



**NN Group N.V.
31 March 2016
Condensed
consolidated
interim accounts**

Interim accounts contents

Condensed consolidated interim accounts contents

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Condensed consolidated balance sheet

Amounts in millions of euros, unless stated otherwise

Condensed consolidated balance sheet

As at

	notes	31 March 2016	31 December 2015
Assets			
Cash and cash equivalents		10,446	7,436
Financial assets at fair value through profit or loss:			
– investments for risk of policyholders		31,954	35,154
– non-trading derivatives		6,079	4,656
– designated as at fair value through profit or loss		595	443
Available-for-sale investments	2	79,435	74,393
Loans	3	32,057	31,013
Reinsurance contracts	8	267	236
Associates and joint ventures	4	2,442	2,197
Real estate investments		1,592	1,564
Property and equipment		82	86
Intangible assets	5	342	351
Deferred acquisition costs		1,584	1,531
Other assets	6	3,183	3,092
Total assets		170,058	162,152
Equity			
Shareholders' equity (parent)		23,099	20,469
Minority interests		9	9
Undated subordinated notes		986	986
Total equity	7	24,094	21,464
Liabilities			
Subordinated debt		2,290	2,290
Debt securities issued		597	597
Other borrowed funds		7,238	6,785
Insurance and investment contracts	8	118,441	115,984
Customer deposits and other funds on deposit		8,639	8,034
Financial liabilities at fair value through profit or loss:			
– non-trading derivatives		2,276	1,701
Other liabilities	9	6,483	5,297
Total liabilities		145,964	140,688
Total equity and liabilities		170,058	162,152

Condensed consolidated profit and loss account

Condensed consolidated profit and loss account

	notes	1 January to 31 March 2016	1 January to 31 March 2015
Gross premium income		3,280	3,578
Investment income	10	958	1,072
– gross fee and commission income		235	255
– fee and commission expenses		-85	-94
Net fee and commission income:		150	161
Valuation results on non-trading derivatives		430	16
Foreign currency results and net trading income		15	59
Share of result from associates and joint ventures		80	50
Other income		8	9
Total income		4,921	4,945
– gross underwriting expenditure		4,075	6,640
– investment result for risk of policyholders		-69	-2,893
– reinsurance recoveries		-18	-15
Underwriting expenditure:	11	3,988	3,732
Intangible amortisation and other impairments		13	2
Staff expenses	12	302	297
Interest expenses		126	148
Other operating expenses		161	182
Total expenses		4,590	4,361
Result before tax		331	584
Taxation		61	90
Net result		270	494

Net result

	1 January to 31 March 2016	1 January to 31 March 2015
Net result attributable to		
Shareholders of the parent	270	485
Minority interests		9
Net result	270	494

Earnings per ordinary share

amounts in euros

	1 January to 31 March 2016	1 January to 31 March 2015
Earnings per ordinary share		
Basic earnings per ordinary share	0.81	1.35
Diluted earnings per ordinary share	0.80	1.35

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of comprehensive income

	1 January to 31 March 2016	1 January to 31 March 2015
Net result	270	494
- unrealised revaluations Available-for-sale investments and other	2,936	4,012
- realised gains/losses transferred to the profit and loss account	-23	-171
- changes in cash flow hedge reserve	962	924
- deferred interest credited to policyholders	-1,250	-1,503
- share of other comprehensive income of associates and joint ventures	1	7
- exchange rate difference	7	270
Items that may be reclassified subsequently to the profit and loss account:	2,633	3,539
- remeasurement of the net defined benefit asset/liability	-21	-22
- unrealised revaluations property in own use	-2	-1
Items that will not be reclassified to the profit and loss account:	-23	-23
Total other comprehensive income	2,610	3,516
Total comprehensive income	2,880	4,010
Comprehensive income attributable to:		
Shareholders of the parent	2,880	3,999
Minority interests		11
Total comprehensive income	2,880	4,010

