

NN Group reports 1Q16 results

Operating result stable; strong capital position

- Operating result ongoing business of EUR 305 million, stable on 1Q15, as higher dividends at Netherlands Life and improved results at NN Bank were offset by lower results at Netherlands Non-life, Insurance Europe and Asset Management
- Net result of EUR 270 million, down from EUR 485 million in 1Q15, which included a capital gain on an equity investment while 1Q16 reflects a negative result for Japan Closed Block VA due to higher market volatility
- Cost savings in the Netherlands of EUR 11 million in 1Q16, bringing the expense base down to EUR 792 million
- Strong capital position; Solvency II ratio at 241% at 1Q16 versus 239% at 4Q15
- Holding company cash capital increased to EUR 2.1 billion reflecting dividends from subsidiaries of EUR 390 million partly offset by the EUR 250 million share buyback
- Share buyback programme up to EUR 500 million over 12 months commencing 1 June 2016

Statement of Lard Friese, CEO

'We are pleased with our strong capital position, with a Solvency II ratio of 241% and robust free cash flow to the holding in the first quarter of 2016, especially given the volatile market conditions in the first few months of the year.

While the group operating result for the first quarter of 2016 was stable on the same quarter in 2015, the operating performance of the individual segments showed a mixed picture. Netherlands Life reported higher results supported by continued strong investment performance, and the results of NN Bank improved on the back of the continued growth of the mortgage portfolio and customer deposits. Our international businesses continued to grow their fees and premium-based revenues, which were offset by the impact of the low interest rate environment and equity market depreciation. The non-life and asset management businesses continue to have our full attention. The results of the non-life business have been quite volatile and were impacted by an unfavourable claims experience in the Individual disability portfolio in the first quarter. We continue to implement our management actions aimed at improving underwriting performance and efficiency. In response to the challenging environment, NN Investment Partners is enhancing its strategic focus as announced at the end of last year. The asset manager aims to attract third-party assets by focusing on its areas of expertise, rationalising its product range and improving the efficiency of its operations. In the first quarter of 2016, the asset manager won several Lipper Group Awards recognising the success of its Multi-Asset strategy and Emerging Markets Debt funds. Our cost reductions in the Netherlands are on track to achieve the target expense base set out for 2018, and in the first quarter we realised EUR 11 million in cost savings.

We are today announcing a programme to buy back shares up to EUR 500 million over a period of twelve months. This demonstrates our disciplined capital management as well as our commitment to returning excess capital to shareholders. At the same time, we believe it is essential to maintain a robust capital position and the financial flexibility to be able to pursue value creating corporate opportunities.

On 14 April, ING sold its remaining 14.1% stake in NN Group. This transaction marked the completion of our journey to become a stand-alone company. Going forward, it remains essential that we capture the many opportunities of changing consumer behaviour, retrenching governments and the use of new technology. We will continue to invest in innovating our businesses, focused on improving our service to customers and achieving our goals of increased efficiency and agility.'

NN Group key figures

In EUR million	1Q16	1Q15	Change
Operating result ongoing business	305	304	0.1%
Net result	270	485	-44.2%
Net operating ROE	8.6%	8.7%	
Solvency II ratio ¹⁾	241%	n/a	

Note: all footnotes are included on page 25

Quarterly Business Update

NN Group's strategy is to deliver an excellent customer experience based on strong products and services and long-term relationships. In executing this strategy we will focus on agility in order to navigate the ever-changing insurance and asset management landscape, as well as the challenging market dynamics.

Transparent products and services

NN Group is committed to delivering products and services that are easy to understand and meet customers' lifetime needs. For example, Netherlands Life launched a programme called 'Retirement in the mix' (Pensioen in de mix) aimed at increasing pension awareness among employers and employees. Another new service is Pension Assistance (Pensioen Hulp), an online tool open to customers and non-customers alike, which provides relevant and personalised information to help people prepare for their retirement in the ten years leading up to this phase. A new product recently introduced by Nationale-Nederlanden is Active Retirement (Actief Pensioen) whereby employees can purchase a pension with immediate effect from their accrued pension capital. In the first quarter of 2016, Japan Life continued to increase its COLI protection sales, driven by products launched in 2015, including a new term product and a new income protection product for SME owners. NN Investment Partners successfully launched a Green Bond fund, underlining our commitment to responsible investing.

Capturing growth

The fundamental need of people to protect themselves against life's uncertainties will continue to drive growth in the insurance industry over the long term. In Europe, we continue to expand our sales of new protection products. By way of example, in Romania we have deployed an innovative product development approach with ING Bank, which has resulted in a significant increase in risk protection sales. Similarly, Turkey has introduced a new simple account protection product for bancassurance customers that provides customers a financial buffer in the case of an unexpected event. In addition, our Greek business has launched a new direct online health proposition, which is seeing early signs of success. In the Netherlands, NN Bank is one of the top 5 players in the mortgage market in terms of new mortgage production, with its mortgage portfolio growing to EUR 10.9 billion from EUR 10.5 billion at the end of 2015. Customer deposits increased to EUR 8.6 billion at the end of the first quarter. Also our asset manager continues to experience strong demand for its Dutch Residential Mortgage Fund.

Multi-access distribution

NN Group strives to be available to serve our customers through multiple channels. We have a diverse mix of distribution channels comprising tied agents, bancassurance partners, brokers and direct channels, which we are looking to constantly strengthen. Within Japan Life, for example, we continue to enhance and diversify our distribution through bank networks where we have experienced sales growth of 33% in the first quarter of 2016. In Greece, new sales via our bancassurance partner, Piraeus Bank grew by 63% year on year. In Poland, we recently announced the acquisition of Notus Financial Advisors, a leading financial broker in the market. The acquisition of Notus will further strengthen and diversify the distribution network of Nationale-Nederlanden Poland with over 350 of Notus' own agents in Poland's largest cities as well as nationwide coverage through franchises giving access to 600 financial advisors.

Effective and efficient operations

We aim to make processes as efficient and effective as possible, in order to deliver value for money for our customers. In the Netherlands we continue to reduce expenses, for example by work towards IT-cloud solutions, offshoring and application rationalisation.

The digital transformation of our business improves customers experience as well as our efficiency. Last year, in Spain we implemented a paperless sales process for tied agents. This increased customer experience, measured by our Net Promoter Score, and reduced new business processing costs. On the back of this success in Spain, we have recently launched digital solutions in Poland and the Czech Republic and will be launching similar platforms in other European countries in the coming months.

Innovation

We continue to invest in innovation and in the first quarter of the year, Netherlands Non-life introduced the SmartHome pilot in the 'Smartest House of the Netherlands' in Eindhoven. The pilot, initiated by Sparklab (NN Non-life's innovation lab), is intended to explore the effect that home sensors have on residents' overall feeling of safety.

