

**NN Group N.V.**  
**31 March 2017**  
**Condensed**  
**consolidated**  
**interim accounts**



# Condensed consolidated interim accounts

## Condensed consolidated interim accounts

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## Condensed consolidated balance sheet

Amounts in millions of euros, unless stated otherwise

### Condensed consolidated balance sheet

	notes	31 March 2017	31 December 2016
<b>Assets</b>			
Cash and cash equivalents		10,827	8,634
Financial assets at fair value through profit or loss:			
– investments for risk of policyholders		26,282	30,711
– non-trading derivatives		3,817	4,421
– designated as at fair value through profit or loss		618	873
Available-for-sale investments	2	78,637	79,767
Loans	3	34,007	33,920
Reinsurance contracts		262	231
Associates and joint ventures	4	3,001	2,698
Real estate investments		2,137	2,028
Property and equipment		88	86
Intangible assets	5	338	342
Deferred acquisition costs		1,715	1,631
Assets held for sale	6	2,491	6
Other assets	7	3,191	3,152
<b>Total assets</b>		<b>167,411</b>	<b>168,500</b>
<b>Equity</b>			
Shareholders' equity (parent)		22,108	22,695
Minority interests		12	12
Undated subordinated notes		986	986
<b>Total equity</b>	8	<b>23,106</b>	<b>23,693</b>
<b>Liabilities</b>			
Subordinated debt	9	2,301	2,288
Debt securities issued	9	1,093	598
Other borrowed funds		6,028	7,646
Insurance and investment contracts	10	113,628	115,708
Customer deposits and other funds on deposit		10,603	10,224
Financial liabilities at fair value through profit or loss:			
– non-trading derivatives		1,602	2,008
Liabilities held for sale	6	2,473	2
Other liabilities	11	6,577	6,333
<b>Total liabilities</b>		<b>144,305</b>	<b>144,807</b>
<b>Total equity and liabilities</b>		<b>167,411</b>	<b>168,500</b>

Amounts for 2016 have been restated for the change in NN Group's accounting policy for the Reserve Adequacy Test. Reference is made to Note 1 'Accounting policies' for more details.

## Condensed consolidated profit and loss account

### Condensed consolidated profit and loss account

notes	1 January to 31 March 2017	1 January to 31 March 2016
Gross premium income	3,399	3,280
Investment income	1,001	958
Result on disposals of group companies	9	
– gross fee and commission income	236	235
– fee and commission expenses	-90	-85
Net fee and commission income:	146	150
Valuation results on non-trading derivatives	-38	430
Foreign currency results and net trading income	-65	15
Share of result from associates and joint ventures	77	80
Other income	16	8
<b>Total income</b>	<b>4,545</b>	<b>4,921</b>
– gross underwriting expenditure	3,709	4,075
– investment result for risk of policyholders	-264	-69
– reinsurance recoveries	-19	-18
Underwriting expenditure:	3,426	3,988
Intangible amortisation and other impairments	1	13
Staff expenses	297	302
Interest expenses	108	126
Other operating expenses	169	161
<b>Total expenses</b>	<b>4,001</b>	<b>4,590</b>
<b>Result before tax</b>	<b>544</b>	<b>331</b>
Taxation	109	61
<b>Net result</b>	<b>435</b>	<b>270</b>

### Net result

	1 January to 31 March 2017	1 January to 31 March 2016
Net result attributable to		
Shareholders of the parent	435	270
<b>Net result</b>	<b>435</b>	<b>270</b>

### Earnings per ordinary share

amounts in euros	1 January to 31 March 2017	1 January to 31 March 2016
Earnings per ordinary share		
Basic earnings per ordinary share	1.32	0.81
Diluted earnings per ordinary share	1.32	0.80

Reference is made to Note 15 'Earnings per ordinary share' for the disclosure on the Earnings per ordinary share.

## Condensed consolidated statement of comprehensive income

### Condensed consolidated statement of comprehensive income

	1 January to 31 March 2017	1 January to 31 March 2016
<b>Net result</b>	<b>435</b>	<b>270</b>
- unrealised revaluations available-for-sale investments and other	-1,072	2,936
- realised gains/losses transferred to the profit and loss account	-109	-23
- changes in cash flow hedge reserve	-332	962
- deferred interest credited to policyholders	513	-1,250
- share of other comprehensive income of associates and joint ventures		1
- exchange rate difference	60	7
Items that may be reclassified subsequently to the profit and loss account:	-940	2,633
- remeasurement of the net defined benefit asset/liability	-2	-21
- unrealised revaluations property in own use		-2
Items that will not be reclassified to the profit and loss account:	-2	-23
<b>Total other comprehensive income</b>	<b>-942</b>	<b>2,610</b>
<b>Total comprehensive income</b>	<b>-507</b>	<b>2,880</b>
Comprehensive income attributable to:		
Shareholders of the parent	-507	2,880
<b>Total comprehensive income</b>	<b>-507</b>	<b>2,880</b>

