

NN GROUP FINANCIAL SUPPLEMENT

PRO FORMA 2018



NN GROUP PRO FORMA FINANCIAL SUPPLEMENT 2018 - INTRODUCTION

- This pro forma Financial Supplement reflects the 2018 quarterly and full-year results based on the new segmentation and reporting changes that will be implemented as from 1Q19. The main changes compared with the 4Q18 Financial Supplement are as follows:
 - o The banking business is reported as a separate segment (previously included in the segment Other). The scope of the banking business has been expanded to include Amstelhuys and OHRA Hypotheek Fonds, currently reported as part of Other results in the segment Other.
 - o The segment Japan Closed Block VA is no longer reported as a separate segment. The results of Japan Closed Block VA are included in the segment Other as a non-operating item (Market & other impacts).
 - o In the Asset Management segment, Fixed Service Fee expenses are reclassified from Administrative expenses to Fees. In addition, the income and expenses related to certain investment administrative activities have been transferred from the Asset Management segment to the Holding result in the segment Other.
 - o Operating result of the ongoing business has been renamed Operating result.
- As from 1Q19, the NN Re VA Europe results will be reclassified from the operating result of the Reinsurance business to non-operating items (Market & other impacts) within the segment Other. The 2018 comparative numbers have not been restated for this change.
- Figures are calculated at historical foreign exchange rates, unless otherwise stated.
- The segment 'Other' consists of reinsurance business, the holding company, Japan Closed Block VA and certain other entities.
- APE represents annualised premium equivalents sold in the period, with single premiums calculated at 1/10th of the single premium amounts.
- The quarterly figures of the previous periods, excluding currency effects, are the sum of the monthly figures calculated at the average rate of each individual month of the current quarter.
- Rounding could cause some small differences.
- All figures are unaudited.

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1.1 CONSOLIDATED BALANCE SHEET: ASSETS

In EUR million	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018
Cash and cash equivalents	8,886	8,540	9,722	10,273
Financial assets at fair value through profit or loss				
- investments for risk of policyholders	30,230	32,095	32,250	32,196
- non-trading derivatives	5,096	4,385	4,784	4,905
- designated as at fair value through profit or loss	722	830	786	806
Available-for-sale investments				
- debt securities	97,595	97,173	98,013	97,971
- equity securities	6,734	7,351	7,592	7,908
Loans	58,903	57,427	56,635	56,131
Reinsurance contracts	1,010	1,007	1,017	969
Associates and joint ventures	5,000	5,092	4,921	3,523
Real estate investments	2,374	2,368	2,364	3,629
Property and equipment	151	154	148	140
Intangible assets	863	1,739	1,781	1,816
Deferred acquisition costs	1,843	1,788	1,822	1,803
Assets held for sale	-	-	-	-
Deferred tax assets	131	118	119	117
Other assets	4,708	4,725	5,841	5,360
Total assets	224,246	224,792	227,795	227,547

1.1 CONSOLIDATED BALANCE SHEET: EQUITY AND LIABILITIES

In EUR million	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018
Shareholders' equity (parent)	22,850	23,014	23,568	23,345
Minority interests	234	269	267	315
Undated subordinated notes	1,764	1,764	1,764	1,764
Total equity	24,848	25,047	25,599	25,424
Subordinated debt	2,445	2,451	2,457	2,463
Debt securities issued	1,990	1,989	1,989	1,988
Other borrowed funds	5,717	5,467	5,567	5,409
Insurance and investment contracts				
- life insurance liabilities	123,936	123,050	124,196	124,504
- non-life insurance liabilities	5,955	6,132	6,312	6,382
- liabilities for life insurance for risk of policyholders	29,231	31,059	31,227	31,347
- investment contract liabilities	1,996	1,960	1,948	1,883
Customer deposits and other funds on deposit	14,729	14,949	14,942	14,725
Financial liabilities at fair value through profit or loss				
- non-trading derivatives	2,163	2,458	2,428	2,413
Liabilities held for sale	-	-	-	-
Deferred tax liabilities	1,809	1,740	1,973	1,940
Other liabilities	9,427	8,490	9,157	9,069
Total liabilities	199,398	199,745	202,196	202,123
Total equity and liabilities	224,246	224,792	227,795	227,547

1.2 TOTAL EQUITY

In EUR million	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018
Share capital	41	41	41	41
Share premium	12,572	12,572	12,572	12,572
Revaluation reserve available-for sale investments Debt securities	7,592	7,059	8,237	8,508
Revaluation reserve available-for sale investments Equity securities	1,072	1,609	1,585	1,519
Revaluation reserve crediting to life policyholders	-5,014	-4,592	-4,951	-5,030
Other revaluations	34	31	29	26
Cashflow hedge reserve	4,514	3,596	3,928	3,760
Currency translation reserve	-34	-134	-97	-95
Net defined benefit asset/liability remeasurement reserve	-106	-99	-107	-106
Retained earnings and other reserves	2,179	2,931	2,331	2,150
Shareholders' equity (parent)	22,850	23,014	23,568	23,345
Minority interests	234	269	267	315
Undated subordinated notes	1,764	1,764	1,764	1,764
Total equity	24,848	25,047	25,599	25,424
Shareholders' equity per share in EUR	68	68	70	70
Shares outstanding in the market (in million)	335	338	338	334

1.3 SHAREHOLDERS' EQUITY RECONCILIATION

31 December 2018

In EUR million

	(Allocated) Shareholders' equity	Less: Revaluation reserves and other adjustments ¹⁾	Plus: Minority interest	Adjusted (allocated) equity
Netherlands Life	16,892	6,879	176	10,189
Netherlands Non-life	855	248	57	663
Insurance Europe	2,307	400	-	1,907
Japan Life	2,358	633	-	1,725
Asset Management	371	-1	-	372
Banking business	788	4	-	784
Other ²⁾	-919	505	1.66	-1,422
of which reinsurance business	252	39	-	212
of which other	-1,171	466	1.66	-1,635
NN Group excluding Japan Closed Block VA	22,652	8,668	234	14,218
Japan Closed Block VA	198	0	-	198
NN Group	22,850	8,668	234	14,416

