposes is provided further in this section and section D 'Valuation for Solvency Purposes'.

Additional ratios
No additional ratios are disclosed in the Solvency and Financial Condition Report other than the ratios included in QRT S.23.01.22 'Own funds' as included in the Appendix.

Analysis of significant changes in own funds
Reference is made to Note 53 'Capital and liquidity management' of the 2016 Consolidated annual accounts of NN Group for an analysis of significant changes in own funds.

The principal loss-absorbency mechanism
During 2016, subordinated liabilities issued by NN Group and recognised as Tier 1 solvency capital had no principal loss-absorbency mechanism in place.

Reconciliation reserve
The reconciliation reserve equals the total excess of assets over liabilities reduced by the following key elements:

- Paid-in ordinary share capital and related share premium account
- Paid-in preference shares and related share premium account
- The amount of own shares held by NN Group
- The amount equal to the value of net deferred tax assets
- Foreseeable dividends, distributions and charges

The reconciliation reserve is included in QRT S.23.01.22 'Own funds' in the Appendix to this report.

Foreseeable dividends, distributions and charges amount to EUR 505 million and include the proposed final 2016 dividend of EUR 307 million, the outstanding amount of EUR 140 million of the share repurchase programme for the stock dividends issued in 2016 and the accrued coupons on the eligible subordinated debt of EUR 58 million.

Capital management
Continued

Reconciliation IFRS equity to Own Funds

Reconciliation IFRS equity to Solvency II Basic Own Funds

As at 31 December 2016. In EUR million	2016
IFRS Shareholders' Equity	22,706
Elimination of deferred acquisition costs and intangible assets	-816
Valuation differences on assets	1,594
Valuation differences on liabilities, including insurance and investment contracts	-12,455
Deferred tax effect on valuation differences	2,887
Difference in treatment of non-solvency II regulated entities	-1,182
Excess of assets over liabilities	**12,734**
Deduction of participation in NN Bank	-605
Subordinated loans	3,037
Foreseeable dividends and distributions	-505
Basic Own Funds	**14,660**

The differences between IFRS Shareholders' Equity in NN Group's 2016 annual accounts and Solvency II Basic Own Funds of NN Group as at 31 December 2016 are mainly caused by:

- Consolidation differences: Other Financial Sector (OFS) entities, including Institutions for Occupational Retirement Provision (IORP) and insurance entities outside the European Economic Area (non-EEA) (NN Life Japan) controlled by NN Group are not consolidated, but rather recognised as associate in the Solvency II balance sheet and measured based on local/ relevant (sectoral) rules. The Own Funds of these entities are added separately to the Own Funds of NN Group
- Valuation differences:
  - Intangible assets are not recognised under Solvency II
  - Deferred acquisition costs are not recognised under Solvency II as separate balance sheet item
  - Loans and advances are measured differently on the IFRS and Solvency II balance sheets
  - Reinsurance contracts are measured differently
  - Subordinated loans are measured differently
  - Insurance and investment contract liabilities are measured differently
  - The other adjustments mainly consist of the change in net Deferred Tax Assets or Deferred Tax Liabilities caused by using different valuations for some Solvency II balance sheet items whilst the tax base of these items remained the same
- Other differences:
  - Hybrid capital issued by NN Group to NN Bank is deducted to prevent double counting
  - Foreseeable dividends and distributions are recognised for Solvency II purposes when determining the basic own funds; dividends are recognised in the IFRS balance sheet after they are declared

Reference is made to section D 'Valuation for Solvency Purposes' for more information on the valuation and consolidation differences between IFRS and Solvency II.

Own funds issued by other group entities
During 2016, no own funds items have been issued (externally) by an undertaking of the group other than NN Group itself.

Intra-group transactions
NN Group own funds have been calculated net of any intra-group transactions with other Solvency II entities within the group, but including intra-group transactions with non-Solvency II entities within NN Group.

Eligibility, transferability and fungibility of Own Funds
For the legal and supervisory limits on freely distributable capital, reference is made to Note 13 'Equity' of the NN Group 2016 Consolidated annual accounts. Reference is made to Note 53 'Capital and liquidity management' of the NN Group 2016 Consolidated annual accounts for the restrictions affecting eligibility, transferability and fungibility of Own Funds of NN Group and related undertakings.

E.2 Solvency Capital Requirement and Minimum Capital Requirement
SCR
Reference is made to QRT S.25.02.22 in the Appendix and Note 52 'Risk management' of the 2016 Consolidated annual accounts of NN Group for the amount of the SCR split by risk categories.

Capital management
Continued

NN Group determined the SCR including:
- Loss-absorbing capacity of technical provisions ('LAC TP'). LAC TP is the part of the technical provisions that can be used to absorb some of the SCR shock losses, as the expected future profit sharing to policyholders will be reduced if actual losses would arise. LAC TP is applicable to insurance policies with discretionary profit sharing
- Loss-absorbing capacity of deferred taxes ('LAC DT'). NN Group's total loss in a 1-in-200 adverse event would be offset by tax recoveries and these are recognised to the extent to be expected to be recoverable. The determination of LACDT is significantly dependent on various assumptions, such as capitalisation assumptions, the assumed investment returns and the projection period.

Reference is made to QRT S.25.02.22 'Solvency Capital Requirement' in the Appendix.

Deferred tax under Solvency II
The total deferred tax amount in Solvency II arises from:

- Taxable or deductible temporary differences because the carrying amount of assets or liabilities in the Solvency II balance sheet differs from the tax base of those assets or liabilities. These differences multiplied by the tax rate are recognised as a net deferred tax liability or a net deferred tax asset (per legal entity) in the balance sheet. Reference is made to section D.1 'Assets' for the deferred tax asset recognised in the Solvency II balance sheet.
- The LAC DT on the SCR.
- Unused tax losses that are available for carry forward for tax purposes.

Not all valuation differences between the tax basis and Solvency II and SCR shocks will lead to deferred tax as certain elements are exempt for tax. For example: valuation differences on equity securities and the equity shock in the SCR would normally not result in a deferred tax effect when equity returns are exempt from tax. Therefore, these are excluded from the valuation differences and SCR amounts in order to arrive at the deferred tax balances for Solvency II.

The total deferred tax amount for Solvency II is therefore built up in a number of steps:

- deferred tax assets on unused tax losses
- +/- deferred tax assets/liabilities from valuation differences between IFRS and tax basis (except for non-taxable items)
- = deferred tax asset/liability in the IFRS balance sheet (deferred tax for IFRS)
- +/- deferred tax assets/liabilities from valuation differences between Solvency II and IFRS (except for non-taxable items)
- = deferred tax asset/liability in the Solvency II balance sheet (deferred tax for Own Funds)
- \+ deferred tax on SCR (LAC DT on the SCR) (except for non-taxable items)
- = total deferred tax amount for Solvency II

The 'total deferred tax amount for Solvency II' represents the deferred tax position that would be reflected in a Solvency II balance sheet that is fully shocked in line with the SCR shock. Any net deferred tax asset/benefit - whether for IFRS, Own Funds or SCR - must be tested for recoverability. The general guidance on assessing recoverability is summarised as follows:

Tax assets can only be recognised when it is concluded that their recoverability is probable. This applies to both deferred tax assets from timing differences, deferred tax assets from unused tax losses carried forward and the LAC DT on the SCR.

