

NN Group posts strong 4Q14 and 2014 results

2014 operating result up 20%; strong capital position

- 4Q14 operating result ongoing business of EUR 260 million, up 18.2% from 4Q13. Full-year 2014 operating result ongoing business of EUR 1,086 million, up 20.0%
- Net result improved to EUR 197 million versus a net loss of EUR 157 million in 4Q13. Full-year 2014 net result up 82.6% to EUR 588 million
- Strong capital position; IGD ratio up at 303% supported by market movements. Holding company cash capital up at EUR 1.4 billion
- NN Group Solvency II capital ratio (Standard Formula) estimated to be in a range around 200% at 31 December 2014, remains subject to significant uncertainties
- Dividend proposal: EUR 0.57 per ordinary share, or EUR 200 million in total, related to second half of 2014
- New sales (APE) EUR 264 million, down 8.0% from 4Q13; Full-year 2014 sales up 12.9% to EUR 1,315 million, both at constant currencies
- AuM at Investment Management increased to EUR 186 billion driven by strong market performance
- NN Group businesses to be rebranded from ING to the NN brand; expected rebranding expenses of approximately EUR 135 million in total over 2015 and 2016

Statement of Lard Friese, CEO

“In 2014 NN Group became a standalone company, separate from ING Group. The successful initial public offering last July marked a new beginning. Although we are still at the start of our journey, we are pleased with the strong performance we are reporting today. The full-year results, with a net result of EUR 588 million, demonstrate the progress we have made so far in achieving our objectives to generate capital and improve earnings, while delivering excellent service and products to our customers.

Our focus on our customers remains our driving force, which is demonstrated by strong new sales growth in 2014. At the same time we continue to strive for more effective and efficient operations which have resulted in a reduction of EUR 142 million in expenses in the Netherlands, showing good progress towards our target of EUR 200 million by 2016. Thanks to our multi-access distribution network, customers can reach us wherever and whenever they want and we will continue to develop this further throughout all regions.

With the strong capital generation of our businesses and our solid solvency ratios we are well prepared for Solvency II. In line with our focus on returning capital to our shareholders we will propose a dividend at our Annual General Meeting in May of approximately 50% of the net operating result of the ongoing business for the second half of 2014.

While we are further shaping our company, we will rebrand our businesses in 2015 and 2016 to the NN brand. A clear and recognisable identity that further unites our businesses and almost 12,000 employees. Over the years, Nationale-Nederlanden, ING Investment Management and ING Insurance, have built leading positions with a strong presence in more than 18 countries. The new branding represents another important milestone, and will further define the profile of NN Group as an international insurance and investment management company.”

NN Group key figures

In EUR million	4Q14	4Q13	Change	FY14	FY13	Change
Operating result ongoing business	260	220	18.2%	1,086	905	20.0%
Net result	197	-157		588	322	82.6%
Net operating ROE	7.6%	7.4%		8.6%	8.9%	
IGD Solvency I ratio	303%	250%		303%	250%	
New sales life insurance (APE)	264	292	-9.6%	1,315	1,227	7.2%
Investment Management AuM (End of period, in EUR billion)	186	174	6.9%	186	174	6.9%



Strategy and business highlights

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

Netherlands Life

In the Netherlands Life segment, the focus is on expense reductions and a gradual shift to higher-yielding assets, such as mortgages and loans. Furthermore, NN Life aims to benefit from its strong position in the pension market and to selectively capture growth opportunities. The operating result of Netherlands Life decreased in 2014 as fees and premium-based revenues and technical margin were adversely impacted by the run-off of the individual life closed book and a decrease in interest rates. These impacts were partly offset by a reduction in administrative expenses and a higher investment margin. Administrative expenses were down for the full year, reflecting the positive impact of the transformation programme in the Netherlands. The investment margin in the fourth quarter increased, driven by higher dividends from private equity, the positive effects of increased allocation to higher-yielding assets and higher invested volumes. In 2014, new sales (APE) increased, mostly due to pension contract renewals. In the Dutch pension market, pension fund buy-outs are an opportunity for growth. In January 2015 the ENCI company pension fund, with EUR 420 million of assets and around 2,200 participants, transferred its accumulated pension benefits to NN Life. In addition, ENCI chose NN Life's defined contribution PPI solution with additional risk protection insurance for future pension accumulation. The capital position of NN Life improved further, with a Solvency I ratio of 260%, after deduction of a dividend of EUR 350 million paid by NN Life to NN Group in February 2015. Excluding the deduction of this dividend, the Solvency I ratio of NN Life as at 31 December 2014 would be 272%.

Netherlands Non-life

Netherlands Non-life aims to improve underwriting performance and to expand in specific market segments where there are clear opportunities for profitable growth. The operating result increased, reflecting favourable claims experience, lower administrative expenses and management actions taken to improve profitability. The combined ratio for 2014 improved to 99.4% from 101.5% over 2013. In 2014, Nationale-Nederlanden received recognition for its innovative car insurance 'Fairzekeren' with smart technology that helps drivers to improve their driving behaviour and as a result reduce the risk of damages for which they can earn a discount on their premium.

Insurance Europe

Insurance Europe is moving its business mix towards protection products and repositioning its savings and retirement products for the low interest-rate environment. In 2014, the operating result decreased due to a lower investment margin and the impact of the pension reforms in Poland, partly offset by higher fees and premium-based revenues. New sales (APE) were up 7.7%, compared with 2013 at constant currencies driven by higher life sales in most countries, with new sales of protection products up 16.9%. An example of a successful new service is "Improve your life style". In the Czech Republic and Slovakia this interactive campaign was launched with a special website where visitors can fill in a health test, developed by well-known nutrition specialists, and receive a personalised health evaluation and some tips, via email, on how to improve their lifestyle. On the same website they can set up an appointment with a financial advisor to discuss health protection.

Japan Life

In 2014 Japan Life increased its agency productivity and diversified its distribution channels by substantially expanding its bancassurance channel. It recruited 16 new bank distribution partners over the year and, in order to further improve the service to its distribution partners, the commercial network agents have been equipped with tablets to ensure flexible and more effective support. In line with this, and supported by improved business sentiment, new sales (APE) increased 20.1% from 2013, excluding currency effects.



Investment Management

Assets under Management increased to EUR 186 billion driven by strong market performance. Investment Management aims to grow its third-party business by following a tailored approach for each client segment. In its retail business and in its home markets, Investment Management plans to protect and further expand its leading positions and continues to develop a more distinct range of equity products. Investment Management continues to invest in building and broadening the capabilities of the business, such as the hiring of investment professionals in the convertible bond team in the fourth quarter of 2014. In line with the ambition to grow its third-party business, Investment Management was appointed fiduciary manager of health insurer DSW with 530,000 customers in January 2015, a mandate that underscores its expertise in the insurance industry.

NN Bank

NN Bank continued to grow with the expansion of its mortgage and customer savings activities, and contributed positively to NN Group's results in 2014. In line with its strategy, NN Bank's mortgage portfolio increased to EUR 7.9 billion from EUR 6.2 billion at the beginning of 2014. Customers and financial advisors granted NN Bank an award for mortgage suppliers 'Gouden Spreekbuis Hypotheekverstrekkers 2014' in December, because it 'reinvented itself as a mortgage provider'. NN Bank also expanded its product offering in 2014, with the introduction of a consumer lending product in February and a credit card in October. Consumer savings continued to grow by offering attractive products under the strong Nationale-Nederlanden brand, leading to total customer deposits of EUR 7.0 billion at the end of 2014.

Rebranding from ING to the NN brand

Over the years, the Nationale-Nederlanden, ING Insurance and ING Investment Management businesses have built leading positions in Europe and Japan. In 2014 these businesses came together under the holding company name NN Group. After the successful IPO of NN Group in July 2014, which represented the final step in becoming a standalone company separate from ING Group, the businesses will be rebranded in line with the NN brand identity. The operational and legal entity rebranding will take place in 2015 and will be supported by marketing campaigns in the various markets in 2015 and 2016. Over these two years, NN Group expects to incur rebranding expenses of approximately EUR 135 million in total, which will be reported as special items, with the majority of rebranding activities expected to be completed in 2015.

Solvency II

NN Group continues to prepare for Solvency II. The NN Group Solvency II capital ratio (based on our current interpretation of the Standard Formula) is estimated to be in a range around 200% at 31 December 2014. NN Group is considering to apply for the usage of a Partial Internal Model. The Solvency II capital ratio remains subject to significant uncertainties, including the final specifications of the Solvency II regulations and the regulatory approval process.