1.4 CAPITAL BASE - SOLVENCY II

In EUR million	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018
Solvency II ³⁾				
IFRS Shareholders' equity	22,850	23,014	23,568	23,345
Minority interest	234	269	267	315
Elimination of deferred acquisition costs and intangible assets	-1,441	-2,349	-2,405	-2,446
Valuation differences on assets	833	1,292	1,423	1,530
Valuation differences on liabilities, including insurance and investment contracts	-7,677	-7,058	-8,405	-8,890
Deferred tax effect on valuation differences	1,571	1,713	2,036	2,134
Difference in treatment of non-solvency II regulated entities	-1,242	-1,109	-1,221	-1,237
Excess of assets over liabilities	15,129	15,772	15,263	14,751
Deduction of participation in Bank	-905	-905	-890	-874
Qualifying subordinated debt	4,417	4,319	4,386	4,388
Foreseeable dividends and distributions	-541	-221	-454	-486
Basic Own Funds	18,100	18,965	18,305	17,779
Non-available Own Funds	1,373	1,482	1,412	1,404
Non-eligible Own Funds		-	74	212
Eligible Own Funds (a)	16,727	17,483	16,819	16,163
of which Tier 1 Unrestricted	10,513	11,228	10,375	9,650
of which Tier 1 Restricted	1,895	1,854	1,894	1,896
of which Tier 2	2,433	2,377	2,404	2,405
of which Tier 3	755	933	1,042	1,067
of which non-solvency II regulated entities	1,132	1,091	1,104	1,145
Solvency Capital Requirement (b)	7,274	7,304	7,429	7,606
of which non-solvency II regulated entities	507	495	483	489
NN Group Solvency II ratio (a/b)	230%	239%	226%	213%

1.5 CASH CAPITAL POSITION AT THE HOLDING COMPANY

In EUR million

	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Cash capital position - beginning of period	1,899	1,799	1,631	1,434	1,434
Cash divestment proceeds	-	-	-	-	-
Dividends from subsidiaries ⁴⁾	463	338	536	256	1,593
Capital injections into subsidiaries ⁵⁾	-55	-19	-0	-4	-78
Other ⁶⁾	-79	-26	-139	-54	-298
Free cash flow to the holding⁷⁾	329	293	397	198	1,216
Acquisition	-	-	-	-	-
Capital flows from / (to) shareholders	-223	-193	-229	-	-645
Increase / (decrease) in debt and loans	-	-	-	-	-
Cash capital position - end of period⁸⁾	2,005	1,899	1,799	1,631	2,005

1.6 INVESTMENTS PER ASSET TYPE

In EUR million	Asset-backed securities	Financial institutions and Covered bonds	Corporate bonds	Government bonds	Total debt securities	Public equity	Real estate equity	Private equity	Other equity securities	Total equity securities	Real estate	Mortgage	Deposits and other Loans	Other	Investments for risk of policyholders	Total
IFRS classification																
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	8,886	-	8,886
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,230	-
- investments for risk of policyholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,230
- non-trading derivatives	-	-	-	-	-	-	-	-	-	-	-	-	5,096	-	-	5,096
- designated as at fair value through profit or loss	-	-	-	12	12	-	-	-	710	710	-	-	-	-	-	722
Available-for-sale investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- debt securities	1,895	10,242	16,154	69,304	97,595	-	-	-	-	-	-	-	-	-	-	97,595
- equity securities	-	-	-	-	-	3,490	779	198	2,266	6,734	-	-	-	-	-	6,734
Loans	1,365	-	-	-	1,365	-	-	-	-	-	-	45,775	11,763	-	-	58,903
Associates and joint ventures	-	-	-	-	-	1	-	469	-	470	4,383	-	127	20	-	5,000
Real estate investments	-	-	-	-	-	-	-	-	-	-	2,374	-	-	-	-	2,374
Other assets ⁹⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	8,707	-	8,707
Total	3,261	10,242	16,154	69,315	98,972	3,492	779	667	2,976	7,914	6,757	45,775	11,890	22,709	30,230	224,246

1.7 PRO FORMA DEVELOPMENT OF ADMINISTRATIVE EXPENSES AFTER DELTA LLOYD ACQUISITION

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018	FY2017	FY2016
Netherlands Life ¹⁰⁾	133	117	115	129	494	551	591
Netherlands Non-life ¹¹⁾	103	94	94	102	393	450	481
Belgium	29	31	31	31	122	121	137
Asset Management	80	73	71	75	298	328	327
Banking business	57	47	50	53	206	232	237
Corporate/holding (including reinsurance business)	51	40	38	38	167	154	196
Total	452	401	399	428	1,681	1,837	1,970

1.8 EARNINGS PER ORDINARY SHARE

	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Basic earnings per ordinary share ¹²⁾					
Net result (in EUR million)	-533	788	463	399	1,117
Coupon on undated subordinated notes (in EUR million)	-15	-15	-15	-15	-58
Basic earnings (in EUR million)	-548	774	449	384	1,059
Weighted average number of ordinary shares (in million)	336.5	337.4	334.6	334.2	335.5
Basic earnings per ordinary share (in EUR)	-1.63	2.29	1.34	1.15	3.15
Diluted earnings per ordinary share ¹³⁾					
Basic earnings (in EUR million)	-548	774	449	384	1,059
Weighted average number of ordinary shares (in million)	336.5	337.4	334.6	334.2	335.5
Dilutive instruments: Stock option and share plans (in million)	0.6	0.6	0.6	0.8	0.6
Weighted average number of ordinary shares (including dilutive instruments in million)	337.0	338.0	335.1	335.0	336.1
Diluted earnings per ordinary share (in EUR)	-1.63	2.29	1.34	1.15	3.15

1.9 NEW BUSINESS

In EUR million	2H2018	1H2018	FY2018
NN Group			
Value of new business	186	205	391
Present value of new business premiums	4,847	5,721	10,567
New business margin ²¹⁾	3.8%	3.6%	3.7%
In EUR million	2H2018	1H2018	FY2018
Netherlands Life			
Value of new business	4	5	9
Present value of new business premiums	574	1,300	1,874
New business margin ²¹⁾	0.7%	0.4%	0.5%
In EUR million	2H2018	1H2018	FY2018
Insurance Europe			
Value of new business	85	83	168
Present value of new business premiums	2,262	2,382	4,644
New business margin ²¹⁾	3.8%	3.5%	3.6%
In EUR million	2H2018	1H2018	FY2018
Japan Life			
Value of new business	97	117	214
Present value of new business premiums	2,011	2,038	4,049
New business margin ²¹⁾	4.8%	5.8%	5.3%