Deferred tax assets are recoverable when:

- There are sufficient deferred tax liabilities relating to the same taxation authority and the same taxable entity. These deferred tax liabilities must be expected to reverse either in the same period as the tax asset or in periods into which a tax loss can be carried back or forward
- It is probable that the entity will have sufficient taxable profit relating to the same taxation authority and the same taxable entity in the same period as the reversal of the deductible temporary difference (or in the periods into which a tax loss arising from the deferred tax asset can be carried back or forward)
- Tax planning opportunities are available

Deferred taxes in the IFRS and Solvency II balance sheet are nominal, undiscounted, amounts. Therefore, recoverability testing also only considers nominal, undiscounted, amounts.

Specific guidance applies under Solvency II in respect of item b. 'Sufficient taxable profit' as, different from IFRS, this refers to Solvency II based profits (before and after a shock event) and not to regular (IFRS-based) profits.

In order to assess the recoverability of deferred tax, the total deferred tax amount for Solvency II (i.e. deferred tax in the Solvency II balance sheet plus the LAC DT on the SCR) must be equal to or lower than the total recoverable deferred tax amount in a Solvency II environment.

The recoverable amount must be assessed at the legal entity level and may not - except for the Solvency II balance sheet deferred tax asset only - include amounts from other entities in the Group, independent of existing fiscal unities or tax groups. While from a legal, tax and economic perspective the recoverability would benefit from the existence of a fiscal unity and therefore the benefit from a fiscal unity is 'real', the guidance as published by DNB prohibits reflecting the benefit of a fiscal unity in supporting the LAC DT on the SCR. The fiscal unity may be reflected in supporting the deferred tax asset in the Solvency II balance sheet.

As the total deferred tax amount for Solvency II (i.e. the deferred tax asset that exists in a fully shocked SCR balance sheet) is the highest amount, it acts as starting point for the recoverability test. This total amount reflects the differences between the tax values and the Solvency II values for all assets and liabilities and the tax benefit on the SCR. Only if the total deferred tax is non-recoverable, the recoverability of the deferred tax in Own Funds becomes separately relevant.

Due to the strong balance sheet of NN Group, it is reasonable to assume that NN Group can continue as a going concern after the shock, without a need to generate external additional capital and without a need to de-risk. The tax recoverability test of NN Group is performed on this basis.

The total recoverable deferred tax amount in a Solvency II environment may come from various sources and includes both recoverability from items that never impact taxable profits and reverse over time as well as sources of profits and losses that would emerge in a Solvency II environment or a Solvency II environment after a SCR-type shock would have occurred. The recoverability is therefore based on an estimation of the total taxable results (including both income and expenses) that is expected to arise in a Solvency II environment after the shock. The sources of recoverability include all components of the estimated future taxable results, irrespective whether these are income ('profit') or expense ('loss').

The following items are included in determining the total recoverable deferred tax amount:

- Reversal of the amount of the risk margin in the technical provision
- Reversal of other valuation differences
- Taxable return on capital directly after the shock for one year
- Taxable return on capital after recovery to 100% SCR within one year for a certain period
- Investment return on assets backing insurance liabilities in excess of interest on technical provisions
- Investment return on assets backing interest bearing liabilities in excess of funding cost
- Holding results (funding, expenses, result from non-Solvency II entities)

NN Group has sufficient recoverable amounts to support the total deferred tax position recognised.

The net deferred tax asset is classified as Tier 3 capital. Tier 3 capital cannot exceed 15% of the Group Consolidated SCR. Further information on Tiering is included in Note 53 'Capital and liquidity management' in the 2016 Consolidated annual accounts of NN Group.

MCR

MCR

In EUR million.	2016	2015
Eligible Own Funds to cover Minimum Capital Requirements	10,803	10,797
of which Tier 1 unrestricted	8,414	8,470
of which Tier 1 Restricted	1,919	1,844
of which Tier 2	470	483
Minimum Capital Requirements (or The sum of the Minimum Capital Requirements of the related undertakings)	**2,348**	**2,414**

The MCR for the group is calculated as the sum of the MCR's of the participating insurance and reinsurance undertakings.

Method of consolidation
Reference is also made to section D.1 Assets in this report for the methods used to consolidate entities within NN Group for Solvency II reporting purposes.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement
NN Group has not used the duration-based equity risk sub-module during the reporting period.

E.4 Differences between the standard formula and any internal model used
Internal Model vs Standard Formula
NN Group applies a Partial Internal Model as it better reflects the risk profile of the Dutch insurance entities and contains additional benefits for risk management purposes, whilst the Standard Formula adequately captures the risk profile of the international businesses.

Capital management
Continued

In particular:

- An Internal Model approach better reflects the specific assets and therefore the market risk in the portfolio of NN Life e.g. property risk, sovereign and other credit spread risks. In addition, the approach to the most significant non-market risks within NN Life such as longevity (trend uncertainty) and expense risk (closed block treatment) is better tailored to the specific portfolio characteristics and statutory reserves set up according to local company law
- An Internal Model approach better reflects the reinsured risks of NN Re (Netherlands) N.V. A significant proportion of the NN Re risks are a share of the NN Non-life risks where an Internal Model approach is applied. Variable Annuity risks are not adequately addressed by the Standard Formula. The Internal Model captures the combined market risks and the dynamics of the hedging programmes more accurately
- In the case of Disability/Morbidity Risks, the product features and experience in the Dutch market are different from those in the wider European market, e.g. greater emphasis is placed on claimants returning to work in the Netherlands
- In the case of the non-life catastrophe windstorm risk in P&C products, the Internal Model better reflects the risk profile in the NN portfolio which differs due to the type of property
- The Standard Formula diversification assumptions do not recognise all the diversification of risks that exists in the NN portfolios

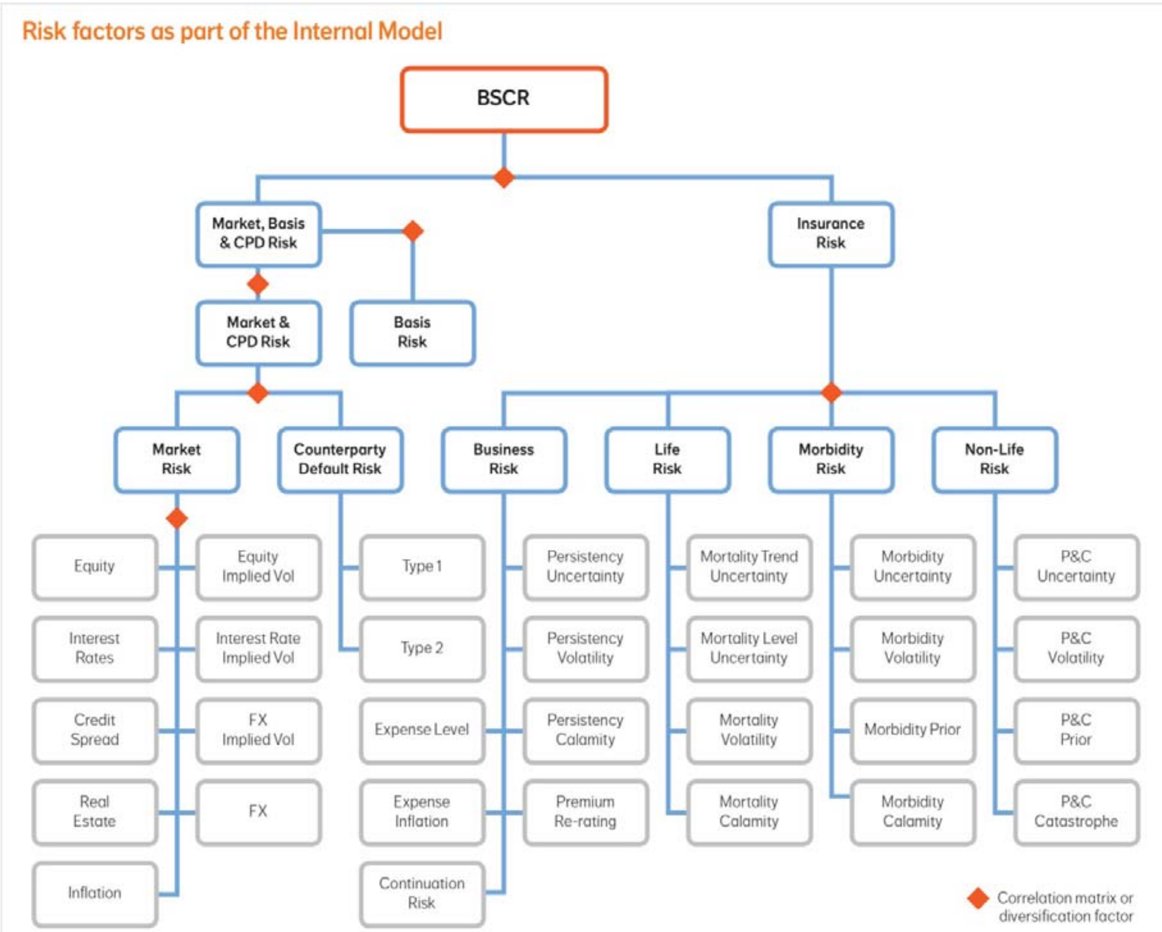
In the Internal Model a further consideration is given to the reduction of the pro-cyclicality of the spread risk when calculating the SCR in a similar manner as the VOLA. Reference is made to section D.2 for further information on NN Group's 'Dynamic VOLA'.