Dividend proposal

An important financial objective is to generate capital and pay dividends to our shareholders. In line with that, at the Annual General Meeting (AGM) on 28 May 2015, a dividend will be proposed of EUR 0.57 per ordinary share, or approximately EUR 200 million in total based on the current number of outstanding shares. This is equivalent to a dividend pay-out ratio of around 50% of NN Group's net operating result of the ongoing business related to the second half of 2014. The final dividend will be paid in cash or ordinary shares at the election of the shareholder. NN Group will neutralise the dilutive effect of the stock dividend on earnings per ordinary share through repurchase of ordinary shares, which may include a repurchase of part of ING Group's shareholding in NN Group. Going forward, and barring unforeseen circumstances, NN Group intends to pay ordinary dividends on a semi-annual basis. In line with NN Group's stated dividend policy, capital generated in excess of NN Group's capital ambition is expected to be returned to shareholders unless it can be used for any other appropriate corporate purposes, including investments in value creating corporate opportunities. NN Group is committed to distributing excess capital in a form which is most appropriate and efficient for shareholders at that specific point in time, such as special dividends or share buy backs which may include a repurchase of part of ING Group's shareholding in NN Group.

Consolidated results

Consolidated profit and loss account NN Group

In EUR million	4Q14	4Q2013 ¹⁾	Change	FY14	FY13 ¹⁾	Change
Analysis of results						
Netherlands Life	157	192	-18.2%	615	709	-13.3%
Netherlands Non-life	35	12	191.7%	128	79	62.0%
Insurance Europe	40	48	-16.7%	176	199	-11.6%
Japan Life	12	15	-20.0%	140	161	-13.0%
Investment Management	41	28	46.4%	158	130	21.5%
Other	-24	-73		-130	-373	
Operating result ongoing business	260	220	18.2%	1,086	905	20.0%
Non-operating items ongoing business	93	-117		198	-229	
of which gains/losses and impairments	5	29	-82.8%	-28	97	-128.9%
of which revaluations	21	15	40.0%	143	3	
of which market & other impacts	67	-161		83	-329	
Japan Closed Block VA	-24	-423		109	-252	
Insurance Other	0	-4		0	-18	
Special items before tax	-58	-29		-687	-126	
Result on divestments	-3	48	-106.3%	57	84	-32.1%
Result before tax from continuing operations	269	-304		762	364	109.3%
Taxation	63	-138		135	54	150.0%
Net result from continuing operations	205	-166		628	310	102.6%
Net result from discontinued operations	1	17	-94.1%	-16	20	-180.0%
Minority interests	8	8	0.0%	23	8	187.5%
Net result	197	-157		588	322	82.6%
Net result per share in EUR	0.56					

Key Figures

In EUR million	4Q2014	4Q2013 ¹⁾	Change	FY14	FY13 ¹⁾	Change
Ongoing business						
Gross premium income	1,821	1,917	-5.0%	9,334	9,525	-2.0%
New sales life insurance (APE)	264	292	-9.6%	1,315	1,227	7.2%
Value of new business				196	129	51.9%
Internal rate of return of new business				10.8%	9.7%	
Total administrative expenses	455	462	-1.5%	1,758	1,807	-2.7%
Cost/income ratio (Administrative expenses/Operating income)	37.6%	38.1%		36.2%	37.1%	
Combined ratio (Netherlands Non-life) ²⁾	99.4%	103.6%		99.4%	101.5%	
Investment Management Assets under Management ³⁾	186	174	6.9%	186	174	6.9%
Life general account invested assets ³⁾	78	75	4.0%	78	75	4.0%
Investment margin/Life general account invested assets (bps) ⁴⁾	93	89				
Total provisions for insurance & investment contracts ³⁾	105	96	9.4%	105	96	9.4%
of which for risk policyholder ³⁾	28	25	12.0%	28	25	12.0%
NN Life Solvency I ratio ⁵⁾	260%	223%		260%	223%	
Net operating result ⁶⁾	191	149	28.2%	806	666	21.0%
Net operating ROE ⁷⁾	7.6%	7.4%		8.6%	8.9%	
Japan Closed Block VA						
Account value	13,248	14,687	-9.8%	13,248	14,687	-9.8%
Number of policies	294,263	346,306	-15.0%	294,263	346,306	-15.0%
Total NN Group						
IGD Solvency I ratio ⁵⁾	303%	250%		303%	250%	
Total assets ³⁾	165	145	13.8%	165	145	13.8%
Shareholders' equity	20,355	14,062	44.8%	20,355	14,062	44.8%
Employees (FTEs, end of period)	11,659	12,245	-4.8%	11,659	12,245	-4.8%

1) The figures for this period have been restated to reflect the change in accounting policy, covering the move towards fair value accounting for Guaranteed Minimum Death Benefits for reserves of the Japan Closed Block VA segment as of 1 January 2014

2) Excluding Mandema and Zicht broker businesses

3) End of period, in EUR billion

4) Four-quarter rolling average

5) The 2014 solvency ratios are not final until filed with the regulators

6) Net operating result of the ongoing business, adjusted for the accrued coupon on undated notes classified in equity

7) Net operating ROE is calculated as the (annualized) net operating result of the ongoing business, adjusted for the accrued coupon on undated notes classified in equity divided by the average allocated equity of the ongoing business adjusted for revaluation reserves and excluding undated notes classified in equity

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

- NN Group's operating result of the ongoing business was EUR 260 million, up 18.2% from the fourth quarter of 2013, reflecting improved results in Netherlands Non-life, Investment Management, NN Bank and the holding company
- The result before tax increased significantly to EUR 269 million, supported by improved non-operating items, the improved result for Japan Closed Block VA and by the higher operating result of the ongoing business
- Full-year 2014 operating result of the ongoing business increased to EUR 1,086 million, up 20.0% from 2013, largely reflecting lower administrative expenses in the Netherlands and lower funding costs, as well as improved results at Netherlands Non-life, Investment Management and NN Bank
- New sales (APE) were EUR 264 million, down 8.0% from the fourth quarter of 2013 but up 12.9% to EUR 1,315 million for full-year 2014, both on a constant currency basis. The full-year 2014 VNB was up 51.9% to EUR 196 million

The operating result of the ongoing business was EUR 260 million, up 18.2% from the fourth quarter of 2013, reflecting lower administrative expenses in the Netherlands and lower funding costs. Improved results from Netherlands Non-life, Investment Management and NN Bank, also contributed to the increase, partly offset by lower results in Netherlands Life, Insurance Europe and Japan Life.

Total administrative expenses of the ongoing business were EUR 455 million, down 1.3% from the fourth quarter of 2013, excluding currency effects. FTEs decreased 4.8% year-on-year to 11,659. Administrative expenses in the Netherlands decreased consistent with the target to reduce administrative expenses in Netherlands Life, Netherlands Non-life and corporate/holding entities by EUR 200 million by 2016, compared with 2013. For full-year 2014, cost reductions of EUR 142 million were realised, of which EUR 15 million by Netherlands Life, EUR 38 million by Netherlands Non-life and EUR 89 million by corporate/holding entities.

The improved operating result of Netherlands Non-life was supported by favourable claims experience in P&C. Investment Management's operating result improved driven by higher fee income as AuM grew, while increased mortgage production and higher customer savings led to a higher net interest margin at NN Bank.

The operating result of Netherlands Life decreased to EUR 157 million from EUR 192 million in the fourth quarter of 2013, which included favourable non-recurring items. Excluding these items, the Netherlands Life operating result declined 9.2% due to the run-off of the individual life closed book, structurally lower fee income on the unit-linked portfolio and the decrease in interest rates impacting the unit-linked guarantee provisions, partly offset by a higher investment margin. Insurance Europe's operating result decreased largely due to the impact of an investment performance bonus received in the fourth quarter of 2013 and the impact of the pension reforms, both in Poland. The operating result of Japan Life decreased to EUR 12 million from EUR 15 million in the fourth quarter of 2013, due to a decrease in the technical margin, partly compensated by higher fees and premium-based revenues on strong sales and larger in-force volumes.

The full-year 2014 operating result of the ongoing business increased to EUR 1,086 million, up 20.0% from 2013, reflecting lower administrative expenses in the Netherlands as a result of the transformation programme and lower funding costs. In 2014, NN Group successfully issued two subordinated loans in a favourable fixed income market and thereby secured attractive funding costs. In combination with reduced debt levels, this translated into lower funding costs for the company. Improved results at Netherlands Non-life, the reinsurance business, NN Bank and Investment Management also contributed to the increased operating result, offset by lower operating income in Netherlands Life, Insurance Europe as well as by currency impacts at Japan Life.

Result before tax

The fourth-quarter 2014 result before tax from continuing operations increased to EUR 269 million compared with EUR -304 million in the fourth quarter of 2013, which included a EUR 575 million charge to restore reserve adequacy of the Japan Closed Block VA to the 50% confidence level. The fourth quarter of 2013 also included a EUR 177 million negative impact from the refinement of the market interest rate assumption to further align the accounting and the hedging for the separate account pension contracts in the Netherlands.

