

## NN Group reports 4Q16 and 2016 results

### 4Q16 operating result up 13%; Solvency II ratio at 241%

- 4Q16 operating result ongoing business of EUR 282 million, up 12.6% from 4Q15, reflecting a higher investment margin at Netherlands Life, higher fees and premium-based revenues at Insurance Europe and improved results at NN Bank and the reinsurance business, partly offset by unfavourable claims experience at Netherlands Non-life
- Full-year 2016 operating result decreased to EUR 1,227 million from EUR 1,435 million in 2015 which benefited from higher private equity dividends and a significantly higher technical margin in Netherlands Life, while 2016 was impacted by severe storms at Netherlands Non-life
- Net result of EUR 148 million, down 58.9% from 4Q15 mainly due to lower non-operating items and negative results on divestments. Full-year 2016 net result down to EUR 1,189 million from EUR 1,565 million in 2015
- Further costs savings in the Netherlands bringing the expense base down to EUR 761 million
- Robust commercial momentum in the quarter, with APE up 12.0% at constant currencies in the insurance businesses, net third party inflows of EUR 1 billion at Asset Management and mortgage production of EUR 0.9 billion at NN Bank. Full year VNB of EUR 214 million, up 6.4% from 2015
- Strong capital position: Solvency II ratio increased from 236% to 241% at the end of 4Q16, reflecting market impacts, the reversal of the EUR 333 million suspended share buyback and the deduction of the proposed final 2016 dividend of EUR 307 million
- Holding company cash capital higher at EUR 2,489 million, driven by dividends received from subsidiaries, partly offset by capital injections and share buybacks
- Final 2016 dividend proposal of EUR 0.95 per ordinary share, or approximately EUR 307 million in total, bringing the full-year 2016 dividend to EUR 1.55 per ordinary share

### Statement of Lard Friese, CEO

'2016 was an eventful and important year for NN Group, a year in which we made considerable steps. We invested in accelerating change and innovating our customer experience, and worked on new and improved products and services. In April, ING completed its divestment of NN Group. We were able to maintain a strong capital position, making us well-positioned to weather volatile markets. This strong financial position allowed us to take an important step in bringing consolidation to the Dutch insurance and asset management markets and to announce an intended offer for the outstanding shares of Delta Lloyd in October 2016. After a period of constructive interactions, on 23 December we announced that the Boards of NN Group and Delta Lloyd reached an agreement on a recommended public offer with the aim to combine Delta Lloyd with the Dutch and Belgian activities of NN Group. Early February we launched the offer for all issued and outstanding ordinary shares in Delta Lloyd at EUR 5.40 per share and announced that we increased our stake in Delta Lloyd to 8.0% of ordinary shares. This transaction represents a significant step in our journey to build a profitable business for the future, and to strengthen our leading position in the Netherlands and Belgium.

NN Group reported a healthy operating result in the fourth quarter of 2016. Most of our businesses are making steady progress in delivering on their strategic targets. The Netherlands units achieved a further reduction in their cost base, which is targeted to be reduced to EUR 685 million by the end of 2018, ahead of the reduction that was expected to be achieved in 2016. Our European and Japanese insurance businesses reported higher sales as a result of the successful launch of new products, while the total value of new business increased for the full year, despite lower interest rates. NN Bank continues to generate considerable growth in the mortgage and savings markets and our asset manager, NN Investment Partners, again attracted net inflows of third-party assets in the fourth quarter. There is still more work to do, for example in bringing down the combined ratio of our Non-life business.

Our Solvency II and cash capital positions remain robust, at 241% and EUR 2,489 million respectively. We will propose a final 2016 dividend of EUR 0.95 per ordinary share at our Annual General Meeting of Shareholders on 1 June 2017. Together with the interim dividend paid in September 2016, this represents a pay-out ratio of around 51% of the 2016 full-year net operating result of the ongoing business. In January 2017, we successfully refinanced part of our outstanding debt and allowing us to repay the final tranche of hybrid debt to ING.

Looking ahead, ongoing uncertainty with regard to economic growth, macro developments, and potential political shifts are likely to impact the financial markets in 2017. Irrespective of these developments, we are committed to delivering an excellent customer service, innovating our products and further improving our businesses. The progress we made in these areas in 2016 is reflected in our employee engagement and Net Promotor Scores. This strong foundation enables us to further shape our ambition of creating a company that truly matters in the lives of our stakeholders.'

### NN Group key figures

In EUR million	4Q16	4Q15	Change	FY16	FY15	Change
Operating result ongoing business	282	250	12.6%	1,227	1,435	-14.5%
Net result	148	360	-58.9%	1,189	1,565	-24.0%
Net operating ROE	7.2%	7.5%		8.1%	10.8%	
Solvency II ratio <sup>1)</sup>	241%	239%		241%	239%	

Note: All footnotes are included on page 28

## Quarterly Business Update

NN Group's robust financial position in 2016 reflects the resilience of its businesses in an environment which continues to be characterised by low interest rates and market volatility. This provides a solid foundation for executing the company's strategy, which is to deliver an excellent customer experience based on transparent products and services and long-term relationships. NN Group aims to help people secure their financial futures, and is committed to delivering products and services that are easy to understand and meet customers' lifetime needs.

### Transparent products and services

In the Dutch pension market, NN maintained its leading position in 2016. This was acknowledged by the Dutch magazine Management Team, which ranked Nationale-Nederlanden as the best pension provider in the Netherlands for the third year in a row. Moreover, the Dutch pension business introduced new features to further improve its product proposition, for example the 'additional savings' option for its Defined Contribution product which allows customers to increase their individual savings to secure future income. In Poland, the cooperation with Notus started and the Polish flagship product, a protection and investment proposition, was tailored for customers of Notus and launched in the fourth quarter.

### Capturing growth

The fundamental need of people to protect themselves against uncertainties will continue to drive growth in the insurance industry over the long-term. NN Group adapts its businesses to capture this growth potential. In the fourth quarter of 2016, the sale of protection products grew 11% across Europe compared with the same quarter in 2015, with Romania, Turkey and Belgium as the largest contributors. In Turkey, a new law entered into force on 1 January 2017, under which all employees under the age of 45 will be enrolled in a new compulsory pension scheme while their employers can select a pension company. NN Hayat ve Emeklilik successfully introduced a new pension product to meet this new demand.

In the fourth quarter of 2016, total sales at Japan Life increased by 23%, excluding currency effects, driven by the sales of the COLI critical illness product launched in July. Bancassurance sales grew 37%, at constant currency, compared to the same quarter of 2015. This was driven by higher bank activation and the expansion of the bank distribution network, bringing the total to 61 banking partners at the end of 2016.

At the beginning of 2016, NN Romania launched the first health insurance on the local market. At the end of December 2016, over 10,000 clients contracted health insurance from NN, 50% more than initially expected for the first year.

In the Netherlands, NN Bank grew its mortgage portfolio by EUR 2.2 billion to EUR 12.7 billion in 2016. During that same period its customer savings grew by the same amount to EUR 10.2 billion. In the Dutch market, bank savings are increasingly replacing Life annuities, and NN Bank has established a strong position in this market. Movir, which offers individual disability insurance to self-employed workers in the Netherlands, successfully launched a

campaign to inform medical specialists about their renewed product offering, which complements the existing disability insurance (AOV).

The fourth quarter also saw positive developments in the area of securing new contracts as NN Investment Partners was selected to become the fiduciary manager of assets under administration (AuA) for two large Dutch pension funds for a total amount of EUR 4.8 billion. In addition to this, NN Group's general pension fund 'De Nationale APF', secured its first client.

### **Multi-access distribution**

NN Group serves its customers through multiple channels, comprising tied agents, bancassurance partners, brokers and direct channels. It is our aim to achieve profitable growth through multi-access distribution. In line with this strategy, our insurance company in the Czech Republic entered into a strategic partnership with Moneta Money Bank. This enables NN Czech to reach a larger number of customers and provide products to meet their protection and pension savings needs. Moneta Bank extended its product offering with NN's term life insurance and pension savings products.

In the Netherlands, the website NN.nl continues to attract an increasing number of visitors, and over 90% of NN Bank's new customer savings is generated through this online channel.

### **Effective and efficient operations**

NN Group aims to make its processes as efficient and effective as possible. The businesses in the Netherlands continue to implement efficiency initiatives. For example, the pension business in the Netherlands established a system which links to salary package software from HR benefits companies, improving administrative efficiency for both customers and NN Life. In addition, NN Life entered into a strategic partnership to outsource business processes and IT for the individual life closed book. Furthermore, in line with the retail strategy in the Netherlands, several new products were made available on the online distribution channel 'My NN' and in the NN app. Also the Dutch Non-life business remains focused on increasing efficiency, for example by sending close to a million documents to the digital mailbox of intermediaries, instead of in hardcopy. Moreover, NN Bank extended digital tooling and self-service processes, providing customers with insight and options to make adjustments to their products. One example is a track and trace system for mortgage applications.

Japan Life is introducing self-compliance and medical self-service tools improving our service and reducing administrative efforts. In Belgium, a Home & Family portal was created, where customers are able to modify their Building, Contents, Theft and Family insurance, request certificates or file a claim online. This reduces manual work and delivery time and increases the self-reliance of the customer. After the introduction of tablets for our sales force in Poland in the third quarter of 2016, 90% of the new business applications were fully automated, resulting in efficiency gains and improving customers' experiences and communications.

### **Innovation**

As part of our ambition to enhance the quality of advice and service to customers, improve staff productivity, and create cross-sell, upsell and retention opportunities, NN Life Japan launched a one-stop intuitive service platform for agents in December 2016, which will help strengthen relationships with distributors. Furthermore, NN's broker in Turkey, Sigorta Cini, is operating from 25 'insurance shops' across the country, and is the second most visited online aggregator in Turkey with more than 1 million unique visits annually. Improvements in website functionality and investments in search marketing has helped NN in Turkey to reach out to more online customers looking for price comparison.