Consolidated results

Consolidated profit and loss account NN Group

In EUR million	1Q16	1Q15	Change
Analysis of results			
Netherlands Life	177	152	16.2%
Netherlands Non-life	9	24	-61.5%
Insurance Europe	34	40	-14.6%
Japan Life	67	72	-6.4%
Asset Management	29	36	-20.3%
Other	-11	-20	
Operating result ongoing business	305	304	0.1%
Non-operating items ongoing business	122	284	-57.1%
of which gains/losses and impairments	29	172	-83.2%
of which revaluations	62	74	-16.0%
of which market & other impacts	31	38	-19.6%
Japan Closed Block VA	-69	16	
Special items before tax	-26	-20	
Result on divestments	0	0	-100.0%
Result before tax	331	584	-43.3%
Taxation	61	90	-32.8%
Minority interests	0	10	-97.2%
Net result	270	485	-44.2%
Basic earnings per ordinary share in EUR ²⁾	0.81	1.35	-40.4%

Key Figures

In EUR million	1Q16	1Q15	Change
Ongoing business			
Gross premium income	3,279	3,576	-8.3%
New sales life insurance (APE)	478	498	-4.0%
Total administrative expenses	424	438	-3.2%
Cost/income ratio (Administrative expenses/Operating income)	32.9%	34.8%	
Combined ratio (Netherlands Non-life) ³⁾	104.3%	100.2%	
Asset Management Assets under Management ⁴⁾⁸⁾	190	212	-10.2%
Life general account invested assets ⁴⁾	86	83	3.2%
Investment margin/Life general account invested assets (bps) ⁵⁾	109	93	
Total provisions for insurance & investment contracts ⁴⁾	108	112	-3.8%
of which for risk policyholder ⁴⁾	23	28	-18.5%
NN Life Solvency II ratio ¹⁾	212%	n/a	
Net operating result ⁶⁾	242	228	5.9%
Net operating ROE ⁷⁾	8.6%	8.7%	
Japan Closed Block VA			
Account value	9,125	13,646	-33.1%
Number of policies	186,789	266,572	-29.9%
Total NN Group			
Solvency II ratio ¹⁾	241%	n/a	
Total assets ⁴⁾	170	179	-4.8%
Shareholders' equity	23,099	24,122	-4.2%
Employees (internal FTEs, end of period)	11,485	11,588	-0.9%

Note: all footnotes are included on page 25

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

- NN Group's operating result of the ongoing business was broadly stable compared with the first quarter of 2015 as higher dividends at Netherlands Life and improved results at NN Bank were offset by lower results at Netherlands Non-life, Insurance Europe and Asset Management
- The result before tax decreased to EUR 331 million from EUR 584 million in the first quarter of 2015, which included a capital gain on an equity investment while the current quarter reflects a negative result for Japan Closed Block VA due to higher market volatility
- Cost savings in the Netherlands of EUR 11 million in the first quarter of 2016 bringing the expense base down to EUR 792 million
- New sales (APE) were EUR 478 million, down 5.0% from the first quarter of 2015 on a constant currency basis, which included a pension buy-out in the Netherlands and the sale of a large group contract at Insurance Europe. Excluding these impacts, new sales were up 6.2%

The operating result of the ongoing business was broadly stable at EUR 305 million compared with EUR 304 million in the first quarter of 2015. The higher results at Netherlands Life and NN Bank were offset by lower results at Netherlands Non-life, Insurance Europe and Asset Management.

The administrative expenses in Netherlands Life, Netherlands Non-life and corporate/holding entities decreased by EUR 11 million in the first quarter of 2016, in line with the target to achieve an annual administrative expense base of EUR 700 million by the end of 2018. At the end of the first quarter of 2016, the administrative expense base amounted to EUR 792 million versus EUR 818 million at the end of the third quarter of 2015, when this target expense base was set, both on a last 12-months basis.

The operating result of Netherlands Life increased to EUR 177 million from EUR 152 million in the first quarter of 2015, supported by EUR 59 million of dividends while the first quarter of 2015 included a private equity dividend of EUR 24 million. A higher technical margin and lower DAC amortisation and trail commissions also contributed to the higher result. This was partly offset by lower fees and premium-based revenues.

The operating result of Netherlands Non-life decreased to EUR 9 million from EUR 24 million in the first quarter of 2015, due to less favourable results in Disability & Accident (D&A). As a result the combined ratio deteriorated to 104.3% in the first quarter of 2016 from 100.2% in the first quarter of 2015.

The operating result of Insurance Europe decreased to EUR 34 million from EUR 40 million in the first quarter of 2015, mainly due to a lower investment margin as well as a provision related to the terrorist attacks in Belgium.

The operating result of Japan Life was EUR 67 million, down from EUR 72 million in first quarter of 2015, reflecting higher DAC amortisation and trail commissions and a lower investment margin, partly offset by higher fees and premium-based revenues.

The operating result of Asset Management decreased to EUR 29 million from EUR 36 million in first quarter of 2015 caused by a decrease in fees partly offset by lower expenses.

The operating result of the segment 'Other' improved to EUR -11 million from EUR -20 million in the first quarter of 2015, reflecting a higher operating result at NN Bank mainly driven by a higher interest margin.

Result before tax

The result before tax for the first quarter of 2016 decreased to EUR 331 million compared with EUR 584 million in the first quarter of 2015, mainly due to lower capital gains and a lower result of Japan Closed Block VA on higher market volatility.

Gains/losses and impairments were EUR 29 million compared with EUR 172 million in the first quarter of 2015, which was supported by a gain on the sale of a large public equity investment following a public offering. The current quarter reflects a total of EUR 53 million gains on debt and public equity securities partly offset by EUR 25 million impairments on public equity securities.

Revaluations amounted to EUR 62 million compared with EUR 74 million in the first quarter of 2015. The current quarter reflects positive revaluations on real estate and private equity.

Market and other impacts amounted to EUR 31 million compared with EUR 38 million in the first quarter of 2015. The result in the current quarter reflects market movements on assets related to separate account pension contracts in the Netherlands.

The result before tax of Japan Closed Block VA was EUR -69 million compared with EUR 16 million in the first quarter of 2015, reflecting a negative hedge-related result due to higher market volatility and a technical provision increase following a refinement in lapse assumptions.

Special items were EUR -26 million compared with EUR -20 million in the first quarter of 2015. Special items in the current quarter consist of EUR 13 million disentanglement-related IT expenses in Belgium, EUR 7 million expenses related to the rebranding of NN Group's subsidiaries and EUR 7 million restructuring expenses related to the target to reduce the administrative expense base of Netherlands Life, Netherlands Non-life and corporate/holding entities to EUR 700 million by the end of 2018.

Net result

The net result decreased to EUR 270 million from EUR 485 million in the first quarter of 2015. The effective tax rate in the first quarter of 2016 was 18.3%, reflecting tax-exempt dividends and capital gains in the Netherlands related to shareholdings of 5% or more and a release of deferred tax liabilities caused by a reduction of the statutory tax rate in Japan.

Sales

Total new sales (APE) at NN Group were EUR 478 million, down 5.0% from the first quarter of 2015 on a constant currency basis. New sales were down 8.9% at Netherlands Life as the first quarter of 2015 included a EUR 420 million pension fund buy-out. Excluding the impact of this buy-out, new sales increased 19.1% at Netherlands Life, mainly driven by higher group pension renewals. At Insurance Europe, new sales were up 0.9% compared with the first quarter of 2015, which included a sale of a large group contract in Spain. Excluding the impact of this contract, new sales at Insurance Europe were up 9.6% driven by higher bancassurance sales in Greece. New sales at Japan Life declined 5.6% due to lower sales of COLI level term products, partly compensated by higher COLI protection sales and higher bancassurance sales.

