

## NN Group posts strong 1Q15 results

### Net result and capital position further improved

- 1Q15 operating result ongoing business of EUR 304 million, up 3.1% from 1Q14, supported by the expense reduction programme in the Netherlands and lower debt funding costs
- Net result improved to EUR 485 million versus net loss of EUR 215 million in 1Q14, supported by a capital gain on an equity investment, whereas 1Q14 included a EUR 541 million charge related to the company's employee pension plan in the Netherlands
- Cumulative costs savings in the Netherlands of EUR 164 million compared with 2013; EUR 22 million realised in 1Q15
- Strong capital position: IGD ratio up at 335% supported by market movements; holding company cash capital stable at EUR 1.4 billion
- New sales (APE) EUR 498 million, up 10.9% from 1Q14 at constant currencies, driven by a pension buy-out in the Netherlands
- AuM at Investment Management increased to EUR 203 billion, driven by market appreciation
- Rebranding from ING to NN started in 1Q15

### Statement of Lard Friese, CEO

"We are pleased with the strong performance that we are presenting today, which underscores our focus on delivering on our strategic objectives. The operating result from the ongoing business for the first quarter increased 3% to EUR 304 million. We are well on track with our expense reduction programme in the Netherlands, having already realised EUR 164 million of savings compared with our target of an absolute EUR 200 million cost reduction by the end of 2016. At the same time, lower funding costs also contributed to the improved results. Overall, new sales were up almost 11% this quarter. We completed a pension buy-out in the Netherlands, which substantially increased our new sales. Bancassurance sales in Japan grew further in line with our channel diversification strategy.

All in all, it was a good start of the year. However, there are areas where we want to further improve. In our Non-life business in the Netherlands, we are continuing with our management actions in order to bring down the combined ratio from slightly above 100% in order to achieve our target of 97% or lower by 2018. Growth in Insurance Europe has been held back by headwinds in the region, and therefore we are shifting our focus to promising growth areas such as protection products. Our asset manager had good inflows of assets in third-party mandates this quarter. We will continue our investments aimed at strengthening our capabilities in order to attract third-party assets going forward. It goes without saying that we remain focused on achieving our targets for all our operating segments.

We continue our journey as a standalone company. In February, ING Group further reduced its stake in NN Group to 54.6%. As part of this transaction, we took the opportunity to complete a EUR 200 million share buy-back. Another important milestone was NN Group's inclusion in the AEX index. Furthermore, the rebranding of our businesses from ING to NN is underway, creating a recognisable identity for our customers and other stakeholders, supported by a clear promise: 'You matter'.

In April we celebrated our 170th anniversary. Building on our strong heritage we will continue to keep a sharp eye on our strategic direction and a clear focus on executing our strategy."

#### NN Group key figures

In EUR million	1Q15	1Q14	Change
Operating result ongoing business	304	295	3.1%
Net result	485	-215	
Net operating ROE	8.7%	9.9%	
IGD Solvency I ratio	335%	245%	
New sales life insurance (APE)	498	439	13.4%
Investment Management AuM (end of period, in EUR billion)	203	168	20.8%

## Strategy and business highlights

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

### Netherlands Life

In the Netherlands Life segment, the focus is on reducing expenses and gradually shifting to higher-yielding assets, such as mortgages and loans, in order to compensate the negative impact of lower interest rates on the investment margin. Furthermore, NN Life aims to benefit from its strong position in the pension market and to capture growth opportunities especially in the area of defined contribution pension plans, as well as selectively participating in pension fund buy-outs. In the first quarter of 2015, a large company pension fund transferred its accumulated pension benefits to NN Life, which contributed to the increased new sales (APE) in this segment. In the first quarter a new pension application, 'Mijn Pensioencoach' was successfully introduced. This application allows customers to get real-time information about their pension on their smartphone.

### Netherlands Non-life

Netherlands Non-life aims to improve underwriting performance and to expand in specific market segments where there are clear opportunities for profitable growth. The operating result increased, mainly driven by positive recovery experience in Disability & Accident (D&A) and improved underwriting results in Motor. The combined ratio remained stable at 100.2%. Nationale-Nederlanden expanded its prevention programme by initiating a pilot called 'Rij Wijzer' for professional drivers. This programme uses smart technology to help professional drivers improve their driving behaviour and as a result reduce the risk of damages. In the first quarter, Movir (which offers individual disability insurance to medical and business professionals) was awarded the title of 'Best income insurer' by the association of independent financial advisors. Movir scored higher than other insurers on all aspects, including customer focused claims handling and the expertise of employees. In the first quarter of 2015, Movir launched a new D&A insurance product, called Flexible&Certain ('Soepel&Zeker'), which complements its current D&A offering and is tailored to a new target group, the independent professionals.

### Insurance Europe

Insurance Europe is moving its business mix towards protection products and repositioning its savings and retirement products for the low interest rate environment. New sales (APE) were stable compared with the first quarter of 2014, excluding currency effects. Lower pension sales in Turkey were compensated by higher life protection sales, mainly in Spain (protection sales were up 40.0% driven by a large group contract and 11.3% excluding this contract). In Spain, the pension fund Nationale-Nederlanden Europa was awarded for its good and consistent financial performance by "*Expansión*", one of the country's leading financial newspapers. NN Insurance Hungary launched a new modular protection and health insurance product. This product offers value added medical assistance services and can be easily adapted to customer's individual needs.

### Japan Life

In the first quarter of 2015, Japan Life continued to execute its channel diversification strategy. Three new banks started distributing COLI products, bringing the total number of bancassurance partners in Japan to 43 as of 31 March 2015. Bancassurance COLI sales increased by 15% compared with the same period a year ago. The productivity of independent agents remained strong, supported by the continuous enhancement of internal capabilities such as stronger training and sales tools. New sales (APE) were broadly at the same level as in the first quarter of 2014, excluding currency effects.

### Investment Management

Assets under Management increased to EUR 203 billion driven by strong market performance in the first quarter of 2015. Investment Management aims to grow its third-party business by following a tailored approach for each client segment. For the retail business, Investment Management plans to protect and further expand its leading position and continues to develop a more distinct range of equity products. Investment Management continues to invest in building and broadening its capabilities, for instance by enhancing the processes supporting higher-margin products. Investment Management has received two Lipper Fund Awards 2015 for its real estate equity funds in the Netherlands. The Lipper Fund Awards programme by Thomson Reuters recognises funds that have excelled in delivering consistently strong risk-adjusted performance over several years.



## **NN Bank**

NN Bank's mortgage portfolio increased to EUR 8.6 billion from EUR 7.9 billion at the beginning of the year. This increase is the result of further growth of new production and the transfer of ING Bank mortgages, partly offset by the sale of mortgages to NN Life and NN Non-life. In March, the comparison site Independer awarded Nationale-Nederlanden the title of best mortgage advisor ('Beste thuisadviseur 2015'). The award was based on the highest customer satisfaction score, which was measured between 1 March 2014 and 1 March 2015. Customer deposits (internet savings and bank annuities) also continued to grow steadily, totalling EUR 7.7 billion at the end of the first quarter. Furthermore, NN Bank completed its first public Residential Mortgage Backed Securitisation transaction, raising EUR 650 million in funding from investors. With this transaction, NN Bank has attracted new long-term funding, leading to a further diversification of its funding profile.

## **Rebranding from ING to NN**

In the first quarter, we started to rebrand our businesses from ING to the NN brand. The majority of our international insurance businesses have been rebranded from ING to NN or Nationale-Nederlanden. ING Investment Management changed its name to NN Investment Partners in April, and at the same time rebranded all investment funds to NN. Across Insurance Europe and Japan local brand campaigns were launched highlighting the name change and the new brand promise 'You matter'. Our life and pension business in Turkey was the first to start with the rebranding to NN in February. In the Netherlands, our insurance business will keep the Nationale-Nederlanden name while the logo has been updated to align with the new NN brand. In 2015 and 2016, NN Group expects to incur total rebranding expenses of approximately EUR 135 million, which will be reported as special items and of which EUR 20 million was recorded in the first quarter of 2015.