The Non-life business in the Netherlands launched several initiatives to increase safety for retail and SME customers. In November, Sparklab (the innovation lab of NN Non-life) launched the Dutch Cyber Collective. This association is supporting SMEs to reduce cybercrime. Other examples include a safety check for children's bikes in schoolyards in The Hague and the 'Safest Street of the Netherlands' ('Veiligste straat van Nederland').

### **Other events**

In 2016, NN launched a new campaign 'It's different when it's yours', celebrating the uniqueness of our individual customers. In the coming months, the new campaign will be launched in many NN countries. It focuses on those moments in life we all experience, yet we all experience differently. NN is proud to help millions of individuals, families, homes and businesses every day, and we are well aware that the family, home or business of each individual customer matters most to him or her.



As part of our commitment to considering environmental, social and governance aspects in our investment decisions, during 2016 experts from NN and NN Investment Partners contributed to a report called 'Building Highways to SDG Investing'. With this report, a group of 17 financial institutions including NN Group, invited the Dutch government and Central Bank to continue to make a concerted effort in cooperation with the financial sector in support of the Sustainable Development Goals (SDGs). Adopted by the United Nations, these goals relate to climate, poverty, health care, education, and other societal challenges.

## Consolidated results

### Consolidated profit and loss account NN Group

In EUR million	4Q16	4Q15	Change	FY16	FY15	Change
<b>Analysis of results</b>						
Netherlands Life	163	155	5.3%	710	906	-21.6%
Netherlands Non-life	13	28	-55.6%	62	122	-49.0%
Insurance Europe	60	48	25.1%	198	197	0.9%
Japan Life	24	27	-12.3%	154	160	-3.9%
Asset Management	33	21	59.1%	133	129	3.0%
Other	-10	-29		-30	-79	
<b>Operating result ongoing business</b>	<b>282</b>	<b>250</b>	<b>12.6%</b>	<b>1,227</b>	<b>1,435</b>	<b>-14.5%</b>
Non-operating items ongoing business	30	92	-67.7%	555	393	41.1%
of which gains/losses and impairments	-27	7	-471.2%	279	356	-21.6%
of which revaluations	135	37	260.7%	296	122	141.8%
of which market & other impacts	-79	47	-267.9%	-19	-85	
Japan Closed Block VA	11	24	-53.4%	-99	20	
Special items before tax	-51	-33		-107	-100	
Result on divestments	-114	12		-114	14	
<b>Result before tax</b>	<b>158</b>	<b>345</b>	<b>-54.2%</b>	<b>1,463</b>	<b>1,761</b>	<b>-17.0%</b>
Taxation	10	-17		273	166	64.4%
Minority interests	0	2	-89.4%	1	30	-97.5%
<b>Net result</b>	<b>148</b>	<b>360</b>	<b>-58.9%</b>	<b>1,189</b>	<b>1,565</b>	<b>-24.0%</b>
Basic earnings per ordinary share in EUR <sup>2)</sup>	0.43	1.06		3.55	4.51	

### Key Figures

In EUR million	4Q16	4Q15	Change	FY16	FY15	Change
<b>Ongoing business</b>						
Gross premium income	2,000	1,762	13.5%	9,421	9,197	2.4%
New sales life insurance (APE)	298	258	15.6%	1,386	1,295	7.0%
Value of new business				214	202	6.4%
Total administrative expenses	462	453	2.1%	1,734	1,758	-1.4%
Cost/income ratio (Administrative expenses/Operating income)	34.0%	38.3%		33.5%	33.9%	
Combined ratio (Netherlands Non-life) <sup>3)</sup>	103.9%	100.7%		103.4%	101.5%	
Asset Management Assets under Management <sup>4)8)</sup>	195	187	4.2%	195	187	4.2%
Life general account invested assets <sup>4)</sup>	89	84	6.3%	89	84	6.3%
Investment margin/Life general account invested assets (bps) <sup>5)</sup>	91	108				
Total provisions for insurance & investment contracts <sup>4)</sup>	106	105	1.3%	106	105	1.3%
of which for risk policyholder <sup>4)</sup>	23	25	-10.3%	23	25	-10.3%
NN Life Solvency II ratio <sup>22)</sup>	203%	216%	-6.2%	203%	216%	-6.2%
Net operating result <sup>6)</sup>	215	205	4.7%	941	1,165	-19.2%
Net operating ROE <sup>7)</sup>	7.2%	7.5%		8.1%	10.8%	
<b>Japan Closed Block VA</b>						
Account value	8,201	10,028	-18.2%	8,201	10,028	-18.2%
Number of policies	154,315	202,192	-23.7%	154,315	202,192	-23.7%
<b>Total NN Group</b>						
Solvency II ratio <sup>1)</sup>	241%	239%		241%	239%	
Total assets <sup>4)</sup>	169	162	3.9%	169	162	3.9%
Shareholders' equity	22,706	20,469	10.9%	22,706	20,469	10.9%
Employees (internal FTEs, end of period)	11,464	11,461	0.0%	11,464	11,461	0.0%

Note: All footnotes are included on page 28

Note: Operating result and Adjusted allocated equity (as used in the calculation of Net operating ROE) are Alternative Performance Measures. These measures are derived from figures according to IFRS-EU. The operating result is derived by adjusting the reported result before tax to exclude the impact of result on divestments, discontinued operations and special items, gains/losses and impairments, revaluations and market & other impacts. The adjusted allocated equity is derived by adjusting the reported total equity to exclude revaluation reserves and the undated subordinated notes classified as equity. Alternative Performance Measures are non-IFRS-EU measures that have a relevant IFRS-EU equivalent. For definitions and explanations of the Alternative Performance Measures reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the 30 June 2016 Condensed consolidated interim financial information.

- NN Group's operating result of the ongoing business increased to EUR 282 million from EUR 250 million in the fourth quarter of 2015, reflecting a higher operating result at Netherlands Life, Insurance Europe and segment Other partly offset by lower results at Netherlands Non-life
- The result before tax decreased to EUR 158 million from EUR 345 million in the fourth quarter of 2015, reflecting a negative result on divestments and lower non-operating items
- The full-year 2016 operating result of the ongoing business decreased to EUR 1,227 million, down 14.5% from 2015, which benefited from higher private equity dividends and a significantly higher technical margin in Netherlands Life
- The expense base in the Netherlands amounted to EUR 761 million at the end of the fourth quarter of 2016 versus EUR 765 million at the end of the third quarter of 2016, both on a last 12- months basis
- Value of new business (VNB) for full-year 2016 was up 6.4% to EUR 214 million largely reflecting higher VNB at Japan Life

## Operating result

The operating result of the ongoing business was EUR 282 million, up 12.6% from the fourth quarter of 2015. The increase reflects a higher investment margin at Netherlands Life, higher fees and premium-based revenues at Insurance Europe and improved results at NN Bank and the reinsurance business, partly offset by an unfavourable claims experience at Netherlands Non-life.

The administrative expenses for Netherlands Life, Netherlands Non-life and corporate/holding entities decreased by EUR 4 million in the fourth quarter of 2016 to EUR 761 million, in line with the target to achieve an annual administrative expense base of EUR 685 million by the end of 2018, both on a last 12-months basis. Administrative expenses decreased by a total of EUR 57 million from EUR 818 million at the end of the third quarter of 2015, when this target expense base was set. This represents 43% of total targeted expense reductions in the Netherlands.

The operating result of Netherlands Life increased to EUR 163 million from EUR 155 million in the fourth quarter of 2015 mainly driven by a higher investment margin.

The operating result of Netherlands Non-life decreased to EUR 13 million from EUR 28 million in the fourth quarter of 2015 due to an unfavourable underwriting performance in both Disability & Accident and Property & Casualty, higher administrative expenses and a lower investment income. The combined ratio was 103.9% versus 100.7% in the fourth quarter of 2015.

The operating result of Insurance Europe increased to EUR 60 million from EUR 48 million in the fourth quarter of 2015, due to a higher technical margin and higher fees and premium-based revenues, partly offset by higher administrative expenses.

The operating result of Japan Life was EUR 24 million, down 19.8% from the fourth quarter of 2015, excluding currency effects, reflecting a lower technical margin and higher DAC amortisation and trail commissions, partially offset by higher fees and premium based revenues.

The fourth-quarter operating result of Asset Management increased to EUR 33 million from EUR 21 million in the fourth quarter of 2015 which included a EUR 13 million restructuring provision.

The operating result of the segment Other improved to EUR -10 million from EUR -29 million in the fourth quarter of 2015, supported by lower holding expenses, as well as higher operating results for NN Bank and the reinsurance business.

The full-year 2016 operating result of the ongoing business decreased to EUR 1,227 million from EUR 1,435 million in 2015, which benefited from significantly higher private equity dividends of EUR 221 million compared with EUR 72 million in 2016 (including an exceptional dividend of EUR 30 million from an indirect stake in ING Life Korea). The technical margin in 2016 was negatively impacted by a EUR 22 million addition to the unit-linked guarantee provision due to a decrease in interest rates as well as lower morbidity results, while 2015 was supported by a total of EUR 52 million of benefits following updates to certain technical provisions in Netherlands Life. In addition, 2016 was impacted by EUR 31 million of claims due to severe storms at Netherlands Non-life. These items were partly compensated by lower administrative expenses in the Netherlands and a higher result at NN Bank.

### **Result before tax**

The result before tax for the fourth quarter of 2016 decreased to EUR 158 million from EUR 345 million in the fourth quarter of 2015, reflecting a negative result on divestments, lower non-operating items and higher special items, partly compensated by the higher operating result of the ongoing business.