Net operating Return On Equity (ROE)

The net operating ROE of the ongoing business of NN Group was 8.6% broadly stable on the first quarter of 2015, reflecting a higher net operating result as well as a higher adjusted allocated equity.

Unit-linked products in the Netherlands

Nationale-Nederlanden 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. On 29 March 2016 KiFiD issued its final ruling (in first instance) related to a unit-linked product in an individual case in which the complainant is assisted by a consumer claims association. KiFiD concluded, among other things, that there is no contractual basis for charging initial costs and that an insurer is obliged to warn against the leverage and capital consumption effect. Nationale-Nederlanden believes that the KiFiD has incorrectly applied the ruling of the European Court of Justice of 29 April 2015 and is appealing the KiFiD ruling with the Appeals Committee of the KiFiD. Dutch courts and KiFiD will continue to provide an interpretation of the ruling of the European Court of Justice with respect to information provision requirements related to unit-linked products in proceedings against Nationale-Nederlanden and other Dutch insurance companies. The KiFiD ruling does not change earlier statements and conclusions disclosed by NN Group in relation to unit-linked products.

Netherlands Life

- Operating result increased to EUR 177 million from EUR 152 million in the first quarter of 2015, supported by higher dividends partly offset by lower fees and premium-based revenues
- Administrative expenses decreased 2.0% to EUR 108 million
- NN Life Solvency II ratio of 212% down from 216% at the end of the fourth quarter of 2015 due to lower interest rates

In EUR million	1Q16	1Q15	Change
Analysis of results			
Investment margin	191	161	18.1%
Fees and premium-based revenues	98	115	-14.9%
Technical margin	9	3	246.2%
Operating income non-modelled business	0	0	
Operating income	298	279	6.7%
Administrative expenses	108	111	-2.0%
DAC amortisation and trail commissions	12	16	-23.2%
Expenses	121	127	-4.7%
Operating result	177	152	16.2%
Non-operating items	101	246	-59.1%
of which gains/losses and impairments	6	141	-95.9%
of which revaluations	64	67	-5.3%
of which market & other impacts	31	38	-17.5%
Special items before tax	-1	-1	
Result on divestments	0	0	
Result before tax	277	397	-30.4%
Taxation	51	56	-9.1%
Minority interests	0	8	-96.7%
Net result	226	333	-32.3%
New business			
Single premiums	101	539	-81.2%
Regular premiums	153	125	22.3%
New sales life insurance (APE)	163	179	-8.9%
Key figures			
Gross premium income	983	1,397	-29.6%
Total administrative expenses	108	111	-2.0%
Cost/income ratio (Administrative expenses/Operating income)	36.5%	39.8%	
Life general account invested assets ⁴⁾	64	61	4.0%
Investment margin/Life general account invested assets (bps) ⁵⁾	138	112	
Total provisions for insurance & investment contracts ⁴⁾	74	78	-5.0%
of which for risk policyholder ⁴⁾	15	20	-23.7%
Allocated equity (end of period)	16,124	17,343	-7.0%
Net operating ROE ⁹⁾	8.7%	7.4%	
NN Life Solvency II ratio ¹⁾	212%	n/a	
Employees (internal FTEs, end of period)	2,094	2,113	-0.9%

The operating result of Netherlands Life increased to EUR 177 million from EUR 152 million in the first quarter of 2015, supported by EUR 59 million of dividends while the first quarter of 2015 included a private equity dividend of EUR 24 million. A higher technical margin and lower DAC amortisation and trail commissions also contributed to the higher result. This was partly offset by lower fees and premium-based revenues.

The investment margin increased to EUR 191 million from EUR 161 million in the first quarter of 2015. The result in the first quarter of 2016 was supported by an exceptional dividend of EUR 30 million from an indirect stake of approximately 10% in ING Life Korea acquired on divestment of the company in December 2013. The current quarter also includes private equity dividends of EUR 29 million, while the first quarter of 2015 included a private equity dividend of EUR 24 million. An increased allocation to higher-yielding assets helped to offset the impact of the low interest rate environment on reinvestments. The investment spread, calculated on a four-quarter rolling average, increased to 138 basis points from 112 basis points in the first quarter of 2015.

Fees and premium-based revenues decreased to EUR 98 million from EUR 115 million in the first quarter of 2015, due to lower margins in the pension business as well as the individual life closed book run-off.

The technical margin increased to EUR 9 million from EUR 3 million in the first quarter of 2015 supported by a higher mortality result. The current quarter also reflects a EUR 25 million addition to the unit-linked guarantee provision due to a decrease in interest rates, compared with a EUR 20 million addition to this provision in the first quarter of 2015.

Administrative expenses decreased to EUR 108 million from EUR 111 million in the first quarter of 2015 due to lower staff costs, partly offset by higher project expenses.

DAC amortisation and trail commissions were EUR 12 million versus EUR 16 million in the first quarter of 2015, reflecting the run-off of the individual life closed book and regulatory changes.

The result before tax was EUR 277 million compared with EUR 397 million in the first quarter of 2015. Gains/losses and impairments were EUR 6 million compared with EUR 141 million in the first quarter last year, which included a gain on the sale of a large public equity investment following a public offering. Revaluations were EUR 64 million, reflecting positive revaluations on real estate and private equity investments. Market and other impacts were EUR 31 million, reflecting market movements on assets related to separate account pension contracts.

The effective tax rate in the first quarter of 2016 was 18.3%, reflecting tax-exempt dividends and capital gains in the Netherlands related to shareholdings of 5% or more.

New sales (APE) were EUR 163 million compared with EUR 179 million in the first quarter of 2015 which included a EUR 420 million single premium relating to the pension fund buy-out of a large company pension fund. Excluding the impact of this buy-out, APE increased by EUR 26 million, mainly driven by higher group pension renewals.

Netherlands Non-life

- Operating result decreased to EUR 9 million from EUR 24 million in the first quarter of 2015, due to less favourable results in Disability & Accident (D&A)
- Combined ratio deteriorated to 104.3% from 100.2% compared with the first quarter of 2015 due to the lower result in D&A

In EUR million	1Q16	1Q15	Change
Analysis of results			
Earned premiums	385	382	0.6%
Investment income	24	23	6.9%
Other income	1	2	-44.8%
Operating income	410	406	0.8%
Claims incurred, net of reinsurance	289	267	8.2%
Acquisition costs	59	60	-2.3%
Administrative expenses	54	56	-3.9%
Acquisition costs and administrative expenses	113	116	-3.1%
Expenditure	401	383	4.8%
Operating result insurance businesses	8	23	-64.0%
Operating result broker businesses	1	1	4.8%
Total operating result	9	24	-61.5%
Non-operating items	26	8	214.0%
of which gains/losses and impairments	23	3	
of which revaluations	3	5	-40.0%
of which market & other impacts	0	0	
Special items before tax	-6	-1	
Result on divestments	0	0	
Result before tax	29	32	-9.1%
Taxation	6	6	-2.9%
Minority interests	0	0	
Net result	22	25	-10.7%
Key figures			
Gross premium income	760	734	3.6%
Total administrative expenses ¹⁰⁾	70	74	-4.3%
Combined ratio ³⁾	104.3%	100.2%	
of which Claims ratio ³⁾	75.0%	69.8%	
of which Expense ratio ³⁾	29.3%	30.4%	
Total insurance provisions ⁴⁾	4	4	0.9%
Allocated equity (end of period)	694	866	-19.8%
Net operating ROE ⁹⁾	8.8%	18.4%	
Employees (internal FTEs, end of period)	1,667	1,712	-2.6%

The operating result of Netherlands Non-life decreased to EUR 9 million from EUR 24 million in the first quarter of 2015, due to less favourable results in D&A. As a result, the combined ratio deteriorated to 104.3% in the first quarter of 2016 from 100.2% in the first quarter of 2015.