2.1 ANALYSIS OF RESULTS: TOTAL

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Netherlands Life	192	236	332	212	972
Netherlands Non-life	40	46	40	-32	94
Insurance Europe	72	65	63	71	271
Japan Life	29	45	27	66	167
Asset Management	30	43	41	41	155
Banking business	28	34	36	33	131
Other	-48	-6	-32	-78	-164
Operating result	343	463	508	313	1,626
Non-operating items	257	525	223	272	1,276
of which gains/losses and impairments	206	457	342	28	1,034
of which revaluations	210	12	-18	222	427
of which market & other impacts	-160	55	-101	21	-185
Special items	-99	-57	-86	-79	-321
Amortisation of acquisition intangibles	-885	-33	-33	-33	-984
Result on divestments	-	56	0	4	60
Result before tax	-384	953	611	477	1,657
Taxation	141	160	145	78	524
Minority interests	8	5	4	-0	16
Net result	-533	788	463	399	1,117
Shares outstanding in the market (in million)	335	338	338	334	335
Basic earnings per ordinary share in EUR ¹²⁾	-1.63	2.29	1.34	1.15	3.15
Diluted earnings per ordinary share in EUR ¹³⁾	-1.63	2.29	1.34	1.15	3.15
New business					
Single premiums	487	331	389	428	1,634
Regular premiums	358	295	318	505	1,476
New sales life insurance (APE)	407	328	357	547	1,640
Value of new business					391

2.1 ANALYSIS OF RESULTS: TOTAL

In EUR million

	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Key figures					
Gross premium income	2,880	2,949	2,952	4,491	13,272
Total administrative expenses	569	510	505	533	2,116
Cost/income ratio (Administrative expenses/Operating income)	31.9%	28.3%	27.8%	29.4%	29.4%
Combined ratio (Netherlands Non-life) ¹⁴⁾	96.4%	97.1%	97.9%	106.3%	99.4%
Asset Management Assets under Management ¹⁵⁾	246	238	240	240	246
Life general account invested assets ¹⁵⁾	138	137	136	136	138
Investment margin/Life general account invested assets (bps) ¹⁶⁾	70	72	69	68	
Total provisions for insurance and investment contracts ¹⁵⁾	161	162	164	164	161
of which for risk policyholder ¹⁵⁾	30	32	32	32	30
NN Life Solvency II ratio ³⁾	255%	253%	239%	219%	255%
Delta Lloyd Life Solvency II ratio ³⁾	180%	202%	190%	169%	180%
NN Bank common equity Tier 1 ratio ²⁴⁾	16.3%	16.4%	16.2%	15.6%	16.3%
Net operating result ¹⁷⁾	244	339	387	236	1,206
Adjusted allocated equity (end of period) ¹⁸⁾	14,218	14,004	13,385	13,139	14,218
Net operating ROE ¹⁹⁾	6.9%	9.9%	11.7%	7.3%	8.9%
Solvency II ratio ³⁾	230%	239%	226%	213%	230%
Total assets ¹⁵⁾	224	225	228	228	224
Shareholders' equity	22,850	23,014	23,568	23,345	22,850
Employees (internal FTEs, end of period)	14,122	14,200	14,031	14,191	14,122

2.1 ANALYSIS OF RESULTS: TOTAL - EXCLUDING CURRENCY EFFECTS

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Netherlands Life	192	236	332	212	972
Netherlands Non-life	40	46	40	-32	94
Insurance Europe	72	65	63	70	270
Japan Life	29	46	28	68	170
Asset Management	30	43	41	41	155
Banking business	28	34	36	33	131
Other	-48	-6	-32	-78	-164
Operating result	343	464	508	314	1,629
Non-operating items	257	525	223	271	1,276
of which gains/losses and impairments	206	457	342	28	1,034
of which revaluations	210	12	-19	222	427
of which market & other impacts	-160	55	-101	21	-185
Special items	-99	-57	-86	-79	-321
Amortisation of acquisition intangibles	-885	-33	-33	-33	-984
Result on divestments	-	56	0	4	60
Result before tax	-384	954	611	478	1,659
Taxation	141	160	145	78	525
Minority interests	8	5	4	-0	16
Net result	-533	789	463	400	1,118
Shares outstanding in the market (in million)	335	338	338	334	335
Basic earnings per ordinary share in EUR ¹²⁾	-1.63	2.29	1.34	1.15	3.16
Diluted earnings per ordinary share in EUR ¹³⁾	-1.63	2.29	1.34	1.15	3.15
New business					
New sales life insurance (APE)	407	332	355	546	1,639
Key figures					
Gross premium income	2,880	2,962	2,955	4,513	13,311
Total administrative expenses	569	511	504	531	2,114
Total assets ¹⁵⁾	224	226	229	228	224

2.2.1 ANALYSIS OF RESULTS: NETHERLANDS LIFE

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Investment margin	184	215	292	181	872
Fees and premium-based revenues	106	102	111	125	444
Technical margin	44	44	54	46	188
Operating income non-modelled business	-0	0	0	0	-0
Operating income	334	361	457	352	1,504
Administrative expenses	133	117	115	129	494
DAC amortisation and trail commissions	9	9	9	11	38
Expenses	142	125	125	140	532
Operating result	192	236	332	212	972
Non-operating items	324	499	237	251	1,310
of which gains/losses and impairments	223	453	317	28	1,022
of which revaluations	222	-3	-7	217	428
of which market & other impacts	-121	49	-74	6	-140
Special items	-18	-19	-12	-14	-63
Result on divestments	-	56	-	-	56
Result before tax	498	772	557	448	2,275
Taxation	107	116	129	78	430
Minority interests	5	2	2	1	10
Net result	386	654	426	369	1,835
New business					
Single premiums	137	117	101	123	479
Regular premiums	21	24	38	131	214
New sales life insurance (APE)	35	36	48	143	262
Value of new business					9
Key figures					
Gross premium income	760	724	775	1,343	3,602
Total administrative expenses	133	117	115	129	494
Cost/income ratio (Administrative expenses/Operating income)	39.8%	32.3%	25.2%	36.7%	32.8%
Life general account invested assets ¹⁵⁾	103	103	102	102	103
Investment margin/Life general account invested assets (bps) ¹⁶⁾	85	88	83	81	
Total provisions for insurance and investment contracts ¹⁵⁾	112	113	114	114	112
of which for risk policyholder ¹⁵⁾	21	22	21	21	21
Allocated equity (end of period) ²⁰⁾	16,892	16,322	16,776	16,481	16,892
NN Life Solvency II ratio ³⁾	255%	253%	239%	219%	255%
Delta Lloyd Life Solvency II ratio ³⁾	180%	202%	190%	169%	180%
Net operating result	143	182	266	171	762
Adjusted allocated equity (end of period)	10,189	10,035	9,558	9,384	10,189
Net operating ROE ²⁰⁾	5.6%	7.4%	11.2%	7.4%	7.9%
Employees (internal FTEs, end of period)	2,450	2,498	2,499	2,535	2,450