## Condensed consolidated statement of cash flows

### Condensed consolidated statement of cash flows

	notes	1 January to 31 March 2017	1 January to 31 March 2016
Result before tax		544	331
Adjusted for:			
- depreciation		10	11
- deferred acquisition costs and value of business acquired		-49	-31
- underwriting expenditure (change in insurance liabilities)		318	657
- other		-16	-467
Taxation paid		-69	-62
Changes in:			
- non-trading derivatives		-122	93
- other financial assets at fair value through profit or loss		197	-159
- loans		-568	-778
- other assets		40	100
- customer deposits and other funds on deposit		379	605
- financial liabilities at fair value through profit or loss - non-trading derivatives		-174	685
- other liabilities		239	-267
<b>Net cash flow from operating activities</b>		<b>729</b>	<b>718</b>
Investments and advances:			
- associates and joint ventures		-140	-127
- available-for-sale investments		-2,455	-2,924
- real estate investments		-83	-1
- property and equipment		-7	-6
- investments for risk of policyholders		-1,659	-1,867
- other investments		-17	-208
Disposals and redemptions:			
- group companies		26	
- associates and joint ventures		47	89
- available-for-sale investments		2,257	1,634
- investments for risk of policyholders		4,205	5,406
- other investments		442	1
<b>Net cash flow from investing activities</b>		<b>2,616</b>	<b>1,997</b>
Proceeds from subordinated loans	9	836	
Repayments of subordinated loans	9	-823	
Proceeds from other borrowed funds		2,051	3,212
Repayments of other borrowed funds		-3,665	-2,697
Proceeds from debt securities issued	9	495	
Purchase/sale of treasury shares	8	-76	-241
<b>Net cash flow from financing activities</b>		<b>-1,182</b>	<b>274</b>
<b>Net cash flow</b>		<b>2,163</b>	<b>2,989</b>

## Condensed consolidated statement of cash flows

Continued

### Cash and cash equivalents

	1 January to 31 March 2017	1 January to 31 March 2016
Cash and cash equivalents at beginning of the period	8,634	7,436
Net cash flow	2,163	2,989
Effect of exchange rate changes on cash and cash equivalents	44	21
<b>Cash and cash equivalents at end of the period</b>	<b>10,841</b>	<b>10,446</b>
Cash and cash equivalents comprises the following items:		
Cash and cash equivalents	10,827	10,446
Cash and cash equivalents classified as assets held for sale	14	
<b>Cash and cash equivalents at end of the period</b>	<b>10,841</b>	<b>10,446</b>



## Condensed consolidated statement of changes in equity

### Condensed consolidated statement of changes in equity (2017)

	Share capital	Share premium	Reserves	Total Share- holders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
<b>Balance as at 1 January 2017</b>	<b>40</b>	<b>12,153</b>	<b>10,502</b>	<b>22,695</b>	<b>12</b>	<b>986</b>	<b>23,693</b>
Unrealised revaluations available-for-sale investments and other			-1,072	-1,072			-1,072
Realised gains/losses transferred to the profit and loss account			-109	-109			-109
Changes in cash flow hedge reserve			-332	-332			-332
Deferred interest credited to policyholders			513	513			513
Exchange rate differences			60	60			60
Remeasurement of the net defined benefit asset/liability			-2	-2			-2
<b>Total amount recognised directly in equity (Other comprehensive income)</b>	<b>0</b>	<b>0</b>	<b>-942</b>	<b>-942</b>	<b>0</b>	<b>0</b>	<b>-942</b>
Net result for the period			435	435			435
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-507</b>	<b>-507</b>	<b>0</b>	<b>0</b>	<b>-507</b>
Purchase/sale of treasury shares			-76	-76			-76
Employee stock option and share plans			-4	-4			-4
<b>Balance as at 31 March 2017</b>	<b>40</b>	<b>12,153</b>	<b>9,915</b>	<b>22,108</b>	<b>12</b>	<b>986</b>	<b>23,106</b>

## Condensed consolidated statement of changes in equity

Continued

### Condensed consolidated statement of changes in equity (2016)

	Share capital	Share premium	Reserves	Total Share- holders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
<b>Balance as at 1 January 2016</b>	<b>40</b>	<b>12,153</b>	<b>8,265</b>	<b>20,458</b>	<b>9</b>	<b>986</b>	<b>21,453</b>
Unrealised revaluations available-for-sale investments and other			2,936	2,936			2,936
Realised gains/losses transferred to the profit and loss account			-23	-23			-23
Changes in cash flow hedge reserve			962	962			962
Deferred interest credited to policyholders			-1,250	-1,250			-1,250
Share of other comprehensive income of associates and joint ventures			1	1			1
Exchange rate differences			7	7			7
Remeasurement of the net defined benefit asset/liability			-21	-21			-21
Unrealised revaluations property in own use			-2	-2			-2
<b>Total amount recognised directly in equity (Other comprehensive income)</b>	<b>0</b>	<b>0</b>	<b>2,610</b>	<b>2,610</b>	<b>0</b>	<b>0</b>	<b>2,610</b>
Net result for the period			270	270			270
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>2,880</b>	<b>2,880</b>	<b>0</b>	<b>0</b>	<b>2,880</b>
Purchase/sale of treasury shares			-241	-241			-241
Employee stock option and share plans			-6	-6			-6
Changes in composition of the group and other changes			-3	-3			-3
<b>Balance as at 31 March 2016</b>	<b>40</b>	<b>12,153</b>	<b>10,895</b>	<b>23,088</b>	<b>9</b>	<b>986</b>	<b>24,083</b>

Amounts for 2016 have been restated for the change in NN Group's accounting policy for the Reserve Adequacy Test. Reference is made to Note 1 'Accounting policies' for more details.

# Notes to the condensed consolidated interim accounts

## 1 Accounting policies

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

These Condensed consolidated interim accounts should be read in conjunction with the 2016 NN Group Consolidated annual accounts.