Gains/losses and impairments were EUR 5 million compared with EUR 29 million in the fourth quarter of 2013, which included a EUR 48 million gain on the sale of government bonds in Insurance Europe, partly offset by a loss on the sale of debt securities in Netherlands Life. Revaluations amounted to EUR 21 million, compared with EUR 15 million in the fourth quarter of 2013. The current quarter reflects positive revaluations on real estate investments, partly offset by negative revaluations on private equity. Market and other impacts amounted to EUR 67 million compared with EUR -161 million in the fourth quarter of 2013. The result in the current quarter reflects the movement in the provision for guarantees on separate account pension contracts (net of hedging) in Netherlands Life following assumption updates, partially offset by a negative hedge result. Market and other

impacts in the fourth quarter of 2013 largely reflected the aforementioned EUR 177 million negative impact from the refinement of the market interest rate assumption for separate account pension contracts in the Netherlands.

The result before tax of Japan Closed Block VA was EUR -24 million compared with EUR -423 million in the fourth quarter of 2013. The current quarter included a EUR -39 million market related result net of hedging while the fourth quarter of 2013 reflected the aforementioned EUR 575 million charge taken to restore reserve adequacy.

The Insurance Other segment ceased to exist as of 1 January 2014. The EUR 4 million loss in the fourth quarter of 2013 related to shareholder expenses of ING Group that were allocated to NN Group.

Special items amounted to EUR -58 million compared with EUR -29 million in the fourth quarter of 2013. Special items in the current quarter reflect expenses for the transformation programme in the Netherlands and expenses related to the operational and legal entity rebranding of NN Group's subsidiaries to "NN".

The full-year 2014 result before tax from continuing operations increased to EUR 762 million compared with EUR 364 million in 2013 which included the aforementioned EUR 575 million charge in Japan Closed Block VA and a EUR 177 million negative impact from the refinement of the market interest rate assumption in Netherlands Life. The increase was driven by the improved operating result of the ongoing business, offset by the EUR -541 million impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

Net result

The net result from continuing operations improved to EUR 205 million from EUR -166 million in the fourth quarter of 2013. The effective tax rate in the fourth quarter of 2014 was 23%. The net result from continuing operations for full-year 2014 increased to EUR 628 million, compared with EUR 310 million in 2013. The effective tax rate for 2014 was 18%.

The net result from discontinued operations was EUR 1 million versus EUR 17 million in the fourth quarter of 2013. In July 2013, the investment management business in South Korea was agreed to be sold to Macquarie Group. The transaction closed on 2 December 2013. In the fourth quarter of 2014, a provision was recognised following a claim letter that NN Group received from Macquarie Group under the share purchase agreement. The fourth quarter of 2014 also reflects the gain on sale of NN Group's 50% stake in ING-BOB Life Insurance Company which was closed on 30 December 2014, as well as a release of a provision related to past divestments.

Sales and Value of New Business

Total new sales (APE) at NN Group were EUR 264 million, down 8.0% from the fourth quarter of 2013 on a constant currency basis. New sales (APE) declined 60.7% in Netherlands Life, as the fourth quarter of 2013 included accelerated conversion of group pension contracts to a new defined benefit pension product. This was partially mitigated by sales growth of 16.1% in Japan Life, driven by higher agency productivity and channel diversification. At Insurance Europe, fourth-quarter 2014 sales were stable as higher life sales were offset by lower pension sales. Total new sales for full-year 2014 amounted to EUR 1,315 million, up 12.9% from 2013 on a constant currency basis, driven by higher sales in Netherlands Life (10.3%), Insurance Europe (7.7%) and Japan Life (20.1%).

Value of New Business (VNB) for 2014 amounted to EUR 196 million, up 51.9% from EUR 129 million in 2013. The increase largely reflects the renewal of a few large group life contracts on more favourable terms at Netherlands Life and higher sales in Japan Life. The internal rate of return (IRR) on new sales increased to 10.8% in 2014 from 9.7% in 2013, in line with the improved VNB.

Net operating Return On Equity (ROE)

The net operating ROE for the ongoing business of NN Group improved to 7.6% compared with 7.4% in the fourth quarter of 2013, largely attributable to the higher net operating result. The adjusted average allocated equity base also increased following the EUR 1 billion debt-to-equity conversion at the end of the fourth quarter of 2013 and a EUR 850 million capital injection from ING Group in the second quarter of 2014.

For full-year 2014, the net operating ROE for the ongoing business of NN Group decreased to 8.6% from 8.9% in 2013, as the increase of the adjusted average allocated equity base from the aforementioned capital transactions was proportionally higher than the growth of the net operating result.



Other events

Proposal to appoint KPMG Accountants as auditor

NN Group will propose to the 2015 AGM the appointment of KPMG Accountants N.V. as its auditor. Under Dutch legislation, NN Group is required to change its auditor as of 1 January 2016. The nomination of KPMG is the result of a thorough process overseen by the Audit Committee of the Supervisory Board, in accordance with the NN Group policy on Auditor's Independence.

If the AGM appoints KPMG, it will perform the audit of NN Group starting with the 2016 financial year. The audit of the 2015 annual accounts will be performed by Ernst & Young Accountants LLP (EY), NN Group's current auditor.

NN Group to acquire the remaining 20% stake in the Polish Pension fund

NN Group reached an agreement with ING Bank Slaski to acquire the remaining 20% stake in the Polish Pension fund, Powszechnie Towarzystwo Emerytalne S.A (ING PTE) in which NN Group currently holds 80% of the shares for a consideration of PLN 210 million (approximately EUR 48 million at current exchange rates). As previously announced, the parties entered into a non-binding agreement in May 2014, in line with the EC restructuring plan which requires ING to divest its insurance and investment management businesses. The purchase price is supported by a fairness opinion and is subject to adjustments for dividends paid before closing the transaction. The transaction is subject to regulatory approval and is expected to close by the third quarter of 2015.

ING PTE manages the second pillar open-ended pension fund ING Otwarty Fundusz Emerytalny (ING OFE), which is among the leaders in the pension funds market in Poland, and the open-ended third-pillar voluntary pension fund ING Dobrowolny Fundusz Emerytalny. Total assets managed by ING PTE were EUR 8.4 billion as at 31 December 2014.

Netherlands Life

- Operating result decreased to EUR 157 million from EUR 192 million in the fourth quarter of 2013, mainly due to a lower technical margin partly offset by a higher investment margin
- Result before tax increased to EUR 235 million from EUR 53 million in the fourth quarter of 2013 driven by an improvement of non-operating items
- Full-year 2014 operating result decreased to EUR 615 million from EUR 709 million in 2013, impacted by a lower technical margin and lower fees and premium based revenues, partly compensated by a higher investment margin
- Full-year 2014 administrative expenses down 3.2% to EUR 457 million
- NN Life's Solvency I ratio increased to 260%, compared with 252% at the end of the third quarter of 2014, supported by market movements, offset by the deduction of a dividend of EUR 350 million paid in February 2015

In EUR million	4Q14	4Q13	Change	FY14	FY13	Change
Analysis of results						
Investment margin	175	145	20.7%	630	557	13.1%
Fees and premium-based revenues	95	94	1.1%	404	461	-12.4%
Technical margin	15	84	-82.1%	102	237	-57.0%
Operating income non-modelled business	0	0		0	0	
Operating income	285	322	-11.5%	1,136	1,255	-9.5%
Administrative expenses	114	114	0.0%	457	472	-3.2%
DAC amortisation and trail commissions	14	16	-12.5%	64	75	-14.7%
Expenses	128	131	-2.3%	521	547	-4.8%
Operating result	157	192	-18.2%	615	709	-13.3%
Non-operating items	88	-158		115	-345	
of which gains/losses and impairments	0	-18		-62	-43	
of which revaluations	23	21	9.5%	139	27	414.8%
of which market & other impacts	65	-161		38	-329	
Special items before tax	-10	14	-171.4%	-352	-22	
Result on divestments	0	6	-100.0%	0	6	-100.0%
Result before tax	235	53	343.4%	377	347	8.6%
Taxation	52	9	477.8%	41	65	-36.9%
Minority interests	7	4	75.0%	9	6	50.0%
Net result	176	40	340.0%	327	276	18.5%
New business						
Single premiums	99	178	-44.4%	649	610	6.4%
Regular premiums	14	44	-68.2%	182	163	11.7%
New sales life insurance (APE)	24	61	-60.7%	247	224	10.3%
Value of new business				25	-53	
Internal rate of return				10.5%	4.5%	
Key figures						
Gross premium income	492	573	-14.1%	3,084	3,240	-4.8%
Total administrative expenses	114	114	0.0%	457	472	-3.2%
Cost/income ratio (Administrative expenses/Operating income)	40.0%	35.4%		40.2%	37.6%	
Life general account invested assets ¹⁾	58	55	5.5%	58	55	5.5%
Investment margin/Life general account invested assets (bps) ²⁾	111	104				
Total provisions for insurance & investment contracts ¹⁾	73	65	12.3%	73	65	12.3%
of which for risk policyholder ¹⁾	20	18	11.1%	20	18	11.1%
Allocated equity (end of period)	14,255	9,491	50.2%	14,255	9,491	50.2%
Net operating ROE	7.3%	8.1%		7.7%	8.3%	
NN Life Solvency I ratio ³⁾	260%	223%		260%	223%	
Employees (FTEs, end of period)	2,174	2,571	-15.4%	2,174	2,571	-15.4%

1) End of period, in EUR billion

2) Four-quarter rolling average

3) The 2014 solvency ratios are not final until filed with the regulators

The operating result of Netherlands Life decreased to EUR 157 million from EUR 192 million in the fourth quarter of 2013 which included favourable non-recurring items. Excluding these items, the operating result declined 9.2% due to the run-off of the individual life closed book, structurally lower fee income on the unit-linked portfolio and a decrease in interest rates impacting the unit-linked guarantee provisions, partly offset by a higher investment margin.