2.2.2 NETHERLANDS LIFE - PROVISIONS FOR LIFE INSURANCE AND INVESTMENT CONTRACTS

In EUR billion	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Provisions for life insurance and investment contracts for risk of company - roll forward					
Beginning of period	91.5	92.3	92.7	92.5	92.5
Deposits	0.4	0.4	0.4	1.0	2.1
Withdrawals / Benefits	-1.4	-1.3	-1.3	-1.3	-5.2
Net production	-0.9	-0.9	-0.9	-0.3	-3.0
Acquisition / Divestments / Transfers	-	-	-0.0	0.0	-
Market performance / Interest credited	0.7	0.1	0.5	0.5	1.7
FX impact and other	-	-	-	-	-
End of period	91.2	91.5	92.3	92.7	91.2
In EUR billion	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Provisions for life insurance and investment contracts for risk of policyholders - roll forward					
Beginning of period	21.7	21.4	20.9	21.4	21.4
Deposits	0.3	0.3	0.3	0.4	1.4
Withdrawals / Benefits	-0.4	-0.3	-0.4	-0.6	-1.7
Net production	-0.1	0.0	-0.1	-0.2	-0.3
Acquisition / Divestments / Transfers	-	-	0.0	-0.0	-
Market performance / Interest credited	-1.0	0.2	0.6	-0.4	-0.5
FX impact and other	-	-	-	-	-
End of period	20.6	21.7	21.4	20.9	20.6

2.3.1 ANALYSIS OF RESULTS: NETHERLANDS NON-LIFE

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Earned premiums	786	741	692	735	2,954
Investment income	26	31	38	24	118
Other income	-4	3	-3	-0	-4
Operating income	807	775	727	759	3,068
Claims incurred, net of reinsurance	544	525	497	585	2,151
Acquisition costs	147	136	121	130	534
Administrative expenses	83	75	76	82	316
Acquisition costs and administrative expenses	230	211	196	213	850
Expenditure	773	736	693	798	3,001
Operating result insurance businesses	34	39	34	-39	67
Operating result health business and broker business	6	7	6	8	27
Total operating result	40	46	40	-32	94
Non-operating items	-19	5	3	8	-2
of which gains/losses and impairments	-1	1	7	4	11
of which revaluations	-4	4	-3	4	2
of which market & other impacts	-14	-0	-1	-	-15
Special items	-31	-8	-29	-22	-91
Result on divestments	-	-	-	-	-
Result before tax	-10	43	14	-46	1
Taxation	-1	9	4	-14	-2
Minority interests	3	3	1	-1	6
Net result	-12	30	9	-30	-3
Key figures					
Gross premium income	553	590	678	1,262	3,083
Total administrative expenses ¹¹⁾	103	94	94	102	393
Combined ratio ¹⁴⁾	96.4%	97.1%	97.9%	106.3%	99.4%
of which Claims ratio ¹⁴⁾	67.1%	68.7%	69.5%	77.4%	70.6%
of which Expense ratio ¹⁴⁾	29.3%	28.5%	28.4%	28.9%	28.8%
Total insurance provisions ¹⁵⁾	6	6	6	6	6
Allocated equity (end of period) ²⁰⁾	855	915	920	936	855
Net operating result	33	34	30	-22	75
Adjusted allocated equity (end of period)	663	702	676	699	663
Net operating ROE ²⁰⁾	19.2%	19.9%	17.4%	-12.3%	10.8%
Employees (internal FTEs, end of period)	2,804	2,802	2,609	2,672	2,804

2.3.2 NETHERLANDS NON-LIFE - KEY FIGURES BY LINE OF BUSINESS

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Gross premium income by line of business					
Disability & Accident	99	144	178	613	1,034
Fire	186	180	220	269	855
Marine & Aviation	13	15	20	23	70
Motor	172	170	175	218	734
Miscellaneous	83	82	88	139	392
Indirect business	-0	0	-3	0	-2
Property & Casualty	454	446	500	649	2,049
Total	553	590	678	1,262	3,083
In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Operating result by line of business					
Disability & Accident	17	21	29	13	79
Fire	30	13	6	-53	-4
Marine & Aviation	4	2	0	2	8
Motor	-3	1	-0	-7	-8
Miscellaneous	-13	2	-1	7	-5
Indirect business	-1	-1	-0	-1	-3
Property & Casualty	17	18	5	-52	-12
Health business and broker business	6	7	6	8	27
Total	40	46	40	-32	94
	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Combined ratios Disability & Accident and Property & Casualty ¹⁴⁾					
Disability & Accident					
Combined ratio	93.7%	94.3%	93.1%	94.9%	94.0%
of which Claims ratio	71.9%	74.1%	74.2%	73.7%	73.5%
of which Expense ratio	21.9%	20.1%	18.9%	21.1%	20.5%
Property & Casualty					
Combined ratio	97.6%	98.6%	100.9%	112.4%	102.3%
of which Claims ratio	64.8%	65.9%	66.6%	79.3%	69.1%
of which Expense ratio	32.8%	32.8%	34.2%	33.1%	33.2%
Total					
Combined ratio	96.4%	97.1%	97.9%	106.3%	99.4%
of which Claims ratio	67.1%	68.7%	69.5%	77.4%	70.6%
of which Expense ratio	29.3%	28.5%	28.4%	28.9%	28.8%