Gains/losses and impairments were EUR -27 million compared with EUR 7 million in the fourth quarter of 2015. The current quarter was impacted by EUR 50 million of impairments on public equity securities, partly compensated by EUR 18 million capital gains on public equity securities.

Revaluations increased to EUR 135 million from EUR 37 million in the fourth quarter of 2015 reflecting EUR 84 million positive revaluations on private equity and EUR 61 million for real estate in the current quarter.

Market and other impacts amounted to EUR -79 million, reflecting the movement in the provision for guarantees on separate account pension contracts (net of hedging) at Netherlands Life.

The result before tax of Japan Closed Block VA was EUR 11 million compared with EUR 24 million in the fourth quarter of 2015. The current quarter includes a positive hedge-related result of EUR 30 million largely offset by a EUR 35 million reserve increase due to lower lapse assumptions on death benefit policies.

Special items amounted to EUR -51 million compared with EUR -33 million in the fourth quarter of 2015. Special items in the current quarter include EUR 27 million of restructuring expenses related to the target to reduce the administrative expense base of Netherlands Life, Netherlands Non-life and corporate/holding entities and EUR 18 million of rebranding expenses.

The result on divestments amounted to EUR -114 million in the fourth quarter of 2016, reflecting the transaction result on the portfolio transfer agreement that NN Re (Ireland) Ltd. signed with Canada Life International Re Ltd. in October 2016 and a provision following the outcome of arbitration proceedings in respect to NN Group's former insurance subsidiary ING Life Korea.

The full-year result before tax of 2016 decreased to EUR 1,463 million from EUR 1,761 million in 2015, largely reflecting the lower operating result of the ongoing business, lower results at Japan Closed Block VA and a negative result on divestments, partly compensated by higher non-operating items.

### **Net result**

The fourth-quarter net result decreased to EUR 148 million from EUR 360 million in the fourth quarter of 2015 due to a lower result before tax. The effective tax rate in the fourth quarter of 2016 was 6.3% driven by tax-exempt capital gains in the Netherlands mainly related to shareholdings of 5% or more, while the effective tax rate for the full year 2016 was 18.7%.

### **Sales and Value of New Business**

Total new sales (APE) at NN Group were EUR 298 million, up 12.0% from the fourth quarter of 2015 on a constant currency basis, mainly driven by higher new sales at Japan Life supported by the launch of a competitive critical illness product in the COLI market in July 2016.

In 2016, total new sales amounted to EUR 1,386 million, up 2.9% compared with 2015, on a constant currency basis, reflecting higher sales at Japan Life (7.1%) and Insurance Europe (4.0%). APE for Netherlands Life decreased 9.6% as 2015 included a EUR 420 million single premium relating to the buy-out of a large company pension fund.

The value of new business (VNB) for 2016 amounted to EUR 214 million, up 6.4% from EUR 202 million in 2015. The increase reflects higher VNB at Japan Life driven by higher sales and a shift to a more profitable product mix, partially offset by lower VNB at Insurance Europe due to lower interest rates and the impact of the tax on assets in Poland.

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

The net operating ROE of the ongoing business of NN Group was 7.2% compared with 7.5% in the fourth quarter of 2015, due to higher equity which more than offset the effect of the higher operating result.

The net operating ROE of the ongoing business for the full-year 2016 was 8.1% compared with 10.8% in 2015, which benefited from higher private equity dividends in the Netherlands.

#### **Other events - insurance business in South Korea**

Arbitration proceedings were initiated in 2014 by Life Investment Limited (“LIL”) – the purchaser of NN Group’s former insurance subsidiary in South Korea, ING Life Insurance (Korea) Limited (“INGLK”) in December 2013 – alleging that the financial condition of this subsidiary was not accurately depicted. On 15 December 2016, the International Chamber of Commerce in Hong Kong issued a Tribunal’s Partial Final Award in respect of these proceedings in which it has found NN Group in breach of certain obligations under the Sale and Purchase Agreement entered into with LIL relating to the sale of INGLK. The decision of the Tribunal as to NN Group’s liability to pay damages in its Partial Final Award is binding and is not subject to challenge or appeal.

The Tribunal found NN Group liable to pay damages to LIL and has ordered the quantum of these damages to be determined and deferred the determination of such quantum until a further stage of the proceedings. NN Group recognised a provision through the profit and loss account in the fourth quarter of 2016. These proceedings concern a former subsidiary of NN Group and, therefore, do not impact NN Group’s business or strategy going forward.



## Netherlands Life

- Operating result increased to EUR 163 million versus EUR 155 million in the fourth quarter of 2015, mainly driven by a higher investment margin
- Result before tax decreased to EUR 165 million from EUR 227 million in the fourth quarter of 2015 due to lower non-operating items
- Full year 2016 operating result declined to EUR 710 million from EUR 906 million in 2015 which benefited from higher private equity dividends and a higher technical margin
- NN Life Solvency II ratio of 203%, down from 211% at the end of the third quarter of 2016 primarily due to the impact of eligibility constraints as a result of market movements as well as a dividend payment of EUR 150 million to the holding company

In EUR million	4Q16	4Q15	Change	FY16	FY15	Change
<b>Analysis of results</b>						
Investment margin	167	143	16.5%	745	825	-9.6%
Fees and premium-based revenues	82	75	9.8%	336	354	-4.8%
Technical margin	33	56	-41.2%	93	207	-54.8%
Operating income non-modelled business	0	0		0	0	
<b>Operating income</b>	<b>282</b>	<b>274</b>	<b>2.8%</b>	<b>1,175</b>	<b>1,385</b>	<b>-15.2%</b>
Administrative expenses	110	109	1.6%	426	431	-1.1%
DAC amortisation and trail commissions	9	11	-19.3%	39	48	-19.0%
<b>Expenses</b>	<b>119</b>	<b>120</b>	<b>-0.3%</b>	<b>465</b>	<b>479</b>	<b>-2.9%</b>
<b>Operating result</b>	<b>163</b>	<b>155</b>	<b>5.3%</b>	<b>710</b>	<b>906</b>	<b>-21.6%</b>
Non-operating items	13	81	-83.9%	451	325	38.9%
of which gains/losses and impairments	-30	-2		179	280	-36.0%
of which revaluations	121	36	235.8%	282	130	117.7%
of which market & other impacts	-78	47	-266.6%	-10	-85	
Special items before tax	-11	-9		-14	-11	
Result on divestments	0	1	-100.0%	0	2	-100.0%
<b>Result before tax</b>	<b>165</b>	<b>227</b>	<b>-27.5%</b>	<b>1,147</b>	<b>1,222</b>	<b>-6.1%</b>
Taxation	-6	0		178	112	59.7%
Minority interests	0	2	-89.4%	1	27	-97.2%
<b>Net result</b>	<b>170</b>	<b>225</b>	<b>-24.3%</b>	<b>968</b>	<b>1,083</b>	<b>-10.6%</b>
<b>New business</b>						
Single premiums	112	91	22.7%	345	806	-57.2%
Regular premiums	5	13	-57.4%	194	172	12.7%
New sales life insurance (APE)	17	22	-24.0%	229	253	-9.6%
Value of new business				9	6	42.6%
<b>Key figures</b>						
Gross premium income	436	375	16.2%	2,231	2,689	-17.0%
Total administrative expenses	110	109	1.6%	426	431	-1.1%
Cost/income ratio (Administrative expenses/Operating income)	39.1%	39.8%		36.3%	31.1%	
Life general account invested assets <sup>4)</sup>	66	62	5.7%	66	62	5.7%
Investment margin/Life general account invested assets (bps) <sup>5)</sup>	116	136				
Total provisions for insurance & investment contracts <sup>4)</sup>	72	72	0.5%	72	72	0.5%
of which for risk policyholder <sup>4)</sup>	15	18	-17.1%	15	18	-17.1%
Allocated equity (end of period) <sup>9)</sup>	15,916	13,859	14.8%	15,916	13,859	14.8%
Net operating ROE <sup>9)</sup>	7.4%	7.9%		8.1%	11.5%	
NN Life Solvency II ratio <sup>22)</sup>	203%	216%		203%	216%	
Employees (internal FTEs, end of period)	2,088	2,083	0.2%	2,088	2,083	0.2%

The operating result of Netherlands Life increased to EUR 163 million from EUR 155 million in the fourth quarter of 2015 driven by a higher investment margin.

The investment margin increased to EUR 167 million from EUR 143 million in the fourth quarter of 2015 which included a non-recurring adjustment of EUR –13 million related to mortgage amortisation. 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, decreased to 116 basis points from 136 basis points in the fourth quarter of 2015, which benefited from higher private equity dividends.

Fees and premium-based revenues increased to EUR 82 million from EUR 75 million in the fourth quarter of 2015 which included a EUR 5 million one-time shift of certain items from fees and premium-based revenues to the technical margin. Lower fees and premium-based revenues due to the individual life closed book run-off were compensated by revenue related to the pension business in the quarter.

The technical margin decreased to EUR 33 million from EUR 56 million in the fourth quarter of 2015 which was supported by EUR 25 million of benefits following updates to certain technical provisions as well as the aforementioned EUR 5 million shift from fees and premium-based revenues to the technical margin. The current quarter reflects a EUR 18 million release from the unit-linked guarantee provision due to an increase in interest rates as well as the recognition of EUR –15 million of morbidity results in the quarter.

Administrative expenses increased to EUR 110 million from EUR 109 million in the fourth quarter of 2015 due to higher project expenses and IT-related investments.

DAC amortisation and trail commissions were EUR 9 million versus EUR 11 million in the fourth quarter of 2015 reflecting the run-off of the individual life closed book.