The investment margin increased to EUR 175 million from EUR 145 million in the fourth quarter of 2013, supported by a EUR 23 million private equity dividend. The positive effects of an increased allocation to higher-yielding assets and higher invested volumes also contributed to the increase. These effects were partly offset by EUR 14 million of interest expenses on two subordinated loans provided by NN Group to NN Life.

Fees and premium-based revenues were flat at EUR 95 million compared with EUR 94 million in the fourth quarter of 2013, which included a EUR -22 million non-recurring adjustment following an alignment of reserving rates with the premium increases. Excluding this adjustment, fees and premium-based revenues declined 18.1% reflecting the individual life closed book run-off and the structural lower fee income on the unit-linked portfolio.

The technical margin decreased to EUR 15 million from EUR 84 million in the fourth quarter of 2013, which included EUR 41 million of non-recurring benefits primarily related to a provision release. The fourth quarter of 2014 reflects a EUR 19 million increase in the unit-linked guarantee provision due to a decrease in interest rates, as well as lower mortality results.

Administrative expenses were EUR 114 million, flat compared with the fourth quarter of 2013 which included a release of personnel provisions which have been reallocated to the segment 'Other' as of the third quarter of 2014. Excluding the impact of this provision release, administrative expenses were down 6.1%, mainly reflecting the effects of the transformation programme in the Netherlands. DAC amortisation and trail commissions decreased to EUR 14 million from EUR 16 million in the fourth quarter of 2013, reflecting the gradual run-off of the individual life closed book and regulatory changes.

The result before tax was EUR 235 million compared with EUR 53 million in the fourth quarter of 2013. The lower operating result was more than offset by higher non-operating results. Revaluations were EUR 23 million, reflecting higher real estate revaluations. Market and other impacts were EUR 65 million, reflecting a movement in the provision for guarantees on separate account pension contracts (net of hedging) following assumption updates partially offset by a negative hedge result. The fourth quarter of 2013 included a EUR -177 million impact from the refinement of the market interest rate assumption for the separate account pension business.

New sales (APE) decreased to EUR 24 million from EUR 61 million in the fourth quarter of 2013, which reflected the accelerated conversion of group pension contracts to defined benefit pension products.

Netherlands Life's full-year 2014 operating result declined to EUR 615 million from EUR 709 million in 2013, due to a lower technical margin and lower fees and premium based revenues, partly compensated by a higher investment margin and lower administrative expenses. The technical margin was adversely impacted by the movement in the unit-linked guarantee provisions; these provisions increased by EUR 43 million in 2014 following a decrease in interest rates, whereas the technical margin in 2013 benefited from a decrease of EUR 24 million in these provisions. In addition, the technical margin in 2014 includes a EUR 20 million one-off negative impact on a legacy book of paid-up pension contracts, whereas 2013 included EUR 41 million non-recurring benefits primarily related to a provision release. The lower fees and premium-based revenues reflect the individual life closed book run-off and structurally lower fee income on the unit-linked portfolio. These items were partly compensated by a higher investment margin driven by increased allocation to higher-yielding assets, higher invested volumes and EUR 43 million private equity dividends, as well as lower administrative expenses.

The full-year 2014 result before tax was EUR 377 million compared with EUR 347 million in 2013. The non-operating items improved to EUR 115 million compared with EUR -345 million in 2013, which included a EUR -177 million impact from the refinement of the market interest rate assumption for the separate account pension business. Higher revaluations on real estate investments also contributed to the improved non-operating items. This was partly offset by a lower operating result and a special item of EUR -322 million related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. New sales (APE) in 2014 increased to EUR 247 million from EUR 224 million in 2013 mainly driven by higher group pension renewals, partly offset by lower individual life sales. The Value of New Business (VNB) for Netherlands Life improved from EUR -53 million in 2013 to EUR 25 million in 2014, largely reflecting the renewal of a few large group life contracts on more favourable terms. Consequently, the internal rate of return (IRR) increased from 4.5% in 2013 to 10.5% in 2014.

Netherlands Non-life

- Operating result increased to EUR 35 million from EUR 12 million in the fourth quarter of 2013, mainly driven by improved results in P&C and lower expenses
- Full-year 2014 operating result improved to EUR 128 million, up 62.0% from 2013, mainly driven by expense reductions and an improved underwriting performance in D&A
- The combined ratio improved to 99.4% from 103.6% in the fourth quarter of 2013; the full-year 2014 combined ratio improved to 99.4% from 101.5% in 2013

In EUR million	4Q14	4Q13	Change	FY14	FY13	Change
Analysis of results						
Earned premiums	377	384	-1.8%	1,525	1,546	-1.4%
Investment income	31	29	6.9%	114	115	-0.9%
Other income	1	-2		0	-17	
Operating income	409	410	-0.2%	1,640	1,644	-0.2%
Claims incurred, net of reinsurance	259	279	-7.2%	1,049	1,077	-2.6%
Acquisition costs	59	57	3.5%	245	241	1.7%
Administrative expenses	57	61	-6.6%	222	251	-11.6%
Acquisition costs and administrative expenses	116	119	-2.5%	467	492	-5.1%
Expenditure	375	398	-5.8%	1,516	1,569	-3.4%
Operating result insurance businesses	34	13	161.5%	123	75	64.0%
Operating result broker businesses	1	-1		4	4	0.0%
Total operating result	35	12	191.7%	128	79	62.0%
Non-operating items	0	7	-100.0%	10	4	150.0%
of which gains/losses and impairments	0	2	-100.0%	-3	-1	
of which revaluations	0	5	-100.0%	14	5	180.0%
of which market & other impacts	0	0		0	0	
Special items before tax	-6	6	-200.0%	-97	-16	
Result on divestments	0	0		0	0	
Result before tax	29	25	16.0%	41	66	-37.9%
Taxation	6	5	20.0%	4	14	-71.4%
Minority interests	0	0		0	0	
Net result	23	20	15.0%	38	53	-28.3%
Key figures						
Gross premium income	239	240	-0.4%	1,566	1,582	-1.0%
Total administrative expenses	76	82	-7.3%	294	332	-11.4%
Combined ratio ¹⁾	99.4%	103.6%		99.4%	101.5%	
of which Claims ratio ¹⁾	68.7%	72.7%		68.8%	69.7%	
of which Expense ratio ¹⁾	30.7%	30.9%		30.6%	31.8%	
Total insurance provisions ²⁾	3	3	0.0%	3	3	0.0%
Allocated equity (end of period)	760	734	3.5%	760	734	3.5%
Net operating ROE	27.3%	5.8%		23.3%	13.3%	
Employees (FTEs, end of period)	1,708	1,999	-14.6%	1,708	1,999	-14.6%

1) Excluding Mandema and Zicht broker businesses

2) End of period, in EUR billion



The operating result of Netherlands Non-life increased to EUR 35 million from EUR 12 million in the fourth quarter of 2013, driven by a favourable claims experience in P&C and lower expenses.

The combined ratio improved to 99.4% from 103.6% in the fourth quarter of 2013 as a result of an improved claims experience in P&C, in particular in Fire.

The operating result in D&A decreased to EUR 21 million from EUR 30 million in the fourth quarter of 2013, which included substantially higher results on prior accident years. The fourth-quarter 2014 results on prior accident years reflect a more normal level, resulting in a D&A combined ratio of 101.4% compared with 94.0% in the fourth quarter of 2013.

The improved operating result in P&C was driven by a favourable claims development in the fourth quarter, which saw mild weather conditions and a limited number of large claims, whereas the fourth quarter of 2013 was impacted by EUR 13 million of claims related to severe storms and large Fire claims of EUR 10 million. Furthermore, administrative expenses in P&C decreased compared with the fourth quarter of 2013, driven by the effects of the transformation programme and ongoing cost reduction efforts. The combined ratio of P&C improved to 97.8% from 110.9% in the fourth quarter of 2013.

The result before tax increased to EUR 29 million from EUR 25 million in the fourth quarter of 2013. The improved operating result was partly offset by lower revaluations on private equity and the impact of special items related to the transformation programme.