There are no differences between the internal models used at individual undertaking level and the internal model used to calculate the Group SCR.

Capital management
Continued

Risks covered by the Internal Model which are not –or differently- covered in the Standard Formula

Risk arises from the possibility that actual experience will negatively deviate from expectations, which results in economic losses for NN Group. In this respect, NN Group identified the following risk factors and developed probability distributions for these various risk factors, as part of its Internal Model, which leads to the Basic Solvency Capital requirement ('BSCR'):



In addition to the risks covered in the Standard Formula, the Internal Model includes the following risks:

- Inflation risk is defined as the risk associated with adverse changes in both realised and future expected inflation rates
- Equity implied volatility refers to the possibility of adverse changes in Solvency II own funds due to adverse changes in the level of equity implied volatilities
- Interest rate implied volatility refers to the possibility of adverse changes in Solvency II own funds due to adverse changes in the level of interest rate implied volatilities
- Foreign Exchange implied volatility refers to the possibility of adverse changes in Solvency II own funds due to adverse changes in the level of foreign currency implied volatilities
- Basis risk is the risk that occurs if the underlying asset or liability behaves differently than the underlying hedge instrument
- Continuation risk refers to political, country or legal risk

Capital management
Continued

The most important differences between the Internal Model and the Standard Formula in covered risk factors are:

- Interest Rate Risk:
  - The Internal Model incorporates several shocks, including non-parallel ones, to the curve instead of only two parallel shocks used in the Standard Formula
  - When interest rates are at low levels, the Internal Model uses absolute shocks, while the Standard Formula uses relative shocks
  - In the Internal Model, first, the shock is applied to the interest rates and then the resulting rates are extrapolated to the Ultimate Forward rate. In the Standard Model the interest rates are first extrapolated to the Ultimate Forward rate and afterwards the shock is applied.
- Equity Risk:
  - Level of shocks differs mainly because it is calibrated to the equity portfolio of NN Group
- Credit Spread:
  - Shocks in the Internal Model apply to all fixed income assets, whereas the Standard Formula does not apply shocks to the bonds issued by countries which are EU members
- Real Estate Risk:
  - Shock applied in the Standard Formula is calibrated to historical prices observed in the UK property market, while the shock in the Internal Model is calibrated to actual exposures of NN Group
- Counterparty Default Risk:
  - Counterparty Default Risk module in the Standard Formula includes shocks applied to mortgage exposure, which are included under the Credit Spread module in the Internal Model
- Diversification within the Market Risk module:
  - The Internal Model assumes significant diversification between interest rate risk, on the one hand and Credit Spread and Equity risks, on the other. Under the Standard Formula, diversification between these risks is different
- Life Risk:
  - Under the Internal Model, longevity risk (i.e. future longevity trend) is based on a multiyear model, whereas under the Standard Formula the longevity risk is estimated by permanently decreasing all mortality rates by the same fixed percentage

Structure of the Partial Internal Model
The BSCR in the Partial Internal Model is calculated as follows: the Internal Model Dutch business aggregate total SCR is combined with the Standard Formula International business aggregate total SCR using a correlated sum– recognising a Solvency II regulation based diversification between the Dutch and International businesses. At a lower level, diversification between the Dutch entities is based on Internal Model and between the international entities is based on Standard Formula.

Capital requirements for operational risk are calculated in NN Group's entities based on the Standard Formula and added to the combined BSCR.

Next, loss absorption effects from technical provisions and taxes are included. Finally, capital requirements for non-modelled entities are added.

The table below shows the results for the steps described above.

SCR

In EUR million.	2016	2015
Internal Model entities	5,178	4,908
Standard Formula entities	782	845
Diversification	-207	-183
PIM Basic Solvency Capital Requirement	**5,752**	**5,570**
Operational Risk	442	436
Capital add-on	30	57
Loss-Absorbing Capacity of Technical Provisions	-50	-39
Loss-Absorbing Capacity of Deferred Taxes	-1,298	-1,210
Non-modelled Solvency II Entities	123	89
Solvency II entities	**4,999**	**4,903**
Non-Solvency II entities	460	684
Total Solvency Capital Requirement	**5,459**	**5,587**

Capital management
Continued

The nature and appropriateness of the data used in the internal model
Market data is collected from pre-defined external data sources. The market data methodologies are based on the following key principles:

- All relevant market data must be used when it is available and is of sufficient quality, i.e. data derived from deep, liquid and transparent ('DLT') markets; for most of the market risk models NN Group uses standard well-established market data sources, i.e. Bloomberg, Barclays
- The market data used should be of sufficient quality; e.g. for most of the market risk models standard well established market data sources are used, i.e. Bloomberg, Barclays. The data is analysed for correctness as part of the calibration process
- From the last observable liquid market data point, extrapolation methods must be used to complete the data set
- Extrapolated market data should:
  - Be free of arbitrage
  - Be based on sound theoretical assumptions and/or expert judgment
  - Follow a smooth path from the entry point to the unconditional long-term level
- Estimates of ultimate long-term rates or levels should be stable over time and only change because of changes in long-term expectations

Qualitative and quantitative information on the material sources of group diversification effects
The material group diversification effects arises from:

- Diversification within market risk module of EUR 3,109 million as at 31 December 2016 including diversification effects between interest rate risk, on the one hand and credit spread and equity risk, on the other
- Diversification between market risk and non-market risk of EUR 2,246 million as at 31 December 2016

Differences between Internal Model used at individual undertaking level and at the group level
There are no differences between any Internal Models used locally and at the Group level. The Group uses central models for market risk and counterparty default risk, which are also applied by all entities using Internal Models.