Condensed consolidated statement of cash flows

Condensed consolidated statement of cash flows

	1 January to 31 March 2016	1 January to 31 March 2015
Result before tax	331	584
Adjusted for:		
- depreciation	11	12
- deferred acquisition costs and value of business acquired	-31	-43
- underwriting expenditure (change in insurance liabilities)	657	-190
- other	-467	-256
Taxation paid	-62	-68
Changes in:		
- trading assets		-2
- non-trading derivatives	93	396
- other financial assets at fair value through profit or loss	-159	-24
- loans	-778	-374
- other assets	100	-381
- customer deposits and other funds on deposit	605	672
- financial liabilities at fair value through profit or loss - non-trading derivatives	685	-326
- other liabilities	-267	198
Net cash flow from operating activities	718	198
Investments and advances:		
- associates and joint ventures	-127	-5
- available-for-sale investments	-2,924	-3,781
- real estate investments	-1	-106
- property and equipment	-6	-25
- investments for risk of policyholders	-1,867	-1,787
- other investments	-208	-1,580
Disposals and redemptions:		
- associates and joint ventures	89	60
- available-for-sale investments	1,634	1,625
- investments for risk of policyholders	5,406	6,118
- other investments	1	1,042
Net cash flow from investing activities	1,997	1,561
Proceeds from other borrowed funds	3,212	4,257
Repayments of other borrowed funds	-2,697	-3,579
Purchase/sale of treasury shares	-241	-200
Net cash flow from financing activities	274	478
Net cash flow	2,989	2,237

Cash and cash equivalents

	1 January to 31 March 2016	1 January to 31 March 2015
Cash and cash equivalents at beginning of the period	7,436	7,530
Net cash flow	2,989	2,237
Effect of exchange rate changes on cash and cash equivalents	21	-101
Cash and cash equivalents at end of the period	10,446	9,666

Condensed consolidated statement of changes in equity

Condensed consolidated statement of changes in equity (2016)

	Share capital	Share premium	Reserves	Total Shareholders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
Balance as at 1 January 2016	40	12,153	8,276	20,469	9	986	21,464
Unrealised revaluations Available-for-sale investments and other			2,936	2,936			2,936
Realised gains/losses transferred to the profit and loss account			-23	-23			-23
Changes in cash flow hedge reserve			962	962			962
Deferred interest credited to policyholders			-1,250	-1,250			-1,250
Share of other comprehensive income of associates and joint ventures			1	1			1
Exchange rate differences			7	7			7
Remeasurement of the net defined benefit asset/liability			-21	-21			-21
Unrealised revaluations property in own use			-2	-2			-2
Total amount recognised directly in equity (Other comprehensive income)			2,610	2,610			2,610
Net result for the period			270	270			270
Total comprehensive income			2,880	2,880			2,880
Purchase/sale of treasury shares			-241	-241			-241
Employee stock option and share plans			-6	-6			-6
Changes in composition of the group and other changes			-3	-3			-3
Balance as at 31 March 2016	40	12,153	10,906	23,099	9	986	24,094

Condensed consolidated statement of changes in equity – continued

Condensed consolidated statement of changes in equity (2015)

	Share capital	Share premium	Reserves	Total Shareholders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
Balance as at 1 January 2015	42	12,098	8,215	20,355	76	986	21,417
Unrealised revaluations Available-for-sale investments and other			4,012	4,012			4,012
Realised gains/losses transferred to the profit and loss account			-171	-171			-171
Changes in cash flow hedge reserve			924	924			924
Deferred interest credited to policyholders			-1,503	-1,503			-1,503
Share of other comprehensive income of associates and joint ventures			7	7			7
Exchange rate differences			268	268	2		270
Remeasurement of the net defined benefit asset/liability			-22	-22			-22
Unrealised revaluations property in own use			-1	-1			-1
Total amount recognised directly in equity (Other comprehensive income)			3,514	3,514	2		3,516
Net result for the period			485	485	9		494
Total comprehensive income			3,999	3,999	11		4,010
Purchase/sale of treasury shares			-200	-200			-200
Employee stock option and share plans			2	2			2
Coupon on undated subordinated notes			-34	-34			-34
Balance as at 31 March 2015	42	12,098	11,982	24,122	87	986	25,195

Notes to the Condensed consolidated interim accounts

1 Accounting policies

These Condensed consolidated interim accounts of NN Group N.V. (NN Group) have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The accounting principles used to prepare these Condensed consolidated interim accounts comply with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and are consistent with those set out in the notes to the 2015 NN Group Consolidated annual accounts.

These Condensed consolidated interim accounts should be read in conjunction with the 2015 NN Group Consolidated annual accounts.

IFRS-EU provides a number of options in accounting policies. NN Group's accounting policies under IFRS-EU and its decision on the options available are set out in Note 1 'Accounting policies' of the 2015 NN Group Consolidated annual accounts.