2.4.1 ANALYSIS OF RESULTS: INSURANCE EUROPE

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Investment margin	30	17	23	23	93
Fees and premium-based revenues	177	171	173	181	703
Technical margin	47	59	46	55	207
Operating income non-modelled business	0	0	1	0	1
Operating income Life Insurance	255	247	243	260	1,005
Administrative expenses	98	101	98	100	398
DAC amortisation and trail commissions	81	80	80	88	328
Expenses Life Insurance	179	181	177	188	725
Operating result Life Insurance	76	66	66	72	280
Operating result Non-life	-4	-1	-3	-1	-8
Operating result	72	65	63	71	271
Non-operating items	-26	19	10	-0	4
of which gains/losses and impairments	-16	3	18	-7	-2
of which revaluations	1	16	-2	7	22
of which market & other impacts	-11	0	-6	0	-16
Special items	-10	-6	-7	-5	-28
Result on divestments	-	-	-	-	-
Result before tax	37	78	67	65	247
Taxation	7	20	16	13	55
Minority interests	-	-	-	-	-
Net result	30	59	50	53	191
New business					
Single premiums	350	213	288	305	1,156
Regular premiums	131	107	117	156	512
New sales life insurance (APE)	166	129	146	186	627
Value of new business					168
Key figures					
Gross premium income	762	673	724	772	2,931
Total administrative expenses (Life & Non-life)	105	105	104	103	418
Cost/income ratio (Administrative expenses/Operating income)	40.0%	41.2%	41.3%	38.8%	40.3%
Life general account invested assets ¹⁵⁾	18	18	19	19	18
Investment margin/Life general account invested assets (bps) ¹⁶⁾	50	49	52	52	
Total provisions for insurance and investment contracts ¹⁵⁾	25	25	25	26	25
of which for risk policyholder ¹⁵⁾	7	7	7	7	7
Assets under Management Pensions ^{15) 22)}	18	19	18	19	18
Allocated equity (end of period) ²⁰⁾	2,307	2,273	2,328	2,530	2,307
Net operating result	55	50	51	56	212
Adjusted allocated equity (end of period)	1,907	1,872	1,907	2,069	1,907
Net operating ROE ²⁰⁾	11.6%	10.6%	10.3%	11.0%	10.9%
Employees (internal FTEs, end of period)	4,562	4,558	4,518	4,519	4,562

2.4.1 ANALYSIS OF RESULTS: INSURANCE EUROPE - EXCLUDING CURRENCY EFFECTS

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Investment margin	30	17	23	23	93
Fees and premium-based revenues	177	171	172	177	697
Technical margin	47	59	46	54	206
Operating income non-modelled business	0	0	1	0	1
Operating income Life Insurance	255	247	241	254	997
Administrative expenses	98	102	97	98	394
DAC amortisation and trail commissions	81	80	79	86	325
Expenses Life Insurance	179	181	175	183	719
Operating result Life Insurance	76	66	66	71	278
Operating result Non-life	-4	-1	-2	-1	-8
Operating result	72	65	63	70	270
Non-operating items	-26	19	10	-0	4
of which gains/losses and impairments	-16	3	18	-7	-2
of which revaluations	1	16	-2	7	22
of which market & other impacts	-11	0	-6	0	-16
Special items	-10	-6	-7	-5	-28
Result on divestments	-	-	-	-	-
Result before tax	37	78	66	65	246
Taxation	7	20	16	13	55
Minority interests	-	-	-	-	-
Net result	30	59	50	52	190
New business					
New sales life insurance (APE)	166	130	142	178	616
Key figures					
Gross premium income	762	673	721	763	2,919
Total administrative expenses (Life & Non-life)	105	105	102	101	414

2.4.2 INSURANCE EUROPE - KEY FIGURES BY COUNTRY

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Gross premium income by country					
Belgium	260	212	221	251	945
Poland	93	90	89	93	365
Czech Republic	40	35	38	39	152
Hungary	54	58	63	60	235
Spain	138	117	134	153	541
Other	178	161	179	175	693
Insurance Europe	762	673	724	772	2,931

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Operating result by country					
Belgium	15	17	13	9	55
Poland	25	22	23	25	95
Czech Republic	7	7	8	8	29
Hungary	3	3	3	3	13
Spain	14	7	6	9	36
Other	8	10	10	16	44
Insurance Europe	72	65	63	71	271

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
New sales (APE) by country					
Belgium	35	21	27	32	115
Poland	38	23	24	24	108
Czech Republic	5	4	5	4	19
Hungary	6	6	7	6	25
Spain	23	18	23	35	99
Other	59	56	60	85	261
Insurance Europe	166	129	146	186	627

2.4.2 INSURANCE EUROPE - KEY FIGURES BY COUNTRY - EXCLUDING CURRENCY EFFECTS

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Gross premium income by country					
Belgium	260	212	221	251	945
Poland	93	89	89	91	362
Czech Republic	40	35	38	38	151
Hungary	54	58	62	58	232
Spain	138	117	134	153	541
Other	178	161	177	172	689
Insurance Europe	762	673	721	763	2,919

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Operating result by country					
Belgium	15	17	13	9	55
Poland	25	22	23	24	94
Czech Republic	7	7	8	8	29
Hungary	3	3	3	3	13
Spain	14	7	6	9	36
Other	8	10	10	16	44
Insurance Europe	72	65	63	70	270

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
New sales (APE) by country					
Belgium	35	21	27	32	115
Poland	38	22	24	23	107
Czech Republic	5	4	5	4	19
Hungary	6	6	7	6	24
Spain	23	18	23	35	99
Other	59	57	57	77	251
Insurance Europe	166	130	142	178	616