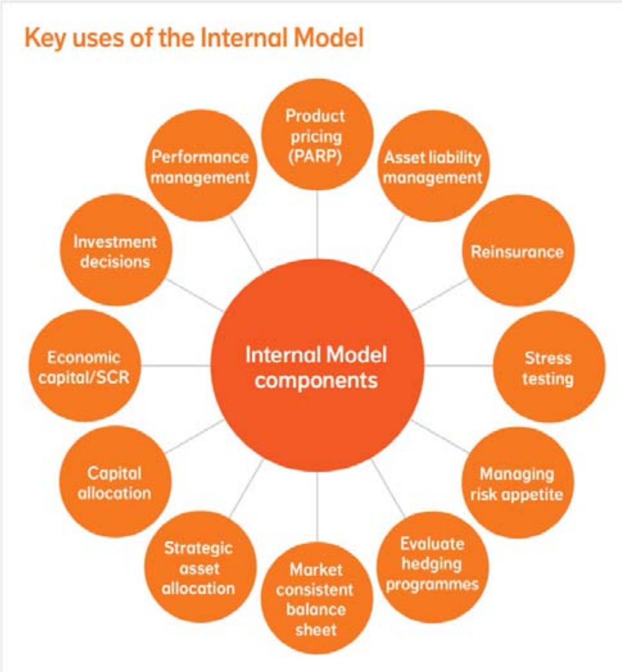
Entities in the scope of the internal model have their specific models for non-market risk, which are then aggregated at the Group level for the Group SCR calculation.

The uses of the Internal model
The Internal Model allows NN Group to treat different risk management activities in a consistent way:

- The model provides a framework which is consistent across risk types, businesses and the key uses such as market valuation, capitalisation, product pricing, investments, monitoring of risk appetite and risk mitigation/transfer
- The model facilitates adequate risk management at all levels of the organisation and provides a framework to measure, monitor and manage risks versus NN Group's risk appetite
- The model allows NN Group to manage risk in many different ways, e.g.:
  - Manage individual risk types at a much more granular approach, i.e. a stochastic (loss distribution) approach
  - Manage volatility in a stochastic rather than deterministic approach
  - Supports valuation, scenario- and stress analysis by running scenarios in a simple way using replicating portfolios
- The model allows NN Group to proactively define its risk measurement and management approach rather than awaiting (generic) industry changes to the Standard Formula

The Internal Model is used for different purposes (NN Group uses the internal model to measure the Own Funds at Risk (OFaR) (or Regulatory Capital at Risk) across its entities. Reference is made to Note 52 'Risk Management' in the 2016 Consolidated annual accounts of NN Group for the differences versus the model used to calculate the Solvency Capital Requirement). It is used to measure and manage the risks at all levels within the company, thus covering the entire loss distribution. This information is not only used to determine the SCR to cover tail risks but it is also used for, amongst others, wider risk management, capital management and business decisions such as product pricing and asset allocation. The following diagram provides an overview of the key uses of the Internal Model.

Capital management
Continued



The methods used in the internal model for the calculation of the probability distribution forecast and the Solvency Capital Requirement
For the market risk models the Normal Inverse Gaussian ('NIG') distribution is mostly used. The class of the NIG distributions is a flexible set of distributions that includes fat-tailed and skewed distributions. For some market risk models e.g. for the real estate risk model where fewer data points are available, the Normal or t-distribution are used.

Where there is lack of annual data, higher frequency data is used for the calibration of the distribution parameters. The distribution is then annualised for the calculation of the SCR.

To assess the quality of the calibration, the goodness-of-fit tests and back testing are applied.

Reference is made to Note 53 'Capital and liquidity management' in the 2016 Consolidated annual accounts of NN Group for more information on:

- The entities in scope of NN Group's Internal Model
- The risk measure and time period used in the Internal Model

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement
NN Group complied with the MCR and the SCR during the reporting period.

E.6 Any other information
Reference is made to Note 53 'Capital and liquidity management' in the 2016 Consolidated annual accounts of NN Group for any other material information regarding the capital management of NN Group, including the cash capital position at the holding company, financial leverage and credit ratings of NN Group.

Subsequent events
Reference is made to Note 50 'Other events' in the 2016 Consolidated annual accounts of NN Group for the nature and the effect of material events arising after the balance sheet date which are not reflected in the balance sheet, if any.

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Amounts in thousands of euros

Appendix: Quantitative Reporting Templates that form part of the Solvency and Financial Condition Report

This appendix includes certain Quantitative Reporting Templates ('QRTs') of NN Group, required to be reported to DNB and to be publicly disclosed :

Reference number	Title	Description
S.02.01.02	Balance sheet	Balance sheet information using Solvency II valuation methodology
S.05.01.02	Premiums, claims and expenses by line of business	Information on premiums, claims and expenses using the valuation and recognition principles used in NN Group's Consolidated annual report
S.05.02.01	Premiums, claims and expenses by country	Information on premiums, claims and expenses by country using the valuation and recognition principles used NN Group's Consolidated annual report
S.22.01.22	Impact of long term guarantees and transitional measures	Information on the impact of the long term guarantee and transitional measures
S.23.01.22	Own funds	Information on own funds, including basic own funds
S.25.02.22	Solvency Capital Requirement	Information on the Solvency Capital Requirement calculated using the standard formula and a partial internal model
S.32.01.22	Undertakings in the scope of the group	Information on the undertakings in the scope of the group

All amounts in this appendix are recorded in EUR 1,000.

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

S.02.01.02 Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	
Deferred tax assets	R0040	847,484
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	76,781
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	86,650,580
Property (other than for own use)	R0080	2,028,182
Holdings in related undertakings, including participations	R0090	4,930,817
Equities	R0100	3,431,474
Equities - listed	R0110	3,064,866
Equities - unlisted	R0120	366,608
Bonds	R0130	62,433,626
Government Bonds	R0140	47,173,709
Corporate Bonds	R0150	12,153,032
Structured notes	R0160	545,595
Collateralised securities	R0170	2,561,290
Collective Investments Undertakings	R0180	7,071,034
Derivatives	R0190	4,533,568
Deposits other than cash equivalents	R0200	2,209,884
Other investments	R0210	11,994
Assets held for index-linked and unit-linked contracts	R0220	22,394,130
Loans and mortgages	R0230	19,883,855
Loans on policies	R0240	80,618
Loans and mortgages to individuals	R0250	14,416,840
Other loans and mortgages	R0260	5,386,397
Reinsurance recoverables from:	R0270	219,846
Non-life and health similar to non-life	R0280	22,106
Non-life excluding health	R0290	21,345
Health similar to non-life	R0300	761
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	139,983
Health similar to life	R0320	46,260
Life excluding health and index-linked and unit-linked	R0330	93,724
Life index-linked and unit-linked	R0340	57,757
Deposits to cedants	R0350	3,576
Insurance and intermediaries receivables	R0360	308,642
Reinsurance receivables	R0370	42,072
Receivables (trade, not insurance)	R0380	261,701
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	1,199,250
Any other assets, not elsewhere shown	R0420	416,564
Total assets	**R0500**	**132,304,480**

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	1,210,560
Technical provisions – non-life (excluding health)	R0520	1,018,560
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	961,046
Risk margin	R0550	57,515
Technical provisions - health (similar to non-life)	R0560	192,000
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	180,058
Risk margin	R0590	11,942
Technical provisions - life (excluding index-linked and unit-linked)	R0600	81,458,810
Technical provisions - health (similar to life)	R0610	2,399,793
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	2,267,860
Risk margin	R0640	131,932
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	79,059,018
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	75,859,981
Risk margin	R0680	3,199,037
Technical provisions – index-linked and unit-linked	R0690	24,198,223
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	23,461,381
Risk margin	R0720	736,842
Other technical provisions	R0730	
Contingent liabilities	R0740	17,000
Provisions other than technical provisions	R0750	174,601
Pension benefit obligations	R0760	84,024
Deposits from reinsurers	R0770	48,561
Deferred tax liabilities	R0780	305,214
Derivatives	R0790	1,837,135
Debts owed to credit institutions	R0800	3,027,278
Financial liabilities other than debts owed to credit institutions	R0810	2,111,868
Insurance & intermediaries payables	R0820	892,863
Reinsurance payables	R0830	42,630
Payables (trade, not insurance)	R0840	414,850
Subordinated liabilities	R0850	3,542,302
Subordinated liabilities not in Basic Own Funds	R0860	505,593
Subordinated liabilities in Basic Own Funds	R0870	3,036,709
Any other liabilities, not elsewhere shown	R0880	204,516
Total liabilities	**R0900**	**119,570,436**
Excess of assets over liabilities	**R1000**	**12,734,044**