## **NN started its running sponsorship**

In the first quarter, NN Group officially started its running sponsorship with two major running events in the Netherlands, including the 35th edition of the NN Marathon Rotterdam. This marathon is well known for its fast times, professional organisation and almost 1 million enthusiastic supporters along the route. This running sponsorship will help NN Group to enhance awareness of the newly launched NN brand. In the years to come, NN's objective is to support more running activities in some of its other key markets.

## **Solvency II**

NN Group intends to apply for the usage of a Partial Internal Model for NN Group and the insurance entities in the Netherlands. The outcome of the application process remains subject to significant uncertainties, including the final interpretations of the Solvency II regulations and the regulatory approval process.

## **Share repurchase to neutralise stock dividend**

NN Group has proposed a dividend of EUR 0.57 per ordinary share over the second half of 2014 subject to approval of the Annual General Meeting on 28 May 2015. The final dividend will be paid in cash or ordinary shares at the election of the shareholder. In order to neutralise the dilutive effect of the stock dividend on earnings per ordinary share, NN Group has reached an agreement with ING Group, subject to certain conditions, to repurchase ordinary shares from ING Group equal to the number of shares that NN Group will issue as stock dividend at a price similar to the price used to calculate the stock fraction for the stock dividend. NN Group and ING Group have also agreed to enter into similar transactions to neutralise the dilutive effect of future stock dividends by NN Group, subject to certain conditions and as long as ING Group holds shares in NN Group.

## **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. On 29 April the European Court of Justice issued its ruling on a principal legal question with respect to information provision requirements related to unit-linked products. The European Court affirmed the position of Nationale-Nederlanden that the information requirements prescribed by the European Directive may be extended by additional information requirements included in national law, provided that these requirements are necessary for the policyholder to understand the essential characteristics of the commitment and are clear, accurate and foreseeable. Nationale-Nederlanden is of the opinion that general principles of Dutch law that are used as a legal basis in Dutch proceedings do not meet these criteria and that additional information requirements cannot be imposed retroactively. The Dutch courts must take the European Court's ruling into account in individual Dutch legal proceedings. The ruling does not change earlier statements and conclusions disclosed by NN Group in relation to unit-linked products.

## Consolidated results

### Consolidated profit and loss account NN Group

In EUR million

	1Q15	1Q14	Change
<b>Analysis of results</b>			
Netherlands Life	152	153	-0.7%
Netherlands Non-life	24	22	9.1%
Insurance Europe	40	45	-11.1%
Japan Life	72	66	9.1%
Investment Management	36	39	-7.7%
Other	-20	-31	
<b>Operating result ongoing business</b>	<b>304</b>	<b>295</b>	<b>3.1%</b>
Non-operating items ongoing business	284	-28	
of which gains/losses and impairments	172	10	
of which revaluations	74	0	
of which market & other impacts	38	-37	
Japan Closed Block VA	16	-36	
Special items before tax	-20	-572	
Result on divestments	0	56	-100.0%
<b>Result before tax from continuing operations</b>	<b>584</b>	<b>-284</b>	
Taxation	90	-83	
<b>Net result from continuing operations</b>	<b>494</b>	<b>-201</b>	
Net result from discontinued operations	0	-12	
Minority interests	10	2	400.0%
<b>Net result</b>	<b>485</b>	<b>-215</b>	
Net result per share in EUR <sup>1)</sup>	1.40		

### Key Figures

In EUR million

	1Q15	1Q14	Change
<b>Ongoing business</b>			
Gross premium income	3,576	3,489	2.5%
New sales life insurance (APE)	498	439	13.4%
Total administrative expenses	438	437	0.2%
Cost/income ratio (Administrative expenses/Operating income)	34.8%	34.5%	
Combined ratio (Netherlands Non-life) <sup>2)</sup>	100.2%	100.2%	
Investment Management Assets under Management <sup>3)</sup>	203	168	20.8%
Life general account invested assets <sup>3)</sup>	83	77	7.8%
Investment margin/Life general account invested assets (bps) <sup>4)</sup>	93	92	
Total provisions for insurance & investment contracts <sup>3)</sup>	112	98	14.3%
of which for risk policyholder <sup>3)</sup>	28	24	16.7%
NN Life Solvency I ratio <sup>5)</sup>	296%	235%	
Net operating result <sup>6)</sup>	228	216	5.6%
Net operating ROE <sup>7)</sup>	8.7%	9.9%	
<b>Japan Closed Block VA</b>			
Account value	13,646	14,175	-3.7%
Number of policies	266,572	338,197	-21.2%
<b>Total NN Group</b>			
IGD Solvency I ratio <sup>5)</sup>	335%	245%	
Total assets <sup>3)</sup>	179	148	20.9%
Shareholders' equity	24,122	14,682	64.3%
Employees (internal FTEs, end of period)	11,588	12,129	-4.5%

1) Net result divided by the average number of shares outstanding in the market

2) Excluding Mandema and Zicht broker businesses

3) End of period, in EUR billion

4) Four-quarter rolling average

5) The solvency ratios are not final until filed with the regulators

6) Net operating result of the ongoing business, adjusted for the accrued coupon on undated 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 notes classified in equity, divided by the average allocated equity of the ongoing business adjusted for revaluation reserves and excluding undated notes classified in equity

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

- NN Group operating result of the ongoing business was EUR 304 million, up 3.1% from the first quarter of 2014, supported by the expense reduction programme in the Netherlands and lower debt funding costs
- Result before tax increased to EUR 584 million supported by a capital gain on an equity investment
- New sales (APE) were EUR 498 million, up 10.9% from the first quarter of 2014 on a constant currency basis, driven by a pension fund buy-out in Netherlands Life

The operating result of the ongoing business was EUR 304 million, up 3.1% from the first quarter of 2014, reflecting lower administrative expenses in the Netherlands and lower funding costs. Improved results from Japan Life and Netherlands Non-life also contributed to the increase, offset by lower results in Insurance Europe, Investment Management and the reinsurance business in the segment 'Other'.

Total administrative expenses of the ongoing business were EUR 438 million, down 0.5% from the first quarter of 2014, excluding currency effects. FTEs decreased 4.5% year-on-year to 11,588. While administrative expenses increased in Insurance Europe, Investment Management and NN Bank to support growth, administrative expenses in the Netherlands decreased by EUR 22 million in the first quarter compared with the first quarter of 2014. By the end of the first quarter of 2015, cumulative cost reductions of EUR 164 million had been realised in the Netherlands versus the target of EUR 200 million by 2016, of which EUR 30 million was realised by Netherlands Life, EUR 39 million by Netherlands Non-life and EUR 95 million by the corporate and holding entities.

The operating result of Netherlands Non-life improved, attributable to a higher result in Disability & Accident, partly offset by an unfavourable claims experience in Property & Casualty due to large fire claims. The operating result of Japan Life increased to EUR 72 million from EUR 66 million in the first quarter of 2014, due to higher fees and premium-based revenues on larger in-force volumes, partly offset by a lower technical margin and higher DAC amortisation and trail commissions. The holding result, in the segment 'Other', improved to EUR -29 million compared with EUR -54 million in the first quarter of 2014, reflecting lower interest costs on hybrids and debt, lower holding expenses and higher investment income.

The operating result of Netherlands Life decreased marginally to EUR 152 million from EUR 153 million in the first quarter of 2014, reflecting a lower technical margin and lower fees and premium-based revenues, compensated by a higher investment margin and lower administrative expenses. Insurance Europe's operating result decreased compared with the first quarter of 2014, due to a lower investment margin and the impact of the pension reform in Poland, partly offset by higher fees and premium-based revenues and lower DAC amortisation and trail commissions. The operating result of Investment Management decreased from the first quarter of 2014, which benefited from non-recurring items. Higher fee income, driven by higher AuM, was offset by higher administrative expenses. The operating result of the reinsurance business in the segment 'Other' decreased to EUR 4 million from EUR 11 million in the first quarter of 2014, which included strong results related to a reinsurance contract which are not expected to recur.