The result before tax decreased to EUR 165 million from EUR 227 million in the fourth quarter of 2015. Gains/losses and impairments were EUR –30 million reflecting impairments on public equity securities. Revaluations were EUR 121 million versus EUR 36 million in the fourth quarter of 2015 mainly driven by higher revaluations of real estate and private equity. Market and other impacts were EUR –78 million compared with EUR 47 million in the fourth quarter of 2015 reflecting a movement in the provision for guarantees on separate account pension contracts (net of hedging).

New sales (APE) decreased to EUR 17 million from EUR 22 million in the fourth quarter of 2015 due to lower group pension renewals.

Netherlands Life's full-year 2016 operating result declined to EUR 710 million from EUR 906 million in 2015, which benefited from EUR 195 million private equity dividends compared with EUR 72 million in 2016 (including an exceptional dividend of EUR 30 million from an indirect stake in ING Life Korea). Fees and premium-based revenues decreased due to the individual life closed book run-off and lower fees in the pension business. The technical margin in 2015 included EUR 52 million of benefits following updates to certain technical provisions, while 2016 reflects a EUR 22 million addition to the unit-linked guarantee provision due to a decrease in interest rates, as well as lower morbidity results.

The result before tax for the full year 2016 was EUR 1,147 million compared with EUR 1,222 million in 2015 as the lower operating result was partly offset by higher non-operating items.

New sales (APE) decreased to EUR 229 million in 2016 from EUR 253 million in 2015, which included a EUR 420 million single premium relating to the buy-out of a large company pension fund. Excluding the impact of this buy-out, APE increased 8.4% mainly driven by higher group pension renewals.

The value of new business (VNB) for 2016 was EUR 9 million versus EUR 6 million in 2015.

## Netherlands Non-life

- Operating result decreased to EUR 13 million from EUR 28 million in the fourth quarter of 2015 reflecting an unfavourable claims experience, higher administrative expenses and lower investment income
- Combined ratio was 103.9% versus 100.7% in the fourth quarter of 2015
- Full-year 2016 operating result decreased to EUR 62 million compared with EUR 122 million in 2015 due to the impact of the severe storms in the second quarter of 2016 and lower private equity dividends

In EUR million	4Q16	4Q15	Change	FY16	FY15	Change
<b>Analysis of results</b>						
Earned premiums	401	369	8.5%	1,555	1,503	3.4%
Investment income	26	29	-10.1%	109	139	-21.3%
Other income	0	2	-74.1%	1	4	-73.4%
<b>Operating income</b>	<b>427</b>	<b>400</b>	<b>6.8%</b>	<b>1,665</b>	<b>1,646</b>	<b>1.2%</b>
<b>Claims incurred, net of reinsurance</b>	<b>296</b>	<b>260</b>	<b>14.1%</b>	<b>1,145</b>	<b>1,065</b>	<b>7.5%</b>
Acquisition costs	62	58	7.0%	244	239	2.1%
Administrative expenses	58	54	6.8%	219	223	-1.6%
<b>Acquisition costs and administrative expenses</b>	<b>120</b>	<b>112</b>	<b>6.9%</b>	<b>463</b>	<b>461</b>	<b>0.3%</b>
<b>Expenditure</b>	<b>416</b>	<b>372</b>	<b>11.9%</b>	<b>1,608</b>	<b>1,526</b>	<b>5.4%</b>
<b>Operating result insurance businesses</b>	<b>11</b>	<b>28</b>	<b>-61.0%</b>	<b>57</b>	<b>119</b>	<b>-52.2%</b>
Operating result broker businesses	2	1	224.5%	5	2	109.3%
<b>Total operating result</b>	<b>13</b>	<b>28</b>	<b>-55.6%</b>	<b>62</b>	<b>122</b>	<b>-49.0%</b>
Non-operating items	12	5	147.8%	50	22	129.9%
of which gains/losses and impairments	-1	3	-140.8%	23	19	20.5%
of which revaluations	14	2		27	3	
of which market & other impacts	0	0		0	0	
Special items before tax	5	-4		-7	-6	
Result on divestments	0	0		0	0	
<b>Result before tax</b>	<b>30</b>	<b>29</b>	<b>2.5%</b>	<b>104</b>	<b>138</b>	<b>-24.2%</b>
Taxation	3	1		17	16	5.0%
Minority interests	0	0		0	0	
<b>Net result</b>	<b>27</b>	<b>28</b>	<b>-5.7%</b>	<b>87</b>	<b>122</b>	<b>-28.1%</b>
<b>Key figures</b>						
Gross premium income	244	237	3.1%	1,578	1,534	2.9%
Total administrative expenses <sup>10)</sup>	73	70	3.1%	281	292	-3.7%
Combined ratio <sup>3)</sup>	103.9%	100.7%		103.4%	101.5%	
of which Claims ratio <sup>3)</sup>	73.9%	70.3%		73.7%	70.8%	
of which Expense ratio <sup>3)</sup>	29.9%	30.4%		29.8%	30.7%	
Total insurance provisions <sup>4)</sup>	3	3	1.3%	3	3	1.3%
Allocated equity (end of period) <sup>9)</sup>	695	747	-7.0%	695	747	-7.0%
Net operating ROE <sup>9)</sup>	12.8%	22.0%		14.1%	24.4%	
Employees (internal FTEs, end of period)	1,609	1,674	-3.9%	1,609	1,674	-3.9%

The operating result of Netherlands Non-life decreased to EUR 13 million from EUR 28 million in the fourth quarter of 2015 due to an unfavourable underwriting performance in both Disability & Accident and Property & Casualty, higher administrative expenses and lower investment income. The combined ratio was 103.9% versus 100.7% in the fourth quarter of 2015.

The operating result in Disability & Accident (D&A) decreased to EUR 11 million from EUR 21 million in the fourth quarter of 2015 due to an unfavourable claims experience in the Individual disability portfolio partly compensated by favourable claims experience in the Group income protection portfolio. The result was also impacted by higher administrative expenses and lower investment income. The D&A combined ratio increased to 104.8% from 100.8% in the fourth quarter of 2015.

The operating result in Property & Casualty (P&C) was EUR 0 million compared with EUR 6 million in the fourth quarter of 2015, reflecting higher administrative expenses and lower investment income. The current quarter also saw an unfavourable claims experience in the Motor and Miscellaneous portfolios, partly compensated by a favourable claims experience in Fire. The P&C combined ratio increased to 103.0% from 100.7% in the fourth quarter of 2015.

Administrative expenses increased to EUR 58 million, up 6.8% on the fourth quarter of 2015, due to higher project related expenses.

The result before tax of Netherlands Non-life increased to EUR 30 million from EUR 29 million in the fourth quarter of 2015. The lower operating result was compensated by higher revaluations on private equity investments and lower special items as the reorganisation expenses related to the divested activities of Mandema & Partners were transferred to the segment Other.

The full-year 2016 operating result of Netherlands Non-life decreased to EUR 62 million from EUR 122 million in 2015. The result in 2016 includes the impact of the severe storms in Motor and Fire in the second quarter of 2016 for a total amount of EUR 31 million, whereas 2015 benefited from EUR 26 million of private equity dividends. The combined ratio for full-year 2016 was 103.4% compared with 101.5% for full-year 2015. The D&A combined ratio for full-year 2016 remained broadly stable at 98.1%, while the P&C combined ratio increased to 108.0% from 104.8% in 2015.

The full-year 2016 result before tax declined to EUR 104 million from EUR 138 million in 2015 reflecting the lower operating result partly compensated by higher private equity revaluations.

## Insurance Europe

- Operating result increased to EUR 60 million from EUR 48 million in the fourth quarter of 2015, mainly reflecting a higher technical margin and higher fees and premium-based revenues
- Full-year 2016 operating result was EUR 198 million versus EUR 197 million in 2015 due to higher life traditional premium revenues across the region and higher mortality results, offset by a lower investment margin and higher administrative expenses
- The value of new business (VNB) for full year 2016 decreased to EUR 85 million from EUR 96 million in 2015, mainly reflecting the impact of lower interest rates

In EUR million	4Q16	4Q15	Change	FY16	FY15	Change
<b>Analysis of results</b>						
Investment margin	22	22	1.7%	72	80	-10.8%
Fees and premium-based revenues	142	134	5.4%	548	536	2.3%
Technical margin	58	48	19.3%	201	194	3.5%
Operating income non-modelled business	1	1	-18.6%	3	4	-14.7%
<b>Operating income Life Insurance</b>	<b>222</b>	<b>206</b>	<b>8.2%</b>	<b>824</b>	<b>814</b>	<b>1.2%</b>
Administrative expenses	86	81	6.7%	320	306	4.4%
DAC amortisation and trail commissions	77	78	-0.6%	310	315	-1.8%
<b>Expenses Life Insurance</b>	<b>163</b>	<b>158</b>	<b>3.2%</b>	<b>629</b>	<b>621</b>	<b>1.3%</b>
<b>Operating result Life Insurance</b>	<b>59</b>	<b>47</b>	<b>24.8%</b>	<b>195</b>	<b>193</b>	<b>1.0%</b>
Operating result Non-life	1	1	38.3%	4	4	-1.9%
<b>Operating result</b>	<b>60</b>	<b>48</b>	<b>25.1%</b>	<b>198</b>	<b>197</b>	<b>0.9%</b>
Non-operating items	9	-7		69	21	222.6%
of which gains/losses and impairments	7	-6		73	17	332.8%
of which revaluations	3	0		6	5	26.3%
of which market & other impacts	-1	0		-9	0	
Special items before tax	-16	-12		-44	-50	
Result on divestments	0	0		0	0	
<b>Result before tax</b>	<b>54</b>	<b>30</b>	<b>82.4%</b>	<b>224</b>	<b>168</b>	<b>33.3%</b>
Taxation	29	-20		66	19	241.1%
Minority interests	0	0		0	3	-100.0%
<b>Net result</b>	<b>25</b>	<b>50</b>	<b>-49.5%</b>	<b>158</b>	<b>146</b>	<b>8.2%</b>
<b>New business</b>						
Single premiums	352	302	16.8%	1,039	996	4.3%
Regular premiums	103	101	1.9%	398	394	1.0%
New sales life insurance (APE)	138	131	5.3%	502	494	1.7%
Value of new business				85	96	-11.4%
<b>Key figures</b>						
Gross premium income	640	601	6.5%	2,360	2,277	3.6%
Total administrative expenses (Life & Non-life)	90	85	6.0%	333	322	3.3%
Cost/income ratio (Administrative expenses/Operating income)	37.2%	37.8%		36.8%	36.1%	
Life general account invested assets <sup>4)</sup>	10	10	-6.8%	10	10	-6.8%
Investment margin/Life general account invested assets (bps) <sup>5)</sup>	71	74				
Total provisions for insurance & investment contracts <sup>4)</sup>	18	18	-1.8%	18	18	-1.8%
of which for risk policyholder <sup>4)</sup>	8	7	5.3%	8	7	5.3%
Assets under management pensions <sup>4)11)</sup>	16	15	9.6%	16	15	9.6%
Allocated equity (end of period) <sup>9)</sup>	1,934	1,988	-2.7%	1,934	1,988	-2.7%
Net operating ROE <sup>9)</sup>	12.9%	10.6%		11.2%	10.0%	
Employees (internal FTEs, end of period)	4,142	4,042	2.5%	4,142	4,042	2.5%