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

S.05.01.02 Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)								
		Medical expense insurance	Income protection insurance	Workers' compen-sation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090
Premiums written										
Gross - Direct Business	R0110	4,459	297,775		160,939	127,288	17,318	410,181	127,758	
Gross - Proportional reinsurance accepted	R0120	24	2		803		6	1,133	1,530	
Gross - Non-proportional reinsurance accepted	R0130									
Reinsurers' share	R0140	3,538	4,549		163	306	32	6,565	671	
Net	R0200	945	293,228		161,579	126,982	17,292	404,749	128,617	
Premiums earned										
Gross - Direct Business	R0210	4,459	296,452		161,536	128,303	17,906	410,680	128,326	
Gross - Proportional reinsurance accepted	R0220	-27	2		-330		-1	980	1,304	
Gross - Non-proportional reinsurance accepted	R0230									
Reinsurers' share	R0240	3,538	4,609		163	306	32	6,273	699	
Net	R0300	894	291,845		161,043	127,997	17,873	405,387	128,931	
Claims incurred										
Gross - Direct Business	R0310	9,243	172,483	265	138,285	81,505	9,290	222,654	79,356	
Gross - Proportional reinsurance accepted	R0320	1			210		3	409	16,287	
Gross - Non-proportional reinsurance accepted	R0330									
Reinsurers' share	R0340	8,867	2,291					2,223	405	
Net	R0400	377	170,192	265	138,495	81,505	9,293	220,840	95,238	
Changes in other technical provisions										
Gross - Direct Business	R0410	-4,502						171	-1,066	
Gross - Proportional reinsurance accepted	R0420	7			81		0	26	-10,348	
Gross - Non- proportional reinsurance accepted	R0430									
Reinsurers' share	R0440	-4,559					3	-1	-1,421	
Net	R0500	64			81		-3	198	-9,993	
Expenses incurred	**R0550**		**101,362**	**-2**	**79,256**	**47,018**	**7,727**	**185,359**	**74,903**	
Other expenses	R1200									
Total expenses	R1300									

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)			Line of Business for: accepted non-proportional reinsurance				Total
		Legal expenses insurance	Assistance	Miscella-neous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written									
Gross - Direct Business	R0110	45,547		2,178					1,193,443
Gross - Proportional reinsurance accepted	R0120								3,498
Gross - Non-proportional reinsurance accepted	R0130				2,683	3,227	692	14,072	20,674
Reinsurers' share	R0140	17			636	524	246	6,823	24,070
Net	R0200	45,530		2,178	2,047	2,703	446	7,249	1,193,545
Premiums earned									
Gross - Direct Business	R0210	45,557		2,239					1,195,458
Gross - Proportional reinsurance accepted	R0220								1,928
Gross - Non-proportional reinsurance accepted	R0230				2,683	3,227	692	14,072	20,674
Reinsurers' share	R0240	18			636	524	246	6,823	23,867
Net	R0300	45,539		2,239	2,047	2,703	446	7,249	1,194,193
Claims incurred									
Gross - Direct Business	R0310	26,777		201					740,059
Gross - Proportional reinsurance accepted	R0320								16,910
Gross - Non-proportional reinsurance accepted	R0330					2,362	4,468	1,063	7,893
Reinsurers' share	R0340						486		14,272
Net	R0400	26,777		201		2,362	3,982	1,063	750,590
Changes in other technical provisions									
Gross - Direct Business	R0410								-5,397
Gross - Proportional reinsurance accepted	R0420								-10,234
Gross - Non- proportional reinsurance accepted	R0430				25	1,895	-5,986	2,291	-1,775
Reinsurers' share	R0440					2,568	-2,518		-5,928
Net	R0500				25	-673	-3,468	2,291	-11,478
Expenses incurred	**R0550**	**16,357**		**738**					**512,718**
Other expenses	**R1200**								**1,907**
Total expenses	**R1300**								**514,625**

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit partici-pation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsu-rance	Life reinsu-rance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	724,394	1,120,742	1,578,058	4,741,890			63	40,912	8,206,059
Reinsurers' share	R1420	20,190	29,749	414	102,733				188	153,274
Net	R1500	704,204	1,090,993	1,577,644	4,639,157			63	40,724	8,052,785
Premiums earned										
Gross	R1510	743,330	1,128,291	1,582,068	4,736,873			63	40,912	8,231,537
Reinsurers' share	R1520	20,143	29,759	447	98,492				188	149,029
Net	R1600	723,187	1,098,532	1,581,621	4,638,381			63	40,724	8,082,508
Claims incurred										
Gross	R1610	446,893	2,686,919	3,861,080	3,833,196				31,078	10,859,166
Reinsurers' share	R1620	17,526	26,964	-7	51,521				1,231	97,235
Net	R1700	429,367	2,659,955	3,861,087	3,781,675				29,847	10,761,931
Changes in other technical provisions										
Gross	R1710	13,085	-1,136,077	-2,328,465	2,261,735				-62,729	-1,252,451
Reinsurers' share	R1720	4,224	-1,883	35	1,308				868	4,552
Net	R1800	8,861	-1,134,194	-2,328,500	2,260,427				-63,597	-1,257,003
Expenses incurred	**R1900**	**201,481**	**281,346**	**334,312**	**824,741**				**24,396**	**1,666,276**
Other expenses	**R2500**									**13,660**
Total expenses	**R2600**									**1,679,937**

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

S.05.02.01 Premiums, claims and expenses by country

		Home country	Total for top 5 countries and home country (by amount of gross premiums written)					Total
			C0020	C0030	C0040	C0050	C0060	
			BE - Kingdom of Belgium	ES - Kingdom of Spain	RO - Romania	UK - United Kingdom of Great Britain and Northern Ireland	PL - Republic of Poland	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	1,045,056	133,779	29,918	2,190	7		1,210,950
Gross - Proportional reinsurance accepted	R0120	3,498						3,498
Gross - Non-proportional reinsurance accepted	R0130	3,162						3,162
Reinsurers' share	R0140	14,380	619	7,774	1,285			24,058
Net	R0200	1,037,336	133,160	22,144	905	7		1,193,552
Premiums earned								
Gross - Direct Business	R0210	1,047,046	135,639	28,253	2,021			1,212,959
Gross - Proportional reinsurance accepted	R0220	1,928						1,928
Gross - Non-proportional reinsurance accepted	R0230	3,162						3,162
Reinsurers' share	R0240	14,409	619	7,542	1,285			23,855
Net	R0300	1,037,727	135,020	20,711	736			1,194,194
Claims incurred								
Gross - Direct Business	R0310	675,355	53,590	13,282	133			742,360
Gross - Proportional reinsurance accepted	R0320	16,907	3					16,910
Gross - Non-proportional reinsurance accepted	R0330	1,923	3,661					5,584
Reinsurers' share	R0340	9,285	489	4,483	14			14,271
Net	R0400	684,900	56,765	8,799	119			750,583
Changes in other technical provisions								
Gross - Direct Business	R0410		1,163	171				1,334
Gross - Proportional reinsurance accepted	R0420	-11,954	-631					-12,585
Gross - Non-proportional reinsurance accepted	R0430	1,391	-7,548					-6,157
Reinsurers' share	R0440	-3,449	-2,481					-5,930
Net	R0500	-7,114	-4,535	171				-11,478
Expenses incurred	**R0550**	**441,590**	**64,477**	**5,614**	**1,036**			**512,717**
Other expenses	**R1200**							**1,907**
Total expenses	**R1300**							**514,624**