### **Result before tax**

The result before tax from continuing operations for the first quarter of 2015 increased to EUR 584 million compared with EUR -284 million in the first quarter of 2014, which included a EUR -541 million charge related to the agreement to make ING's closed defined pension plan in the Netherlands financially independent.

Gains/losses and impairments were EUR 172 million compared with EUR 10 million in the first quarter of 2014 as the current quarter included a gain on the sale of a large public equity investment in the Netherlands following a public offering.

Revaluations amounted to EUR 74 million, mainly reflecting EUR 46 million of positive revaluations on private equity and EUR 30 million on real estate investments in the Netherlands.

Market and other impacts amounted to EUR 38 million compared with EUR -37 million in the first quarter of 2014. The current quarter reflects a movement in the provision for guarantees on separate account pension contracts (net of hedging) in Netherlands Life following assumption updates and the transfer of separate account assets to the general account, partially offset by a negative hedge result.

The result before tax of Japan Closed Block VA was EUR 16 million compared with EUR -36 million in the first quarter of 2014, which included a EUR 51 million one-off reserve increase for various modelling refinements.

Special items amounted to EUR -20 million compared with EUR -572 million in the first quarter of 2014. Special items in the current quarter reflect expenses related to the rebranding of NN Group's subsidiaries. Special items in



the first quarter of 2014 included a EUR -541 million impact to make ING's closed defined pension plan in the Netherlands financially independent, as well as expenses for the transformation programme in the Netherlands.

The result on divestments was EUR 0 million versus EUR 56 million in the first quarter of 2014, which included the divestment result of SulAmérica.

#### **Net result**

The net result from continuing operations improved to EUR 494 million from EUR -201 million in the first quarter of 2014. The effective tax rate in the first quarter of 2015 was 15%, reflecting tax-exempt dividends and capital gains in the Netherlands, as well as the release of deferred tax liabilities caused by a reduction in the statutory tax rate in Japan.

The net result from discontinued operations was EUR 0 million versus EUR -12 million in the first quarter of 2014, which included the divestment result of the Investment Management business in Taiwan.

#### **Sales**

Total new sales (APE) at NN Group were EUR 498 million, up 10.9% from the first quarter of 2014 on a constant currency basis. New sales rose 36.6% in Netherlands Life, largely as a result of a pension fund buy-out. Sales in Japan Life were broadly at the same level as the first quarter of 2014. At Insurance Europe, first-quarter 2015 sales were broadly stable compared with the first quarter of 2014 as higher life sales (+13.1%) were offset by lower pension sales (-27.9%).

#### **Net operating Return On Equity (ROE)**

The net operating ROE for the ongoing business of NN Group decreased to 8.7% compared with 9.9% in the first quarter of 2014, reflecting a higher adjusted average allocated equity base following the EUR 850 million capital injection by ING Group into NN Group in May 2014, as well as higher retained earnings.

## Netherlands Life

- Operating result broadly stable at EUR 152 million compared with EUR 153 million in the first quarter of 2014, as a lower technical margin and lower fees and premium-based revenues were offset by a higher investment margin and lower administrative expenses
- Result before tax increased to EUR 397 million from EUR -233 million in the first quarter of 2014, which included a charge related to the company's employee pension plan, whereas the current quarter was supported by a gain on the sale of a large public equity investment
- NN Life's Solvency I ratio up at 296%, supported by market movements

In EUR million	1Q15	1Q14	Change
<b>Analysis of results</b>			
Investment margin	161	140	15.0%
Fees and premium-based revenues	115	127	-9.4%
Technical margin	3	34	-91.2%
Operating income non-modelled business	0	0	
<b>Operating income</b>	<b>279</b>	<b>301</b>	<b>-7.3%</b>
Administrative expenses	111	126	-11.9%
DAC amortisation and trail commissions	16	23	-30.4%
<b>Expenses</b>	<b>127</b>	<b>148</b>	<b>-14.2%</b>
<b>Operating result</b>	<b>152</b>	<b>153</b>	<b>-0.7%</b>
Non-operating items	246	-46	
of which gains/losses and impairments	141	-9	
of which revaluations	67	0	
of which market & other impacts	38	-37	
Special items before tax	-1	-340	
Result on divestments	0	0	
<b>Result before tax</b>	<b>397</b>	<b>-233</b>	
Taxation	56	-68	
Minority interests	8	-1	
<b>Net result</b>	<b>333</b>	<b>-164</b>	
<b>New business</b>			
Single premiums	539	189	185.2%
Regular premiums	125	112	11.6%
New sales life insurance (APE)	179	131	36.6%
<b>Key figures</b>			
Gross premium income	1,397	1,405	-0.6%
Total administrative expenses	111	126	-11.9%
Cost/income ratio (Administrative expenses/Operating income)	39.8%	41.9%	
Life general account invested assets <sup>1)</sup>	61	57	7.0%
Investment margin/Life general account invested assets (bps) <sup>2)</sup>	112	109	
Total provisions for insurance & investment contracts <sup>1)</sup>	78	67	16.4%
of which for risk policyholder <sup>1)</sup>	20	16	25.0%
Allocated equity (end of period)	17,343	10,243	69.3%
Net operating ROE <sup>3)</sup>	7.4%	7.8%	
NN Life Solvency I ratio <sup>4)</sup>	296%	235%	
Employees (internal FTEs, end of period)	2,113	2,433	-13.2%

1) End of period, in EUR billion

2) Four-quarter rolling average

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

4) The solvency ratios are not final until filed with the regulators





The operating result of Netherlands Life was broadly stable at EUR 152 million compared with EUR 153 million in the first quarter of 2014. The negative impact of the run-off of the individual life closed book and a decrease in interest rates impacting the unit-linked guarantee provisions, was offset by a higher investment margin largely driven by a private equity dividend and lower administrative expenses.

The investment margin increased to EUR 161 million from EUR 140 million in the first quarter of 2014, supported by a EUR 24 million private equity dividend, partly offset by higher interest expenses on subordinated loans provided by NN Group to NN Life in February and May 2014. An increased allocation to higher-yielding assets and higher invested volumes helped to offset the impact of the low interest rate environment on reinvestments. The investment spread, calculated as a four-quarter rolling average, increased to 112 basis points from 109 basis points in the first quarter of last year.

Fees and premium-based revenues decreased to EUR 115 million compared with EUR 127 million in the first quarter of 2014, largely reflecting the individual life closed book run-off.

The technical margin decreased to EUR 3 million from EUR 34 million in the first quarter of 2014. The current quarter reflects a EUR 20 million increase in unit-linked guarantee provisions due to a decrease in interest rates, and lower morbidity results. The decline also included an addition of EUR 6 million to a provision for transferring liabilities to industry wide pension funds as a consequence of decreased interest rates.

Administrative expenses were EUR 111 million, down from EUR 126 million in the first quarter of 2014, which included an addition to personnel provisions that have been reallocated to the segment 'Other' as of the third quarter of 2014. Excluding the impact of this personnel provision, administrative expenses declined 5.9%, mainly reflecting lower project expenses and lower staff costs.

DAC amortisation and trail commissions decreased to EUR 16 million from EUR 23 million in the first quarter of 2014, reflecting the run-off of the individual life closed book and regulatory changes.