The operating result in D&A decreased to EUR 11 million from EUR 28 million in the first quarter of 2015. This was largely due to an unfavourable claims experience in the Individual disability portfolio in the first quarter of 2016, while the first quarter of 2015 included a EUR 9 million positive impact from an IBNR update related to better than expected recovery experience in the Group income protection portfolio. The D&A combined ratio was 103.3% compared with 92.6% in the first quarter of 2015.

The operating result in Property & Casualty (P&C) improved to EUR -2 million from EUR -5 million in the first quarter of 2015 reflecting a better claims experience in the Fire portfolio. The operating result in the Motor and Miscellaneous portfolios decreased due to the impact of claims on prior accident years. The P&C combined ratio improved to 105.2% from 106.5% in the first quarter of 2015.

Administrative expenses decreased to EUR 54 million, down 3.9% compared with the first quarter of 2015, mainly driven by lower IT expenses.

The result before tax of Netherlands Non-life decreased to EUR 29 million from EUR 32 million in the first quarter of 2015 reflecting the lower operating result and higher special items related to restructuring expenses. This was partly offset by higher gains on the sale of bonds as a result of portfolio rebalancing and to support a dividend to NN Group in the first quarter of 2016.

Insurance Europe

- Operating result decreased to EUR 34 million from EUR 40 million in the first quarter of 2015, reflecting a lower investment margin as well as a provision related to the terrorist attacks in Belgium
- New Sales (APE) were EUR 140 million, up 1% from the first quarter of 2015 at constant currencies

In EUR million	1Q16	1Q15	Change
Analysis of results			
Investment margin	15	22	-30.9%
Fees and premium-based revenues	134	132	1.4%
Technical margin	42	45	-6.5%
Operating income non-modelled business	1	1	4.5%
Operating income Life Insurance	191	199	-3.9%
Administrative expenses	78	77	2.1%
DAC amortisation and trail commissions	79	83	-4.3%
Expenses Life Insurance	157	159	-1.2%
Operating result Life Insurance	34	40	-14.4%
Non-life operating result	0	1	-27.5%
Operating result	34	40	-14.6%
Non-operating items	-1	15	-105.6%
of which gains/losses and impairments	-1	14	-107.2%
of which revaluations	1	1	-35.6%
of which market & other impacts	-1	0	
Special items before tax	-16	-12	
Result on divestments	0	0	
Result before tax	17	44	-61.1%
Taxation	4	11	-66.0%
Minority interests	0	1	-100.0%
Net result	13	32	-57.7%
New business			
Single premiums	266	253	5.2%
Regular premiums	114	118	-3.4%
New sales life insurance (APE)	140	143	-1.9%
Key figures			
Gross premium income	580	586	-1.1%
Total administrative expenses (Life & Non-life)	81	81	0.8%
Cost/income ratio (Administrative expenses/Operating income)	38.6%	37.2%	
Life general account invested assets ⁴⁾	10	11	-9.7%
Investment margin/Life general account invested assets (bps) ⁵⁾	69	72	
Total provisions for insurance & investment contracts ⁴⁾	18	20	-7.8%
of which for risk policyholder ⁴⁾	8	8	-5.6%
Assets under management pensions ⁴⁾¹¹⁾	15	16	-1.9%
Allocated equity (end of period)	2,043	2,267	-9.9%
Net operating ROE ⁹⁾	7.7%	7.8%	
Employees (internal FTEs, end of period)	4,097	4,059	0.9%

The operating result of Insurance Europe decreased to EUR 34 million from EUR 40 million in the first quarter of 2015, mainly due to a lower investment margin as well as a EUR 4 million provision related to the terrorist attacks in Belgium.

The investment margin was EUR 15 million, down from EUR 22 million in the first quarter of 2015, due to lower reinvestment rates and lower invested volumes.

Fees and premium-based revenues increased to EUR 134 million from EUR 132 million in the first quarter of 2015, reflecting an update to provisions related to the pensions business in Romania offset by lower fees on assets under management due to market value declines.

The technical margin decreased to EUR 42 million from EUR 45 million in the first quarter of 2015, due to a provision related to the terrorist attacks in Belgium in March 2016.

Administrative expenses increased to EUR 78 million from EUR 77 million in the first quarter of 2015 reflecting the tax on assets of insurance companies that became effective in Poland as of February 2016. The impact of this tax is estimated to be around EUR 5 million on a full-year basis.

DAC amortisation and trail commissions decreased to EUR 79 million from EUR 83 million in the first quarter of 2015, due to a lower crisis tax in Belgium as well as lower sales in Belgium and in the Czech Republic.

The result before tax decreased to EUR 17 million from EUR 44 million in the first quarter of 2015 which included EUR 14 million gains on the sale of bonds, fixed income funds and equities. The decrease also reflects the lower operating result and higher special items due to EUR 13 million disentanglement-related IT expenses in Belgium partly offset by lower rebranding expenses across the region.

New sales (APE) were EUR 140 million, down from EUR 143 million in the first quarter of 2015, which included the sale of a large group contract in Spain. Excluding this large contract, and excluding currency effects, sales increased 9.6% driven by higher bancassurance sales in Greece.