The operating result of Insurance Europe increased to EUR 60 million from EUR 48 million in the fourth quarter of 2015, due to a higher technical margin and higher fees and premium-based revenues, partly offset by higher administrative expenses.

The fourth-quarter investment margin was flat at EUR 22 million and benefited from higher year-end dividend income offset by lower invested volumes and lower interest rates.

Fees and premium-based revenues increased to EUR 142 million from EUR 134 million in the fourth quarter of 2015 reflecting higher life traditional premium revenues across the region.

The technical margin increased to EUR 58 million from EUR 48 million in the fourth quarter of 2015 mainly due to more favourable mortality, morbidity and surrender results.

Administrative expenses increased to EUR 86 million from EUR 81 million in the fourth quarter of 2015, reflecting the tax on assets of insurance companies that became effective in Poland as of February 2016, redundancy costs in both Greece and Spain and higher project expenses in Spain.

DAC amortisation and trail commissions were flat at EUR 77 million.

The result before tax was EUR 54 million, up from EUR 30 million in the fourth quarter of 2015, reflecting a higher operating result and capital gains on the sale of Belgian government bonds, partly offset by higher special items.

The net result decreased to EUR 25 million from EUR 50 million in the fourth quarter of 2015, which benefited from the recognition of deferred tax assets for unused tax losses.

New sales (APE) were EUR 138 million, up 7.8% from the fourth quarter of 2015 at constant currencies, mainly due to higher life sales in Poland and higher sales of less capital intensive savings products in Greece.

The full-year 2016 operating result of Insurance Europe was EUR 198 million compared with EUR 197 million in 2015 due to higher fees and premium-based revenues and more favourable mortality results, offset by a lower investment margin and higher administrative expenses.

The result before tax for the full-year of 2016 increased to EUR 224 million from EUR 168 million in 2015 mainly driven by capital gains following the sale of Belgian government bonds and lower special items.

Full-year 2016 new sales (APE) increased to EUR 502 million from EUR 494 million in 2015 mainly driven by higher life sales in Greece, Romania and Poland partly offset by lower pension sales across the region.

The value of new business (VNB) for 2016 decreased to EUR 85 million from EUR 96 million in 2015, mainly due to lower interest rates and the impact of the tax on assets in Poland.

## Japan Life

- Operating result was EUR 24 million, down 19.8% from the fourth quarter of 2015, excluding currency effects, reflecting a lower technical margin and higher DAC amortisation and trail commissions, partially offset by higher fees and premium-based revenues
- Full-year 2016 operating result was EUR 154 million, down 13.2% compared with 2015, excluding currency effects, reflecting a decline of the investment margin and the technical margin as well as higher DAC amortisation and trail commissions, partly offset by higher fees and premium-based revenues
- The value of new business (VNB) for full year 2016 increased to EUR 121 million, from EUR 100 million in 2015

In EUR million	4Q16	4Q15	Change	FY16	FY15	Change
<b>Analysis of results</b>						
Investment margin	-3	-5		-21	-15	
Fees and premium-based revenues	120	102	18.6%	589	503	17.1%
Technical margin	-13	-4		-33	-15	
Operating income non-modelled business	0	0		0	0	
<b>Operating income</b>	<b>105</b>	<b>93</b>	<b>13.2%</b>	<b>535</b>	<b>473</b>	<b>13.0%</b>
Administrative expenses	33	26	24.5%	120	107	13.1%
DAC amortisation and trail commissions	48	39	23.2%	260	206	26.1%
<b>Expenses</b>	<b>81</b>	<b>66</b>	<b>23.7%</b>	<b>381</b>	<b>313</b>	<b>21.7%</b>
<b>Operating result</b>	<b>24</b>	<b>27</b>	<b>-12.3%</b>	<b>154</b>	<b>160</b>	<b>-3.9%</b>
Non-operating items	-3	-9		-7	-9	
of which gains/losses and impairments	-2	-9		0	6	-93.1%
of which revaluations	-1	0		-8	-14	
of which market & other impacts	0	0		0	0	
Special items before tax	-3	-2		-5	-10	
Result on divestments	0	0		0	0	
<b>Result before tax</b>	<b>18</b>	<b>16</b>	<b>11.0%</b>	<b>141</b>	<b>141</b>	<b>-0.0%</b>
Taxation	6	5	4.4%	31	26	19.0%
Minority interests	0	0		0	0	
<b>Net result</b>	<b>12</b>	<b>10</b>	<b>14.4%</b>	<b>111</b>	<b>116</b>	<b>-4.3%</b>
<b>New business</b>						
Single premiums	0	3	-100.0%	6	15	-62.0%
Regular premiums	144	105	37.1%	655	547	19.8%
New sales life insurance (APE)	144	105	36.8%	656	549	19.5%
Value of new business				121	100	21.3%
<b>Key figures</b>						
Gross premium income	672	543	23.9%	3,230	2,678	20.6%
Total administrative expenses	33	26	24.5%	120	107	13.1%
Cost/income ratio (Administrative expenses/Operating income)	31.4%	28.0%		22.5%	22.6%	
Life general account invested assets <sup>4)</sup>	14	11	21.9%	14	11	21.9%
Total provisions for insurance & investment contracts <sup>4)</sup>	12	10	19.6%	12	10	19.6%
of which for risk policyholder <sup>4)</sup>	0	0	4.4%	0	0	4.4%
Allocated equity (end of period) <sup>9)</sup>	2,272	1,879	21.0%	2,272	1,879	21.0%
Net operating ROE <sup>9)</sup>	4.1%	5.5%		7.0%	8.6%	
Employees (internal FTEs, end of period)	713	616	15.7%	713	616	15.7%

Note: For data in constant currencies, refer to the 'NN Group Financial Supplement: 2.5.1 Analysis of results: Japan Life – Excluding currency effects'

The operating result of Japan Life was EUR 24 million, down 19.8% from the fourth quarter of 2015, excluding currency effects, reflecting a lower technical margin and higher DAC amortisation and trail commissions, partially offset by higher fees and premium based revenues.

The investment margin improved slightly to EUR –3 million from EUR –5 million in the fourth quarter of 2015.

Fees and premium-based revenues were EUR 120 million, up 6.9% from the fourth quarter of 2015, excluding currency effects, driven by higher in-force volumes.

The technical margin was EUR –13 million, down from EUR –4 million in the fourth quarter of 2015, as mortality results were favourable in 2015 and due to a lower surrender result.

Administrative expenses were EUR 33 million, up 11.3% from the fourth quarter of 2015, on a constant currency basis mainly due to higher project and staff costs to support business growth.

DAC amortisation and trail commissions were EUR 48 million, up 10.9% from the fourth quarter of 2015 excluding currency effects, due to a higher in-force portfolio.

The result before tax was EUR 18 million and broadly stable compared with the fourth quarter of 2015, on a constant currency basis, as the lower operating result was compensated by an improvement in non-operating items.

New sales (APE) were EUR 144 million, an increase of 23.4% from the fourth quarter of 2015, at constant currencies, reflecting higher protection sales and sales of the COLI critical illness product launched in July 2016.

The full-year 2016 operating result of Japan Life was EUR 154 million, down 13.2% compared with 2015, excluding currency effects. Higher fees and premium based revenues due to higher in-force volumes were more than offset by a lower investment margin and lower mortality results, as well as higher DAC amortisation and trail commissions.

The result before tax for full year 2016 was EUR 141 million, down 9.7% at constant currencies from 2015, due to the lower operating result, partly offset by lower special items related to rebranding activities.

New sales (APE) were EUR 656 million, up 7.1% from 2015 at constant currencies, due to higher protection sales and the launch of a COLI critical illness product in July 2016.

The value of new business (VNB) for 2016 increased to EUR 121 million, up 8.1% from 2015 excluding currency effects, as higher sales and a shift to a more profitable product mix more than offset the impact of lower interest rates.