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

		Home country	Total for top 5 countries and home country (by amount of gross premiums written)					Total
			C0020	C0030	C0040	C0050	C0060	
			EA - Eastern Asia	BE - Kingdom of Belgium	HE - Hellenic Republic	ES - Kingdom of Spain	PL - Republic of Poland	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross	R1410	2,724,917	3,225,726	427,177	403,166	438,602	311,728	7,531,316
Reinsurers' share	R1420	29,439	79,005	2,024	4,263	31,475	2,268	148,474
Net	R1500	2,695,478	3,146,721	425,153	398,903	407,127	309,460	7,382,842
Premiums earned								
Gross	R1510	2,730,795	3,225,624	426,898	411,756	437,826	310,917	7,543,816
Reinsurers' share	R1520	25,560	79,005	1,966	4,263	31,122	2,268	144,184
Net	R1600	2,705,235	3,146,619	424,932	407,493	406,704	308,649	7,399,632
Claims incurred								
Gross	R1610	4,643,460	3,690,297	1,063,638	284,175	405,543	229,130	10,316,243
Reinsurers' share	R1620	18,321	45,459	2,481	3,299	26,232	751	96,543
Net	R1700	4,625,139	3,644,838	1,061,157	280,876	379,311	228,379	10,219,700
Changes in other technical provisions								
Gross	R1710	114,544	-1,212,951	-451,234	83,168	94,163	43,492	-1,328,818
Reinsurers' share	R1720	5,085	1,345	-1,981				4,449
Net	R1800	109,459	-1,214,296	-449,253	83,168	94,163	43,492	-1,333,267
Expenses incurred	**R1900**	**670,738**	**407,379**	**137,797**	**97,134**	**86,353**	**90,433**	**1,489,834**
Other expenses	**R2500**							**9,234**
Total expenses	**R2600**							**1,499,068**

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

S.22.01.22 Impact of long term guarantees and transitional measures

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero [1]	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	106,867,594	605,202	146,957	1,201,862	
Basic own funds	R0020	14,660,444	-420,377	-146,957	-901,921	
Eligible own funds to meet Solvency Capital Requirement	R0050	13,148,829	-162,958	-61,711	-817,551	
Solvency Capital Requirement	R0090	5,458,813		-3,240	4,911,849	

1 This reflects the impact to set the volatility adjustment to zero; it does not reflect second order impacts, such as changes to LAC DT (which is kept constant).

Reference is made to Section D.2. for more information on the impact of long term guarantees and transitional measures.

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

S.23.01.22 Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	40,182	40,182			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	12,153,121	12,153,121			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	-812,207	-812,207			
Subordinated liabilities	R0140	3,036,709		1,919,304	1,117,405	
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	847,484				847,484
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190	1,414,910	1,327,397		74,210	13,303
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210	12,336	12,336			
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	1,006,496	1,006,496			
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260	620,700	620,700			
Total of non-available own fund items	R0270	1,427,245	1,339,732		74,210	13,303
Total deductions	**R0280**	**3,054,441**	**2,966,928**		**74,210**	**13,303**
Total basic own funds after deductions	**R0290**	**12,210,848**	**8,414,168**	**1,919,304**	**1,043,194**	**834,182**

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	**R0400**					
Own funds of other financial sectors						
Reconciliation reserve	R0410	230,278	230,278			
Institutions for occupational retirement provision	R0420	171,373	171,373			
Non regulated entities carrying out financial activities	R0430	0	0			
Total own funds of other financial sectors	R0440	401,651	401,651			
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450	620,700	620,700			
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	620,700	620,700			
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	12,210,848	8,414,168	1,919,304	1,043,194	834,182
Total available own funds to meet the minimum consolidated group SCR	R0530	11,376,666	8,414,168	1,919,304	1,043,194	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	12,126,478	8,414,168	1,919,304	1,043,194	749,812
Total eligible own funds to meet the minimum consolidated group SCR	R0570	10,803,059	8,414,168	1,919,304	469,587	
Minimum consolidated Group SCR	**R0610**	**2,347,936**				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	**4.60**				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	**13,148,829**	**9,436,519**	**1,919,304**	**1,043,194**	**749,812**
Group SCR	**R0680**	**5,458,813**				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	**2.41**				

Reconciliation reserve

Reconciliation reserve		**C0060** **Amount**
Excess of assets over liabilities	R0700	12,734,044
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	505,463
Other basic own fund items	R0730	13,040,788
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	
Reconciliation reserve	R0760	-812,207
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	1,157,471
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	59,344
Total Expected profits included in future premiums (EPIFP)	**R0790**	**1,216,815**

S.25.02.22 Solvency Capital Requirement – for groups using the standard formula and partial internal model

Unique number of component/ Components description	Calculation of the Solvency Capital Requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios	Consideration of the future management actions regarding technical provisions and/or deferred taxes	Amount modelled
C0010/ C0020	**C0030**	**C0050**	**C0060**	**C0070**
Market Risk (SF)	409,098			409,098
Market Risk (PIM)	3,164,117			3,164,117
Counterparty Default Risk (SF)	88,724			88,724
Counterparty Default Risk (PIM)	311,691			311,691
Life Underwriting Risk (SF)	472,867			472,867
Life Underwriting Risk (PIM)	3,278,662			3,278,662
Health Underwriting Risk (SF)	103,249			103,249
Health Underwriting Risk (PIM)	245,373			245,373
Non-life Underwriting Risk (SF)	46,707			46,707
Non-life Underwriting Risk (PIM)	384,924			384,924
Operational Risk (SF)	68,565			68,565
Operational Risk (PIM)	372,976			372,976
Operational Risk (non-modelled SII entities)	123,333			
LAC TP (PIM)	-50,219			-50,219
LAC DT (SF)	-138,287			-138,287
LAC DT (PIM)	-1,159,348			-1,159,348

NN Group did not use undertaking specific parameters or simplifications in determining the components of the Standard formula as set out above to ensure alignment, SRC for Non Modelled Solvency II entities has been linked in C0100 to the category Operational Risk.

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

Calculation of Solvency Capital Requirement

		Amount
		C0100
Total undiversified components	R0110	7,860,432
Diversification	R0060	-2,891,205
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	**R0200**	**4,969,227**
Capital add-ons already set	R0210	29,519
Solvency capital requirement for undertakings under consolidated method	**R0220**	**4,998,746**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	-50,219
Amount/estimate of the overall loss-absorbing capacity of deferred taxes	R0310	-1,297,635
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	
Net future discretionary benefits	R0460	7,844
Minimum consolidated group solvency capital requirement	**R0470**	**2,347,936**
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	198,048
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	86,284
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	111,764
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	
SCR for undertakings included via D and A	R0560	262,019
Solvency capital requirement	**R0570**	**5,458,813**