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

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

Reference is made to the 2015 NN Group Consolidated annual accounts for more details on upcoming changes in accounting policies.

2 Available-for-sale investments

Available-for-sale investments

	31 March 2016	31 December 2015
Equity securities:		
– shares in NN Group managed investment funds	2,202	2,094
– shares in third-party managed investment funds	1,183	1,539
– other	3,117	3,207
Equity securities	6,502	6,840
Debt securities	72,933	67,553
Available-for-sale investments	79,435	74,393

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

Total exposure to debt securities

	31 March 2016	31 December 2015
Available-for-sale investments	72,933	67,553
Loans	2,466	2,620
Available-for-sale investments and Loans	75,399	70,173
Investments for risk of policyholders	1,353	1,369
Designated as at fair value through profit or loss	444	204
Financial assets at fair value through profit or loss	1,797	1,573
Debt securities	77,196	71,746

NN Group's total exposure to debt securities included in Available-for-sale investments and Loans of EUR 75,399 million (2015: EUR 70,173 million) is specified as follows by type of exposure:

Notes to the Condensed consolidated interim accounts – continued

Debt securities by type

	Available-for-sale investments		Loans			Total
	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Government bonds	58,100	53,936			58,100	53,936
Covered bonds	410	450			410	450
Corporate bonds	9,576	8,817			9,576	8,817
Financial institution bonds	3,908	3,602			3,908	3,602
Bond portfolio (excluding ABS)	71,994	66,805			71,994	66,805
US RMBS	186	192			186	192
Non-US RMBS	609	385	1,863	1,866	2,472	2,251
CDO/CLO	35	36	17	22	52	58
Other ABS	109	132	586	732	695	864
CMBS		3				3
ABS portfolio	939	748	2,466	2,620	3,405	3,368
Debt securities – Available-for-sale investments and Loans	72,933	67,553	2,466	2,620	75,399	70,173

Reclassifications to Loans (2009)

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

Years after reclassification	31 March 2016	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011	31 December 2010	31 December 2009
Carrying value	456	533	809	1,098	1,694	3,057	4,465	5,550
Fair value	586	676	984	1,108	1,667	2,883	4,594	5,871
Unrealised fair value gains/losses in Shareholders' equity (before tax)	-198	-203	-213	-111	-186	-307	-491	-734
Effect on Shareholders' equity (before tax) if reclassification had not been made	130	143	175	10	-27	-174	129	321
Effect on result (before tax) if reclassification had not been made	nil	nil	nil	nil	nil	nil	nil	nil
Effect on result (before tax) after the reclassification (mainly interest income)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	121
Effect on result (before tax) for the year (interest income and sales results)	1	1	-2	-10	-47	90	89	n.a.
Impairments (before tax)	nil	nil	nil	nil	nil	nil	nil	nil
Provisions for credit losses (before tax)	nil	nil	nil	nil	nil	nil	nil	nil

Notes to the Condensed consolidated interim accounts – continued

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

3 Loans

Loans

	31 March 2016	31 December 2015
Loans secured by mortgages	23,447	22,398
Unsecured loans	4,460	4,438
Asset-backed securities	2,466	2,620
Deposits	624	432
Policy loans	239	236
Other	904	976
Loans-before Loan loss provisions	32,140	31,100
Loan loss provisions	-83	-87
Loans	32,057	31,013

Changes in Loan loss provisions

	31 March 2016	31 December 2015
Loan loss provisions – Opening balance	87	75
Write-offs	-6	-14
Increase in loan loss provisions	2	39
Changes in the composition of the group and other changes		-13
Loan loss provisions – Closing balance	83	87

Notes to the Condensed consolidated interim accounts – continued

4 Associates and joint ventures

Associates and joint ventures

	31 March 2016	31 March 2016	31 December 2015	31 December 2015
	Interest held	Balance sheet value	Interest held	Balance sheet value
CBRE Dutch Office Master Fund I CV	27%	296	27%	293
CBRE Retail Property Fund Iberica LP	33%	202	31%	184
Parcom Investment Fund II B.V.	100%	191	100%	185
CBRE UK Property Fund LP	22%	187	23%	201
CBRE Dutch Retail Fund FGR	16%	182		
Parcom Investment Fund III B.V.	100%	173	100%	216
Parcom Buy Out Fund IV B.V.	100%	167	100%	145
CBRE Property Fund Central Europe LP	25%	120	25%	116
Allee center Kft	50%	105	50%	103
CBRE European Industrial Fund LP	22%	100	27%	101
Fiumaranuova s.r.l.	50%	88	40%	87
CBRE Dutch Retail Fund II FGR	10%	80		
DPE Deutschland II B GmbH & Co KG	40%	72	34%	54
Parquest Capital B FCPI	40%	66	34%	62
SNC Le Havre Lafayette	50%	59	84%	58
CBRE Property Fund Central and Eastern Europe FGR	21%	52	21%	52
Other		302		340
Associates and joint ventures		2,442		2,197