The result before tax increased to EUR 397 million from EUR -233 million in the first quarter of 2014, which included a special item of EUR -322 million related to the impact of the agreement to make ING's closed defined pension plan in the Netherlands financially independent. The first quarter of 2015 included gains/losses and impairments of EUR 141 million, supported by a gain on the sale of a large public equity investment following a public offering. Revaluations were EUR 67 million, including positive revaluations on private equity and real estate. Market and other impacts were EUR 38 million, reflecting a movement in the provision for guarantees on separate account pension contracts (net of hedging) following assumption updates and the transfer of separate account assets to the general account, partially offset by a negative hedge result. In the first quarter of 2015, insurance liabilities for a total amount of EUR 1.7 billion were transferred from the separate accounts to the general account.

New sales (APE) increased to EUR 179 million from EUR 131 million in the first quarter of 2014, mainly driven by a EUR 420 million single premium relating to the pension fund buy-out of a large company pension fund.



## Netherlands Non-life

- Operating result increased to EUR 24 million from EUR 22 million in the first quarter of 2014, mainly driven by improved results in Disability & Accident (D&A)
- Combined ratio stable at 100.2% compared with the first quarter of 2014; D&A combined ratio improved, while Property & Casualty (P&C) combined ratio deteriorated due to large claims and weather-related claims in Fire

In EUR million	1Q15	1Q14	Change
<b>Analysis of results</b>			
Earned premiums	382	389	-1.8%
Investment income	23	24	-4.2%
Other income	2	-1	
<b>Operating income</b>	<b>406</b>	411	-1.2%
<b>Claims incurred, net of reinsurance</b>	<b>267</b>	273	-2.2%
Acquisition costs	60	62	-3.2%
Administrative expenses	56	56	0.0%
<b>Acquisition costs and administrative expenses</b>	<b>116</b>	117	-0.9%
<b>Expenditure</b>	<b>383</b>	390	-1.8%
<b>Operating result insurance businesses</b>	<b>23</b>	21	9.5%
Operating result broker businesses	1	1	0.0%
<b>Total operating result</b>	<b>24</b>	22	9.1%
Non-operating items	8	-1	
of which gains/losses and impairments	3	-1	
of which revaluations	5	1	400.0%
of which market & other impacts	0	0	
Special items before tax	-1	-85	
Result on divestments	0	0	
<b>Result before tax</b>	<b>32</b>	-63	
Taxation	6	-17	
Minority interests	0	0	
<b>Net result</b>	<b>25</b>	-47	
<b>Key figures</b>			
Gross premium income	734	760	-3.4%
Total administrative expenses <sup>1)</sup>	74	75	-1.3%
Combined ratio <sup>2)</sup>	100.2%	100.2%	
of which Claims ratio <sup>2)</sup>	69.8%	70.1%	
of which Expense ratio <sup>2)</sup>	30.4%	30.1%	
Total insurance provisions <sup>3)</sup>	4	4	0.0%
Allocated equity (end of period)	866	695	24.6%
Net operating ROE <sup>4)</sup>	18.4%	13.7%	
Employees (internal FTEs, end of period)	1,712	1,911	-10.4%

1) Including Mandema and Zicht broker businesses

2) Excluding Mandema and Zicht broker businesses

3) End of period, in EUR billion

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



The operating result of Netherlands Non-life increased to EUR 24 million from EUR 22 million in the first quarter of 2014, mainly driven by a favourable result in D&A.

The combined ratio remained stable at 100.2% in the first quarter of 2015 as an improvement in D&A and Motor was offset by the impact of large claims and weather-related claims in Fire.

The operating result in D&A increased to EUR 28 million from EUR 19 million in the first quarter of 2014. This was driven by a EUR 9 million positive impact from an IBNR update related to better than expected recovery experience. As a result, the D&A combined ratio improved to 92.6% compared with 97.7% in the first quarter of 2014.

The operating result in P&C decreased from EUR 2 million in the first quarter of 2014 to a loss of EUR 5 million in the first quarter of 2015, which was impacted by EUR 12 million of large claims and claims related to bad weather conditions in the Netherlands, both in Fire. The operating result in Motor improved as the management actions to restore profitability had a positive effect on the current accident year. This was partly offset by the impact of claims on prior accident years. The P&C combined ratio increased to 106.5% from 102.4% in the first quarter of 2014.

Administrative expenses remained flat compared with the first quarter of 2014.

The result before tax of Netherlands Non-life improved to EUR 32 million from a loss of EUR 63 million in the first quarter of 2014, which included a EUR -82 million special item related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. The higher operating result and higher gains and revaluations related to public and private equity investments also contributed to the improved result.

## Insurance Europe

- Operating result decreased to EUR 40 million from EUR 45 million in the first quarter of 2014, reflecting a lower investment margin and the impact of the pension reforms in Poland
- Fees and premium-based revenues increased across the region
- New sales (APE) were broadly stable compared with the first quarter of 2014, excluding currency effects. Higher life sales, especially from protection products, were offset by lower pension sales

In EUR million	1Q15	1Q14	Change
<b>Analysis of results</b>			
Investment margin	22	27	-18.5%
Fees and premium-based revenues	132	128	3.1%
Technical margin	45	48	-6.3%
Operating income non-modelled business	1	1	0.0%
<b>Operating income Life Insurance</b>	<b>199</b>	<b>204</b>	<b>-2.5%</b>
Administrative expenses	77	74	4.1%
DAC amortisation and trail commissions	83	86	-3.5%
<b>Expenses Life Insurance</b>	<b>159</b>	<b>160</b>	<b>-0.6%</b>
<b>Operating result Life Insurance</b>	<b>40</b>	<b>44</b>	<b>-9.1%</b>
Non-life operating result	1	2	-50.0%
<b>Operating result</b>	<b>40</b>	<b>45</b>	<b>-11.1%</b>
Non-operating items	15	10	50.0%
of which gains/losses and impairments	14	10	40.0%
of which revaluations	1	0	
of which market & other impacts	0	0	
Special items before tax	-12	-2	
Result on divestments	0	0	
<b>Result before tax</b>	<b>44</b>	<b>54</b>	<b>-18.5%</b>
Taxation	11	12	-8.3%
Minority interests	1	2	-50.0%
<b>Net result</b>	<b>32</b>	<b>39</b>	<b>-17.9%</b>
<b>New business</b>			
Single premiums	253	229	10.5%
Regular premiums	118	117	0.9%
New sales life insurance (APE)	143	140	2.1%
<b>Key figures</b>			
Gross premium income	586	587	-0.2%
Total administrative expenses (Life & Non-life)	81	77	5.2%
Cost/income ratio (Administrative expenses/Operating income)	37.2%	34.8%	
Life general account invested assets <sup>1)</sup>	11	12	-8.3%
Investment margin/Life general account invested assets (bps) <sup>2)</sup>	72	84	
Total provisions for insurance & investment contracts <sup>1)</sup>	20	19	5.3%
of which for risk policyholder <sup>1)</sup>	8	7	14.3%
Assets under management pensions <sup>1)3)</sup>	16	14	14.3%
Allocated equity (end of period)	2,267	2,031	11.6%
Net operating ROE <sup>4)</sup>	7.8%	8.9%	
Employees (internal FTEs, end of period)	4,059	4,039	0.5%

1) End of period, in EUR billion

2) Four-quarter rolling average

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

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



The operating result of Insurance Europe was EUR 40 million, down from EUR 45 million in the first quarter of 2014, reflecting a lower investment margin and the impact of the pension reforms in Poland. This was partly mitigated by higher fees and premium-based revenues and lower DAC amortisation and trail commissions.

The investment margin was EUR 22 million, down from EUR 27 million in the first quarter of 2014, which included higher investment income in Greece in connection with an early redemption of Residential Mortgage Backed Securities. Lower reinvestment rates and lower invested volumes also contributed to the decline.

Fees and premium-based revenues increased to EUR 132 million, from EUR 128 million in the first quarter of 2014, reflecting higher traditional life insurance premiums across the region and higher performance fees in the pensions business in Slovakia. These items were partly offset by the negative impact of the pension reforms in Poland that came into effect in February 2014.