Japan Life

- Operating result was EUR 67 million, down 11.1% from the first quarter of 2015, excluding currency effects, reflecting higher DAC amortisation and trail commissions and a lower investment margin, partly offset by higher fees and premium-based revenues
- New sales (APE) were EUR 175 million, down 5.6% from the first quarter of 2015, at constant currencies

In EUR million	1Q16	1Q15	Change
Analysis of results			
Investment margin	-5	-2	
Fees and premium-based revenues	176	160	10.4%
Technical margin	-1	1	-175.9%
Operating income non-modelled business	0	0	-92.1%
Operating income	170	159	6.7%
Administrative expenses	24	24	-2.3%
DAC amortisation and trail commissions	79	63	25.0%
Expenses	103	88	17.4%
Operating result	67	72	-6.4%
Non-operating items	-1	3	-139.7%
of which gains/losses and impairments	0	3	-96.9%
of which revaluations	-1	0	
of which market & other impacts	0	0	
Special items before tax	-1	-2	
Result on divestments	0	0	
Result before tax	65	73	-11.4%
Taxation	7	13	-42.0%
Minority interests	0	0	
Net result	57	60	-4.9%
New business			
Single premiums	6	8	-34.0%
Regular premiums	174	175	-0.5%
New sales life insurance (APE)	175	176	-0.7%
Key figures			
Gross premium income	951	854	11.3%
Total administrative expenses	24	24	-2.3%
Cost/income ratio (Administrative expenses/Operating income)	14.0%	15.1%	
Life general account invested assets ⁴⁾	12	11	12.1%
Total provisions for insurance & investment contracts ⁴⁾	11	10	13.5%
of which for risk policyholder ⁴⁾	0	0	-5.6%
Allocated equity (end of period)	2,313	1,808	28.0%
Net operating ROE ⁹⁾	13.2%	15.6%	
Employees (internal FTEs, end of period)	622	604	3.0%

The operating result of Japan Life was EUR 67 million, down from EUR 72 million in first quarter of 2015, reflecting higher DAC amortisation and trail commissions and a lower investment margin, partly offset by higher fees and premium-based revenues.

The investment margin declined to EUR -5 million compared with EUR -2 million in the first quarter of 2015 due to lower interest rates on reinvested assets.

Fees and premium-based revenues were EUR 176 million, up 4.9% from the first quarter of 2015, excluding currency effects, driven by higher in-force volumes.

Administrative expenses were EUR 24 million, down 7.4% compared with the first quarter of 2015, on a constant currency basis, due to an IT provision release.

DAC amortisation and trail commissions were EUR 79 million, up 18.9% compared with the first quarter of 2015, excluding currency effects, due to higher premium income and higher surrenders.

The result before tax decreased to EUR 65 million, compared with EUR 73 million in the first quarter of 2015 which included EUR 3 million capital gains on the sale of fixed income investments and reflecting the lower operating result.

Taxation in the first quarter of 2016 reflects a release of deferred tax liabilities caused by a reduction in the statutory tax rate in Japan.

New sales (APE) were EUR 175 million, down 5.6% from the first quarter of 2015, at constant currencies. Sales of COLI level term products declined partly compensated by higher COLI protection sales and growth of COLI sales through the bancassurance channel.

Asset Management

- Total Assets under Management (AuM) increased to EUR 190 billion from EUR 187 billion at the end of the fourth quarter of 2015
- Operating result decreased to EUR 29 million, as a decrease in fees was only partly offset by lower expenses

In EUR million	1Q16	1Q15	Change
Analysis of results			
Investment income	0	0	-164.3%
Fees	111	125	-11.3%
Operating income	110	125	-11.7%
Administrative expenses	82	89	-8.2%
Operating result	29	36	-20.3%
Non-operating items	0	0	
of which gains/losses and impairments	0	0	
of which revaluations	0	0	
of which market & other impacts	0	0	
Special items before tax	-1	-5	
Result on divestments	0	0	
Result before tax	28	31	-11.6%
Taxation	8	8	-6.1%
Minority interests	0	0	
Net result	20	23	-13.5%
Key figures			
Total administrative expenses	82	89	-8.2%
Cost/income ratio (Administrative expenses/Operating income)	74.0%	71.2%	
Net inflow Assets under Management (in EUR billion)	-3	0	
Assets under Management ⁴⁾⁸⁾	190	212	-10.2%
Fees/average Assets under Management (bps)	23	25	
Allocated equity (end of period)	413	419	-1.4%
Net operating ROE ⁹⁾	21.4%	27.3%	
Employees (internal FTEs, end of period)	1,167	1,173	-0.5%

In EUR billion	1Q16	4Q15	Change
AuM roll-forward			
Beginning of period	187	190	-1.5%
Net inflow	-3	-4	
Acquisition / Divestments	0	0	
Market performance (incl. FX impact) and Other	6	2	
End of period	190	187	1.7%

Total Assets under Management (AuM) at Asset Management were EUR 190 billion at the end of the first quarter of 2016, up from EUR 187 billion at the end of the fourth quarter of 2015. The increase reflects a positive market impact of EUR 6 billion partly offset by net outflows of EUR 3 billion. Net outflows in the Other Affiliated Business (EUR 3.1 billion) and in Third-Party assets (EUR 1.2 billion) were only partly compensated by net inflows in Proprietary assets (EUR 1.5 billion).

The first quarter operating result decreased to EUR 29 million from EUR 36 million caused by a decrease in fees partly offset by lower expenses.

Fees were EUR 111 million, down 11.3% compared with the first quarter of 2015, reflecting the lower average AuM as well as a shift to lower margin AuM.

Administrative expenses were EUR 82 million, down from EUR 89 million in the first quarter of 2015. The decrease mainly reflects lower volume driven fixed service fee expenses (with an offsetting impact in fees) as well as lower staff expenses while the first quarter of 2015 included higher IT and market data expenses due to currency impacts.

The result before tax declined to EUR 28 million from EUR 31 million in the first quarter of 2015 as the lower operating result was partly compensated by lower special items reflecting expenses for rebranding the business from ING Investment Management to NN Investment Partners.

Other

- Operating result improved to EUR -11 million from EUR -20 million in the first quarter of 2015, mainly driven by a higher operating result at NN Bank
- NN Bank operating result increased to EUR 13 million from EUR 4 million in the first quarter of 2015, reflecting a higher interest margin, partly offset by higher expenses

In EUR million	1Q16	1Q15	Change
Analysis of results			
Interest on hybrids and debt	-26	-25	
Investment income & fees	14	15	-6.9%
Holding expenses	-14	-17	
Amortisation of intangible assets	-2	-2	
Holding result	-28	-29	
Operating result reinsurance business	3	4	-31.4%
Operating result NN Bank	13	4	198.7%
Other results	1	1	-57.4%
Operating result	-11	-20	
Non-operating items	-3	11	-126.6%
of which gains/losses and impairments	1	10	-88.8%
of which revaluations	-4	1	-499.2%
of which market & other impacts	0	0	
Special items before tax	0	0	
Result on divestments	0	0	
Result before tax	-14	-9	
Taxation	1	-2	
Minority interests	0	0	
Net result	-15	-7	
Key figures			
Total administrative expenses	58	60	-2.2%
of which reinsurance business	4	3	40.5%
of which NN Bank	41	37	8.8%
of which corporate/holding	14	20	-27.9%
NN Bank common equity Tier 1 ratio phased in ¹²⁾	13.3%	13.8%	
NN Bank BIS ratio phased in ¹²⁾	15.1%	16.2%	
Total assets NN Bank ⁴⁾	12	10	27.2%
Net operating ROE NN Bank ¹³⁾	8.7%	3.6%	
Total provisions for insurance and investment contracts ⁴⁾	1	1	-10.1%
Employees (internal FTEs, end of period)	1,772	1,833	-3.4%



The operating result of the segment 'Other' improved to EUR -11 million from EUR -20 million in the first quarter of 2015, reflecting a higher operating result at NN Bank.

The holding result improved to EUR -28 million from EUR -29 million in the first quarter of 2015, mainly driven by lower holding expenses which decreased to EUR 14 million from EUR 17 million in the first quarter of last year.