2.4.3 INSURANCE EUROPE - PROVISIONS FOR LIFE INSURANCE AND INVESTMENT CONTRACTS AND ASSETS UNDER MANAGEMENT PENSIONS

In EUR billion	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Provisions for life insurance and investment contracts for risk of company - roll forward					
Beginning of period	17.9	18.2	18.5	18.7	18.7
Deposits	0.5	0.3	0.3	0.3	1.4
Withdrawals / Benefits	-0.7	-0.5	-0.5	-0.5	-2.3
Net production	-0.2	-0.2	-0.2	-0.2	-0.8
Acquisition / Divestments / Transfers	-0.0	0.0	-0.0	-0.0	-0.0
Market performance / Interest credited	0.2	-0.1	-0.0	0.0	0.1
FX impact and other	0.0	0.0	-0.1	-0.0	-0.0
End of period	17.9	17.9	18.2	18.5	17.9
In EUR billion	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Provisions for life insurance and investment contracts for risk of policyholders - roll forward					
Beginning of period	7.4	7.1	7.1	7.0	7.0
Deposits	0.5	0.2	0.3	0.3	1.2
Withdrawals / Benefits	-0.3	-0.1	-0.2	-0.1	-0.7
Net production	0.2	0.1	0.1	0.1	0.5
Acquisition / Divestments / Transfers	-	-	0.0	0.0	0.0
Market performance / Interest credited	-0.4	0.1	0.0	-0.1	-0.4
FX impact and other	0.0	0.0	-0.1	-0.0	-0.1
End of period	7.1	7.4	7.1	7.1	7.1
In EUR billion	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Assets under management pensions - roll forward					
Beginning of period	18.7	17.8	18.5	19.2	19.2
Deposits	0.4	0.4	0.4	0.4	1.6
Withdrawals / Benefits	-0.2	-0.2	-0.2	-0.3	-0.9
Net production	0.2	0.2	0.2	0.2	0.7
Acquisition / Divestments / Transfers	-	-	-	-	-
Market performance / Interest credited	-0.5	0.6	-0.4	-0.7	-1.0
FX impact and other	0.0	0.1	-0.4	-0.1	-0.5
End of period	18.4	18.7	17.8	18.5	18.4

2.5.1 ANALYSIS OF RESULTS: JAPAN LIFE

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Investment margin	-3	-1	-2	-3	-9
Fees and premium-based revenues	130	157	130	187	605
Technical margin	1	-0	-1	-1	-1
Operating income non-modelled business	0	0	-0	0	-0
Operating income	128	156	127	184	594
Administrative expenses	40	35	33	32	140
DAC amortisation and trail commissions	58	76	67	85	287
Expenses	98	111	100	118	427
Operating result	29	45	27	66	167
Non-operating items	-9	-3	-8	-5	-25
of which gains/losses and impairments	-0	-0	-4	1	-3
of which revaluations	-9	-3	-4	-6	-22
of which market & other impacts	-	-	-	-	-
Special items	-1	-1	-0	-0	-3
Result on divestments	-	-	-	-	-
Result before tax	19	40	19	60	139
Taxation	8	14	3	16	41
Minority interests	-	-	-	-	-
Net result	12	26	16	44	97
New business					
Single premiums	-	-	-	-	-
Regular premiums	206	164	163	218	751
New sales life insurance (APE)	206	164	163	218	751
Value of new business					214
Key figures					
Gross premium income	797	956	767	1,108	3,628
Total administrative expenses	40	35	33	32	140
Cost/income ratio (Administrative expenses/Operating income)	31.4%	22.3%	25.7%	17.7%	23.6%
Life general account invested assets ¹⁵⁾	16	16	15	15	16
Total provisions for insurance and investment contracts ¹⁵⁾	15	14	14	14	15
of which for risk policyholder ¹⁵⁾	0	0	0	0	0
Allocated equity (end of period) ²⁰⁾	2,358	2,124	2,265	2,231	2,358
Net operating result	20	32	15	44	111
Adjusted allocated equity (end of period)	1,725	1,631	1,634	1,607	1,725
Net operating ROE ²⁰⁾	4.7%	7.9%	3.7%	11.4%	6.8%
Employees (internal FTEs, end of period)	829	830	839	804	829

2.5.1 ANALYSIS OF RESULTS: JAPAN LIFE - EXCLUDING CURRENCY EFFECTS

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Investment margin	-3	-1	-2	-3	-9
Fees and premium-based revenues	130	160	131	193	614
Technical margin	1	-0	-1	-1	-1
Operating income non-modelled business	0	0	-0	0	-0
Operating income	128	158	128	189	603
Administrative expenses	40	35	33	33	142
DAC amortisation and trail commissions	58	77	68	88	291
Expenses	98	113	101	122	433
Operating result	29	46	28	68	170
Non-operating items	-9	-3	-8	-5	-26
of which gains/losses and impairments	-0	-0	-4	1	-3
of which revaluations	-9	-3	-4	-6	-22
of which market & other impacts	-	-	-	-	-
Special items	-1	-1	-0	-1	-3
Result on divestments	-	-	-	-	-
Result before tax	19	41	19	62	141
Taxation	8	15	3	16	42
Minority interests	-	-	-	-	-
Net result	12	26	16	46	99
New business					
New sales life insurance (APE)	206	166	164	225	762
Key figures					
Gross premium income	797	971	775	1,142	3,686
Total administrative expenses	40	35	33	33	142

2.5.2 JAPAN LIFE - PROVISIONS FOR LIFE INSURANCE AND INVESTMENT CONTRACTS

In EUR billion	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Provisions for life insurance and investment contracts for risk of company - roll forward					
Beginning of period	14.0	13.9	13.5	12.5	12.5
Deposits	0.7	0.9	0.7	1.0	3.3
Withdrawals / Benefits	-0.5	-0.5	-0.5	-0.5	-2.1
Net production	0.2	0.3	0.2	0.5	1.2
Acquisition / Divestments / Transfers	-	-	-	-	-
Market performance / Interest credited	0.0	0.0	0.0	0.0	0.2
FX impact and other	0.7	-0.3	0.2	0.4	1.0
End of period	14.9	14.0	13.9	13.5	14.9

2.6.1 ANALYSIS OF RESULTS: ASSET MANAGEMENT

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Investment income	-0	-0	-0	-0	-1
Fees	110	115	112	116	454
Operating income	110	115	112	116	453
Administrative expenses	80	73	71	75	298
Operating result	30	43	41	41	155
Non-operating items	-0	0	0	-0	-0
Special items	-15	-1	-11	-5	-31
Result on divestments	-	-	-	-	-
Result before tax	15	42	30	36	123
Taxation	4	10	7	8	29
Minority interests	-	-	-	-	-
Net result	11	32	23	27	94
Key figures					
Total administrative expenses	80	73	71	75	298
Cost/income ratio (Administrative expenses/Operating income)	72.7%	63.0%	63.3%	64.7%	65.9%
Net inflow Assets under Management (in EUR billion)	0	-1	-3	-2	-6
Assets under Management ¹⁵⁾	246	238	240	240	246
Fees/average Assets under Management (bps)	18	19	19	19	19
Allocated equity (end of period) ²⁰⁾	371	409	427	454	371
Net operating result	22	32	31	31	117
Adjusted allocated equity (end of period)	372	410	428	454	372
Net operating ROE ²⁰⁾	22.8%	30.9%	28.4%	27.8%	27.6%
Employees (internal FTEs, end of period)	982	1,030	1,066	1,080	982