Other represents a large number of associates and joint ventures with an individual balance sheet value of less than EUR 50 million.

5 Intangible assets

Intangible assets

	31 March 2016	31 December 2015
Value of business acquired	13	14
Goodwill	260	260
Software	54	59
Other	15	18
Intangible assets	342	351

6 Other assets

Other assets

	31 March 2016	31 December 2015
Insurance and reinsurance receivables	652	391
Deferred tax assets	31	44
Property obtained from foreclosures	2	4
Income tax receivable	76	58
Accrued interest and rents	1,250	1,620
Other accrued assets	663	542
Other	509	433
Other assets	3,183	3,092

Notes to the Condensed consolidated interim accounts – continued

7 Equity

Total equity

	31 March 2016	31 December 2015
Share capital	40	40
Share premium	12,153	12,153
Revaluation reserve	10,924	8,321
Currency translation reserve	4	-24
Net defined benefit asset/liability remeasurement reserve	-111	-90
Other reserves	89	69
Shareholders' equity (parent)	23,099	20,469
Minority interests	9	9
Undated subordinated notes	986	986
Total equity	24,094	21,464

Purchase/sale of treasury shares

NN Group repurchased on 8 January 2016 8,064,516 million ordinary shares from ING Groep N.V. at a price of EUR 31.00 per share for an aggregate amount of EUR 250 million. The repurchased shares are held by NN Group and the amount is deducted from Other reserves ('Purchase/sale of treasury shares').

As at 31 March 2016, 8,638,626 treasury shares are held by NN Group. The Executive Board of NN Group has decided to cancel 7,808,135 treasury shares representing shares NN Group repurchased from ING Group in January 2016.

8 Insurance and investment contracts, reinsurance contracts

Insurance and investment contracts, reinsurance contracts

	Liabilities net of reinsurance		Reinsurance contracts		Insurance and investment contracts	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Life insurance liabilities excluding liabilities for risk of policyholders	81,022	75,713	132	114	81,154	75,827
Liabilities for life insurance for risk of policyholders	30,431	33,580	46	47	30,477	33,627
Life insurance liabilities	111,453	109,293	178	161	111,631	109,454
Liabilities for unearned premiums and unexpired risks	600	263	16	2	616	265
Claims liabilities	3,190	3,171	73	73	3,263	3,244
Insurance liabilities	115,243	112,727	267	236	115,510	112,963
Investment contracts liabilities	2,931	3,021			2,931	3,021
Insurance and investment contracts, reinsurance contracts	118,174	115,748	267	236	118,441	115,984

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

Notes to the Condensed consolidated interim accounts – continued

9 Other liabilities

Other liabilities

	31 March 2016	31 December 2015
Deferred tax liabilities	3,077	2,101
Income tax payable	10	11
Net defined benefit liability	124	96
Other post-employment benefits	38	36
Other staff-related liabilities	159	140
Other taxation and social security contributions	134	144
Deposits from reinsurers	102	102
Accrued interest	400	519
Costs payable	188	187
Amounts payable to policyholders	619	564
Reorganisation provisions	60	67
Other provisions	59	56
Amounts to be settled	1,053	813
Other	460	461
Other liabilities	6,483	5,297

10 Investment income

Investment income

	1 January to 31 March 2016	1 January to 31 March 2015
Interest income from investments in debt securities	408	431
Interest income from loans:		
– unsecured loans	29	39
– mortgage loans	252	218
– policy loans	2	2
– other	24	29
Interest income from investments in debt securities and loans	715	719
Realised gains/losses on disposal of Available-for-sale debt securities	24	7
Realised gains/losses and impairments of Available-for-sale debt securities	24	7
Realised gains/losses on disposal of Available-for-sale equity securities	29	171
Impairments of Available-for-sale equity securities	-25	-2
Realised gains/losses and impairments of Available-for-sale equity securities	4	169
Interest income on non-trading derivatives	101	130
Increase in loan loss provisions	-2	-8
Income from real estate investments	20	18
Dividend income	71	30
Change in fair value of real estate investments	25	7
Investment income	958	1,072