The technical margin decreased to EUR 45 million from EUR 48 million in the first quarter of 2014 due to lower mortality results in Spain and Turkey.

Administrative expenses increased to EUR 77 million from EUR 74 million in the first quarter of 2014 caused by higher project expenses.

DAC amortisation and trail commissions decreased to EUR 83 million from EUR 86 million in the first quarter of 2014 due to lower sales through the broker distribution channels in Poland and the Czech Republic. The current quarter also benefited from a lower crisis tax in Belgium.

The result before tax decreased to EUR 44 million from EUR 54 million in the first quarter of 2014 due to the lower operating result and higher special items, partly offset by higher non-operating items. The current quarter result included gains on the sale of bonds, fixed income funds and equities. Special items reflect the rebranding expenses across the region.

New sales (APE) were broadly stable compared with the first quarter of 2014, excluding currency impacts, as higher life sales (+13.1%) were offset by lower pension sales (-27.9%). Sales of life protection products were up 40.0% year-on-year driven by a large group contract in Spain and were up 11.3% excluding this contract.

## Japan Life

- Operating result increased to EUR 72 million from EUR 66 million in the first quarter of 2014, up 4.3% excluding currency effects, reflecting higher fees and premium-based revenues, partly offset by higher DAC amortisation and trail commissions
- New sales (APE) were EUR 176 million, broadly at the same level as the first quarter of 2014, at constant currencies

In EUR million	1Q15	1Q14	Change
<b>Analysis of results<sup>1)</sup></b>			
Investment margin	-2	-1	
Fees and premium-based revenues	160	134	19.4%
Technical margin	1	9	-88.9%
Operating income non-modelled business	0	0	
<b>Operating income</b>	<b>159</b>	<b>142</b>	<b>12.0%</b>
Administrative expenses	24	24	0.0%
DAC amortisation and trail commissions	63	52	21.2%
<b>Expenses</b>	<b>88</b>	<b>76</b>	<b>15.8%</b>
<b>Operating result</b>	<b>72</b>	<b>66</b>	<b>9.1%</b>
Non-operating items	3	-3	
of which gains/losses and impairments	3	0	
of which revaluations	0	-3	
of which market & other impacts	0	0	
Special items before tax	-2	0	
Result on divestments	0	0	
<b>Result before tax</b>	<b>73</b>	<b>64</b>	<b>14.1%</b>
Taxation	13	23	-43.5%
Minority interests	0	0	
<b>Net result</b>	<b>60</b>	<b>40</b>	<b>50.0%</b>
<b>New business<sup>1)</sup></b>			
Single premiums	8	19	-57.9%
Regular premiums	175	167	4.8%
New sales life insurance (APE)	176	169	4.1%
<b>Key figures<sup>1)</sup></b>			
Gross premium income	854	731	16.8%
Total administrative expenses	24	24	0.0%
Cost/income ratio (Administrative expenses/Operating income)	15.1%	16.9%	
Life general account invested assets <sup>2)</sup>	11	9	22.2%
Total provisions for insurance & investment contracts <sup>2)</sup>	10	8	25.0%
of which for risk policyholder <sup>2)</sup>	0	0	
Allocated equity (end of period)	1,808	1,354	33.5%
Net operating ROE <sup>3)</sup>	15.6%	15.3%	
Employees (internal FTEs, end of period)	604	656	-7.9%

1) JPY/EUR average FX rates: 135.38 (1Q15), 141.57 (1Q14) and JPY/EUR end of period FX rates: 128.93 (1Q15), 142.44 (1Q14)

2) End of period, in EUR billion

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



The operating result of Japan Life increased to EUR 72 million from EUR 66 million in the first quarter of 2014, up 4.3% excluding currency effects, reflecting higher fees and premium-based revenues, partly offset by higher DAC amortisation and trail commissions. The first quarter reflects seasonally higher levels of sales, premium income and operating result.

The investment margin was EUR -2 million compared with EUR -1 million in the first quarter of 2014 due to lower interest rates on reinvested assets.

Fees and premium-based revenues were EUR 160 million, up 14.3% from the first quarter of 2014, excluding currency effects, driven by larger in-force volumes.

The technical margin decreased to EUR 1 million from EUR 9 million in the first quarter of 2014 due to a lower result on surrenders.

Administrative expenses were EUR 24 million, down 4.0% compared with the first quarter of 2014, on a constant currency basis, mainly due to a one-off pension liability release.

DAC amortisation and trail commissions were EUR 63 million, up 16.7% compared with the first quarter of 2014, excluding currency effects, due to higher premium income.

The result before tax increased to EUR 73 million, compared with EUR 64 million in the first quarter of 2014, reflecting the higher operating result and EUR 3 million of capital gains on the sale of fixed income investments. Special items in the current quarter reflect expenses for rebranding the business of Japan Life.

Taxation in the first quarter of 2015 reflects a release of deferred tax liabilities caused by a reduction in the statutory tax rate in Japan to 28.85% as of 1 April 2015.

New sales (APE) were EUR 176 million, broadly at the same level as the first quarter of 2014, excluding currency effects.

## Investment Management

- Total Assets under Management (AuM) increased to EUR 203 billion from EUR 186 billion at the end of 2014, driven by strong market performance
- Operating result decreased to EUR 36 million from EUR 39 million in the first quarter of 2014, which benefited from non-recurring items; higher fee income was offset by higher expenses

In EUR million	1Q15	1Q14	Change
<b>Analysis of results</b>			
Investment income	0	0	
Fees	125	118	5.9%
<b>Operating income</b>	<b>125</b>	<b>118</b>	<b>5.9%</b>
<b>Administrative expenses</b>	<b>89</b>	<b>79</b>	<b>12.7%</b>
<b>Operating result</b>	<b>36</b>	<b>39</b>	<b>-7.7%</b>
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	-5	-122	
Result on divestments	0	0	
<b>Result before tax</b>	<b>31</b>	<b>-83</b>	
Taxation	8	-22	
Minority interests	0	0	
<b>Net result<sup>1)</sup></b>	<b>23</b>	<b>-61</b>	
<b>Key figures</b>			
Total administrative expenses	89	79	12.7%
Cost/income ratio (Administrative expenses/Operating income)	71.2%	66.9%	
Net inflow Assets under Management (in EUR billion)	-1	-12	
Assets under Management <sup>2)</sup>	203	168	20.8%
Fees/average Assets under Management (bps)	26	28	
Allocated equity (end of period)	419	351	19.4%
Net operating ROE <sup>3)</sup>	27.3%	34.6%	
Employees (internal FTEs, end of period)	1,173	1,145	2.4%

1) Excluding the Net result from discontinued operations

2) End of period, in EUR billion

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

In EUR billion	1Q15	FY14
<b>AUM roll forward</b>		
<b>Beginning of period</b>	<b>186</b>	<b>174</b>
Net inflow	-1	-11
Acquisition / Divestments	0	2
Market performance (incl. FX Impact) and Other	17	21
<b>End of period</b>	<b>203</b>	<b>186</b>





Total AuM at Investment Management were EUR 203 billion at the end of the first quarter of 2015, up from EUR 186 billion at the end of 2014. The increase reflects strong market performance as well as net inflows in the Third Party of EUR 1.3 billion, offset by net combined outflows in the Proprietary and Other Affiliated businesses of EUR 1.8 billion.

The first-quarter 2015 operating result decreased to EUR 36 million from EUR 39 million in the first quarter of 2014 which benefited from a total of EUR 10 million of non-recurring items in income and expenses. The increase in fees was offset by higher expenses.

Fees were EUR 125 million, up 5.9% compared with the first quarter of 2014 on higher AuM. The first quarter of last year included a non-recurring fee item of EUR 5 million.

Administrative expenses were EUR 89 million, up 12.7% from the first quarter of 2014, which benefited from EUR 5 million of personnel provision releases. The increase also reflects higher staff-related expenses following the strengthening of various investment and marketing teams, as well as higher IT and market data expenses due to currency impacts.