The operating result of Netherlands Non-life for full-year 2014 increased to EUR 128 million from EUR 79 million in 2013. This was driven by an 11.4% decrease in administrative expenses from EUR 332 million to EUR 294 million as a result of the transformation programme in the Netherlands. Results in D&A improved, driven by the effects of the recovery plan as well as by a favourable claims development on prior accident years. Operating results in P&C improved slightly as the impact of large and weather-related claims in Fire and Motor was larger in 2013 than in 2014. As a result, the full-year 2014 combined ratio improved to 99.4% from 101.5% in 2013.

The full-year 2014 result before tax decreased to EUR 41 million compared with EUR 66 million in 2013, as the increase in operating result was more than offset by a special item of EUR -82 million in 2014 related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

Insurance Europe

- Operating result decreased to EUR 40 million from EUR 48 million in the fourth quarter of 2013, mainly reflecting the impact of the pension reforms and an investment performance bonus received in the fourth quarter of 2013, both in Poland
- Full-year 2014 operating result was EUR 176 million, down 11.6% from 2013, due to a lower investment margin and the impact of the pension reforms in Poland
- New sales (APE) were flat compared with the fourth quarter of 2013; for full-year 2014, new sales were up 7.7% from 2013, excluding currency effects, driven by higher life sales

In EUR million	4Q14	4Q13	Change	FY14	FY13	Change
Analysis of results						
Investment margin	21	25	-16.0%	90	105	-14.3%
Fees and premium-based revenues	132	133	-0.8%	518	507	2.2%
Technical margin	49	49	0.0%	194	191	1.6%
Operating income non-modelled business	1	5	-80.0%	4	20	-80.0%
Operating income Life Insurance	203	211	-3.8%	806	824	-2.2%
Administrative expenses	84	77	9.1%	310	310	0.0%
DAC amortisation and trail commissions	77	89	-13.5%	322	319	0.9%
Expenses Life Insurance	161	166	-3.0%	632	630	0.3%
Operating result Life Insurance	42	46	-8.7%	174	194	-10.3%
Non-life operating result	-2	2	-200.0%	1	5	-80.0%
Operating result	40	48	-16.7%	176	199	-11.6%
Non-operating items	0	47	-100.0%	66	53	24.5%
of which gains/losses and impairments	-3	48	-106.3%	21	55	-61.8%
of which revaluations	0	-1		1	-3	
of which market & other impacts	2	0		44	0	
Special items before tax	-12	-3		-32	-9	
Result on divestments	-2	0		-2	0	
Result before tax	26	91	-71.4%	207	243	-14.8%
Taxation	1	34	-97.1%	46	77	-40.3%
Minority interests	2	3	-33.3%	14	9	55.6%
Net result	23	54	-57.4%	146	156	-6.4%
New business						
Single premiums	341	303	12.5%	1,094	1,005	8.9%
Regular premiums	105	110	-4.5%	418	410	2.0%
New sales life insurance (APE)	140	140	0.0%	528	510	3.5%
Value of new business				78	96	-18.8%
Internal rate of return				9.3%	9.7%	
Key figures						
Gross premium income	618	646	-4.3%	2,327	2,344	-0.7%
Total administrative expenses	90	80	12.5%	331	323	2.5%
Cost/income ratio (Administrative expenses/Operating income)	40.5%	34.8%		37.7%	36.3%	
Life general account invested assets ¹⁾	11	12	-8.3%	11	12	-8.3%
Investment margin/Life general account invested assets (bps) ²⁾	76	80				
Total provisions for insurance & investment contracts ¹⁾	19	19	0.0%	19	19	0.0%
of which for risk policyholder ¹⁾	7	7	0.0%	7	7	0.0%
Assets under management pensions ¹⁾³⁾	14	23	-39.1%	14	23	-39.1%
Allocated equity (end of period)	2,103	1,898	10.8%	2,103	1,898	10.8%
Net operating ROE	8.0%	7.2%		8.4%	8.2%	
Employees (FTEs, end of period)	4,085	4,016	1.7%	4,085	4,016	1.7%

1) End of period, in EUR billion

2) Four-quarter rolling average

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



The operating result of Insurance Europe was EUR 40 million, down from EUR 48 million in the fourth quarter of 2013, which included an investment performance bonus in Poland. The current quarter reflects a lower investment margin and the impact of the pension reforms in Poland. This was partly mitigated by higher fees and premium-based revenues in Belgium, Spain and Romania.

The investment margin was EUR 21 million, down from EUR 25 million in the fourth quarter of 2013, due to lower reinvestment rates and lower invested volumes.

Fees and premium-based revenues decreased to EUR 132 million, from EUR 133 million in the fourth quarter of 2013 which included an investment performance bonus in Poland. The reclassification from operating income non-modelled business to fees and premium-based revenues in Turkey, higher life sales in Belgium and Spain and higher pension inflows in Romania, were partly offset by the negative impact of the pension reforms in Poland.

The technical margin was stable at EUR 49 million. The current quarter includes the positive impact of the reclassification from operating income non-modelled business to the technical margin in Turkey, as well as higher morbidity results in Greece, whilst the fourth quarter of 2013 reflected the reclassification of the crisis tax to DAC amortisation and trail commissions in Belgium.

Administrative expenses increased to EUR 84 million compared with EUR 77 million in the fourth quarter of 2013, reflecting a EUR 4 million write-off of receivables in Turkey and higher project expenses across the region.

DAC amortisation and trail commissions decreased to EUR 77 million from EUR 89 million in the fourth quarter of 2013, reflecting the aforementioned reclassification of the crisis tax in Belgium from the technical margin to DAC amortisation and trail commissions.

The result before tax decreased to EUR 26 million from EUR 91 million in the fourth quarter of 2013, which included a EUR 48 million gain on the sale of Dutch and German government bonds in Belgium. Special items before tax were EUR 12 million, reflecting rebranding expenses across the region and disentanglement expenses in Belgium.

New sales (APE) were EUR 140 million, stable compared with the fourth quarter of 2013. Higher life sales in most countries were fully offset by lower pension sales.

The full-year 2014 operating result of Insurance Europe was EUR 176 million compared with EUR 199 million for 2013. The lower investment margin and the impact of the pension reforms in Poland were only partly compensated by higher fees and premium-based revenues. The result before tax declined to EUR 207 million from EUR 243 million in 2013, reflecting the lower operating result and higher special items.

The full-year 2014 new sales (APE) increased to EUR 528 million from EUR 510 million in 2013, driven by higher life sales.

Value of new business (VNB) for 2014 declined to EUR 78 million from EUR 96 million in 2013, largely reflecting a negative impact from refinements to persistency assumptions and expense overruns in Turkey, a non-recurring commission overrun in Poland, lower interest rates and currency impacts. These impacts were partially offset by higher volumes and improved quality of sales, reflecting repricing actions, commission changes and a better business mix. The internal rate of return (IRR) on new sales correspondingly decreased to 9.3% in 2014 from 9.7% in 2013.

Japan Life

- Operating result of EUR 12 million, down from EUR 15 million in the fourth quarter of 2013, reflecting a lower technical margin partly offset by higher fees and premium-based revenues
- Full-year 2014 operating result was EUR 140 million, down 4.2% year-on-year excluding currency effects, reflecting a decrease in both the investment margin and technical margin
- Higher agency productivity and channel diversification supported a 16.1% increase in new sales (APE) in the fourth quarter of 2014; full-year 2014 new sales (APE) were up 20.1%, both excluding currency effects

In EUR million	4Q14	4Q13	Change	FY14	FY13	Change
Analysis of results¹⁾						
Investment margin	0	1	-100.0%	-2	7	-128.6%
Fees and premium-based revenues	89	81	9.9%	437	436	0.2%
Technical margin	-13	-3		-13	2	
Operating income non-modelled business	0	0		0	0	
Operating income	76	79	-3.8%	422	445	-5.2%
Administrative expenses	26	28	-7.1%	97	106	-8.5%
DAC amortisation and trail commissions	38	36	5.6%	185	177	4.5%
Expenses	64	64	0.0%	282	283	-0.4%
Operating result	12	15	-20.0%	140	161	-13.0%
Non-operating items	4	-2		1	30	-96.7%
of which gains/losses and impairments	5	-1		3	42	-92.9%
of which revaluations	-1	-1		-2	-11	
of which market & other impacts	0	0		0	0	
Special items before tax	-1	0		-2	0	
Result on divestments	0	0		0	0	
Result before tax	14	13	7.7%	139	192	-27.6%
Taxation	5	7	-28.6%	48	71	-32.4%
Minority interests	0	0		0	0	
Net result	9	6	50.0%	91	121	-24.8%
New business¹⁾						
Single premiums	7	23	-69.6%	48	126	-61.9%
Regular premiums	100	88	13.6%	536	480	11.7%
New sales life insurance (APE)	100	90	11.1%	541	493	9.7%
Value of new business				93	86	8.1%
Internal rate of return				14.3%	17.3%	
Key figures¹⁾						
Gross premium income	462	444	4.1%	2,323	2,322	0.0%
Total administrative expenses	26	28	-7.1%	97	106	-8.5%
Cost/income ratio (Administrative expenses/Operating income)	34.2%	35.4%		23.0%	23.8%	
Life general account invested assets ²⁾	9	8	12.5%	9	8	12.5%
Total provisions for insurance & investment contracts ²⁾	8	7	14.3%	8	7	14.3%
of which for risk policyholder ²⁾	0	0		0	0	
Allocated equity (end of period)	1,579	1,259	25.4%	1,579	1,259	25.4%
Net operating ROE	2.5%	2.4%		7.9%	8.4%	
Employees (FTEs, end of period)	614	637	-3.6%	614	637	-3.6%

1) JPY/EUR average quarterly fx rates: 142.83 (4Q2014), 137.46 (4Q2013) and JPY/EUR end of period fx rates: 145.12 (4Q2014), 144.66 (4Q2013)

2) End of period, in EUR billion



The operating result of Japan Life was down to EUR 12 million from EUR 15 million in the fourth quarter of 2013, reflecting a lower technical margin partly offset by higher fees and premium-based revenues.