The operating result of the reinsurance business remained relatively stable at EUR 3 million.

The operating result of NN Bank increased to EUR 13 million from EUR 4 million in the first quarter of 2015, reflecting a higher interest margin and a lower addition to loan loss provisions, partly offset by higher administrative expenses to support the bank's continued growth.

The result before tax of the segment Other was EUR -14 million versus EUR -9 million in the first quarter of 2015, which included EUR 11 million non-operating items. The current quarter includes revaluations of EUR -4 million.

Japan Closed Block VA

- Result before tax was EUR -69 million compared with EUR 16 million in the first quarter of 2015, reflecting a negative hedge-related result on higher market volatility and a technical provision increase following a refinement in lapse assumptions
- Portfolio run-off resulted in a 7.6% decrease in the number of policies compared with the fourth quarter of 2015

In EUR million	1Q16	1Q15	Change
Analysis of results			
Investment margin	-1	0	
Fees and premium-based revenues	14	27	-46.9%
Technical margin	0	0	
Operating income non-modelled business	0	0	-202.4%
Operating income	14	27	-49.1%
Administrative expenses	4	5	-15.6%
DAC amortisation and trail commissions	2	3	-35.7%
Expenses	6	8	-23.2%
Operating result	8	19	-59.2%
Non-operating items	-77	-3	
of which gains/losses and impairments	0	0	
of which revaluations	0	0	
of which market & other impacts	-77	-3	
Special items before tax	0	0	
Result on divestments	0	0	-122.0%
Result before tax	-69	16	
Taxation	-16	-2	
Minority interests	0	0	
Net result	-53	18	-391.3%
Key figures¹⁴⁾			
Allocated equity	819	1,065	-23.1%
Account value	9,125	13,646	-33.1%
Net Amount at Risk	498	98	408.0%
IFRS Reserves	824	517	59.4%
Number of policies	186,789	266,572	-29.9%
Employees (internal FTEs, end of period)	67	95	-29.5%

The result before tax of Japan Closed Block VA decreased to EUR -69 million from EUR 16 million in the first quarter of 2015, mainly due to a negative hedge-related result caused by higher market volatility. The current quarter also reflects a EUR 16 million technical provision increase following a refinement in lapse assumptions. The operating result decreased to EUR 8 million from EUR 19 million in the first quarter of 2015, as fees and premium-based revenues declined due to the run-off of the portfolio.

Fees and premium-based revenues were EUR 14 million, down 49.7% from the first quarter of 2015 excluding currency effects, mainly due to a lower account value reflecting a decreasing number of policies and negative market developments.

Administrative expenses were EUR 4 million compared with EUR 5 million in the first quarter of 2015.

Market and other impacts were EUR -77 million compared with EUR -3 million in the first quarter of 2015 reflecting a hedge-related loss of EUR 66 million due to the impact of higher global market volatility. The current quarter also includes a technical provision increase of EUR 16 million reflecting the impact of refining lapse assumptions on at-the-money and out-of-the-money policies to reflect policyholder behaviour changes in response to higher market volatility.

The Net Amount at Risk in the Japan Closed Block VA increased to EUR 498 million from EUR 98 million in the first quarter of 2015 and from EUR 203 million in the fourth quarter of 2015, primarily as a result of equity markets depreciation.

Consolidated Balance Sheet

- Total assets of NN Group increased by EUR 7.9 billion compared with the fourth quarter of 2015 to EUR 170.1 billion
- Shareholders' equity increased by EUR 2.6 billion to EUR 23.1 billion mainly reflecting a higher debt securities revaluation reserve and cash flow hedge reserve driven by lower interest rates, partly offset by the deferred interest crediting to life policyholders

in EUR million	31 Mar 16	31 Dec 15	31 Mar 15		31 Mar 16	31 Dec 15	31 Mar 15
Assets				Equity and liabilities			
Cash and cash equivalents	10,446	7,436	9,666	Shareholders' equity (parent)	23,099	20,469	24,122
Financial assets at fair value through profit or loss				Minority interests	9	9	87
- trading assets	0	0	630	Undated subordinated notes	986	986	986
- investments for risk of policyholders	31,954	35,154	41,629	Total equity	24,094	21,464	25,195
- non-trading derivatives	6,079	4,656	7,267	Subordinated loans	2,290	2,290	2,294
- designated as at fair value through profit or loss	595	443	529	Senior debt	0	0	0
Available-for-sale investments				Debt securities issued	597	597	597
- debt securities	72,933	67,553	74,269	Other borrowed funds	7,238	6,785	5,955
- equity securities	6,502	6,840	6,748	Insurance and investment contracts			
Loans	32,057	31,013	28,899	- life insurance provisions	81,154	75,827	79,743
Reinsurance contracts	267	236	267	- non-life insurance provisions	3,879	3,509	3,866
Associates and joint ventures	2,442	2,197	1,627	- provision for risk of policyholders	32,026	35,212	41,692
Real estate investments	1,592	1,564	1,217	- other	1,382	1,436	1,540
Property and equipment	82	86	157	Customer deposits and other funds on deposit	8,639	8,034	7,653
Intangible assets	342	351	354	Financial liabilities at fair value through profit or loss			
Deferred acquisition costs	1,584	1,531	1,543	- non-trading derivatives	2,276	1,701	2,112
Other assets	3,183	3,092	3,862	Other liabilities	6,483	5,297	8,018
Total assets	170,058	162,152	178,664	Total liabilities	145,964	140,688	153,469
				Total equity and liabilities	170,058	162,152	178,664

Assets

Cash and cash equivalents

Cash and cash equivalents increased by EUR 3.0 billion compared with the fourth quarter of 2015. The increase reflects higher cash inflows in Netherlands Life and a EUR 1.0 billion increase in cash collateral related to non-trading derivatives.

Investments for risk of policyholders

Investments for risk of policyholders decreased by EUR 3.2 billion to EUR 32.0 billion reflecting asset transfers for a total amount of EUR 2.6 billion from the separate account to the general account at Netherlands Life, and the lower account value due to the portfolio run-off at Japan Closed Block VA. These changes are mirrored in the Provision for risk of policyholders on the liability side of the balance sheet.

Non-trading derivatives

Non-trading derivatives increased by EUR 1.4 billion to EUR 6.1 billion, reflecting positive revaluations on interest rate swaps as interest rates declined in the first quarter of 2016.

Debt securities

Debt securities increased by EUR 5.4 billion to EUR 72.9 billion driven by EUR 4.0 billion higher market values as long-term interest rates decreased in the quarter and EUR 1.2 billion net investments in the Netherlands Life portfolio.

Loans

Loans increased by EUR 1.0 billion to EUR 32.1 billion reflecting an increase in the Dutch mortgages portfolio.

Liabilities

Life insurance provision

Life Insurance provisions increased by EUR 5.4 billion to EUR 81.2 billion mainly due to the transfer of insurance liabilities from the separate account to the general account at Netherlands Life and higher deferred profit sharing to policyholders following the increase of the debt securities revaluation reserve and cash flow hedge reserve.