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

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

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

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

### Changes in accounting policies

#### Reserve Adequacy Test (RAT)

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

As of 1 January 2017, the following policy applies:

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

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

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

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

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

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

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

## Notes to the condensed consolidated interim accounts

Continued

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

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

## 2 Available-for-sale investments

### Available-for-sale investments

	31 March 2017	31 December 2016
<b>Equity securities:</b>		
– shares in NN Group managed investment funds	2,111	1,989
– shares in third-party managed investment funds	1,700	1,711
– other	3,640	3,288
<b>Equity securities</b>	<b>7,451</b>	<b>6,988</b>
Debt securities	71,186	72,779
<b>Available-for-sale investments</b>	<b>78,637</b>	<b>79,767</b>

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

### Total exposure to debt securities

	31 March 2017	31 December 2016
Available-for-sale investments	71,186	72,779
Loans	1,788	1,935
<b>Available-for-sale investments and loans</b>	<b>72,974</b>	<b>74,714</b>
Investments for risk of policyholders	1,058	1,352
Designated as at fair value through profit or loss	148	241
<b>Financial assets at fair value through profit or loss</b>	<b>1,206</b>	<b>1,593</b>
<b>Total exposure to debt securities</b>	<b>74,180</b>	<b>76,307</b>

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

## Notes to the condensed consolidated interim accounts

Continued

### Debt securities by type

	Available-for-sale investments		Loans			Total	
	31 December		31 December			31 December	
	31 March 2017	2016	31 March 2017	2016	31 March 2017	2016	
Government bonds	53,834	56,042			53,834	56,042	
Covered bonds	293	320			293	320	
Corporate bonds	10,663	10,409			10,663	10,409	
Financial institution bonds	4,953	4,863			4,953	4,863	
<b>Bond portfolio (excluding ABS)</b>	<b>69,743</b>	<b>71,634</b>	<b>0</b>	<b>0</b>	<b>69,743</b>	<b>71,634</b>	
US RMBS	539	233			539	233	
Non-US RMBS	809	784	1,376	1,487	2,185	2,271	
CDO/CLO	13	35	2	4	15	39	
Other ABS	82	93	410	444	492	537	
<b>ABS portfolio</b>	<b>1,443</b>	<b>1,145</b>	<b>1,788</b>	<b>1,935</b>	<b>3,231</b>	<b>3,080</b>	
<b>Debt securities – available-for-sale investments and loans</b>	<b>71,186</b>	<b>72,779</b>	<b>1,788</b>	<b>1,935</b>	<b>72,974</b>	<b>74,714</b>	

### Reclassifications to Loans (2009)

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

Years after reclassification	31 March 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011	31 December 2010	31 December 2009
Carrying value	389	404	533	809	1,098	1,694	3,057	4,465	5,550
Fair value	474	526	676	984	1,108	1,667	2,883	4,594	5,871
Unrealised fair value gains/losses in shareholders' equity (before tax)	-168	-171	-203	-213	-111	-186	-307	-491	-734
Effect on shareholders' equity (before tax) if reclassification had not been made	85	122	143	175	10	-27	-174	129	321
Effect on result (before tax) if reclassification had not been made	nil	nil	nil	nil	nil	nil	nil	nil	nil
Effect on result (before tax) after the reclassification (mainly interest income)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	121
Effect on result (before tax) for the year (interest income and sales results)	nil	nil	1	-2	-10	-47	90	89	n.a.
Impairments (before tax)	nil	nil	nil	nil	nil	nil	nil	nil	nil
Provisions for credit losses (before tax)	nil	nil	nil	nil	nil	nil	nil	nil	nil

## Notes to the condensed consolidated interim accounts

Continued

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

### 3 Loans

#### Loans

	31 March 2017	31 December 2016
Loans secured by mortgages	26,290	25,699
Unsecured loans	5,010	4,936
Asset-backed securities	1,788	1,935
Deposits	653	1,097
Policy loans	273	259
Other	68	74
<b>Loans-before loan loss provisions</b>	<b>34,082</b>	<b>34,000</b>
Loan loss provisions	-75	-80
<b>Loans</b>	<b>34,007</b>	<b>33,920</b>

#### Changes in Loan loss provisions

	31 March 2017	31 December 2016
Loan loss provisions – opening balance	80	87
Write-offs	-2	-18
Increase in loan loss provisions	-2	14
Changes in the composition of the group and other changes	-1	-3
<b>Loan loss provisions – closing balance</b>	<b>75</b>	<b>80</b>

## Notes to the condensed consolidated interim accounts

Continued

### 4 Associates and joint ventures

#### Associates and joint ventures

	Interest held	Balance sheet value	Interest held	Balance sheet value
		31 March 2017		31 December 2016
CBRE Dutch Office Fund FGR	28%	354	26%	320
CBRE Retail Property Fund Iberica L.P.	33%	230	33%	218
Parcom Investment Fund II B.V.	100%	220	100%	205
CBRE Dutch Retail Fund FGR	18%	174	18%	178
CBRE UK Property Fund L.P.	10%	170	10%	169
Parcom Investment Fund III B.V.	100%	170	100%	192
Parcom Buy Out Fund IV B.V.	100%	164	100%	126
Dutch Residential Fund I FGR	11%	138		
Allee center Kft	50%	112	50%	111
CBRE European Industrial Fund C.V.	18%	102	18%	101
CBRE Property Fund Central Europe L.P.	25%	100	25%	132
DPE Deutschland II B GmbH & Co KG	34%	98	34%	91
Fiumaranuova s.r.l.	50%	97	50%	95
Boccaccio - Closed-end Real Estate Mutual Investment Fund	50%	90	50%	68
CBRE Dutch Retail Fund II FGR	10%	79	10%	80
Le Havre LaFayette SNC	50%	61	50%	59
CBRE Property Fund Central and Eastern Europe FGR	21%	52	21%	51
Delta Mainlog Holding GmbH & Co. KG	50%	52	50%	51
Achmea Dutch Health Care Fund	27%	52	26%	49
Parquest Capital B FPCI	40%	51	40%	84
Other		435		318
<b>Associates and joint ventures</b>		<b>3,001</b>		<b>2,698</b>

Other represents associates and joint ventures with an individual balance sheet value as at 31 March 2017 of less than EUR 50 million.