The investment margin was EUR 0 million compared with EUR 1 million in the fourth quarter of 2013, due to lower interest rates on reinvested assets, as well as the impact of capital gains realised due to asset rebalancing in 2013, which lowered subsequent investment income.

Fees and premium-based revenues were EUR 89 million, up 14.1% from the fourth quarter of 2013, excluding currency effects, driven by higher sales and larger in-force volumes.

The technical margin decreased to EUR -13 million from EUR -3 million in the fourth quarter of 2013, mainly due to a lower result on surrenders.

Administrative expenses were EUR 26 million, down 3.7% compared with the fourth quarter of 2013, on a constant currency basis.

DAC amortisation and trail commissions were EUR 38 million, up 8.6% compared with the fourth quarter of 2013, excluding currency effects, due to higher premium income.

The result before tax was EUR 14 million, compared with EUR 13 million in the fourth quarter of 2013. The fourth quarter in 2014 benefitted from EUR 5 million in capital gains from the sale of fixed income investments, partly offset by the lower operating result.

New sales (APE) increased to EUR 100 million, up 16.1% from the fourth quarter of 2013, excluding currency effects, driven by higher agency productivity and channel diversification.

The full-year operating result of Japan Life for 2014 was EUR 140 million compared with EUR 161 million for 2013, down 4.2% excluding currency effects, reflecting a decrease in both the investment margin and the technical margin. The investment margin declined EUR 9 million due to lower interest rates on reinvested assets, as well as the impact of capital gains realised due to asset rebalancing in 2013, which lowered subsequent investment income. Fees and premium-based revenues increased 10.3%, excluding currency effects, driven by higher sales and larger in-force volumes, partially offset by higher DAC amortisation and trail commissions. Administrative expenses decreased to EUR 97 million, reflecting a EUR 6 million one-off benefit from a change in pension liability. The full-year result before tax for 2014 was EUR 139 million compared with EUR 192 million for 2013 which included the aforementioned realised capital gains due to asset rebalancing.

For full-year 2014, new sales (APE) increased to EUR 541 million from EUR 493 million in 2013, due to improved business sentiment, higher agency productivity and channel diversification.

The value of new business (VNB) for 2014 increased to EUR 93 million, from EUR 86 million in 2013, reflecting higher sales partially offset by lower interest rates. The internal rate of return (IRR) on new sales in 2014 decreased to 14.3% from 17.3% in 2013, due to lower interest rates and a change in reinsurance arrangements.

Investment Management

- Total Assets under Management (AuM) increased to EUR 186 billion from EUR 180 billion during the fourth quarter driven by strong market performance
- Operating result increased to EUR 41 million from EUR 28 million in the fourth quarter of 2013 due to fees earned on higher AuM and a more favourable asset mix, partly offset by higher expenses
- Full-year 2014 operating result was EUR 158 million, up 21.5% from 2013, mainly driven by higher fee income on AuM growth

In EUR million	4Q14	4Q13	Change	FY14	FY13	Change
Analysis of results						
Investment income	0	0		0	1	-100.0%
Fees	129	111	16.2%	486	444	9.5%
Operating income	129	111	16.2%	486	445	9.2%
Administrative expenses	88	83	6.0%	328	314	4.5%
Operating result	41	28	46.4%	158	130	21.5%
Non-operating items	0	0		0	0	
of which gains/losses and impairments	0	0		0	0	
of which revaluations	0	0		0	0	
of which market & other impacts	0	0		0	0	
Special items before tax	-2	0		-124	0	
Result on divestments	0	0		-2	0	
Result before tax	38	28	35.7%	31	131	-76.3%
Taxation	10	8	25.0%	5	34	-85.3%
Minority interests	0	0		0	0	
Net result¹⁾	29	20	45.0%	26	97	-73.2%
Key figures						
Total administrative expenses	88	83	6.0%	328	314	4.5%
Cost/income ratio (Administrative expenses/Operating income)	68.2%	74.8%		67.5%	70.6%	
Net inflow Assets under Management (in EUR billion)	0	-3		-11	-10	
Assets under Management ²⁾	186	174	6.9%	186	174	6.9%
Fees/average Assets under Management (bps)	28	25		27	25	
Allocated equity (end of period)	386	359	7.5%	386	359	7.5%
Net operating ROE	31.5%	22.2%		32.4%	26.7%	
Employees (FTEs, end of period)	1,151	1,134	1.5%	1,151	1,134	1.5%

1) Excluding the Net result from discontinued operations

2) End of period, in EUR billion

In EUR billion	4Q2014	FY2014
AUM rollforward		
Beginning of period	180	174
Net inflow	0	-11
Acquisition / Divestments	0	2
Market performance (incl. FX Impact) and Other	6	21
End of period	186	186



Total AuM at Investment Management were EUR 186 billion at the end of the fourth quarter of 2014, up from EUR 180 billion at the end of the third quarter. The increase in the current quarter reflects strong market performance. Total AuM at the end of the fourth quarter were up 6.9% from EUR 174 billion at the end of 2013, driven by positive market performance which was partly offset by the partial outflow of assets managed for the ING Pension Fund in the first quarter of 2014.

The fourth-quarter 2014 operating result increased 46.4% to EUR 41 million from EUR 28 million in the fourth quarter of 2013, driven by higher income partly offset by higher expenses.

Fees were EUR 129 million, up 16.2% compared with the fourth quarter of 2013, as a result of higher AuM and a more favourable asset mix. The increase in fees also reflects the introduction of a fixed service fee in the Netherlands as of January 2014, as well as EUR 4 million non-recurring fee income.

Administrative expenses were EUR 88 million, up 6.0% from the fourth quarter of 2013 due to the introduction of the fixed service fee in 2014 (with an offsetting impact in fee revenues), as well as higher staff and IT expenses.

The result before tax was EUR 38 million, up 35.7% from the fourth quarter of 2013, almost fully attributable to the higher operating result.

The operating result of Investment Management for full-year 2014 was EUR 158 million, up 21.5% from 2013. Positive market performance led to higher AuM and as a consequence to higher fee income, which was partly offset by higher expenses. Administrative expenses in the first two quarters of 2014 benefited from EUR 10 million of personnel provision releases.

The full-year 2014 result before tax was EUR 31 million compared with EUR 131 million in 2013, as 2014 included a special item of EUR -122 million related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

Other

- Operating result improved to EUR -24 million from EUR -73 million in the fourth quarter of 2013, mainly due to lower holding expenses, lower funding costs, higher investment income and a higher operating result at NN Bank
- NN Bank increased its net interest result as a result of higher volumes of mortgages and savings

In EUR million	4Q14	4Q13	Change	FY14	FY13	Change
Analysis of results						
Interest on hybrids and debt	-26	-33		-122	-167	
Investment income and fees	16	0		50	8	
Holding expenses	-24	-46		-123	-183	
Amortisation of intangible assets	-2	-2		-7	-7	
Holding result	-36	-81		-201	-348	
Operating result reinsurance business	4	5	-20.0%	31	-15	
Operating result NN Bank	7	-1		27	-11	
Other results	1	3	-66.7%	13	1	
Operating result	-24	-73		-130	-373	
Non-operating items	2	-11		6	29	-79.3%
of which gains/losses and impairments	3	-2		14	44	-68.2%
of which revaluations	-1	-9		-8	-14	
of which market & other impacts	0	0		0	0	
Special items before tax	-27	-45		-80	-79	
Result on divestments	0	7	-100.0%	6	-50	
Result before tax	-49	-123		-198	-473	
Taxation	3	-43		-18	-93	
Minority interests	0	0		0	0	
Net result	-52	-80		-180	-380	
Key figures						
Total administrative expenses	60	74	-18.9%	251	259	-3.1%
of which reinsurance business	4	2	100.0%	13	11	18.2%
of which NN Bank	31	24	29.2%	112	52	115.4%
NN Bank common equity Tier 1 ratio phased in	14.1%	16.4%		14.1%	16.4%	
Total assets NN Bank ¹⁾	9	7	28.6%	9	7	28.6%
Total provisions for insurance and investment contracts ¹⁾	1	1	0.0%	1	1	0.0%
Employees (FTEs, end of period)	1,838	1,777	3.4%	1,838	1,777	3.4%

1) End of period, in EUR billion



The operating result of the segment 'Other' improved to EUR -24 million from EUR -73 million in the fourth quarter of 2013, reflecting lower holding expenses, lower funding costs, higher investment income and a higher operating result at NN Bank.