Notes to the Condensed consolidated interim accounts – continued

Impairments on investments by segment

	1 January to 31 March 2016	1 January to 31 March 2015
Netherlands Life	-22	-2
Netherlands Non-life	-1	
Insurance Europe	-1	
Other	-1	
Impairments	-25	-2

11 Underwriting expenditure

Underwriting expenditure

	1 January to 31 March 2016	1 January to 31 March 2015
Gross underwriting expenditure:		
- before effect of investment result for risk of policyholder	4,006	3,747
- effect of investment result for risk of policyholder	69	2,893
Gross underwriting expenditure	4,075	6,640
Investment result for risk of policyholders	-69	-2,893
Reinsurance recoveries	-18	-15
Underwriting expenditure	3,988	3,732

The investment income and valuation results regarding investments for risk of policyholders is EUR 69 million (2015: EUR 2,893 million). This amount is recognised in 'Underwriting expenditure'. As a result it is shown together with the equal amount of related change in insurance liabilities for risk of policyholders.

Notes to the Condensed consolidated interim accounts – continued

Underwriting expenditure by class

	1 January to 31 March 2016	1 January to 31 March 2015
Expenditure from life underwriting:		
– reinsurance and retrocession premiums	46	43
– gross benefits	2,761	3,464
– reinsurance recoveries	-14	-12
– change in life insurance liabilities	282	-545
– costs of acquiring insurance business	138	129
– other underwriting expenditure	26	28
– profit sharing and rebates	6	-64
Expenditure from life underwriting	3,245	3,043
Expenditure from non-life underwriting:		
– reinsurance and retrocession premiums	22	21
– gross claims	287	278
– reinsurance recoveries	-4	-3
– changes in the liabilities for unearned premiums	354	331
– changes in claims liabilities	20	-3
– costs of acquiring insurance business	63	65
– other underwriting expenditure	1	
Expenditure from non-life underwriting	743	689
Underwriting expenditure	3,988	3,732

12 Staff expenses

Staff expenses

	1 January to 31 March 2016	1 January to 31 March 2015
Salaries	179	176
Pension costs	25	25
Social security costs	24	23
Share-based compensation arrangements	3	3
External staff costs	52	51
Education	3	3
Other staff costs	16	16
Staff expenses	302	297

Notes to the Condensed consolidated interim accounts – continued

13 Earnings per ordinary share

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

Earnings per ordinary share

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 January to 31 March 2016	1 January to 31 March 2015	1 January to 31 March 2016	1 January to 31 March 2015	1 January to 31 March 2016	1 January to 31 March 2015
Net result	270	485				
Coupon on undated subordinated notes	-8	-17				
Basic earnings per ordinary share	262	468	325.2	346.0	0.81	1.35
Dilutive instruments:						
Warrants			0.0	0.0		
Share plans			1.0	1.6		
			1.0	1.6		
Diluted earnings per ordinary share	262	468	326.2	347.6	0.80	1.35

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

14 Segments

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

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

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

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

Notes to the Condensed consolidated interim accounts – continued

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

- Non-operating items: related to (general account) investments that are held for own risk (net of policyholder profit sharing):
 - Capital gains/losses and impairments: realised gains and losses as well as impairments on financial assets that are classified as Available-for-sale and debt securities that are classified as loans. These investments include debt and equity securities (including fixed income and equity funds), private equity (< 20% ownership), real estate funds and loans quoted in active markets.
 - Revaluations: revaluations on assets marked-to-market through the Consolidated profit and loss account. These investments include private equity (associates), real estate (property and associates), derivatives unrelated to product hedging programmes (i.e. interest rate swaps, foreign exchange hedges) and direct equity hedges.
 - Market & other impacts: these impacts mainly comprise the change in the liability for guarantees on separate account pension contracts (net of hedging) in the Netherlands, the equity related and other deferred acquisition costs unlocking for Japan Closed Block VA as well as the accounting volatility related to the reinsurance of minimum guaranteed benefits of Japan Closed Block VA.
- Result on divestments: result before tax related to divested operations.
- Special items before tax: items of income or expenses that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently or regularly. This includes for instance restructuring expenses, rebranding costs, goodwill impairments, results related to early redemption of debt, and gains/losses from employee pension plan amendments or curtailments.