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

S.32.01.22 Undertakings in the scope of the group

Country	Identification code of entity	Type of code of the ID of the Undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
Belgium	549300P1862TXM0YEB58	LEI	NN Insurance Belgium N.V.	Life insurer	N.V.	Non-mutual	National Bank of Belgium (NBB)
Belgium	0890.270.750	Company Code	NN Insurance Services Belgium N.V.	Non-life insurer	N.V.	Non-mutual	National Bank of Belgium (NBB)
Greece	121801401000	Company Code	NN Hellenic Life Insurance Co. S.A.	Life insurer	S.A.	Non-mutual	Bank of Greece
Hungary	01-10-041574	Company Code	NN Biztosító Zártkörûen Mûködõ Részvénytár-saság	Life insurer	Részvénytársaság	Non-mutual	Magyar Nemzeti Bank (MNB)
Luxembourg	5493007R99FGPQYTLQ81	LEI	NN Life Luxembourg S.A.	Life insurer	S.A.	Non-mutual	Banque centrale du Luxembourg (BCL)
Netherlands	72450089HOKNKBXZW470	LEI	NN Non-Life insurance N.V.	Non-life insurer	N.V.	Non-mutual	De Neder-landsche Bank (DNB)
Netherlands	54930050LBZUR4138I72	LEI	NN Re (Nether-lands) N.V.	Non-life insurer	N.V.	Non-mutual	De Neder-landsche Bank (DNB)
Netherlands	724500ZSI5VWIQ5PA676	LEI	Movir N.V.	Non-life insurer	N.V.	Non-mutual	De Neder-landsche Bank (DNB)
Netherlands	7245000CR0LNYKWUS634	LEI	Nationale-Nederlanden Schade-verzekering Maat-schappij N.V.	Non-life insurer	N.V.	Non-mutual	De Neder-landsche Bank (DNB)
Netherlands	724500L7T6JR7V9S1O28	LEI	Nationale-Nederlanden Levens-verzekering Maat-schappij N.V.*)	Life insurer	N.V.	Non-mutual	De Neder-landsche Bank (DNB)
Poland	SC/0000025443	Company Code	Nationale Nederlanden Towarzystwo Ubezpieczen na Zycie S.A.	Life insurer	S.A.	Non-mutual	Narodowy Bank Polski (NBP)
Romania	J40/475/1997	Company Code	NN Asigurari de Viata S.A.	Life insurer	S.A.	Non-mutual	National Bank of Romania (BNR)

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

Country	Identification code of entity	Type of code of the ID of the Undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
Slovakia	3157008IZ14ZP307A433	LEI	NN Životná poist'ovna, a.s.*)	Life insurer	S.A.	Non-mutual	Národná Banka Slovenska (NBS)
Spain	A-81946501	Company Code	Nationale Nederlanden Generales, Compania de Seguros y Reaseguros, S.A.	Non-life insurer	S.A.	Non-mutual	Banco de España
Spain	95980020140005328872	LEI	Nationale Nederlanden Vida, Compania de Seguros y Reaseguros. S.A.	Life insurer	S.A.	Non-mutual	Banco de España
Netherlands	SE00072	Company Code	Nationale-Nederlanden Inter-nationale Schadever-zekering Ltd.	Non-life insurer	Ltd.	Non-mutual	De Neder-landsche Bank (DNB)
Ireland	258798	Company Code	NN Re (Ireland) Limited	Life insurer	Ltd.	Non-mutual	Central Bank of Ireland
Japan	549300Z97MFLU58LWK39	LEI	NN Life Insurance Company, Ltd.	Life insurer	Sa (KK)	Non-mutual	Financial Service Agency
Japan	0100-01-136288	Company Code	NN Agency Company, ltd	Life insurer	Sa (KK)	Non-mutual	Financial Service
Romania	J40/475/1997.2	Company Code	NN Fond de Pensii SA Romania	Institutions for occupational retirement provision	S.A.	Non-mutual	Private Pension System Supervisory Commission
Slovakia	35902981	Company Code	NN dôchodková správcovská spolocnost' a.s.	Institutions for occupational retirement provision	A.S.	Non-mutual	Office for Financial Market
Romania	J40/9766/2007	Company Code	NN Pensii Societate de Administrare a unui Fond de Pensii Administrat Privat S.A.	Institutions for occupational retirement provision	S.A.	Non-mutual	Private Pension System Supervisory Commission (CSSPP)
Bulgaria	7644/98	Company Code	NN Pensionno-Osigoritelno Druzestvo EAD	Institutions for occupational retirement provision	EAD	Non-mutual	Financial Supervisory Commission

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

Country	Identification code of entity	Type of code of the ID of the Undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
Czech Republic	315700R2GWHJJLOF7381	LEI	NN Penzijní spolecnost, a.s.	Institutions for occupational retirement provision	A.S.	Non-mutual	CNB (Central Bank of the Czech Republic)
Poland	42153	Company Code	NN Powszechne Towarzystwo Emerytalne S.A.	Institutions for occupational retirement provision	S.A.	Non-mutual	Financial Supervisory Authority (FSA Poland)
Slovakia	35976853	Company Code	VSP Tatry - Sympatia, d.d.s., a.s.	Institutions for occupational retirement provision	A.S.	Non-mutual	National Bank of Slovakia
Hungary	01-10-043980	Company Code	NN Szolgáltató és Tanácsadó Zártköruen Muködö Részvénytár-saság	Other	Részvénytár-saság	Non-mutual	N.A. (Undertaking not regulated)
Turkey	863257	Company Code	Orange Sigorta Aracilik Hizmetleri A.S.	Other	A.S.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	724500BICUQ0LF1AH770	LEI	Nationale-Nederlanden Bank N.V.	Credit institution, investment firms and financial institutions	N.V.	Non-mutual	De Neder-landsche Bank (DNB)
Netherlands	27093787	Company Code	Zicht B.V.	Other	B.V.	Non-mutual	Autoriteit Financiele Markten (AFM)
Poland	KRS 27325	Company Code	Nationale Nederlanden Uslugi Finansowe S.A.	Other	S.A.	Non-mutual	Financial Supervisory Authority (FSA Poland)
Netherlands	27092819	Company Code	Mandema en Partners B.V.	Other	B.V.	Non-mutual	Autoriteit Financiele Markten (AFM)
Netherlands	33002043	Company Code	Nationale-Nederlanden Intertrust B.V.	Other	B.V.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	30107623	Company Code	Private Equity Investments II B.V.	Other	B.V.	Non-mutual	N.A. (Undertaking not regulated)

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

Country	Identification code of entity	Type of code of the ID of the Undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
Netherlands	27068646	Company Code	Wijkertunnel Beheer I B.V.	Other	B.V.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	7245002XM4Y0LBZ60634	LEI	REI Investment I B.V.	Other	B.V.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	56522525	Company Code	Private Equity Investments B.V.	Other	B.V.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	59293012	Company Code	Korea Investment Fund B.V.	Other	B.V.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	30000678	Company Code	NN Investment Partners Holdings N.V.	Other	N.V.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	62094114	Company Code	Mittelstand Senior Debt Investment B.V.	Other	B.V.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	33260757	Company Code	Nationale-Nederlanden Interfinance B.V.	Insurance holding company as defined in Art. 212§ [f] of Directive 2009/138/EC	B.V.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	52525589	Company Code	NN Insurance Asia N.V.	Insurance holding company as defined in Art. 212§ [f] of Directive 2009/138/EC	N.V.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	27193850	Company Code	NN Insurance Support Nederland B.V.	Insurance holding company as defined in Art. 212§ [f] of Directive 2009/138/EC	B.V.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	33262127	Company Code	Nationale-Nederlanden Holdinvest B.V.	Other	B.V.	Non-mutual	N.A. (Undertaking not regulated)
Turkey	491142.2	Company Code	NN Hayat v e Emeklilik A.S.	Life insurer	A.S.	Non-mutual	Treasury Undersecretariat