### 5 Intangible assets

#### Intangible assets

	31 March 2017	31 December 2016
Value of business acquired	10	11
Goodwill	252	253
Software	64	61
Other	12	17
<b>Intangible assets</b>	<b>338</b>	<b>342</b>

### 6 Assets and liabilities held for sale

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

As at 31 March 2017 assets and liabilities held for sale relate to NN Life Luxembourg. NN Life Luxembourg is presented in the segment 'Insurance Europe'. Assets held for sale relate mainly to Available for sale investments. Liabilities held for sale relate mainly to Insurance and investment contracts. Classification as held for sale does not impact the comparative figures in the balance sheet. As NN Life Luxembourg does not qualify as a discontinued operation, there is no impact on the presentation of the profit and loss account. For more information, reference is made to Note 19 'Companies and businesses acquired and divested'.

## Notes to the condensed consolidated interim accounts

Continued

### 7 Other assets

#### Other assets

	31 March 2017	31 December 2016
Insurance and reinsurance receivables	842	431
Deferred tax assets	42	35
Property obtained from foreclosures	1	1
Income tax receivable	193	137
Accrued interest and rents	1,137	1,503
Other accrued assets	574	492
Other	402	553
<b>Other assets</b>	<b>3,191</b>	<b>3,152</b>

### 8 Equity

#### Total equity

	31 March 2017	31 December 2016
Share capital	40	40
Share premium	12,153	12,153
Revaluation reserve	9,221	10,227
Currency translation reserve	71	10
Net defined benefit asset/liability remeasurement reserve	-105	-103
Other reserves	728	368
<b>Shareholders' equity (parent)</b>	<b>22,108</b>	<b>22,695</b>
Minority interests	12	12
Undated subordinated notes	986	986
<b>Total equity</b>	<b>23,106</b>	<b>23,693</b>

#### Changes in equity (2017)

31 March 2017	Share capital	Share premium	Reserves	Total shareholders' equity (parent)
Equity – opening balance at 1 January	40	12,153	10,502	22,695
Net result for the period			435	435
Total amount recognised directly in equity (Other comprehensive income)			-942	-942
Purchase/sale of treasury shares			-76	-76
Employee stock option and share plans			-4	-4
<b>Equity – closing balance</b>	<b>40</b>	<b>12,153</b>	<b>9,915</b>	<b>22,108</b>

#### Changes in equity (2016)

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



## Notes to the condensed consolidated interim accounts

Continued

### Dividend

#### Final dividend 2015

On 2 June 2016, the General Meeting of Shareholders adopted the proposed 2015 final dividend of EUR 1.05 per ordinary share, which represents a total amount of EUR 341 million. This dividend was paid on 28 June 2016 either in cash or in ordinary shares at the election of the shareholder. As a result, an amount of EUR 185 million was distributed out of Other reserves (cash dividend) and 6,020,620 ordinary shares, with a par value of EUR 0.12 per share were issued (EUR 156 million stock dividend). On 7 September 2015, an interim dividend of EUR 0.46 per ordinary share was paid, resulting in a total dividend for 2015 of EUR 1.51 per ordinary share.

#### Interim dividend 2016

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

#### Proposed final dividend 2016

At the Annual General Meeting on 1 June 2017, a final dividend will be proposed of EUR 0.95 per ordinary share, or approximately EUR 307 million in total based on the number of outstanding shares at the end of March 2017 (net of treasury shares). Together with the 2016 interim dividend of EUR 0.60 per ordinary share paid in September 2016, NN Group's total dividend for 2016 will be EUR 502 million, or EUR 1.55 per ordinary share which is equivalent to a dividend pay-out ratio of around 51% of NN Group's full-year 2016 net operating result of ongoing business. The final dividend will be paid in cash, after deduction of withholding tax if applicable, or ordinary shares from the share premium reserve, at the election of the shareholder. If the proposed dividend is approved by the shareholders, NN Group ordinary shares will be quoted ex-dividend on 5 June 2017. The record date for the dividend will be 6 June 2017. The election period will run from 5 June up to and including 19 June 2017. The stock fraction for the stock dividend will be based on the volume weighted average price of NN Group ordinary shares on Euronext Amsterdam for the five trading days from 13 June through 19 June 2017. The dividend will be payable on 26 June 2017. The cash dividend will be distributed out of Other reserves.

To neutralise the dilutive effect of the final and interim stock dividend, NN Group repurchases ordinary shares for an amount equivalent to the stock dividend.

### Purchase/sale of treasury shares

On 8 January 2016, NN Group repurchased 8,064,516 ordinary shares in NN Group ('treasury shares') from ING Groep N.V. at a price of EUR 31.00 per share for an aggregate amount of EUR 250 million.

During the first quarter of 2017, 2,660,700 ordinary shares for a total amount of EUR 82 million were repurchased. Net of EUR 6 million treasury shares related to Employee share plans, this resulted in a purchase of EUR 76 million.

The repurchased shares are held by NN Group and the amount was deducted from Other reserves ('Purchase/sale of treasury shares'). No treasury shares were cancelled during the first quarter of 2017.