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

Segments (2016)

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

Special items in 2016 reflect disentanglement-related IT expenses in Belgium, expenses related to the rebranding of NN Group's subsidiaries and restructuring expenses in The Netherlands.

The insurance liabilities are adequate at both the 90% and 50% confidence levels, both in aggregate for NN Group and for each of the segments. The insurance liabilities in the segments Netherlands Life and Japan Closed Block VA are approximately at the 90% confidence level.

Notes to the Condensed consolidated interim accounts – continued

Segments (2015)

1 January to 31 March	Nether-lands Life	Nether-lands Non-life	Insurance Europe	Japan Life	Asset management	Other	Japan Closed Block VA	Total
Investment margin	161		22	-2				181
Fees and premium-based revenues	115		132	160	125		27	558
Technical margin	3		45	1				49
Operating income non-modelled life business			1					1
Operating income	279		199	159	125		27	789
Administrative expenses	111		77	24	89		5	305
DAC amortisation and trail commissions	16		83	63			3	165
Expenses	127		159	88	89		8	470
Non-life operating result		24	1					25
Operating result Other						-20		-20
Operating result	152	24	40	72	36	-20	19	324
Non-operating items:								
- gains/losses and impairments	141	3	14	3		10		172
- revaluations	67	5	1			1		74
- market & other impacts	38						-3	35
Special items before tax	-1	-1	-12	-2	-5			-20
Result before tax	397	32	44	73	31	-9	16	584
Taxation	56	6	11	13	8	-2	-2	90
Minority interests	8		1					9
Net result	333	25	32	60	23	-7	18	485

Special items in 2015 reflect expenses related to the rebranding of NN Group's subsidiaries and restructuring expenses related to the target to reduce the administrative expense base in The Netherlands.

15 Taxation

Taxation on components of other comprehensive income

	1 January to 31 March 2016	1 January to 31 March 2015
Unrealised revaluations Property in own use	1	
Unrealised revaluations Available-for-sale investments and other	-1,042	-1,190
Realised gains/losses transferred to the profit and loss account	5	5
Changes in cash flow hedge reserve	-321	-308
Deferred interest credited to policyholders	425	511
Remeasurement of the net defined benefit asset/liability	7	8
Income tax	-925	-974

Notes to the Condensed consolidated interim accounts – continued

16 Fair value of financial assets and liabilities

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

Fair value of financial assets and liabilities

	Estimated fair value		Balance sheet value	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Financial assets				
Cash and cash equivalents	10,446	7,436	10,446	7,436
Financial assets at fair value through profit or loss:				
– investments for risk of policyholders	31,954	35,154	31,954	35,154
– non-trading derivatives	6,079	4,656	6,079	4,656
– designated as at fair value through profit or loss	595	443	595	443
Available-for-sale investments	79,435	74,393	79,435	74,393
Loans	35,400	33,787	32,057	31,013
Other assets ¹	3,073	2,986	3,073	2,986
Financial assets	166,982	158,855	163,639	156,081
Financial liabilities				
Subordinated debt	2,380	2,383	2,290	2,290
Debt securities issued	607	589	597	597
Other borrowed funds	7,306	6,793	7,238	6,785
Investment contracts for risk of company	1,768	1,757	1,382	1,436
Investment contracts for risk of policyholders	1,549	1,585	1,549	1,585
Customer deposits and other funds on deposit	9,120	8,469	8,639	8,034
Financial liabilities at fair value through profit or loss:				
– non-trading derivatives	2,276	1,701	2,276	1,701
Other liabilities ²	2,822	2,646	2,822	2,646
Financial liabilities	27,828	25,923	26,793	25,074

1 Other assets does not include (deferred) tax assets, net defined benefit assets and property obtained from foreclosures.

2 Other liabilities does not include (deferred) tax liabilities, net defined benefit liabilities, insurance liabilities, other provisions and other taxation and social security contributions.

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

Further information on the methods and assumptions that were used by NN Group to estimate the fair value of the financial instruments and the sensitivities for changes in these assumptions is disclosed in Note 35 'Fair value of financial assets and liabilities' of the 2015 NN Group Consolidated annual accounts.