The result before tax of Investment Management was EUR 31 million, compared with a loss of EUR 83 million in the first quarter of 2014, which included a special item of EUR 122 million related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. Special items in the current quarter reflect expenses for rebranding the business from ING Investment Management to NN Investment Partners.

## Other

- Operating result improved to EUR -20 million from EUR -31 million in the first quarter of 2014, driven by lower holding expenses, lower funding costs and higher investment income
- Operating result of the reinsurance business decreased due to lower underwriting results compared with a strong first quarter of 2014
- NN Bank operating result decreased slightly, reflecting a higher interest result offset by higher expenses

In EUR million	1Q15	1Q14	Change
<b>Analysis of results</b>			
Interest on hybrids and debt	-25	-33	
Investment income and fees	15	7	114.3%
Holding expenses	-17	-26	
Amortisation of intangible assets	-2	-2	
<b>Holding result</b>	<b>-29</b>	<b>-54</b>	
Operating result reinsurance business	4	11	-63.6%
Operating result NN Bank	4	5	-20.0%
Other results	1	7	-85.7%
<b>Operating result</b>	<b>-20</b>	<b>-31</b>	
Non-operating items	11	11	0.0%
of which gains/losses and impairments	10	10	0.0%
of which revaluations	1	1	0.0%
of which market & other impacts	0	0	
Special items before tax	0	-23	
Result on divestments	0	0	
<b>Result before tax</b>	<b>-9</b>	<b>-43</b>	
Taxation	-2	0	
Minority interests	0	0	
<b>Net result</b>	<b>-7</b>	<b>-43</b>	
<b>Key figures</b>			
Total administrative expenses	60	56	7.1%
of which reinsurance business	3	3	0.0%
of which NN Bank	37	27	37.0%
NN Bank common equity Tier 1 ratio phased in <sup>1)</sup>	13.8%	16.7%	
NN Bank BIS ratio phased in <sup>1)</sup>	16.2%	16.7%	
Total assets NN Bank <sup>2)</sup>	10	8	25.0%
Net operating ROE NN Bank <sup>3)</sup>	3.6%	4.2%	
Total provisions for insurance and investment contracts <sup>2)</sup>	1	1	0.0%
Employees (internal FTEs, end of period)	1,833	1,868	-1.9%

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

2) End of period, in EUR billion

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



The operating result of the segment 'Other' improved to EUR -20 million from EUR -31 million in the first quarter of 2014, reflecting lower holding expenses, lower funding costs and higher investment income, partly offset by a lower operating result at the reinsurance business.

The holding result improved to EUR -29 million compared with EUR -54 million in the first quarter of 2014. Interest costs on hybrids and debt were EUR 8 million lower following the redemption of hybrid debt using the proceeds of the undated subordinated notes issued in July 2014, which are classified as equity under IFRS. The interest on the undated notes is recognised through equity while the interest on the hybrid debt redeemed with these notes was recognised in the profit and loss account. Investment income increased to EUR 15 million from EUR 7 million in the same period of last year, driven by interest income received on the subordinated loans provided by NN Group to NN Life in the first half of 2014. Holding expenses decreased to EUR 17 million compared with EUR 26 million in the same period last year, reflecting a revised method for charging head office expenses to the segments as well as the impact of the transformation programme in the Netherlands.

The operating result of the reinsurance business decreased to EUR 4 million from EUR 11 million in the same period last year, which included strong results related to a reinsurance contract that are not expected to recur.

The operating result of NN Bank decreased slightly to EUR 4 million from EUR 5 million in the first quarter of 2014. The strong production of mortgages and the increase in customer savings led to a higher interest result, offset by higher administrative expenses supporting the bank's growth and a higher addition to loan loss provisions.

Other results decreased to EUR 1 million from EUR 7 million in the first quarter of 2014, which mainly reflected a non-recurring adjustment on the amortisation of certain fixed-income securities.

The result before tax of the segment Other improved to EUR -9 million compared with EUR -43 million in the first quarter of 2014, reflecting the improved operating result. The first quarter of last year included EUR -23 million of special items related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent and to the transformation programme in the Netherlands.

Total administrative expenses were up EUR 4 million to EUR 60 million in the first quarter of 2015 due to higher expenses at NN Bank, partly offset by lower holding expenses.

## Japan Closed Block VA

- Result before tax improved to EUR 16 million compared with EUR -36 million in the first quarter of 2014
- Portfolio run-off resulted in a 9.4% decrease in the number of policies compared with the fourth quarter of 2014

In EUR million	1Q15	1Q14	Change
<b>Analysis of results<sup>1)</sup></b>			
Investment margin	0	0	
Fees and premium-based revenues	27	30	-10.0%
Technical margin	0	0	
Operating income non-modelled business	0	0	
<b>Operating income</b>	<b>27</b>	<b>30</b>	<b>-10.0%</b>
Administrative expenses	5	4	25.0%
DAC amortisation and trail commissions	3	3	0.0%
<b>Expenses</b>	<b>8</b>	<b>7</b>	<b>14.3%</b>
<b>Operating result</b>	<b>19</b>	<b>23</b>	<b>-17.4%</b>
Non-operating items	-3	-59	
of which gains/losses and impairments	0	0	
of which revaluations	0	0	
of which market & other impacts	-3	-59	
Special items before tax	0	0	
Result on divestments	0	0	
<b>Result before tax</b>	<b>16</b>	<b>-36</b>	
Taxation	-2	-11	
Minority interests	0	0	
<b>Net result</b>	<b>18</b>	<b>-24</b>	
<b>Key figures<sup>1)2)</sup></b>			
Allocated equity	1,065	1,058	0.7%
Account value	13,646	14,175	-3.7%
Net Amount at Risk	98	870	-88.7%
IFRS Reserves	517	1,267	-59.2%
Number of policies	266,572	338,197	-21.2%
Employees (internal FTEs, end of period)	95	76	25.0%

1) JPY/EUR average FX rates: 135.38 (1Q15), 141.57 (1Q14) and JPY/EUR end of period FX rates: 128.93 (1Q15), 142.44 (1Q14)

2) End of period



The result before tax of Japan Closed Block VA improved to EUR 16 million from EUR -36 million in the first quarter of 2014, which included a negative impact of various modelling refinements.

The operating result decreased to EUR 19 million from EUR 23 million in the first quarter of 2014, as fees and premium-based revenues declined in line with the run-off of the portfolio and due to higher administrative expenses.

Fees and premium-based revenues were EUR 27 million, down 12.9% from the first quarter of 2014 excluding currency effects, due to a lower account value caused by a decreasing number of policies.

Administrative expenses increased to EUR 5 million from EUR 4 million in the first quarter of 2014 caused by higher processing costs, reflecting an increase in surrenders as well as higher project costs to prepare for the large volumes of future maturities expected in the portfolio.

Market and other impacts were EUR -3 million compared with EUR -59 million in the first quarter of 2014. The current quarter reflects a market-related result net of hedging of EUR -2 million. The result of the first quarter of 2014 was negatively impacted by various modelling refinements, which led to a reserve increase of EUR 51 million.

The Net Amount at Risk in Japan Closed Block VA decreased to EUR 98 million from EUR 870 million in the first quarter of 2014, primarily as a result of equity markets appreciation.