As at 31 March 2017, 13,195,629 treasury shares were held by NN Group.

### 9 Subordinated debt and Debt securities issued

During the first quarter of 2017, NN Group issued subordinated notes with a nominal value of EUR 850 million and senior unsecured notes with a nominal value of EUR 500 million.

The EUR 850 million subordinated notes have a maturity of 31 years and are first callable after 11 years and every quarter thereafter, subject to conditions to redemption. The coupon is fixed at 4.625% per annum until the first call date and will be floating thereafter. These notes qualify as Tier 2 regulatory capital. The subordinated notes are rated by Standard & Poor's (BBB) and Fitch (BBB) and listed on Euronext Amsterdam (ISIN: XS1550988643). The proceeds were used to repay EUR 823 million of hybrid loans to ING Group in the first quarter of 2017.

The EUR 500 million senior unsecured notes have a fixed coupon of 0.875% per annum and a maturity of 6 years. The senior notes are rated by Standard & Poor's (A-) and Fitch (A-) and listed on Euronext Amsterdam (ISIN: XS1550988569). The proceeds were used to repay EUR 476 million of Subordinated debt of NN Group on its first call date in May 2017.

Notes to the condensed consolidated interim accounts  
Continued

10 Insurance and investment contracts, reinsurance contracts

Insurance and investment contracts, reinsurance contracts

	Liabilities net of reinsurance		Reinsurance contracts		Insurance and investment contracts	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Life insurance liabilities excluding liabilities for risk of policyholders	82,621	80,590	133	114	82,754	80,704
Liabilities for life insurance for risk of policyholders	26,173	29,111	46	46	26,219	29,157
<b>Life insurance liabilities</b>	<b>108,794</b>	<b>109,701</b>	<b>179</b>	<b>160</b>	<b>108,973</b>	<b>109,861</b>
Liabilities for unearned premiums and unexpired risks	598	248	14	3	612	251
Claims liabilities	3,201	3,217	69	68	3,270	3,285
<b>Insurance liabilities</b>	<b>112,593</b>	<b>113,166</b>	<b>262</b>	<b>231</b>	<b>112,855</b>	<b>113,397</b>
Investment contracts liabilities	773	2,311			773	2,311
<b>Insurance and investment contracts, reinsurance contracts</b>	<b>113,366</b>	<b>115,477</b>	<b>262</b>	<b>231</b>	<b>113,628</b>	<b>115,708</b>

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

11 Other liabilities

Other liabilities

	31 March 2017	31 December 2016
Deferred tax liabilities	2,705	2,979
Income tax payable	15	7
Net defined benefit liability	121	116
Other post-employment benefits	28	23
Other staff-related liabilities	137	135
Other taxation and social security contributions	106	126
Deposits from reinsurers	88	87
Accrued interest	300	331
Costs payable	192	174
Amounts payable to policyholders	797	737
Provisions	176	189
Amounts to be settled	1,570	1,118
Other	342	311
<b>Other liabilities</b>	<b>6,577</b>	<b>6,333</b>

## Notes to the condensed consolidated interim accounts

Continued

### 12 Investment income

#### Investment income

	1 January to 31 March 2017	1 January to 31 March 2016
Interest income from investments in debt securities	401	408
Interest income from loans:		
– unsecured loans	35	29
– mortgage loans	266	252
– policy loans	2	2
– other	12	24
<b>Interest income from investments in debt securities and loans</b>	<b>716</b>	<b>715</b>
Realised gains/losses on disposal of available-for-sale debt securities	86	24
Impairments of available-for-sale debt securities	-6	
<b>Realised gains/losses and impairments of available-for-sale debt securities</b>	<b>80</b>	<b>24</b>
Realised gains/losses on disposal of available-for-sale equity securities	67	29
Impairments of available-for-sale equity securities	-3	-25
<b>Realised gains/losses and impairments of available-for-sale equity securities</b>	<b>64</b>	<b>4</b>
Interest income on non-trading derivatives	50	101
Increase in loan loss provisions	2	-2
Income from real estate investments	26	20
Dividend income	38	71
Change in fair value of real estate investments	25	25
<b>Investment income</b>	<b>1,001</b>	<b>958</b>

#### Impairments on investments by segment

	1 January to 31 March 2017	1 January to 31 March 2016
Netherlands Life	-9	-22
Netherlands Non-life		-1
Insurance Europe		-1
Other		-1
<b>Impairments</b>	<b>-9</b>	<b>-25</b>

### 13 Underwriting expenditure

#### Underwriting expenditure

	1 January to 31 March 2017	1 January to 31 March 2016
Gross underwriting expenditure:		
- before effect of investment result for risk of policyholder	3,445	4,006
- effect of investment result for risk of policyholder	264	69
<b>Gross underwriting expenditure</b>	<b>3,709</b>	<b>4,075</b>
Investment result for risk of policyholders	-264	-69
Reinsurance recoveries	-19	-18
<b>Underwriting expenditure</b>	<b>3,426</b>	<b>3,988</b>

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

## Notes to the condensed consolidated interim accounts

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### Underwriting expenditure by class