2.6.1 ANALYSIS OF RESULTS: ASSET MANAGEMENT - EXCLUDING CURRENCY EFFECTS

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Investment income	-0	-0	-0	-0	-1
Fees	110	116	112	117	455
Operating income	110	115	112	116	454
Administrative expenses	80	73	71	75	299
Operating result	30	43	41	41	155
Non-operating items	-0	0	0	-0	-0
Special items	-15	-1	-11	-5	-31
Result on divestments	-	-	-	-	-
Result before tax	15	42	30	36	124
Taxation	4	10	7	8	29
Minority interests	-	-	-	-	-
Net result	11	32	23	27	94
Key figures					
Total administrative expenses	80	73	71	75	299

2.6.2 ASSET MANAGEMENT - ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADMINISTRATION

In EUR billion	4Q2018	3Q2018	2Q2018	1Q2018
Assets under Management (AuM) and Assets under Advice and Administration (AuA)				
Affiliates	165	154	158	156
Proprietary (general account assets)	143	130	133	131
Other affiliates business	22	24	25	25
Third parties	81	84	82	84
Institutional customers	42	41	40	41
Retail customers home markets	28	31	29	31
Retail customers others	11	13	12	13
Total Assets under Management	246	238	240	240
Assets under Advice and Administration	46	48	48	47

In EUR billion	4Q2018	3Q2018	2Q2018	1Q2018
AuM by investment				
Equity	23	26	28	28
Fixed income	192	180	181	180
Multi asset	31	32	32	32
Total	246	238	240	240

31 December 2018	Affiliates	Proprietary	Other	Third Parties	Institutional	Retail home markets	Retail Others	Total
In EUR billion								
AuM roll forward								
Beginning of period	154	130	24	84	41	31	13	238
Net inflow	0	1	-0	-0	1	-0	-1	0
Acquisition / Divestments / Transfers	10	10	-	-	-	-	-	10
Market performance (incl. FX Impact) and Other	1	2	-1	-3	-1	-2	-1	-2
End of period	165	143	22	81	42	28	11	246

In EUR billion	4Q2018	3Q2018	2Q2018	1Q2018
AuM roll forward				
Beginning of period	238	240	240	246
Net inflow	0	-1	-3	-2
Acquisition / Divestments / Transfers	10	-	-	-3
Market performance (incl. FX Impact) and Other	-2	-0	2	-1
End of period	246	238	240	240

2.7.1 ANALYSIS OF RESULTS: BANKING BUSINESS

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Interest result	62	65	64	67	259
Commission income	11	8	9	8	36
Total investment and other income	9	7	10	10	35
Operating income	81	80	84	85	331
Operating expenses	53	44	44	48	189
Regulatory levies	3	3	6	4	17
Addition to loan loss provision	-3	-1	-2	-0	-7
Total expenses	53	46	48	52	200
Operating result	28	34	36	33	131
Non-operating items	-1	-5	-12	2	-16
of which gains/losses and impairments	-1	-0	0	0	-0
of which revaluations	3	-1	-3	1	-
of which market & other impacts	-3	-3	-9	-	-15
Special items before tax	-3	-6	-4	-4	-17
Result before tax	24	23	20	31	99
Taxation	14	6	5	8	32
Minority interests	-	-	-	-	-
Net result	11	17	15	23	66
Key figures					
Total administrative expenses	57	47	50	53	206
Cost/income ratio	65.6%	54.8%	52.3%	56.6%	57.3%
Common equity Tier 1 ratio ²⁴⁾	16.3%	16.4%	16.2%	15.6%	16.3%
Total Capital ratio ²⁴⁾	17.9%	18.0%	17.8%	17.1%	17.9%
Risk weighted assets (RWA) ²⁴⁾	5,545	5,516	5,497	5,716	5,545
Net Interest margin (NIM) ¹⁶⁾	1.2%	1.3%	1.4%	1.4%	
Savings & deposits ¹⁵⁾	14	15	15	14	14
Mortgages ¹⁵⁾	18	18	18	18	18
Total assets banking business ¹⁵⁾	22	22	22	21	22
Allocated equity (end of period) ²⁰⁾	788	776	762	754	788
Net operating result	21	25	27	25	99
Adjusted allocated equity banking business (end of period)	784	774	757	750	784
Net operating ROE ¹⁹⁾	10.9%	13.3%	14.4%	13.5%	13.0%
Employees (internal FTEs, end of period)	814	821	839	846	814

2.7.2 BANKING BUSINESS - SAVINGS AND DEPOSITS AND MORTGAGES

In EUR billion	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Savings & Deposits - roll forward					
Beginning of period	14.7	14.7	14.4	14.1	14.1
Deposits	0.8	0.8	1.0	1.3	3.9
Withdrawals / Benefits	-1.1	-0.7	-0.7	-1.0	-3.5
Net production	-0.2	0.0	0.2	0.4	0.4
Acquisition / Divestments / Transfers	-	-	-	-	-
Market performance / Interest credited	-	-	-	-	-
FX impact and other	-	-	-	-	-
End of period	14.5	14.7	14.7	14.4	14.5
In EUR billion	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Mortgages - roll forward					
Beginning of period	17.9	17.7	17.7	17.9	17.9
Production	2.2	1.2	1.4	2.0	6.8
Redemptions	-0.5	-0.4	-0.4	-0.4	-1.6
Net production	1.7	0.8	1.0	1.6	5.2
Acquisition / Divestments / Transfers	-1.6	-0.7	-1.0	-1.8	-5.0
Market performance / Interest credited	-	-	-	-	-
FX impact and other	-	-	-	-	-
End of period	18.1	17.9	17.7	17.7	18.1