## Asset Management

- Total Assets under Management (AuM) decreased to EUR 195 billion from EUR 199 billion at the end of the third quarter of 2016 due to negative market performance, partly offset by net inflows primarily in Third-Party assets
- Operating result increased to EUR 33 million from EUR 21 million in the fourth quarter of 2015, which included a EUR 13 million restructuring provision
- Full-year 2016 operating result increased to EUR 133 million from EUR 129 million in 2015, as lower expenses more than offset a decrease of fees

In EUR million	4Q16	4Q15	Change	FY16	FY15	Change
<b>Analysis of results</b>						
Investment income	0	0	236.4%	0	0	
Fees	120	119	1.1%	463	496	-6.7%
<b>Operating income</b>	<b>120</b>	<b>119</b>	<b>1.1%</b>	<b>463</b>	<b>496</b>	<b>-6.7%</b>
<b>Administrative expenses</b>	<b>87</b>	<b>98</b>	<b>-11.1%</b>	<b>330</b>	<b>367</b>	<b>-10.0%</b>
<b>Operating result</b>	<b>33</b>	<b>21</b>	<b>59.1%</b>	<b>133</b>	<b>129</b>	<b>3.0%</b>
Non-operating items	0	0	43.3%	-1	0	
of which gains/losses and impairments	0	0	43.3%	-1	0	
of which revaluations	0	0		0	0	
of which market & other impacts	0	0		0	0	
Special items before tax	-2	-6		-6	-23	
Result on divestments	0	0		0	0	
<b>Result before tax</b>	<b>31</b>	<b>15</b>	<b>101.8%</b>	<b>126</b>	<b>106</b>	<b>19.3%</b>
Taxation	8	0		32	24	32.5%
Minority interests	0	0		0	0	
<b>Net result</b>	<b>23</b>	<b>15</b>	<b>54.3%</b>	<b>94</b>	<b>82</b>	<b>15.4%</b>
<b>Key figures</b>						
Total administrative expenses	87	98	-11.1%	330	367	-10.0%
Cost/income ratio (Administrative expenses/Operating income)	72.6%	82.4%		71.3%	74.0%	
Net inflow Assets under Management (in EUR billion)	1	-4		-2	-9	
Assets under Management <sup>4)8)</sup>	195	187	4.2%	195	187	4.2%
Fees/average Assets under Management (in bps)	24	25		24	25	
Allocated equity (end of period) <sup>9)</sup>	399	392	1.9%	399	392	1.9%
Net operating ROE <sup>9)</sup>	24.6%	19.8%		24.7%	25.3%	
Employees (internal FTEs, end of period)	1,090	1,180	-7.6%	1,090	1,180	-7.6%

In EUR billion	4Q16	4Q15	Change	FY16	FY15	Change
<b>AuM roll-forward</b>						
<b>Beginning of period</b>	<b>199</b>	<b>190</b>	<b>5.0%</b>	<b>187</b>	<b>195</b>	<b>0</b>
Net inflow	1	-4		-2	-9	
Acquisition/ Divestments	0	0		0	0	
Market performance (incl. FX impact) and Other	-6	2		10	1	
<b>End of period</b>	<b>195</b>	<b>187</b>	<b>4.2%</b>	<b>195</b>	<b>187</b>	<b>0</b>

Total Assets under Management (AuM) at Asset Management were EUR 195 billion at the end of the fourth quarter of 2016, down from EUR 199 billion at the end of the third quarter of 2016. The decrease reflects a negative market impact of EUR 5.7 billion, mainly as a result of higher long-term interest rates reducing the value of fixed income assets, partly offset by net inflows of EUR 1.3 billion. Net inflows in Third-Party assets (EUR 0.9 billion), mainly in the Institutional business, and in Proprietary assets (EUR 0.6 billion) were partly offset by net outflows in Other Affiliated Business (EUR 0.2 billion).

The fourth-quarter operating result increased to EUR 33 million from EUR 21 million in the fourth quarter of 2015, which included a EUR 13 million restructuring provision.

Fees were EUR 120 million, up 1.1% from the fourth quarter of 2015, reflecting higher average AuM, partly offset by a shift towards lower margin AuM.

Administrative expenses decreased to EUR 87 million from EUR 98 million in the fourth quarter of 2015 which included a EUR 13 million restructuring provision. The current quarter includes higher IT and marketing expenses.

The fourth-quarter result before tax increased to EUR 31 million from EUR 15 million in the fourth quarter of 2015, reflecting the higher operating result and lower special items related to rebranding activities.

The full-year 2016 operating result was EUR 133 million, up from EUR 129 million in 2015. Administrative expenses decreased 10.0% due to lower volume driven expenses and cost containment, as well as a EUR 17 million restructuring provision included in 2015. This was partly offset by lower fees as a result of lower average AuM as well as a shift towards lower margin AuM.

The result before tax for 2016 was EUR 126 million, compared with EUR 106 million for 2015, reflecting the higher operating result and lower special items related to rebranding activities.

## Other

- Operating result improved to EUR -10 million from EUR -29 million in the fourth quarter of 2015 supported by lower holding expenses, as well as higher operating results for NN Bank and the reinsurance business
- NN Bank operating result increased to EUR 16 million, reflecting a higher interest margin and favourable other income, partly offset by higher expenses
- Result before tax was EUR -149 million reflecting a provision in respect to NN Group's former insurance subsidiary ING Life (Korea) Ltd. and the transaction result on the portfolio transfer of NN Re (Ireland) Ltd.

In EUR million	4Q16	4Q15	Change	FY16	FY15	Change
<b>Analysis of results</b>						
Interest on hybrids and debt	-26	-27		-103	-104	
Investment income and fees	14	15	-4.7%	55	61	-9.7%
Holding expenses	-14	-19		-55	-73	
Amortisation of intangible assets	-1	-2		-6	-6	
<b>Holding result</b>	<b>-27</b>	<b>-33</b>		<b>-109</b>	<b>-122</b>	
Operating result reinsurance business	-1	-7		12	11	17.0%
Operating result NN Bank	16	11	48.5%	63	37	68.9%
Other results	2	0		4	-4	
<b>Operating result</b>	<b>-10</b>	<b>-29</b>		<b>-30</b>	<b>-79</b>	
Non-operating items	-2	22	-109.0%	-6	34	-118.4%
of which gains/losses and impairments	0	21	-101.6%	5	35	-84.8%
of which revaluations	-2	0		-12	0	
of which market & other impacts	0	0		0	0	
Special items before tax	-23	0		-30	0	
Result on divestments	-114	12		-114	11	
<b>Result before tax</b>	<b>-149</b>	<b>5</b>		<b>-181</b>	<b>-33</b>	
Taxation	-32	-9		-27	-20	
Minority interests	0	0		0	0	
<b>Net result</b>	<b>-117</b>	<b>14</b>		<b>-153</b>	<b>-13</b>	
<b>Key figures</b>						
Total administrative expenses	69	64	7.2%	244	240	1.6%
of which reinsurance business	4	3	38.6%	15	11	34.4%
of which NN Bank	51	40	27.5%	174	149	17.2%
of which corporate/holding	13	21	-36.2%	55	80	-32.0%
NN Bank common equity Tier 1 ratio phased in <sup>12)</sup>	14.0%	14.0%		14.0%	14.0%	
NN Bank BIS ratio phased in <sup>12)</sup>	15.6%	16.0%		15.6%	16.0%	
Total assets NN Bank <sup>4)</sup>	15	12	25.4%	15	12	25.4%
Net operating ROE NN Bank <sup>13)</sup>	9.8%	7.3%		10.0%	6.9%	
Total provisions for insurance and investment contracts <sup>4)</sup>	0	1	-73.8%	0	1	-73.8%
Employees (internal FTEs, end of period)	1,770	1,763	0.4%	1,770	1,763	0.4%

The operating result of the segment Other improved to EUR –10 million from EUR –29 million in the fourth quarter of 2015, supported by lower holding expenses, as well as higher operating results for NN Bank and the reinsurance business.

The holding result improved to EUR –27 million from EUR –33 million in the fourth quarter of 2015, mainly driven by lower holding expenses.

The operating result of the reinsurance business improved to EUR –1 million from EUR –7 million in the fourth quarter of 2015, which was impacted by lower underwriting results.

The operating result of NN Bank increased to EUR 16 million from EUR 11 million in the fourth quarter of 2015, reflecting a higher interest margin and favourable other income of EUR 6 million, partly offset by higher administrative expenses to support the bank's continued growth, including an EUR 8 million restructuring provision.

The result before tax of the segment Other was EUR –149 million compared with EUR 5 million in the fourth quarter of 2015, which included capital gains on the sale of government bonds. Special items amounted to EUR –23 million in the current quarter, reflecting restructuring expenses in the holding company. The result on divestments amounted to EUR –114 million in the fourth quarter of 2016, reflecting the transaction result on the portfolio transfer agreement that NN Re (Ireland) Ltd. signed with Canada Life International Re Ltd. in October 2016 and a provision following the outcome of arbitration proceedings in respect to NN Group's former insurance subsidiary ING Life Korea.

The operating result of the segment Other for full-year 2016 improved to EUR –30 million from EUR –79 million in 2015, mainly driven by the higher operating result of NN Bank and lower holding expenses.

NN Bank's operating result for full-year 2016 increased to EUR 63 million from EUR 37 million in 2015, driven by a higher interest margin due to the expansion of its mortgage and customer savings activities and supported by lower risk costs, partly offset by higher administrative expenses supporting the bank's growth including an EUR 8 million restructuring provision.

The result before tax for full-year 2016 decreased to EUR –181 million compared with EUR –33 million in 2015, driven by the negative result on divestments, lower non-operating items, and higher special items for restructuring expenses in the holding company, partly compensated by the improved operating result.