	1 January to 31 March 2017	1 January to 31 March 2016
<b>Expenditure from life underwriting:</b>		
- reinsurance and retrocession premiums	51	46
- gross benefits	2,601	2,761
- reinsurance recoveries	-16	-14
- change in life insurance liabilities	-131	282
- costs of acquiring insurance business	145	138
- other underwriting expenditure	26	26
- profit sharing and rebates	13	6
<b>Expenditure from life underwriting</b>	<b>2,689</b>	<b>3,245</b>
<b>Expenditure from non-life underwriting:</b>		
- reinsurance and retrocession premiums	20	22
- gross claims	297	287
- reinsurance recoveries	-3	-4
- changes in the liabilities for unearned premiums	368	354
- changes in claims liabilities	-15	20
- costs of acquiring insurance business	65	63
- other underwriting expenditure	1	1
<b>Expenditure from non-life underwriting</b>	<b>733</b>	<b>743</b>
<b>Expenditure from investment contracts:</b>		
- other changes in investment contract liabilities	4	
<b>Expenditure from investment contracts</b>	<b>4</b>	<b>0</b>
<b>Underwriting expenditure</b>	<b>3,426</b>	<b>3,988</b>

### 14 Staff expenses

#### Staff expenses

	1 January to 31 March 2017	1 January to 31 March 2016
Salaries	157	161
Variable salaries	21	18
Pension costs	28	25
Social security costs	24	24
Share-based compensation arrangements	3	3
External staff costs	49	52
Education	3	3
Other staff costs	12	16
<b>Staff expenses</b>	<b>297</b>	<b>302</b>

## Notes to the condensed consolidated interim accounts

Continued

### 15 Earnings per ordinary share

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

#### Earnings per ordinary share

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 January to 31 March 2017	1 January to 31 March 2016	1 January to 31 March 2017	1 January to 31 March 2016	1 January to 31 March 2017	1 January to 31 March 2016
Net result	435	270				
Coupon on undated subordinated notes	-8	-8				
<b>Basic earnings per ordinary share</b>	<b>427</b>	<b>262</b>	<b>322.9</b>	<b>325.2</b>	<b>1.32</b>	<b>0.81</b>
Dilutive instruments:						
Warrants			0.0	0.0		
Share plans			0.9	1.0		
			<b>0.9</b>	<b>1.0</b>		
<b>Diluted earnings per ordinary share</b>	<b>427</b>	<b>262</b>	<b>323.8</b>	<b>326.2</b>	<b>1.32</b>	<b>0.80</b>

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

### 16 Segments

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

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

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

The accounting policies of the segments are the same as those described in Note 1 'Accounting policies'. Transfer prices for inter-segment transactions are set at arm's length. Corporate expenses are allocated to segments based on time spent by head office personnel, the relative number of staff, or on the basis of income and/or assets of the segment. Intercompany loans that qualify as equity instruments under IFRS-EU are presented in the segment reporting as debt; related coupon payments are presented as income and expenses in the respective segments.

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

- Non-operating items: related to (general account) investments that are held for own risk (net of policyholder profit sharing):
  - Capital gains/losses and impairments: realised gains and losses as well as impairments on financial assets that are classified as Available-for-sale and debt securities that are classified as loans. These investments include debt and equity securities (including fixed income and equity funds), private equity (< 20% ownership), real estate funds and loans quoted in active markets.
  - Revaluations: revaluations on assets marked-to-market through the Consolidated profit and loss account. These investments include private equity (associates), real estate (property and associates), derivatives unrelated to product hedging programmes (i.e. interest rate swaps, foreign exchange hedges) and direct equity hedges.
  - Market & other impacts: these impacts mainly comprise the change in the liability for guarantees on separate account pension contracts (net of hedging) in the Netherlands, the equity related and other deferred acquisition costs unlocking for Japan Closed Block VA as well as the accounting volatility related to the reinsurance of minimum guaranteed benefits of Japan Closed Block VA.
- Result on divestments: result before tax related to divested operations.

## Notes to the condensed consolidated interim accounts

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- Special items before tax: items of income or expenses that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently or regularly. This includes restructuring expenses, rebranding costs, goodwill impairments, results related to early redemption of debt and gains/losses from employee pension plan amendments or curtailments.

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

### Segments (2017)

1 January to 31 March 2017	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Asset manage- ment	Other	Japan Closed Block VA	Total
Investment margin	198		14	-3			-1	209
Fees and premium-based revenues	89		143	194	118		12	555
Technical margin	43		47	13				103
Operating income non-modelled life business			1					1
<b>Operating income</b>	<b>330</b>	<b>0</b>	<b>205</b>	<b>204</b>	<b>118</b>	<b>0</b>	<b>11</b>	<b>868</b>
Administrative expenses	99		82	32	85		3	301
DAC amortisation and trail commissions	10		81	87			1	179
<b>Expenses</b>	<b>110</b>	<b>0</b>	<b>162</b>	<b>119</b>	<b>85</b>	<b>0</b>	<b>5</b>	<b>480</b>
Non-life operating result		31						30
Operating result other						-5		-5
<b>Operating result</b>	<b>220</b>	<b>31</b>	<b>42</b>	<b>85</b>	<b>33</b>	<b>-5</b>	<b>7</b>	<b>413</b>
Non-operating items:								
- gains/losses and impairments	115	2	19	8		1		145
- revaluations	57	1	2	-9				52
- market & other impacts	-28						-27	-55
Special items before tax	-10					-8		-19
Result on divestments						9		9
<b>Result before tax</b>	<b>353</b>	<b>34</b>	<b>63</b>	<b>85</b>	<b>33</b>	<b>-3</b>	<b>-20</b>	<b>544</b>
Taxation	70	7	10	24	8	-5	-5	109
<b>Net result</b>	<b>283</b>	<b>27</b>	<b>53</b>	<b>61</b>	<b>25</b>	<b>2</b>	<b>-15</b>	<b>435</b>

Special items in 2017 reflect restructuring expenses related to the target to reduce the administrative expense base of Netherlands Life, Netherlands Non-life and corporate/holding entities and costs incurred related to the acquisition of Delta Lloyd, among other items.