## Consolidated Balance Sheet

- Total assets of NN Group increased by EUR 13.2 billion compared with the fourth quarter of 2014 to EUR 178.7 billion, mainly driven by an increase in the market value of available-for-sale investments and currency impacts
- Shareholders' equity increased by EUR 3.8 billion to EUR 24.1 billion, mainly reflecting a higher debt securities revaluation reserve and cashflow hedge reserve, driven by lower interest rates

in EUR million	31 Mar 15	31 Dec 14	31 Mar 14		31 Mar 15	31 Dec 14	31 Mar 14
<b>Assets</b>				<b>Equity and liabilities</b>			
Cash and cash equivalents	9,666	7,530	8,114	Shareholders' equity (parent)	24,122	20,355	14,682
Financial assets at fair value through profit or loss				Minority interests	87	76	72
- trading assets	630	628	769	Undated subordinated notes	986	986	0
- investments for risk of policyholders	41,629	41,222	37,683	<b>Total equity</b>	<b>25,195</b>	<b>21,417</b>	<b>14,754</b>
- non-trading derivatives	7,267	7,207	3,423	Subordinated loans	2,294	2,297	2,890
- designated as at fair value through profit or loss	529	492	485	Senior debt	0	400	1,000
Available-for-sale investments				Debt securities in issue	597	0	0
- debt securities	74,269	65,991	57,801	Other borrowed funds	5,955	5,467	3,243
- equity securities	6,748	6,286	5,883	Insurance and investment contracts			
Loans	28,899	27,802	25,905	- life insurance provisions	80,513	73,639	71,344
Reinsurance contracts	267	241	275	- non-life insurance provisions	3,866	3,540	3,912
Associates and joint ventures	1,627	1,617	1,243	- provision for risk of policyholders	41,692	41,285	37,772
Real estate investments	1,217	1,104	743	- other	770	772	808
Property and equipment	157	139	162	Customer deposits and other funds on deposit	7,653	6,981	6,190
Intangible assets	354	357	382	Financial liabilities at fair value through profit or loss			
Deferred acquisition costs	1,543	1,403	1,412	- non-trading derivatives	2,112	3,142	1,396
Assets held for sale	0	0	180	Liabilities held for sale	0	0	18
Other assets	3,862	3,462	3,274	Other liabilities	8,018	6,540	4,408
<b>Total assets</b>	<b>178,664</b>	<b>165,481</b>	<b>147,734</b>	<b>Total liabilities</b>	<b>153,469</b>	<b>144,064</b>	<b>132,980</b>
				<b>Total equity and liabilities</b>	<b>178,664</b>	<b>165,481</b>	<b>147,734</b>

## Assets

### Cash and cash equivalents

Cash and cash equivalents increased by EUR 2.1 billion to EUR 9.7 billion, reflecting higher cash collateral related to non-trading derivatives and seasonally higher premium income in the first quarter.

### Debt securities

Debt securities available-for-sale increased by EUR 8.3 billion to EUR 74.3 billion, driven by EUR 4.7 billion higher market values as long-term interest rates declined further in the quarter, EUR 2.2 billion net investments and EUR 1.4 billion of currency impacts, reflecting an appreciation of the Japanese yen versus the euro.

### Loans

Loans increased by EUR 1.1 billion, driven by a EUR 0.8 billion increase in the mortgage portfolio.

## Liabilities

### Senior debt and Debt securities in issue

Debt securities in issue increased by EUR 0.6 billion, reflecting the senior unsecured notes issued in March 2015. The proceeds were partly used to repay senior debt from ING Group.

### Insurance and investment contracts

Insurance and investment contracts increased by EUR 7.6 billion to EUR 126.9 billion, mainly driven by EUR 3.0 billion of currency impacts reflecting an appreciation of the Japanese yen versus the euro, and EUR 2.0 billion in higher deferred profit sharing to policyholders following the increase of the debt securities revaluation reserve and cash flow hedge reserve.

## Equity

Shareholders' equity increased by EUR 3.8 billion to EUR 24.1 billion, from EUR 20.4 billion at the beginning of the quarter, reflecting a EUR 4.0 billion increase in the available-for-sale investments revaluation reserves. A EUR 0.9 billion increase in the cash flow hedge reserve and the first-quarter net result of EUR 0.5 billion also contributed to the increased Shareholders' equity. This increase was partially offset by EUR 1.5 billion deferred profit sharing to policyholders and the EUR 0.2 billion share buy-back from ING Group in February 2015.

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

in EUR million	1Q15	FY14	1Q14
<b>Shareholders equity beginning of period</b>	<b>20,355</b>	14,062	14,062
Net result for the period	485	588	-215
Unrealised revaluations available-for-sale investments and other	4,011	6,330	1,461
Realised gains/losses transferred to the profit and loss account	-171	1	-18
Change in cash flow hedge reserve	924	1,738	313
Deferred interest crediting to life policyholders	-1,503	-2,950	-620
Share of other comprehensive income of associates and joint ventures	7	43	43
Exchange rate differences	268	117	36
Remeasurement of the net defined benefit asset/liability	-22	-121	-66
Capital contributions	0	850	0
Dividend	0	-315	-315
Purchase/sale treasury shares	-200	0	0
Employee stock option & share plans	2	12	1
Coupon on undated subordinated notes	-34	0	0
<b>Total changes</b>	<b>3,767</b>	6,293	620
<b>Shareholders' equity end of period</b>	<b>24,122</b>	20,355	14,682

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 15	31 Dec 14	31 Mar 14
Share capital	42	42	0
Share premium	12,098	12,098	11,290
Revaluation reserve available-for-sale investments and other	7,036	4,639	2,027
Revaluation reserve cash flow hedge	5,388	4,464	3,039
Currency translation reserve	33	-198	-215
Net defined benefit asset/liability remeasurement reserve	-140	-118	-64
Retained earnings and other reserves	-335	-572	-1,395
<b>Shareholders' equity (parent)</b>	<b>24,122</b>	20,355	14,682
Minority interests	87	76	72
Undated subordinated notes	986	986	0
<b>Total equity</b>	<b>25,195</b>	21,417	14,754
<b>Shareholders' equity per share in EUR<sup>1)</sup></b>	<b>71</b>	58	42

1) Shareholders' equity per share at 31 March 2014 is calculated based on the NN Group shares outstanding as of 7 July 2014



## Capital Management

- NN Group IGD Solvency I ratio of 335% and NN Life solvency I ratio of 296%, both up from the fourth quarter of 2014
- Cash capital position at the holding company stable at EUR 1.4 billion, reflecting a EUR 350 million dividend from NN Life and the share buy-back from ING Group for an aggregate amount of EUR 200 million
- Issuance of EUR 600 million senior unsecured notes with a fixed rate coupon of 1% per annum and a maturity of seven years
- Fixed-cost coverage ratio on a last 12 months basis improved to 11.8x

## Capital ratios

in EUR million	31 Mar 15	31 Dec 14	31 Mar 14
Shareholders' equity	24,122	20,355	14,682
Qualifying undated subordinated debt <sup>1)</sup>	1,823	1,823	2,394
Qualifying dated subordinated debt <sup>1)</sup>	1,000	1,000	0
Required regulatory adjustments	-10,209	-9,100	-6,110
<b>Total capital base (a)</b>	<b>16,736</b>	<b>14,078</b>	<b>10,966</b>
EU required capital (b)	4,990	4,686	4,468
<b>NN Group IGD Solvency I ratio<sup>2)3)</sup> (a/b)</b>	<b>335%</b>	<b>300%</b>	<b>245%</b>
<b>NN Life Solvency I ratio<sup>2)3)</sup></b>	<b>296%</b>	<b>258%</b>	<b>235%</b>

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

2) The solvency ratios are not final until filed with the regulators

3) The 31 December 2014 Solvency I ratio of NN Life and the NN Group IGD Solvency I ratio have been updated

NN Group's IGD Solvency I ratio increased to 335% at the end of the first quarter of 2015 from 300% at the end of 2014. This increase was mainly driven by positive revaluations resulting from market movements and the first-quarter net result of EUR 485 million, partly offset by the share buy-back from ING Group for an aggregate amount of EUR 200 million. The proposed dividend to shareholders over the second half of 2014 of approximately EUR 195 million was already reflected in the IGD Solvency I ratio at the end of 2014.