## Japan Closed Block VA

- Current quarter result before tax was EUR 11 million, and includes a positive hedge-related result of EUR 30 million largely offset by a EUR 35 million reserve increase on lower lapse assumptions
- Portfolio run-off resulted in a 5.6% decrease in the number of policies compared with the third quarter of 2016, and a 23.7% decrease compared with the fourth quarter of 2015
- Full-year 2016 result before tax was EUR –99 million, and includes a EUR –95 million hedge-related result and a EUR 51 million reserve increase on lower lapse assumptions

In EUR million	4Q16	4Q15	Change	FY16	FY15	Change
<b>Analysis of results</b>						
Investment margin	-1	-1		-2	-1	
Fees and premium-based revenues	14	20	-32.2%	57	95	-39.5%
Technical margin	0	0		0	0	
Operating income non-modelled business	0	0		0	0	
<b>Operating income</b>	<b>13</b>	<b>20</b>	<b>-33.3%</b>	<b>55</b>	<b>94</b>	<b>-41.5%</b>
Administrative expenses	3	5	-46.8%	15	19	-23.1%
DAC amortisation and trail commissions	2	2	-28.5%	7	10	-33.4%
<b>Expenses</b>	<b>4</b>	<b>7</b>	<b>-41.5%</b>	<b>22</b>	<b>29</b>	<b>-26.7%</b>
<b>Operating result</b>	<b>9</b>	<b>12</b>	<b>-28.3%</b>	<b>33</b>	<b>64</b>	<b>-48.3%</b>
Non-operating items	2	12	-80.2%	-132	-44	
of which gains/losses and impairments	0	0		0	0	
of which revaluations	0	0		0	0	
of which market & other impacts	2	12	-80.2%	-132	-44	
Special items before tax	0	0		0	0	
Result on divestments	0	0		0	0	
<b>Result before tax</b>	<b>11</b>	<b>24</b>	<b>-53.4%</b>	<b>-99</b>	<b>20</b>	
Taxation	3	6	-52.3%	-24	-11	
Minority interests	0	0		0	0	
<b>Net result</b>	<b>8</b>	<b>17</b>	<b>-53.8%</b>	<b>-75</b>	<b>31</b>	<b>-344.8%</b>
<b>Key figures<sup>14)</sup></b>						
Allocated equity <sup>9)</sup>	583	946	-38.4%	583	946	-38.4%
Account value	8,201	10,028	-18.2%	8,201	10,028	-18.2%
Net Amount at Risk	352	203		352	203	
IFRS Reserves	674	514	31.0%	674	514	31.0%
Number of policies	154,315	202,192	-23.7%	154,315	202,192	-23.7%
Employees (internal FTEs, end of period)	51	103	-50.5%	51	103	-50.5%

Note: For data in constant currencies, refer to the 'NN Group Financial Supplement: 2.8.1 Analysis of results: Japan Closed block VA – Excluding currency effects'

The result before tax of Japan Closed Block VA was EUR 11 million compared with EUR 24 million in the fourth quarter of 2015, reflecting lower market and other impacts. The operating result decreased to EUR 9 million from EUR 12 million in the fourth 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 39.3% from the fourth quarter of 2015 excluding currency effects, mainly due to a lower account value reflecting a decreasing number of policies.

Market and other impacts were EUR 2 million compared with EUR 12 million in the fourth quarter of 2015. The current quarter includes a EUR 30 million hedge-related result and a technical provision increase of EUR 35 million reflecting lower lapse assumptions on death benefit policies.

The Net Amount at Risk in the Japan Closed Block VA increased to EUR 352 million from EUR 203 million in the fourth quarter of 2015 and decreased from EUR 917 million in the third quarter of 2016, primarily as a result of equity markets movements.

The full-year 2016 operating result before tax was EUR 33 million compared with EUR 64 million in 2015, down 53.3% excluding currency impacts, mainly caused by lower fees and premium-based revenues partly offset by lower administrative expenses.

The result before tax decreased to a loss of EUR 99 million for the full-year 2016 from a profit of EUR 20 million in 2015, reflecting the lower operating result, a hedge-related result of EUR -95 million and a EUR 51 million reserve increase reflecting lower lapse assumptions. The full-year 2015 included a hedge-related result of EUR -55 million and benefited from a EUR 12 million reserve release from higher lapse assumptions of out-of-the-money policies.

## Consolidated Balance Sheet

- Total assets of NN Group decreased by EUR 9.0 billion compared with the third quarter of 2016 to EUR 168.5 billion reflecting the impact of increased long term interest rates and currency movements
- Shareholders' equity decreased by EUR 2.8 billion to EUR 22.7 billion mainly reflecting lower revaluation reserves as the result of lower market values of the debt securities portfolio

in EUR million	31 Dec 16	30 Sep 16	31 Dec 15		31 Dec 16	30 Sep 16	31 Dec 15
<b>Assets</b>				<b>Equity and liabilities</b>			
Cash and cash equivalents	8,634	9,131	7,436	Shareholders' equity (parent)	22,706	25,470	20,469
Financial assets at fair value through profit or loss				Minority interests	12	9	9
- investments for risk of policyholders	30,711	31,485	35,154	Undated subordinated notes	986	986	986
- non-trading derivatives	4,421	6,809	4,656	<b>Total equity</b>	<b>23,704</b>	<b>26,465</b>	<b>21,464</b>
- designated as at fair value through profit or loss	873	1,308	443	Subordinated loans	2,288	2,288	2,290
Available-for-sale investments				Debt securities issued	598	597	597
- debt securities	72,779	76,748	67,553	Other borrowed funds	7,646	7,952	6,785
- equity securities	6,988	7,007	6,840	Insurance and investment contracts			
Loans	33,920	34,533	31,013	- life insurance provisions	80,695	84,240	75,827
Reinsurance contracts	231	251	236	- non-life insurance provisions	3,536	3,666	3,509
Associates and joint ventures	2,698	2,537	2,197	- provision for risk of policyholders	30,772	31,558	35,212
Real estate investments	2,028	1,913	1,564	- other	696	703	1,436
Property and equipment	86	84	86	Customer deposits and other funds on deposit	10,224	9,682	8,034
Intangible assets	342	346	351	Financial liabilities at fair value through profit or loss			
Deferred acquisition costs	1,636	1,699	1,531	- non-trading derivatives	2,008	2,472	1,701
Assets held for sale	6	961	0	Liabilities held for sale	2	709	0
Other assets	3,152	2,710	3,092	Other liabilities	6,336	7,190	5,297
<b>Total assets</b>	<b>168,505</b>	<b>177,522</b>	<b>162,152</b>	<b>Total liabilities</b>	<b>144,801</b>	<b>151,057</b>	<b>140,688</b>
				<b>Total equity and liabilities</b>	<b>168,505</b>	<b>177,522</b>	<b>162,152</b>

## Assets

### Non-trading derivatives

Non-trading derivatives decreased by EUR 2.4 billion to EUR 4.4 billion, reflecting negative revaluations on interest rate swaps as long term interest rates increased in the fourth quarter of 2016.

### Debt securities

Debt securities decreased by EUR 3.9 billion to EUR 72.8 billion due to the impact of higher long-term interest rates and EUR -1.0 billion currency impacts, partly compensated by EUR 0.9 billion of new investments.

### Assets and Liabilities held for sale

Assets and Liabilities held for sale reflect the balance sheet items of Mandema & Partners, the sale of which was completed on 1 January 2017. Assets and Liabilities held for sale decreased during the quarter reflecting the portfolio transfer agreement NN Re (Ireland) signed with Canada Life International Re Limited in October 2016.

## Liabilities

### Life Insurance provisions

Life Insurance provisions decreased by EUR 3.5 billion to EUR 80.7 billion mainly due to lower deferred interest credited to policyholders following the decrease of the debt securities revaluation reserve and cash flow hedge reserve as well as currency effects.

## Equity

Shareholders' equity decreased by EUR 2.8 billion to EUR 22.7 billion at the end of the fourth quarter of 2016, reflecting a decrease in the available-for-sale debt securities revaluation reserves and a decrease in the cash flow hedge reserve, partly offset by a lower deferred interest credited to policyholders.

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

in EUR million	4Q16	FY16	FY15
<b>Shareholders' equity beginning of period</b>	<b>25,470</b>	20,469	20,355
Net result for the period	148	1,189	1,565
Unrealised revaluations available-for-sale investments and other	-2,859	2,423	-720
Realised gains/losses transferred to the profit and loss account	8	-230	-345
Change in cash flow hedge reserve	-1,111	406	-435
Deferred interest crediting to life policyholders	1,253	-689	644
Share of other comprehensive income of associates and joint ventures	1	3	9
Exchange rate differences	-190	-7	188
Remeasurement of the net defined benefit asset/liability	37	-13	28
Capital contributions and change in share capital	0	0	57
Dividend	0	-298	-251
Purchase/sale treasury shares	-55	-503	-597
Employee stock option & share plans	4	-10	5
Coupon on undated subordinated notes	0	-34	-34
<b>Total changes</b>	<b>-2,764</b>	2,237	114
<b>Shareholders' equity end of period</b>	<b>22,706</b>	22,706	20,469

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

in EUR million	31 Dec 16	30 Sep 16	31 Dec 15
Share capital	40	40	40
Share premium	12,153	12,153	12,153
Revaluation reserve available-for-sale investments and other	5,792	7,366	4,292
Cash flow hedge reserve	4,435	5,546	4,029
Currency translation reserve	10	198	-24
Net defined benefit asset/liability remeasurement reserve	-103	-140	-90
Retained earnings and other reserves	379	307	69
<b>Shareholders' equity (parent)</b>	<b>22,706</b>	25,470	20,469
Minority interests	12	9	9
Undated subordinated notes	986	986	986
<b>Total equity</b>	<b>23,704</b>	26,465	21,464
<b>Shareholders' equity per share in EUR</b>	<b>70</b>	78	62