## Notes to the condensed consolidated interim accounts

Continued

### Segments (2016)

1 January to 31 March 2016	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Asset manage- ment	Other	Japan Closed Block VA	Total
Investment margin	191		15	-5			-1	199
Fees and premium-based revenues	98		134	176	111		14	533
Technical margin	9		42	-1				50
Operating income non-modelled life business			1					1
<b>Operating income</b>	<b>298</b>	<b>0</b>	<b>191</b>	<b>170</b>	<b>110</b>	<b>0</b>	<b>14</b>	<b>783</b>
Administrative expenses	108		78	24	82		4	296
DAC amortisation and trail commissions	12		79	79			2	173
<b>Expenses</b>	<b>121</b>	<b>0</b>	<b>157</b>	<b>103</b>	<b>82</b>	<b>0</b>	<b>6</b>	<b>469</b>
Non-life operating result		9						10
Operating result other						-11		-11
<b>Operating result</b>	<b>177</b>	<b>9</b>	<b>34</b>	<b>67</b>	<b>29</b>	<b>-11</b>	<b>8</b>	<b>313</b>
Non-operating items:								
- gains/losses and impairments	6	23	-1			1		29
- revaluations	64	3	1	-1		-4		62
- market & other impacts	31		-1				-77	-47
Special items before tax	-1	-6	-16	-1	-1			-26
<b>Result before tax</b>	<b>277</b>	<b>29</b>	<b>17</b>	<b>65</b>	<b>28</b>	<b>-14</b>	<b>-69</b>	<b>331</b>
Taxation	51	6	4	7	8	1	-16	61
<b>Net result</b>	<b>226</b>	<b>22</b>	<b>13</b>	<b>57</b>	<b>20</b>	<b>-15</b>	<b>-53</b>	<b>270</b>

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

### 17 Taxation

#### Taxation on components of other comprehensive income

	1 January to 31 March 2017	1 January to 31 March 2016
Unrealised revaluations property in own use		1
Unrealised revaluations available-for-sale investments and other	435	-1,042
Realised gains/losses transferred to the profit and loss account	35	5
Changes in cash flow hedge reserve	111	-321
Deferred interest credited to policyholders	-182	425
Remeasurement of the net defined benefit asset/liability	1	7
<b>Income tax</b>	<b>400</b>	<b>-925</b>

## Notes to the condensed consolidated interim accounts

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### 18 Fair value of financial assets and liabilities

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

#### Fair value of financial assets and liabilities

	Estimated fair value		Balance sheet value	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<b>Financial assets</b>				
Cash and cash equivalents	10,827	8,634	10,827	8,634
Financial assets at fair value through profit or loss:				
– investments for risk of policyholders	26,282	30,711	26,282	30,711
– non-trading derivatives	3,817	4,421	3,817	4,421
– designated as at fair value through profit or loss	618	873	618	873
Available-for-sale investments	78,637	79,767	78,637	79,767
Loans	36,483	36,470	34,007	33,920
<b>Financial assets</b>	<b>156,664</b>	<b>160,876</b>	<b>154,188</b>	<b>158,326</b>
<b>Financial liabilities</b>				
Subordinated debt	2,439	2,366	2,301	2,288
Debt securities issued	1,115	614	1,093	598
Other borrowed funds	6,126	7,757	6,028	7,646
Investment contracts for risk of company	696	741	656	696
Investment contracts for risk of policyholders	117	1,615	117	1,615
Customer deposits and other funds on deposit	11,052	10,671	10,603	10,224
Financial liabilities at fair value through profit or loss:				
– non-trading derivatives	1,602	2,008	1,602	2,008
<b>Financial liabilities</b>	<b>23,147</b>	<b>25,772</b>	<b>22,400</b>	<b>25,075</b>

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

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

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

#### Financial assets and liabilities at fair value

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



## Notes to the condensed consolidated interim accounts

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

31 March 2017	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Investments for risk of policyholders	24,466	1,001	815	26,282
Non-trading derivatives	37	3,549	231	3,817
Financial assets designated as at fair value through profit or loss	493	125		618
Available-for-sale investments	57,000	20,455	1,182	78,637
<b>Financial assets</b>	<b>81,996</b>	<b>25,130</b>	<b>2,228</b>	<b>109,354</b>
<b>Financial liabilities</b>				
Investment contracts (for contracts at fair value)	101	16		117
Non-trading derivatives	19	1,319	264	1,602
<b>Financial liabilities</b>	<b>120</b>	<b>1,335</b>	<b>264</b>	<b>1,719</b>

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

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

#### Level 1 – (Unadjusted) Quoted prices in active markets

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

#### Level 2 – Valuation technique supported by observable inputs

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

#### Level 3 – Valuation technique supported by unobservable inputs

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

## Notes to the condensed consolidated interim accounts

Continued

### Changes in Level 3 Financial assets (2017)

31 March 2017	Investments for risk of policyholders	Non-trading derivatives	Financial assets designated as at fair value through profit or loss	Available-for- sale investments	Total
Level 3 Financial assets – opening balance	823	219		1,207	2,249
Amounts recognised in the profit and loss account	-12	-23		23	-12
Revaluations recognised in other comprehensive income (equity)				12	12
Purchase	4	35		100	139
Sale				-3	-3
Other transfers and reclassifications				-163	-163
Transfers out of Level 3				-1	-1
Exchange rate differences				7	7
<b>Level 3 Financial assets – closing balance</b>	<b>815</b>	<b>231</b>	<b>0</b>	<b>1,182</b>	<b>2,228</b>