Notes to the Condensed consolidated interim accounts – continued

Financial assets and liabilities at fair value

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

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

31 March 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Investments for risk of policyholders	30,810	308	836	31,954
Non-trading derivatives	201	5,652	226	6,079
Financial assets designated as at fair value through profit or loss	72	508	15	595
Available-for-sale investments	60,963	17,201	1,271	79,435
Financial assets	92,046	23,669	2,348	118,063
Financial liabilities				
Investment contracts (for contracts at fair value)	1,515	34		1,549
Non-trading derivatives	33	2,019	224	2,276
Financial liabilities	1,548	2,053	224	3,825

Methods applied in determining the fair value of financial assets and liabilities (2015)

31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Investments for risk of policyholders	31,644	2,697	813	35,154
Non-trading derivatives	234	4,214	208	4,656
Financial assets designated as at fair value through profit or loss	169	272	2	443
Available-for-sale investments	52,075	20,731	1,587	74,393
Financial assets	84,122	27,914	2,610	114,646
Financial liabilities				
Investment contracts (for contracts at fair value)	1,551	34		1,585
Non-trading derivatives	8	1,486	207	1,701
Financial liabilities	1,559	1,520	207	3,286

Level 1 – (Unadjusted) Quoted prices in active markets

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

Level 2 – Valuation technique supported by observable inputs

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

Level 3 – Valuation technique supported by unobservable inputs

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

Notes to the Condensed consolidated interim accounts – continued

Changes in Level 3 Financial assets (2016)

31 March 2016	Trading assets	Investments for risk of policyholders	Non-trading derivatives	Financial assets designated as at fair value through profit or loss	Available-for-sale investments	Total
Level 3 Financial assets – Opening balance		813	208	2	1,587	2,610
Amounts recognised in the profit and loss account during the year		17	18		-1	34
Revaluations recognised in Other comprehensive income (equity) during the year					-40	-40
Purchase of assets		7		13	76	96
Sale of assets		-1			-50	-51
Maturity/settlement					-18	-18
Reclassification					-262	-262
Exchange rate differences					-21	-21
Level 3 Financial assets – Closing balance	0	836	226	15	1,271	2,348

Changes in Level 3 Financial assets (2015)

31 December 2015	Trading assets	Investments for risk of policyholders	Non-trading derivatives	Financial assets designated as at fair value through profit or loss	Available-for-sale investments	Total
Level 3 Financial assets – Opening balance	604	240			1,851	2,695
Amounts recognised in the profit and loss account during the year	-22	-7	-3		11	-21
Revaluations recognised in Other comprehensive income (equity) during the year					57	57
Purchase of assets	17	70	168		293	548
Sale of assets	-165	-241			-353	-759
Maturity/settlement					-64	-64
Reclassification	-2			2		0
Transfers into Level 3	14	747	43			804
Transfers out of Level 3					-177	-177
Changes in the composition of the group	-446				-39	-485
Exchange rate differences		4			8	12
Level 3 Financial assets – Closing balance	0	813	208	2	1,587	2,610

Transfers into Level 3

The transfers into Level 3 mainly reflect an improved fair value measurement of certain investments for risk of policyholders, resulting in classification as Level 3 instead of Level 2. The (changes in) fair value of these investments have no net impact on profit or loss or shareholders' equity as these are offset by (changes in) liabilities for Insurance and investment contracts.

Changes in Level 3 Financial liabilities (2016)

31 March 2016	Non-trading derivatives
Level 3 Financial liabilities – Opening balance	207
Amounts recognised in the profit and loss account during the year	17
Level 3 Financial liabilities – Closing balance	224

Notes to the Condensed consolidated interim accounts – continued

Changes in Level 3 Financial liabilities (2015)

31 December 2015	Non-trading derivatives
Level 3 Financial liabilities – Opening balance	0
Purchase of assets	167
Transfers into Level 3	40
Level 3 Financial liabilities – Closing balance	207

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

31 March 2016	Held at balance sheet date	Derecognised during the year	Total
Financial assets			
Investments for risk of policyholders	17		17
Non-trading derivatives	18		18
Available-for-sale investments		-1	-1
Financial assets	35	-1	34
Financial liabilities			
Non-trading derivatives	17		17
Financial liabilities	17		17

Level 3 – Amounts recognised in the profit and loss account during the year (2015)

31 December 2015	Held at balance sheet date	Derecognised during the year	Total
Financial assets			
Trading assets		-22	-22
Investments for risk of policyholders	-7		-7
Non-trading derivatives	-3		-3
Available-for-sale investments	-7	18	11
Financial assets	-17	-4	-21

17 Companies and businesses acquired and divested

Acquisitions (2016)

Notus Financial Advisors, Poland

In May 2016 NN Group announced that it had reached an agreement to acquire 100% of the shares of Dom Kredytowy Notus S.A. ('Notus'). Notus is a leading financial broker in Poland, offering mortgage loans, insurance, investment and savings products. The transaction is not expected to have a material impact on the capital position and operating result of NN Group. It is subject to regulatory approval and is expected to close in the second half of 2016.