Provision for risk of policyholders

The provision for risk of policyholders decreased EUR 3.2 billion reflecting the aforementioned transfers from the separate account to the general account at Netherlands Life and the portfolio run-off at Japan Closed Block VA.

Equity

Shareholders' equity increased by EUR 2.6 billion to EUR 23.1 billion at the end of the first quarter of 2016, reflecting a EUR 2.9 billion increase in the available-for-sale unrealised revaluation reserves. A EUR 1.0 billion increase in the cash flow hedge reserve and the first-quarter net result of EUR 0.3 billion also contributed to the increased Shareholders' equity. This was partly offset by EUR 1.3 billion deferred interest crediting to life policyholders and the EUR 250 million share buy-back in January 2016.

Changes in Shareholders' equity for the quarter, the previous full year and the comparative quarter were as follows:

in EUR million	1Q16	FY15	1Q15
Shareholders' equity beginning of period	20,469	20,355	20,355
Net result for the period	270	1,565	485
Unrealised revaluations available-for-sale investments and other	2,931	-720	4,011
Realised gains/losses transferred to the profit and loss account	-23	-345	-171
Change in cash flow hedge reserve	962	-435	924
Deferred interest crediting to life policyholders	-1,250	644	-1,503
Share of other comprehensive income of associates and joint ventures	1	9	7
Exchange rate differences	7	188	268
Remeasurement of the net defined benefit asset/liability	-21	28	-22
Capital contributions and change in share capital	0	57	0
Dividend	0	-251	0
Purchase/sale treasury shares	-241	-597	-200
Employee stock option & share plans	-6	5	2
Coupon on undated subordinated notes	0	-34	-34
Total changes	2,630	114	3,767
Shareholders' equity end of period	23,099	20,469	24,122

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

in EUR million	31 Mar 16	31 Dec 15	31 Mar 15
Share capital	40	40	42
Share premium	12,153	12,153	12,098
Revaluation reserve available-for-sale investments and other	5,933	4,292	7,036
Cash flow hedge reserve	4,991	4,029	5,388
Currency translation reserve	4	-24	33
Net defined benefit asset/liability remeasurement reserve	-111	-90	-140
Retained earnings and other reserves	89	69	-335
Shareholders' equity (parent)	23,099	20,469	24,122
Minority interests	9	9	87
Undated subordinated notes	986	986	986
Total equity	24,094	21,464	25,195
Shareholders' equity per share in EUR	71	62	71

Capital Management

- Solvency II ratio of NN Group at 241% versus 239% at the end of the fourth quarter of 2015 as an increase due to NN Group's designation as a Financial Conglomerate was partly offset by the share buyback in January 2016
- Free cash flow to the holding for the first quarter of 2016 was EUR 403 million, mainly driven by dividends from the Dutch insurance units
- Cash capital position at the holding company increased to EUR 2.1 billion after deducting the EUR 250 million share buyback
- Share buyback programme up to EUR 500 million over 12 months commencing 1 June 2016

Solvency II

in EUR million	31 Mar 16	31 Dec 15
Basic Own Funds	14,877	14,809
Non-available Own Funds	1,396	1,271
Non-eligible Own Funds	0	197
Eligible Own Funds (a)	13,480	13,341
of which Tier 1 unrestricted	8,827	8,484
of which Tier 1 Restricted	1,912	1,844
of which Tier 2	1,062	1,061
of which Tier 3	757	735
of which non-solvency II regulated entities	922	1,217
Solvency Capital Requirements (b)	5,602	5,587
of which non-solvency II regulated entities	417	684
NN Group Solvency II ratio (a/b)¹⁾	241%	239%
NN Life Solvency II ratio¹⁾	212%	216%

On 19 April 2016, the Dutch regulator DNB designated NN Group as a financial conglomerate (FICO) effective from 1 January 2016. As of that date NN Group N.V. qualifies as a mixed financial holding company and is subject to supplemental group supervision by DNB in accordance with the requirements of the EU's Financial Conglomerate Directive. As a result, DNB required NN Group to deduct its participation in credit institutions from the NN Group Solvency II ratio. Accordingly, NN Group now excludes NN Bank from both Own Funds and the Solvency Capital Requirement (SCR). The NN Group Solvency II ratio of 239% at the end of the fourth quarter of 2015 would have been 245% on a pro-forma basis.

The NN Group Solvency II ratio decreased to 241% at the end of the first quarter of 2016 from the pro-forma Solvency II ratio of 245% at the end of the fourth quarter of 2015 reflecting the EUR 250 million share buyback executed in January 2016.

The NN Life Solvency II ratio decreased to 212% at the end of the first quarter of 2016 from 216% at the end of the fourth quarter of 2015, mainly due to a decrease in interest rates leading to a higher SCR which was only partly offset by an increase in Own Funds. The dividend of EUR 150 million paid to NN Group in March 2016 is already reflected in the NN Life Solvency II ratio at the end of the fourth quarter of 2015.

Cash capital position at the holding company

in EUR million	1Q16	FY15
Beginning of period	1,953	1,413
Cash divestment proceeds	0	1
Dividends from subsidiaries ¹⁵⁾	390	1,548
Capital injections into subsidiaries ¹⁶⁾	-6	-143
Other ¹⁷⁾	19	-40
Free cash flow to the holding¹⁸⁾	403	1,366
Acquisitions	0	-31
Capital flow from / (to) shareholders	-250	-792
Increase / (decrease) in debt and loans	0	-3
End of period	2,107	1,953

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

The cash capital position at the holding company increased to EUR 2,107 million at the end of the first quarter of 2016 from EUR 1,953 million at the end of the fourth quarter of 2015. This increase reflects a total of EUR 390 million dividends received predominantly from the Dutch insurance businesses (NN Life, NN Non-life and NN Re Netherlands), partly offset by the EUR 250 million share buyback executed in January 2016.

Cash capital is held at the holding company to cover stress events and to fund holding costs. Over time we aim for the cash capital position at the holding company to be in a target range between EUR 0.5 billion and EUR 1.5 billion.

Financial leverage

in EUR million	31 Mar 16	31 Dec 15	31 Mar 15
Shareholders' equity	23,099	20,469	24,122
Adjustment for revaluation reserves ¹⁹⁾	-9,677	-6,935	-10,982
Goodwill	-259	-260	-266
Minority interests	9	9	88
Capital base for financial leverage (a)	13,172	13,283	12,961
Undated subordinated notes ²⁰⁾	986	986	986
Subordinated debt	2,290	2,290	2,294
Total subordinated debt	3,276	3,276	3,280
Debt securities issued (financial leverage)	398	398	398
Financial leverage (b)	3,674	3,674	3,678
Debt securities issued (operational leverage)	199	199	199
Total debt	3,873	3,873	3,877
Financial leverage ratio (b/(a+b))	21.8%	21.7%	22.1%
Fixed-cost coverage ratio ²⁰⁾²¹⁾	11.9x	13.1x	11.8x

The financial leverage ratio of NN Group was stable at 21.8% at the end of the first quarter of 2016. The capital base for financial leverage decreased by EUR 111 million mainly due to the EUR 250 million share buyback as well as negative equity revaluations, partly offset by the first-quarter net result of EUR 270 million.