#### Transfers out of Level 3 and reclassification

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

### Changes in Level 3 Financial assets (2016)

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

#### Transfers out of Level 3 and reclassification

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

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

### Changes in Level 3 Financial liabilities (2017)

31 March 2017	Non-trading derivatives
Level 3 Financial liabilities – opening balance	218
Amounts recognised in the profit and loss account	19
Purchase	27
<b>Level 3 Financial liabilities – closing balance</b>	<b>264</b>

## Notes to the condensed consolidated interim accounts

Continued

### Changes in Level 3 Financial liabilities (2016)

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

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

31 March 2017	Held at balance sheet date	Derecognised during the period	Total
<b>Financial assets</b>			
Investments for risk of policyholders	-12		-12
Non-trading derivatives	-23		-23
Available-for-sale investments	-1	24	23
<b>Financial assets</b>	<b>-36</b>	<b>24</b>	<b>-12</b>
<b>Financial liabilities</b>			
Non-trading derivatives	19		19
<b>Financial liabilities</b>	<b>19</b>	<b>0</b>	<b>19</b>

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

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

## 19 Companies and businesses acquired and divested

### Acquisitions (2017)

#### Delta Lloyd

In February 2017, NN Group announced a recommended public cash offer on all issued and outstanding ordinary shares in the capital of Delta Lloyd at a price of EUR 5.40 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 Offer was declared unconditional. Settlement of the Offer took place on 12 April 2017. NN Group funded the transaction through a combination of cash and debt. The financial information of Delta Lloyd will be consolidated by NN Group as of the second quarter of 2017; the impact thereof is currently being assessed and is expected to be substantial.

### Divestments (2017)

#### NN Life Luxembourg

In April 2017, NN Group announced that it had reached agreement with the Global Bankers Insurance Group on the sale of NN Life Luxembourg to an affiliate of Global Bankers Insurance Group. The sale will not impact NN Group's asset management business in Luxembourg. The transaction is subject to regulatory approval, and is expected to close in the second half of 2017. The transaction is not expected to have a material impact on the capital position and result of NN Group.

### Acquisitions (2016)

#### Notus Financial Advisors, Poland

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

## Notes to the condensed consolidated interim accounts

Continued

### Divestments (2016)

#### Mandema & Partners

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

#### NN Re (Ireland)

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

## 20 Other events

### Unit-linked products in the Netherlands

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

In March 2017 'Consumentenbond' and 'Wakkerpolis', both associations representing the interests of NN policyholders, separately initiated so-called 'collective actions' against NN. These claims are based on similar grounds as used in the collective action initiated by 'Vereniging Woekerpolis.nl' in November 2013. A ruling in first instance in the legal proceedings initiated by 'Vereniging Woekerpolis.nl' from the District Court in Rotterdam is expected in the second half of 2017. The claims of 'Consumentenbond' and 'Wakkerpolis' are rejected by NN and NN defends itself in these legal proceedings. These collective actions do not change earlier statements and conclusions disclosed by NN Group in relation to unit-linked products.

### Issue of ordinary shares

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

### Repayment of Subordinated Notes

In May 2017, NN Group redeemed the outstanding aggregate principal amount of EUR 476,290,000 of the 6.375% Fixed to Floating Rate Subordinated Notes due 2027.

On 13 January 2017, NN Group issued EUR 500 million senior unsecured notes, the net proceeds of which were used to redeem the Subordinated Notes.

## 21 Capital management

### Solvency II Capital ratio

	31 March 2017	31 December 2016
Basic Own Funds	14,797	14,660
Non-available Own Funds	1,311	1,427
Non-eligible Own Funds	224	84
<b>Eligible Own Funds (a)</b>	<b>13,263</b>	<b>13,149</b>
of which Tier 1 Unrestricted	8,220	8,414
of which Tier 1 Restricted	1,095	1,919
of which Tier 2	1,891	1,043
of which Tier 3	747	750
of which non-solvency II regulated entities	1,309	1,022
<b>Solvency Capital Requirements (b)</b>	<b>5,566</b>	<b>5,459</b>
of which non-solvency II regulated entities	505	460
<b>NN Group Solvency II ratio (a/b) <sup>1</sup></b>	<b>238%</b>	<b>241%</b>

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

## Authorisation of the condensed consolidated interim accounts

The Hague, 17 May 2017

### The Supervisory Board

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

### The Executive Board

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

# Review report

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

## Introduction

We have reviewed the accompanying condensed consolidated interim accounts for the three-month period ended 31 March 2017 of NN Group N.V. (the Company), The Hague, as included on page 4 to 29 of this report. These condensed consolidated interim accounts comprise the condensed consolidated balance sheet as at 31 March 2017, the condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the notes for the three-month period then ended. Management of the Company is responsible for the preparation and presentation of the condensed consolidated interim accounts in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim accounts based on our review.

## Scope

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim accounts as at and for the three-month period ended 31 March 2017 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 17 May 2017

KPMG Accountants N.V.

P.A.M. de Wit RA

This report is available as a pdf file on  
[www.nn-group.com](http://www.nn-group.com)

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Commercial register of Amsterdam, no. 52387534

### Important legal information

NN Group's Consolidated Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and with Part 9 of Book 2 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 Note 1 of the 31 March 2017 Condensed consolidated interim accounts.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements 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.

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

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