The holding result improved to EUR -36 million compared with EUR -81 million in the fourth quarter of 2013. Interest costs on hybrids and debt were EUR 7 million lower, mainly following the refinancing of loans and the redemption of hybrid debt using the proceeds of the undated subordinated notes issued in July 2014 which are classified as equity under IFRS. The interest on the undated notes is recognised through equity while the interest on the hybrid debt redeemed with these notes was recognised in the profit and loss account. Investment income increased to EUR 16 million and includes interest income on the two subordinated loans provided by NN Group to NN Life in the first half of 2014. Holding expenses decreased to EUR 24 million, reflecting the transformation programme in the Netherlands and a EUR 7 million release of personnel provisions for retired personnel in the Netherlands.

The operating result of the reinsurance business remained stable at EUR 4 million.

The operating result of NN Bank increased to EUR 7 million from EUR -1 million in the fourth quarter of 2013. NN Bank has been successful in the past year in increasing its production of mortgages and attracting customer savings, leading to a higher net interest margin, partly offset by higher expenses supporting its continued growth. From 2015, NN Bank will incur additional expenses, estimated at approximately EUR 10 million on a full-year basis, as a result of the revised Deposit Guarantee Scheme in the Netherlands.

The result before tax improved to EUR -49 million compared with EUR -123 million in the fourth quarter of 2013, mainly driven by the improved operating result and lower special items.

Total administrative expenses were EUR 60 million in the fourth quarter of 2014, down EUR 14 million compared with the fourth quarter of 2013. Holding expenses were down EUR 22 million, offset by EUR 7 million higher expenses at NN Bank.

The operating result of the segment 'Other' for full-year 2014 improved substantially to EUR -130 million from EUR -373 million in 2013. The improved holding result of EUR -201 million was favourably impacted by lower interest costs on hybrids and debt, following a lower amount of debt outstanding and the refinancing of external debt, as well as the interest income on the subordinated loans provided by NN Group to NN Life and lower holding expenses. The operating result of the reinsurance business improved to EUR 31 million from EUR -15 million in 2013, reflecting better underwriting results as well as a EUR 31 million one-off loss on a specific reinsurance contract in 2013. NN Bank's operating result improved to EUR 27 million from EUR -11 million in 2013 as it successfully expanded its mortgage and customer savings activities.

The full-year 2014 result before tax improved to EUR -198 million compared with EUR -473 million for 2013, in line with the improvement in operating result.

Japan Closed Block VA

- Result before tax improved to EUR -24 million compared with EUR -423 million in the fourth quarter of 2013, which included a charge to bring the reserve adequacy of Japan Closed Block VA to the 50% confidence level
- Full-year 2014 result before tax improved to EUR 109 million compared with EUR -252 million in 2013
- Portfolio run-off resulted in a 15.0% decrease in the number of policies in 2014

In EUR million	4Q14	4Q13 ²⁾	Change	FY14	FY13 ²⁾	Change
Analysis of results¹⁾						
Investment margin	0	0		0	0	
Fees and premium-based revenues	30	33	-9.1%	117	136	-14.0%
Technical margin	0	0		0	0	
Operating income non-modelled business	0	0		0	0	
Operating income	30	33	-9.1%	117	136	-14.0%
Administrative expenses	8	2	300.0%	21	18	16.7%
DAC amortisation and trail commissions	3	3	0.0%	12	38	-68.4%
Expenses	11	6	83.3%	33	56	-41.1%
Operating result	19	27	-29.6%	84	80	5.0%
Non-operating items	-43	-450		24	-333	
of which gains/losses and impairments	0	0		0	1	
of which revaluations	0	0		0	0	
of which market & other impacts	-43	-450		24	-334	
Special items before tax	0	0		0	0	
Result on divestments	0	0		0	0	
Result before tax	-24	-423		109	-252	
Taxation	-14	-157		8	-110	
Minority interests	0	0		0	0	
Net result	-10	-266		101	-142	
Key figures¹⁾³⁾						
Allocated equity	1,012	1,071	-5.5%	1,012	1,071	-5.5%
Account value	13,248	14,687	-9.8%	13,248	14,687	-9.8%
Net Amount at Risk	133	663	-79.9%	133	663	-79.9%
IFRS Reserves	556	1,086	-48.8%	556	1,086	-48.8%
Number of policies	294,263	346,306	-15.0%	294,263	346,306	-15.0%
Employees (FTEs)	89	111	-19.8%	89	111	-19.8%

1) JPY/EUR average quarterly fx rates: 142.83 (4Q2014), 137.46 (4Q2013) and JPY/EUR end of period fx rates: 145.12 (4Q2014), 144.66 (4Q2013)

2) The figures for period have been restated to reflect the change in accounting policy, covering the move towards fair value accounting for Guaranteed Minimum Death Benefits for reserves of the Japan Closed Block VA segment as of 1 January 2014

3) End of period



The result before tax of Japan Closed Block VA improved to EUR -24 million from EUR -423 million in the fourth quarter of 2013. The result before tax in the fourth quarter of 2013 reflected a EUR 575 million charge resulting from a full write-off of the DAC, as well as reserve strengthening in order to bring the reserve adequacy of the segment to the 50% confidence level.

The operating result decreased to EUR 19 million from EUR 27 million in the fourth quarter of 2013, as fees and premium-based revenues declined in line with the run-off of the portfolio and due to higher administrative expenses.

Fees and premium-based revenues were EUR 30 million, down 6.3% from the fourth quarter of 2013, excluding currency impacts, in line with a lower account value caused by a decreasing number of policies.

Administrative expenses increased to EUR 8 million from EUR 2 million in the fourth quarter of 2013, mainly caused by higher processing costs due to an increase in surrenders as well as to higher project costs to prepare for the large volumes of future maturities expected in the portfolio.

Market and other impacts were EUR -43 million compared with EUR -450 million in the fourth quarter of 2013, which included the aforementioned charge of EUR 575 million. The current quarter largely reflects a market-related result net of hedging of EUR -39 million as market volatility increased.

The Net Amount at Risk in the Japan Closed Block VA decreased to EUR 133 million from EUR 663 million in the fourth quarter of 2013, primarily driven by equity markets appreciation.

The full-year 2014 result before tax increased to EUR 109 million from EUR -252 million for 2013, which reflected the aforementioned charge of EUR 575 million. The full-year 2014 result includes an operating result of EUR 84 million and a market related result net of hedging of EUR 21 million.

Consolidated Balance Sheet

- Total assets of NN Group increased by EUR 5.3 billion compared with the third quarter of 2014 to EUR 165.5 billion mainly driven by an increase in the market value of Financial assets at fair value and Available-for-sale investments
- Shareholders' equity increased by EUR 2.0 billion to EUR 20.4 billion mainly reflecting a higher debt securities revaluation reserve, driven by lower interest rates

in EUR million	31 Dec 14	30 Sep 14	31 Dec 13 ¹⁾		31 Dec 14	30 Sep 14	31 Dec 13 ¹⁾
Assets				Equity			
Cash and cash equivalents	7,530	5,529	7,155	Shareholders' equity	20,355	18,344	14,062
Financial assets at fair value through P&L	49,549	47,862	43,933	Minority interests	76	70	68
- trading assets	628	607	736	Undated subordinated notes	986	986	0
- non-trading derivatives	7,207	5,450	3,126	Total equity	21,417	19,400	14,130
- investments for risk of policyholders	41,221	41,298	39,589	Liabilities			
- other	492	506	482	Subordinated debt	2,297	2,299	2,892
Available-for-sale investments	72,277	69,249	61,014	Senior debt	400	400	1,000
- debt securities	65,991	63,295	55,394	Other borrowed funds	5,467	4,419	3,817
- equity securities	6,286	5,954	5,620	Insurance and investment contracts	119,237	119,118	111,769
Loans	27,802	28,965	25,319	- life insurance provisions	73,639	73,281	67,700
Reinsurance contracts	241	267	252	- non-life insurance provisions	3,540	3,670	3,584
Investments in associates	1,617	1,602	1,071	- provision for risk of policyholders	41,285	41,393	39,675
Real estate investments	1,104	1,022	721	- other	772	773	810
Property and equipment	139	145	164	Customer deposits	6,981	6,597	5,769
Intangible assets	357	360	392	Financial liabilities at fair value through P&L	3,142	2,529	1,843
Deferred acquisition costs	1,403	1,431	1,353	- non-trading derivatives	3,142	2,529	1,843
Other assets	3,462	3,626	3,754	Other liabilities	6,540	5,421	4,071
Total assets excl. assets held for sale	165,481	160,059	145,128	Total liabilities excl. liabilities held for sale	144,064	140,783	131,161
Assets held for sale	0	128	187	Liabilities held for sale	0	3	24
Total assets	165,481	160,186	145,315	Total liabilities	144,064	140,786	131,185
				Total equity and liabilities	165,481	160,186	145,315