The fixed-cost coverage ratio was 11.9x at the end of the first quarter of 2016 (on a last 12-months basis).

Share transactions

On 5 January 2016, ING Group announced the sale of 33 million shares of NN Group at a price of EUR 31.00 per share which settled on 8 January 2016. As part of this transaction, NN Group repurchased approximately 8 million shares from ING Group for an aggregate amount of EUR 250 million. The transaction further reduced ING Group's stake in NN Group to 16.2% of outstanding shares (net of treasury shares). NN Group funded the share repurchase from the cash capital position at the holding company.

In February 2016, ING Group exchanged the third and final tranche of EUR 337.5 million mandatory exchangeable subordinated notes into 6.9 million ordinary shares in NN Group and cash. The exchange was part of the anchor investment in NN Group by three Asian institutional investors - RRJ Capital, Temasek and SeaTown - as announced on 30 April 2014. The transaction reduced ING's remaining stake in NN Group from 16.2% to 14.1% of outstanding shares (net of treasury shares).

On 14 April 2016, ING Group announced the sale of 45.7 million shares of NN Group at a price of EUR 30.15 per share which settled on 19 April 2016. The transaction completed ING's divestment of NN Group. ING Group will continue to hold warrants that are exercisable for approximately 35 million ordinary shares of NN Group as specified in the warrant agreement dated 10 June 2014.

NN Group announced today that it will execute an open market share buyback programme for an amount up to EUR 500 million over 12 months commencing 1 June 2016. NN Group intends to cancel all of the shares acquired under the programme. The share buyback will be deducted in full from Solvency II Own Funds in the second quarter of 2016 and is estimated to reduce NN Group's Solvency II ratio by 9%-points. In addition to the share buyback programme announced today, NN Group intends to repurchase shares to neutralise the dilutive effect of any stock dividends in line with its dividend policy.

The share buyback programme will be executed within the limitations of the existing authority granted by the AGM on 28 May 2015 and the authority proposed to be granted by the AGM on 2 June 2016. The shares will be repurchased at a price that does not exceed the last independent trade or the highest current independent bid on Euronext Amsterdam. The programme will be executed by financial intermediaries and will be performed in compliance with the safe harbour provisions for share buybacks.

NN Group will report on the progress of the share buyback programme on its corporate website on a weekly basis (www.nn-group.com/investors.htm). The execution of the share buyback programme is subject to NN Group maintaining a robust capital position and overall financial flexibility. NN Group will continue to explore options for deploying excess capital for value creating corporate opportunities, in line with its dividend policy.

Share capital

On 26 May 2016, the total number of NN Group shares outstanding (net of treasury shares) was 325,001,657. The Executive Board of NN Group has decided to cancel 7,808,135 treasury shares representing shares NN Group repurchased from ING Group in January 2016. This cancellation is subject to a two-month creditor opposition period which will end on 30 June 2016.

Credit ratings

On 11 April 2016, Fitch Ratings assigned NN Group's core life insurance subsidiary NN Life, an Insurer Financial Strength (IFS) rating of 'A+'. Fitch also assigned NN Group a Long-term Issuer Default Rating (IDR) of 'A' and ratings on the Subordinated debt at 'BBB'. The outlooks on NN Group's Long-term IDRs and IFS ratings are Stable. The Baa2 rating by Moody's is on an unsolicited basis as from 18 May 2016.

Credit ratings of NN Group N.V. at 26 May 2016	Rating	Outlook
Standard & Poor's	A-	Stable
Fitch	A	Stable

Footnotes reference page

- 1) The solvency ratios are not final until filed with the regulators. The Solvency II ratio is based on the approved partial internal model. The 4Q15 NN Life SII ratio reflects the dividend of EUR 150 million paid to NN Group in March 2016
- 2) Basic earnings per ordinary share is calculated as the net result, adjusted for the accrued coupon on undated subordinated notes classified in equity, divided by the weighted average number of ordinary shares outstanding (net of treasury shares)
- 3) Excluding Mandema and Zicht broker businesses
- 4) End of period, in EUR billion
- 5) Four-quarter rolling average
- 6) Net operating result of the ongoing business, adjusted for the accrued coupon on undated subordinated notes classified in equity
- 7) Net operating ROE is calculated as the (annualised) net operating result of the ongoing business, adjusted for the accrued coupon on undated subordinated notes classified in equity, divided by the average allocated equity of the ongoing business adjusted for revaluation reserves and excluding undated subordinated notes classified in equity
- 8) AuM include the mortgage portfolio managed on behalf of NN Life and NN Non-life since 2Q14. The comparative figures have been restated accordingly
- 9) Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by the average allocated equity of the segment adjusted for revaluation reserves
- 10) Including Mandema and Zicht broker businesses
- 11) 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
- 12) The 'NN Bank common equity Tier 1 ratio phased in' and the 'NN Bank BIS ratio phased in' are not final until filed with the regulators
- 13) Net operating ROE is calculated as the (annualised) net operating result of NN Bank, divided by the average allocated equity adjusted for revaluation reserves
- 14) End of period
- 15) Includes interest on subordinated loans provided to subsidiaries by the holding company
- 16) Includes the change of subordinated loans provided to subsidiaries by the holding company
- 17) Includes interest on subordinated loans and debt, holding company expenses and other cash flows
- 18) Free cash flow to the holding company is defined as the change in cash capital position of the holding company over the period, excluding acquisitions and capital transactions with shareholders and debtholders
- 19) Includes revaluations on debt securities, on the cash flow hedge reserve and on the reserves crediting to life policyholders
- 20) The undated subordinated notes classified as equity are considered financial leverage in the calculation of the financial leverage ratio. The related interest is included on an accrual basis in the calculation of the fixed-cost coverage ratio
- 21) Measures the ability of earnings before interest and tax (EBIT) of ongoing business to cover funding costs on financial leverage; calculated on a last 12-months basis

NN Group Profile

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

Investor conference call and webcast

Lard Friese and Delfin Rueda will host an analyst and investor conference call to discuss the 1Q16 results at 10.00 am CET on Thursday 26 May 2016. Members of the investment community can join the conference call at +31 20 531 5865 (NL), +44 203 365 3210 (UK), +1 866 349 6093 (US) or follow the webcast on www.nn-group.com.

Press call

Lard Friese and Delfin Rueda will host a press call to discuss the 1Q16 results, which will be held at 12.00 pm CET on Thursday 26 May 2016. Journalists can join the press call at +31 (0)20 531 5863.

Financial calendar

- Annual General Meeting: 2 June 2016
- Publication 2Q16 results: 18 August 2016
- Publication 3Q16 results: 17 November 2016
- Publication 4Q16 results: 16 February 2017

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Additional information on www.nn-group.com

- NN Group 1Q16 Financial Supplement, NN Group 1Q16 Analyst Presentation and NN Group 1Q16 Interim Accounts
- Photos of NN Group executives, buildings and events are available for download at [Flickr](#)

Important legal information

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

In preparing the financial information in this document, the same accounting principles are applied as in the 2015 NN Group Consolidated Annual Accounts.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (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.

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.