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

Country	Identification code of entity	Type of code of the ID of the Undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
Netherlands	724500OHYNDT9OY6Q215	Company Code	NN Group N.V.	Insurance holding company as defined in Art. 212§ [f] of Directive 2009/138/EC	N.V.	Non-mutual	De Nederlandsche Bank (DNB)
Netherlands	'724500LSEYWJHXZ58E54	LEI	NN Insurance International B.V.	Insurance holding company as defined in Art. 212§ [f] of Directive 2009/138/EC	B.V.	Non-mutual	N.A. (Undertaking not regulated)
Luxembourg	B135305	Company Code	NN Lux Insurance International S.A.	Insurance holding company as defined in Art. 212§ [f] of Directive 2009/138/EC	S.A.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	52403424	Company Code	NN Insurance Eurasia N.V.	Insurance holding company as defined in Art. 212§ [f] of Directive 2009/138/EC	N.V.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	33231790	Company Code	Nationale-Nederlanden Nederland B.V.	Insurance holding company as defined in Art. 212§ [f] of Directive 2009/138/EC	B.V.	Non-mutual	N.A. (Undertaking not regulated)
United Kingdom	02634701	Company Code	Nationale-Nederlanden Overseas Finance and Investment Company	Other	Unlimited with Shares	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	33002024	Company Code	NN Continental Europe Holdings B.V.	Other	B.V.	Non-mutual	N.A. (Undertaking not regulated)
Netherlands	57489408	Company Code	Infrastructure Debt Investments B.V.	Other	B.V.	Non-mutual	N.A. (Undertaking not regulated)

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

Legal Name of the undertaking						Criteria of influence	Inclusion in the scope of Group supervision		Group solvency calculation
0	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
NN Insurance Belgium N.V.	100	100	100		Significant	100	Included in the scope of the group		Full consoli-dation
NN Insurance Services Belgium N.V.	100	100	100		Signifcant	100	Included in the scope of the group		Full consoli-dation
NN Hellenic Life Insurance Co. S.A.	100	100	100		Signifcant	100	Included in the scope of the group		Full consoli-dation
NN Biztosító Zártkörûen Mûködõ Részvénytársaság	100	100	100		Significant	100	Included in the scope of the group		Full consoli-dation
NN Life Luxembourg S.A.	100	100	100		Significant	100	Included in the scope of group supervision		Full consoli-dation
NN Non-Life insurance N.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consoli-dation
NN Re (Netherlands) N.V.	100	100	100		Significant	100	Included in the scope of the group		Full consoli-dation
Movir N.V.	100	100	100		Signifcant	100	Included in the scope of the group		Full consoli-dation
Nationale-Nederlanden Schadeverzekering Maatschappij N.V.	100	100	100		Significant	100	Included in the scope of the group		Full consoli-dation
Nationale-Nederlanden Levensverzekering Maatschappij N.V.*)	100	100	100		Significant	100	Included in the scope of the group		Full consoli-dation
Nationale Nederlanden Towarzystwo Ubezpieczen na Zycie S.A.	100	100	100		Signifcant	100	Included in the scope of the group		Full consoli-dation
NN Asigurari de Viata S.A.	100	100	100		Signifcant	100	Included in the scope of the group		Full consoli-dation
NN Životná poist'ovna, a.s.*)	100	100	100		Significant	100	Included in the scope of the group		Full consoli-dation

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

Legal Name of the undertaking					Criteria of influence		Inclusion in the scope of Group supervision		Group solvency calculation
0	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Nationale Nederlanden Generales, Compania de Seguros y Reaseguros, S.A.	100	100	100		Signifcant	100	Included in the scope of the group		Full consoli-dation
Nationale Nederlanden Vida, Compania de Seguros y Reaseguros. S.A.	100	100	100		Signifcant	100	Included in the scope of the group		Full consoli-dation
Nationale-Nederlanden Internationale Schadeverzekering Ltd..	100	100	100		Significant	100	Included in the scope of group supervision		Full consoli-dation
NN Re (Ireland) Limited	100	100	100		Significant	100	Included in the scope of group supervision		Full consoli-dation
NN Life Insurance Company, Ltd.	100	100	100		Significant	100	Included in the scope of the group		Deduction and Aggre-gation - local rules
NN Agency Company, ltd	100	100	100		Significant	100	Included in the scope of the group		Deduction and Aggre-gation - local rules
NN Fond de Pensii SA Romania	100	100	100		Significant	100	Included in the scope of the group		Sectoral rules
NN dôchodková správcovská spolocnost' a.s.	100	100	100		Significant	100	Included into scope of group supervision		Sectoral rules
NN Pensii Societate de Administrare a unui Fond de Pensii Administrat Privat S.A.	100	100	100		Significant	100	Included in the scope of the group		Sectoral rules
NN Pensionno-Osigoritelno Druzestvo EAD	100	100	100		Significant	100	Included in the scope of the group		Sectoral rules
NN Penzijní spolecnost, a.s.	100	100	100		Significant	100	Included in the scope of the group		Sectoral rules
NN Powszechne Towarzystwo Emerytalne S.A.	100	100	100		Significant	100	Included in the scope of the group		Sectoral rules

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

Legal Name of the undertaking					Criteria of influence		Inclusion in the scope of Group supervision		Group solvency calculation
0	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Nationale-Nederlanden Bank N.V.	100	100	100		Significant	100	Included into scope of group supervision		Sectoral rules
Zicht B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consoli-dation
Nationale Nederlanden Uslugi Finansowe S.A.	100	100	100		Significant	100	Included in the scope of the group		Full consoli-dation
Mandema en Partners B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consoli-dation
Nationale-Nederlanden Intertrust B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consoli-dation
Private Equity Investments II B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consoli-dation
Wijkertunnel Beheer I B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consoli-dation
REI Investment I B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consolidation
Private Equity Investments B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consoli-dation
Korea Investment Fund B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consoli-dation
NN Investment Partners Holdings N.V.	100	100	100		Significant	100	Included into scope of group supervision		Sectoral rules
Mittelstand Senior Debt Investment B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consoli-dation
Nationale-Nederlanden Interfinance B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consoli-dation

Appendix 1: Quantitative Reporting Templates of the Solvency and Financial Condition Report Continued

Legal Name of the undertaking	**Criteria of influence**						**Inclusion in the scope of Group supervision**		**Group solvency calculation**
0	**% capital share**	**% used for the establishment of consolidated accounts**	**% voting rights**	**Other criteria**	**Level of influence**	**Proportional share used for group solvency calculation**	**Yes/No**	**Date of decision if art. 214 is applied**	**Method used and under method 1, treatment of the undertaking**
C0040	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
NN Insurance Asia N.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consolidation
NN Insurance Support Nederland B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consolidation
Nationale-Nederlanden Holdinvest B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consolidation
NN Hayat v e Emeklilik A.S.	100	100	100		Significant	100	Included in the scope of the group		Full consolidation
NN Group N.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consolidation
NN Insurance International B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consolidation
NN Lux Insurance International S.A.	100	100	100		Significant	100	Included into scope of group supervision		Full consolidation
NN Insurance Eurasia N.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consolidation
Nationale-Nederlanden Nederland B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consolidation
Nationale-Nederlanden Overseas Finance and Investment Company	100	100	100		Significant	100	Included in the scope of the group		Full consolidation
NN Continental Europe Holdings B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consolidation
Infrastructure Debt Investments B.V.	100	100	100		Significant	100	Included into scope of group supervision		Full consolidation

This report is available as a pdf file on
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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 2016 NN Group Consolidated Annual Accounts, except as indicated in chapter D 'Valuation for Solvency Purposes' of the 2016 Solvency and Financial Condition Report.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements in this document 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 eurozone, (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, (13) changes in the policies 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 us 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 and (18) the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by NN Group and/or related to NN Group.

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