The Solvency I ratio of NN Life increased to 296% from 258% at the end of 2014, mainly driven by tightening of credit spreads, equity markets appreciation and changes in the level and shape of the interest rate curve. The EUR 350 million dividend paid by NN Life to NN Group in February 2015 was already reflected in the Solvency I ratio at the end of 2014.

NN Group intends to apply for the usage of a Partial Internal Model for NN Group and the insurance entities in the Netherlands. The outcome of the application process remains subject to significant uncertainties, including the final interpretations of the Solvency II regulations and the regulatory approval process.

## Cash capital position at the holding company

in EUR million	1Q15	FY14
<b>Beginning of period</b>	<b>1,413</b>	<b>1,363</b>
Cash divestment proceeds	0	296
Dividends from subsidiaries <sup>1)</sup>	360	710
Capital injections into subsidiaries <sup>2)</sup>	-65	-1,313
Other <sup>3)</sup>	-66	-116
<b>Free cash flow at the holding<sup>4)</sup></b>	<b>229</b>	<b>-424</b>
Capital flow from / (to) shareholders	-200	674
Increase / (decrease) in debt and loans	-3	-200
<b>End of period</b>	<b>1,439</b>	<b>1,413</b>
<b>Free cash flow at the holding</b>	<b>229</b>	<b>-424</b>
IPO-related capital transactions <sup>5)</sup>	0	-874
<b>Adjusted free cash flow at the holding</b>	<b>229</b>	<b>450</b>

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

- 1) Includes interest on subordinated loans provided to subsidiaries by the holding company
- 2) Includes the change of subordinated loans provided to subsidiaries by the holding company
- 3) Includes interest on subordinated loans and debt, holding company expenses and other cash flows
- 4) Free cash flow at the holding company is defined as the change in cash capital position of the holding company over the period, excluding capital transactions with shareholders and debtholders
- 5) Consists of IPO related transactions regarding the capital strengthening of NN Life of EUR 1,050 million through subordinated debt and EUR 176 million of cash proceeds received from the divestment of SulAmérica which were upstreamed to ING Group

The cash capital position at the holding company increased from EUR 1,413 million at the end of 2014 to EUR 1,439 million at the end of the first quarter of 2015. The increase reflects a dividend payment by NN Life to NN Group of EUR 350 million and the repurchase by NN Group of 8.3 million ordinary shares from ING Group for an aggregate amount of EUR 200 million in February 2015. The movement of the cash capital position at the holding company in the first quarter also reflects the annual coupon on the undated subordinated notes for an amount of EUR 34 million (after tax), which is payable in July 2015 but was recognised in equity following the share buy-back in February 2015.

## Financial leverage

in EUR million	31 Mar 15	31 Dec 14	31 Mar 14
Shareholders' equity	24,122	20,355	14,682
Adjustment for revaluation reserves <sup>1)</sup>	-10,982	-7,979	-3,944
Goodwill	-266	-265	-264
Minority interests	87	76	72
<b>Capital base for financial leverage (a)</b>	<b>12,961</b>	<b>12,187</b>	<b>10,546</b>
Undated subordinated notes <sup>2)</sup>	986	986	0
Subordinated debt	2,294	2,297	2,890
Total subordinated debt	3,280	3,282	2,890
Debt securities in issue (financial leverage)	398	400	1,000
<b>Financial leverage (b)</b>	<b>3,678</b>	<b>3,682</b>	<b>3,890</b>
Debt securities in issue (operational leverage)	199	0	0
<b>Total debt</b>	<b>3,877</b>	<b>3,682</b>	<b>3,890</b>
Financial leverage ratio (b/(a+b))	22.1%	23.2%	26.9%
Fixed-cost coverage ratio <sup>2)3)</sup>	11.8x	9.9x	5.6x

- 1) Includes revaluations on debt securities, on the cash-flow hedge reserve and on the reserves crediting to life policyholders
- 2) The undated subordinated notes classified as equity are considered financial leverage in the calculation of the financial leverage ratio. The related interest is included on an accrual basis in the calculation of the fixed-cost coverage ratio
- 3) Measures the ability of earnings before interest and tax (EBIT) of ongoing business and Insurance Other to cover funding costs on financial leverage; calculated on a last 12-months basis

The financial leverage ratio of NN Group reduced to 22.1% at the end of the first quarter of 2015. The capital base for financial leverage increased by EUR 774 million, largely driven by the first-quarter net result of EUR 485 million and positive equity and currency revaluations. This increase was offset by the impact of the share buy-back of EUR 200 million in February 2015.

The fixed-cost coverage ratio further improved to 11.8x at the end of the first quarter (on a last 12-months basis) versus 9.9x at the end of the fourth quarter of 2014, mainly due to the increased result before tax.

In March 2015, NN Group issued EUR 600 million senior unsecured notes with a fixed rate coupon of 1% per annum and a maturity of seven years. The notes were issued under the Debt Issuance Programme, which was approved by the Netherlands Authority for the Financial Markets (AFM) on 2 March 2015. The proceeds of this transaction were used to repay a EUR 400 million senior loan to ING Group and EUR 200 million was on-lent to NN Bank by way of operational leverage to cover its senior funding needs.

## Share buy-back

In February 2015, ING Group sold 52 million shares of NN Group at a price of EUR 24 per share. As part of this transaction, NN Group repurchased 8.3 million shares from ING Group for an aggregate amount of EUR 200 million. NN Group funded the share repurchase from the cash capital position at the holding company. NN Group intends to cancel the repurchased shares in due course, subject to shareholder authorisation. On 31 March 2015, the total number of NN Group shares outstanding (net of treasury stock) was 342,034,112.



## Credit ratings

On 18 February 2015, Standard & Poor's raised its rating on NN Group by one notch to A- with a stable outlook. Moody's affirmed its Baa2 rating on NN Group and changed the outlook from negative to stable.

Credit ratings of NN Group N.V. at 7 May 2015	Rating	Outlook
Standard & Poor's	A-	Stable
Moody's	Baa2	Stable



## NN Group Profile

NN Group is an insurance and investment management company with a strong, predominantly European presence in more than 18 countries. With around 12,000 employees the group offers retirement services, insurance, investments and banking to more than 15 million customers. NN Group includes Nationale-Nederlanden, NN (formerly known as ING Insurance) and NN Investment Partners (formerly known as ING Investment Management). NN Group is listed on Euronext Amsterdam (NN).

## Press call

Lard Friese and Delfin Rueda will host a press call to discuss the 1Q15 results at 09.30am CET on Thursday 7 May 2015. Journalists can join the press call via + 31 20 531 5863.

## Investor conference call and webcast

Lard Friese and Delfin Rueda will host an analyst and investor conference call to discuss the 1Q15 results at 10:30am CET on Thursday 7 May 2015. Members of the investment community can join the conference call at +31 20 531 5865 (NL), +44 203 365 3210 (UK), +1 866 349 6093 (US) or follow the webcast on [www.nn-group.com](http://www.nn-group.com).

## Financial calendar

- Annual General Meeting: Thursday 28 May 2015
- Publication 2Q15 results: Wednesday 5 August 2015 (provisional)
- Publication 3Q15 results: Wednesday 4 November 2015 (provisional)
- Capital Markets Event: Thursday 19 November 2015 (provisional)

## Contact information

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## Additional information on [www.nn-group.com](http://www.nn-group.com)

- NN Group 1Q15 Financial Supplement and NN Group 1Q15 Analyst Presentation
- Photos of NN Group executives, buildings and events are available for download at [Flickr](#)

## Important legal information

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

In preparing the financial information in this document, the same accounting principles are applied as in the 2014 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) the implementation of the EC Restructuring Plan, (5) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations, (14) changes in the policies of governments and/or regulatory authorities, (15) conclusions with regard to accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit and financial strength ratings, (18) NN Group's ability to achieve projected operational synergies and (19) the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by NN Group and/or related to NN Group.

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