2.8 ANALYSIS OF RESULTS: OTHER

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Interest on hybrids and debt ²³⁾	-27	-27	-27	-27	-108
Investment income and fees	24	25	24	23	96
Holding expenses	-49	-37	-36	-35	-156
Amortisation of intangible assets	-0	-0	-0	-0	-1
Holding result	-52	-40	-39	-39	-170
Operating result reinsurance business	2	19	7	-39	-12
Other results	2	15	1	0	18
Operating result	-48	-6	-32	-78	-164
Non-operating items	-13	9	-8	16	5
of which gains/losses and impairments	1	1	3	2	7
of which revaluations	-2	0	-1	-1	-3
of which market & other impacts	-11	8	-11	15	1
Special items	-22	-15	-23	-27	-87
Amortisation of acquisition intangibles	-885	-33	-33	-33	-984
Result on divestments	-	-	0	4	4
Result before tax	-968	-45	-95	-118	-1,226
Taxation	3	-14	-20	-31	-63
Minority interests	0	0	-0	0	0
Net result	-971	-30	-75	-87	-1,163
Key figures					
Gross premium income	7	6	7	7	27
Total administrative expenses	51	40	38	38	167
of which reinsurance business	2	2	2	3	9
of which corporate/holding	48	38	36	36	158
Total provisions for insurance and investment contracts ¹⁵⁾	4	4	5	5	4
Allocated equity (end of period) ²⁰⁾	-919	-48	-186	-364	-919
Net operating result ²⁵⁾	-50	-18	-33	-71	-171
Adjusted allocated equity (end of period) ¹⁸⁾	-1,422	-1,420	-1,575	-1,823	-1,422
Employees (internal FTEs, end of period)	1,680	1,661	1,661	1,735	1,680
Key figures Japan Closed Block VA					
Account value	2,355	2,853	3,466	4,074	2,355
Net Amount at Risk	175	38	80	106	175
IFRS Reserves	285	157	218	256	285
Number of policies	34,436	41,224	54,587	68,462	34,436

2.8 ANALYSIS OF RESULTS: OTHER - EXCLUDING CURRENCY EFFECTS

In EUR million	4Q2018	3Q2018	2Q2018	1Q2018	FY2018
Analysis of results					
Interest on hybrids and debt ²³⁾	-27	-27	-27	-27	-108
Investment income and fees	24	25	24	23	96
Holding expenses	-49	-37	-36	-35	-156
Amortisation of intangible assets	-0	-0	-0	-0	-1
Holding result	-52	-40	-39	-39	-170
Operating result reinsurance business	2	19	7	-39	-12
Other results	2	15	0	0	18
Operating result	-48	-6	-32	-78	-164
Non-operating items	-13	9	-8	16	5
of which gains/losses and impairments	1	1	3	2	7
of which revaluations	-2	0	-1	-1	-3
of which market & other impacts	-11	8	-11	15	1
Special items	-22	-15	-23	-27	-87
Amortisation of acquisition intangibles	-885	-33	-33	-33	-984
Result on divestments	-	-	0	4	4
Result before tax	-968	-45	-95	-118	-1,226
Taxation	3	-14	-20	-31	-63
Minority interests	0	0	-0	0	0
Net result	-971	-30	-75	-87	-1,163
Key figures					
Gross premium income	7	4	6	3	20
Total administrative expenses	51	40	38	38	167
of which reinsurance business	2	2	2	3	9
of which corporate/holding	48	38	36	36	158

NOTES

- 1) Revaluation reserves for debt securities, equity securities and property in own use, the cash flow hedge reserve, the related crediting to policyholders, the coupon on undated subordinated notes recognised in equity as well as the goodwill and intangible assets recognised as a result of the Delta Lloyd acquisition.
- 2) The segment 'Other' comprises of the allocated equity of reinsurance business and the cash capital position, other assets and debt of the holding company.
- 3) The solvency ratios are not final until filed with the regulators. The Solvency II ratios for NN Group and NN Life are based on the partial internal model. The Solvency II ratio for Delta Lloyd Life for 4Q18 (Delta Lloyd Levensverzekering N.V.) is also based on the partial internal model while the ratios for comparative periods are based on the standard formula.
- 4) Includes interest on subordinated loans provided to subsidiaries by the holding company.
- 5) Includes the change of subordinated loans provided to subsidiaries by the holding company.
- 6) Includes interest on subordinated loans and debt, holding company expenses and other cash flows.
- 7) Free cash flow to the holding company is defined as the change in cash capital position of the holding company over the period, excluding acquisitions, capital transactions with shareholders and debtholders.
- 8) Cash capital is defined as net current assets available at the holding company.
- 9) Other assets contain Reinsurance contracts, Property and equipment, Intangible assets, and Deferred acquisition costs.
- 10) Including AZL.
- 11) Including health business and broker business.
- 12) Basic earnings per ordinary share is calculated as the net result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by the weighted average number of ordinary shares outstanding (net of treasury shares).
- 13) 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. The net decrease in the number of shares results from the cancellation of shares following the share buy back programme.
- 14) Excluding health business and broker business.
- 15) End of period, in EUR billion.
- 16) Four-quarter rolling average.
- 17) Net operating result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity.
- 18) Allocated equity, adjusted for revaluation reserves and excluding undated subordinated notes classified in equity as well as the goodwill and intangible assets recognised as a result of the Delta Lloyd acquisition.
- 19) Net operating ROE is calculated as the (annualised) net operating result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by (average) adjusted allocated equity of NN Group excluding Japan Closed Block VA. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves, the undated subordinated notes classified as equity as well as the goodwill and intangible assets recognised as a result of the Delta Lloyd acquisition. Reference is made to the section 'Alternative Performance Measures (Non-GAAP Measures)' in the NN Group N.V. 2017 Consolidated Annual Accounts.
- 20) Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by (average) adjusted allocated equity. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves. Reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the NN Group N.V. 2017 Consolidated Annual Accounts.
- 21) Value of new business as a percentage of Present value of new business premiums.
- 22) The numbers shown under AuM are client balances which exclude IFRS shareholders' equity related to the respective pension businesses and include the assets under administration.
- 23) Does not include interest costs on subordinated debt treated as equity.
- 24) The Common equity Tier 1 ratio, Total Capital ratio and Risk weighted assets (RWA) are not final until filed with the regulators.
- 25) Net operating result is adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity.

IMPORTANT LEGAL INFORMATION

NN Group's Consolidated Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and with Part 9 of Book 2 of the Dutch Civil Code. In preparing the financial information in this document, the same accounting principles are applied as in the NN Group N.V. Condensed consolidated interim accounts for the period ended 30 September 2018. The Annual Accounts for 2018 are in progress and may be subject to adjustments from subsequent events.

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

Any forward-looking statements made by or on behalf of NN Group speak only as of the date they are made, and, NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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