Acquisitions (2015)

Polish pension fund

During the first half of 2015, NN Group reached an agreement with ING Bank Śląski to acquire the remaining 20% stake in the Polish pension fund, NN Powszechnie Towarzystwo Emerytalne S.A. (NN PTE) in which NN Group held 80% of the shares. In July 2015 NN Group completed the acquisition of the remaining stake for a consideration of PLN 128 million (approximately EUR 31 million). The consideration reflects a purchase price of PLN 210 million adjusted by a PLN 82 million dividend paid by NN PTE to ING Bank Śląski prior to completion. NN PTE manages the second pillar open-ended pension fund and the open-ended third-pillar voluntary pension fund.

Notes to the Condensed consolidated interim accounts – continued

Divestments (2015)

Parcom Capital Management

In December 2015, NN Group completed the sale of its wholly owned private equity management company, Parcom Capital Management. The divestment result on the sale of Parcom Capital Management is included in 'Results on disposals of group companies'. As a consequence of the sale of the asset management company, NN Group no longer has control over its investments in private equity funds, which are managed by Parcom Capital Management. These private equity funds were previously consolidated and the underlying investments were included in the Consolidated balance sheet in Trading assets and Available-for-sale investments. As a consequence of the divestment of Parcom Capital Management, these underlying investments were derecognised and the investments in the private equity funds are now included in the balance sheet under Associates and Joint ventures.

18 Other events

Unit-linked products in the Netherlands

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

19 Capital management

Solvency II Capital ratio

	31 March 2016	31 December 2015
Basic Own Funds	14,877	14,809
Non-available Own Funds	1,396	1,271
Non-eligible Own Funds		197
Eligible Own Funds (a)	13,480	13,341
of which Tier 1 unrestricted	8,827	8,484
of which Tier 1 restricted	1,912	1,844
of which Tier 2	1,062	1,061
of which Tier 3	757	735
of which non-solvency II regulated entities	922	1,217
Solvency Capital Requirements (b)	5,602	5,587
of which non-solvency II regulated entities	417	684
NN Group Solvency II ratio (a/b) ¹	241%	239%

¹ The Solvency II ratio is not final until filed with the regulators. The Solvency II ratio is based on the approved partial internal model. The Solvency II capital ratio does not include any contingent liability potentially arising from unit-linked products sold, issued or advised on by NN Group's Dutch insurance subsidiaries in the past, as this potential liability cannot be reliably estimated or quantified at this point.

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

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

20 Subsequent events

NN Group will execute an open market share buyback programme for an amount up to EUR 500 million over 12 months commencing 1 June 2016. NN Group intends to cancel all of the shares acquired under the programme. The share buyback will be deducted in full from Solvency II Own Funds in the second quarter of 2016 and is estimated to reduce NN Group's Solvency II ratio by 9%-points. The share buyback will be deducted from IFRS shareholders' equity when actual buyback transactions occur.

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

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

Authorisation of the Condensed consolidated interim accounts

The Hague, 25 May 2016

The Supervisory Board

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

The Executive Board

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

Review report

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

Introduction

We have reviewed the accompanying condensed consolidated interim accounts for the three-month period ended 31 March 2016 of NN Group N.V., The Hague, as included on page 4 to 27 of this report. These condensed consolidated interim accounts comprise the condensed consolidated balance sheet as at 31 March 2016 and the condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the notes for the three-month period then ended. Management of the Company is responsible for the preparation and presentation of this condensed consolidated interim accounts in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim accounts based on our review.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim accounts as at and for the three month period ended 31 March 2016 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 25 May 2016

KPMG Accountants N.V.

P.A.M. de Wit RA

This report is available as a pdf file on
www.nn-group.com

Contact us

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www.nn-group.com

Commercial register of Amsterdam, no. 52387534

Important legal information

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

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

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

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

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.

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