## Capital Management

- Solvency II ratio of NN Group increased to 241% from 236% at the end of the third quarter of 2016 reflecting market impacts, the reversal of the EUR 333 million deduction of the suspended buybacks and the 2016 final dividend
- Free cash flow to the holding in the fourth quarter of 2016 was EUR 154 million, mainly driven by dividends from subsidiaries, partly offset by capital injections and a provision related to ING Life Korea
- Cash capital position at the holding company increased to EUR 2.5 billion
- Proposed final dividend of EUR 0.95 per ordinary share, or approximately EUR 307 million in total

## Solvency II

in EUR million	31 Dec 16	30 Sep 16
Basic Own Funds	14,660	15,255
Non-available Own Funds	1,427	1,382
Non-eligible Own Funds	84	0
<b>Eligible Own Funds (a)</b>	<b>13,149</b>	<b>13,873</b>
of which Tier 1 Unrestricted	8,414	9,173
of which Tier 1 Restricted	1,919	1,929
of which Tier 2	1,043	1,054
of which Tier 3	750	631
of which non-solvency II regulated entities	1,022	1,086
<b>Solvency Capital Requirements (b)</b>	<b>5,459</b>	<b>5,871</b>
of which non-solvency II regulated entities	460	476
<b>NN Group Solvency II ratio (a/b)<sup>1)</sup></b>	<b>241%</b>	<b>236%</b>
<b>NN Life Solvency II ratio<sup>1)</sup></b>	<b>203%</b>	<b>211%</b>

The NN Group Solvency II ratio increased to 241% at the end of the fourth quarter of 2016 from 236% at the end of the third quarter of 2016 mainly due to the reversal of the EUR 333 million deduction of the suspended buybacks and favourable market movements. These effects were partly offset by the proposed final dividend as well as changes in eligibility constraints and non-available own funds.

The NN Life Solvency II ratio decreased to 203% at the end of the fourth quarter of 2016 from 211% at the end of the third quarter of 2016, mainly due to the impact of eligibility constraints as a result of market movements as well as a dividend payment of EUR 150 million to the holding company.

## Cash capital position at the holding company

in EUR million	4Q16	FY16
<b>Beginning of period</b>	<b>2,391</b>	<b>1,953</b>
Cash divestment proceeds	0	0
Dividends from subsidiaries <sup>15)</sup>	370	1,611
Capital injections into subsidiaries <sup>16)</sup>	-85	-93
Other <sup>17)</sup>	-131	-169
<b>Free cash flow to the holding<sup>18)</sup></b>	<b>154</b>	<b>1,349</b>
Acquisitions	0	0
Capital flow from / (to) shareholders	-55	-812
Increase / (decrease) in debt and loans	0	0
<b>End of period</b>	<b>2,489</b>	<b>2,489</b>

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 2,489 million at the end of the fourth quarter of 2016 from EUR 2,391 million at the end of the third quarter of 2016. This increase was driven by EUR 370 million of dividends received from subsidiaries in the Netherlands and NN Re (Ireland), partly offset by capital injections mainly into Greece and NN Bank, and the amount of shares repurchased in the fourth quarter of 2016

(EUR 55 million). Other movements include a provision related to ING Life Korea recognised in the fourth quarter, holding company expenses, interest on loans and debt and other holding company cash flows.

## Financial leverage

in EUR million	31 Dec 16	30 Sep 16	31 Dec 15
Shareholders' equity	22,706	25,470	20,469
Adjustment for revaluation reserves <sup>19)</sup>	-8,763	-11,528	-6,935
Goodwill	-253	-257	-260
Minority interests	12	9	9
<b>Capital base for financial leverage (a)</b>	<b>13,703</b>	<b>13,694</b>	<b>13,283</b>
Undated subordinated notes <sup>20)</sup>	986	986	986
Subordinated debt	2,288	2,288	2,290
Total subordinated debt	3,273	3,274	3,276
Debt securities issued (financial leverage)	398	398	398
<b>Financial leverage (b)</b>	<b>3,672</b>	<b>3,672</b>	<b>3,674</b>
Debt securities issued (operational leverage)	199	199	199
<b>Total debt</b>	<b>3,871</b>	<b>3,871</b>	<b>3,873</b>
Financial leverage ratio (b/(a+b))	21.1%	21.1%	21.7%
Fixed-cost coverage ratio <sup>20)21)</sup>	12.8x	13.0x	13.1x

The financial leverage ratio of NN Group was 21.1% at the end of the fourth quarter. The capital base for financial leverage slightly increased by EUR 9 million mainly due to the fourth-quarter net result of EUR 148 million and positive equity revaluations, offset by currency impacts and the amount of shares repurchased in the fourth quarter of 2016 (EUR 55 million).

The fixed-cost coverage ratio slightly decreased to 12.8x at the end of the fourth quarter of 2016 from 13.0x at the end of the third quarter of 2016 (on a last 12-months basis).

On 10 January 2017, NN Group issued EUR 500 million of senior unsecured debt with a fixed rate coupon of 0.875% per annum and a maturity of 6 years. The proceeds are planned to be used to repay EUR 476 million of subordinated debt of NN Group on its first call date in May 2017. This debt does not qualify as Own Funds under Solvency II.

On the same date NN Group issued EUR 850 million of subordinated debt with a maturity of 31 years and first callable after 11 years with a fixed rate coupon of 4.625% per annum until the first call date and a floating rate coupon thereafter. This subordinated debt qualifies as Tier 2 capital under Solvency II. The proceeds have been used to repay EUR 823 million of hybrids loans outstanding with ING Group which ceased to be grandfathered as Tier 1 capital under Solvency II from 1 January 2017.

## Dividend

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

## Share buyback

On 26 May 2016, NN Group announced an open market share buyback programme for an amount up to EUR 500 million over a period of 12 months commencing 1 June 2016. Up until the date of the announcement on 5 October 2016 of the intended offer for Delta Lloyd, share buybacks under this programme had been executed for an amount of EUR 167 million and had been suspended for an amount of EUR 333 million. Following the announcement on 23 December 2016 of the recommended public offer for Delta Lloyd, this remaining outstanding amount of EUR 333 million has been added back to Own Funds as at 31 December 2016.

NN Group intends to neutralise the dilutive effect of stock dividends. Following payment of the 2015 final dividend on 28 June 2016 and the 2016 interim dividend on 9 September 2016, NN Group will repurchase ordinary shares for an amount of EUR 238 million, equivalent to the value of the stock dividends. The remaining outstanding amount on 10 February 2017 was EUR 109 million. These share buybacks will be executed under the programme by financial intermediaries by 31 May 2017. In the fourth quarter of 2016, shares for an amount of EUR 55 million were repurchased.

The share buyback programme is being executed within the limitations of the existing authority granted by the AGM on 2 June 2016 and is being performed in compliance with the safe harbour provisions for share buybacks. 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. NN Group intends to cancel all of the shares acquired under the programme. NN Group reports on the progress of the share buyback programme on its corporate website on a weekly basis ([www.nn-group.com/Investors.htm](http://www.nn-group.com/Investors.htm)).

## Share capital

The total number of NN Group shares outstanding (net of 11,790,595 treasury shares) on 14 February 2017 was 323,060,776.

## Credit ratings

On 7 October 2016, Standard & Poor's announced that it had placed the credit ratings of NN Group on 'CreditWatch negative' as a result of the proposed acquisition by NN Group of Delta Lloyd. On 4 January 2017, Standard & Poor's announced that it will maintain the credit ratings of NN Group on 'CreditWatch negative' and expects to resolve or update this assessment within the next 90 days. On 23 December 2016, Fitch announced that it will not take any rating action as a result of the offer that NN Group has made for Delta Lloyd.

Credit ratings of NN Group N.V. on 16 February 2017	Financial Strength Rating	NN Group N.V. Counterparty Credit Rating
Standard & Poor's	A+ CreditWatch negative	A- CreditWatch negative
Fitch	A+ Stable	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 partial internal model.
- 2) Basic earnings per ordinary share is calculated as the net result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by the weighted average number of ordinary shares outstanding (net of treasury shares).
- 3) Excluding Mandema & Partners 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 to reflect the deduction of 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 to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by (average) adjusted allocated equity of ongoing business. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves and undated subordinated notes classified as equity. Reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the 30 June 2016 Condensed consolidated interim financial information.
- 8) AuM include the mortgage portfolio managed on behalf of NN Life and NN Non-life since 2Q14.
- 9) Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by (average) adjusted allocated equity. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves and undated subordinated notes classified as equity. Reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the 30 June 2016 Condensed consolidated interim financial information.
- 10) Including Mandema & Partners 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 (average) adjusted allocated equity. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves and undated subordinated notes classified as equity. Reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the 30 June 2016 Condensed consolidated interim financial information.
- 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.
- 22) The solvency ratios are not final until filed with the regulators. SII ratios are based on the partial internal model. The 4Q2015 NN Life SII ratio reflects the dividend of EUR 150 million paid to NN Group in March 2016.

## 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 4Q16 results at 09.30 am CET on Thursday 16 February 2017. 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).

## Press lunch

Lard Friese and Delfin Rueda will host a press lunch to discuss the 4Q16 results, which will be held at 11.30 am CET on Thursday 16 February 2017.

## Financial calendar

- Publication 1Q17 results: 18 May 2017
- Annual General Meeting: 1 June 2017
- Publication 2Q17 results: 17 August 2017
- Publication 3Q17 results: 16 November 2017

## Contact information

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### Press enquiries

Saskia Kranendonk  
+31 62 568 3835  
[saskia.kranendonk@nn-group.com](mailto:saskia.kranendonk@nn-group.com)

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### Investor enquiries

Investor Relations  
+31 88 663 5464  
[investor.relations@nn-group.com](mailto:investor.relations@nn-group.com)

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

- NN Group 4Q16 Financial Supplement, NN Group 4Q16 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 NN Group N.V. condensed consolidated interim accounts for the period ended 30 September 2016. The Annual Accounts for 2016 are in progress and may be subject to adjustments from subsequent events.

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