1) The figures of 31 December 2013 have been restated to reflect the change in accounting policy, covering the move towards fair value accounting for Guaranteed Minimum Death Benefits for reserves of the Japan Closed Block VA segment as of 1 January 2014. The 31 December 2013 figures have also been restated to reflect the implementation of IFRS 11 which replaced proportional consolidation for joint ventures by equity accounting

Assets

Cash and cash equivalents

Cash and cash equivalents increased by EUR 2.0 billion to EUR 7.5 billion. This increase reflects a EUR 1.9 billion shift from cash deposits with a maturity longer than 3 months, which are presented as part of Loans, to balances with a shorter maturity, which are presented as part of Cash and cash equivalents.

Non-trading derivatives

Non-trading derivatives increased by EUR 1.8 billion to EUR 7.2 billion, reflecting positive revaluations on interest rate swaps as interest rates declined in the fourth quarter.

Debt securities

Debt securities available-for-sale increased by EUR 2.7 billion to EUR 66.0 billion, mainly driven by higher market values as long-term interest rates declined in the quarter.

Loans

Loans decreased by EUR 1.2 billion mainly reflecting EUR 1.9 billion decrease in cash deposits with a maturity longer than 3 months, partly offset by a EUR 0.7 billion increase in the mortgages portfolio.

Liabilities

Other borrowed funds

Other borrowed funds increased by EUR 1.0 billion to EUR 5.5 billion, due to received collateral related to the increased market value of non-trading derivatives.

Equity

Shareholders' equity increased by EUR 2.0 billion to EUR 20.4 billion reflecting a EUR 2.2 billion increase in the available-for-sale investments revaluation reserves. This was partially offset by EUR 1.0 billion higher deferred profit sharing to policyholders. The net result for the period of EUR 0.2 billion and EUR 0.7 billion increase in the cash flow hedge reserve also contributed to the increased Shareholders' equity in the fourth quarter.

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

in EUR million	4Q 2014	FY14	FY13
Shareholders equity beginning of period	18,344	14,062	25,949
Net result for the period	197	588	323
Unrealised revaluations available-for-sale investments and other	2,190	6,385	-11,419
Realised gains/losses transferred to the profit and loss account	-9	1	90
Change in cash flow hedge reserve	673	1,738	-832
Deferred interest crediting to life policyholders	-987	-2,950	2,154
Remeasurement of the net defined benefit asset/liability	-23	-121	-42
Exchange rate differences	-30	117	-651
Dividend		-315	-882
Capital contributions		850	1,330
Impact of IPO ING U.S.			-1,958
Total changes	2,011	6,293	-11,887
Shareholders' equity end of period	20,355	20,355	14,062

The composition of Total equity at the end of the quarter/year and at the end of the previous quarter and the previous year were as follows:

in EUR million	31 Dec 14	30 Sep 14	31 Dec 13
Share premium/capital	12,140	12,140	11,605
Revaluation reserve available-for-sale investments and other	10,168	7,961	3,802
Revaluation reserve cash flow hedge	4,464	3,791	2,726
Revaluation reserve crediting to life policyholders	-5,529	-4,542	-2,579
Remeasurement of the net defined benefit asset/liability	-118	-95	-1,042
Currency translation reserve	-198	-123	-252
Retained earnings and other reserves	-572	-788	-198
Shareholders' equity	20,355	18,344	14,062
Minority interests	76	70	68
Undated subordinated notes	986	986	
Total equity	21,417	19,400	14,130
Shareholders' equity per share in EUR¹⁾	58	52	40

1) Shareholders' equity per share at 31 December 2013 is calculated based on the NN Group shares outstanding as of 7 July 2014

Capital Management

- NN Group IGD Solvency I ratio of 303%, NN Life solvency I ratio of 260%, both up from the third quarter of 2014
- Cash capital position at the holding company increased to EUR 1.4 billion
- NN Group Solvency II capital ratio (Standard Formula) estimated to be in a range around 200% at 31 December 2014, remains subject to significant uncertainties
- Fixed-cost coverage ratio on a last twelve months basis improved to 9.9x
- Proposed dividend of EUR 0.57 per share, EUR 200 million in total

Capital ratios

in EUR million	31 Dec 14	30 Sep 14	31 Dec 13
Shareholders' equity	20,355	18,344	14,062
Qualifying undated subordinated debt ¹⁾	1,823	1,823	2,394
Qualifying dated subordinated debt ¹⁾	1,000	1,000	0
Required regulatory adjustments ²⁾	-9,005	-7,934	-5,501
Total capital base (a)	14,172	13,233	10,955
EU required capital (b)	4,683	4,683	4,385
NN Group IGD Solvency I ratio³⁾ (a/b)	303%	283%	250%
NN Life Solvency I ratio³⁾⁴⁾	260%	252%	223%

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

2) The 31 December 2013 IGD ratio has been restated from 257% to 250% to reflect the move towards fair value accounting for the Guaranteed Minimum Death Benefits reserves of the Japan Closed Block VA segment and that the eligible and dated hybrids are capped at 50% and 25% respectively of the EU required capital

3) The 2014 solvency ratios are not final until filed with the regulators

4) The 31 December 2013 Solvency I ratio of NN Life has been updated to 223% from 222% shown in the NN Group Annual Report 2013

NN Group's IGD Solvency I ratio increased to 303% at the end of the fourth quarter from 283% at the end of the third quarter. This was mainly driven by the net result of EUR 197 million and positive revaluations resulting from market movements, partly offset by the proposed dividend to shareholders of EUR 200 million. Excluding the proposed dividend, the fourth quarter 2014 IGD Solvency I ratio was 307%. The IGD Solvency I ratio increased from 250% at the end of 2013, largely due to a EUR 850 million capital injection by ING Group into NN Group in May 2014, the full-year 2014 net result of EUR 588 million and positive revaluations resulting from market movements.

The Solvency I ratio of NN Life increased to 260% from 252% at the end of the previous quarter mainly driven by equity market appreciation and a decrease in interest rates as well as by a net positive impact of model and assumption changes. These items were partly offset by the deduction of a dividend of EUR 350 million paid by NN Life to NN Group in February 2015.

The Solvency I ratio of NN Life improved from 223% to 260% as at 31 December 2014, supported mainly by the issuance of EUR 1,050 million subordinated debt to NN Group and the tightening of credit spreads. This was partly offset by the impact of the pension agreement (EUR -231 million) and the dividend paid to NN Group in February 2015 (EUR 350 million).

NN Group's Solvency II capital ratio, calculated as the ratio of Own Funds (OF) to the Solvency Capital Requirement (SCR) based on our current interpretation of the Standard Formula, is estimated to be in a range around 200% as at 31 December 2014. NN Group is considering to apply for the usage of a Partial Internal Model. The Solvency II capital ratio remains subject to significant uncertainties, including the final specifications of the Solvency II regulations and the regulatory approval process.

As of 1 January 2015, insurance companies in the Netherlands are required to begin reporting on a Solvency II basis to the Dutch Central Bank (DNB), in addition to the existing Solvency I reporting. The Solvency II reporting replaces the Theoretical Solvability Criterion (commonly referred to as 'Solvency 1.5') and is also used to determine whether dividend payments from the Dutch insurance entities require a declaration of no objection from DNB.

Cash capital position at the holding company

in EUR million	4Q14	FY14
Beginning of period	1,184	1,363
Cash divestment proceeds	112	296
Dividends from subsidiaries ¹⁾	206	710
Capital injections into subsidiaries ²⁾	-71	-1,313
Other ³⁾	-17	-116
Free cash flow at the holding	229	-424
Capital flow from / (to) shareholders	0	674
Increase / (decrease) in debt and loans	0	-200
End of period	1,413	1,413
Free cash flow at the holding	229	-424
IPO related capital transactions ⁴⁾	0	-874
Adjusted free cash flow at the holding	229	450

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

- 1) Includes interest on subordinated loans provided to subsidiaries by the holding company
- 2) Includes the change of subordinated loans provided to subsidiaries by the holding company
- 3) Includes interest on subordinated loans and debt, holding company expenses and other cash flows
- 4) Consists of IPO related transactions regarding the capital strengthening of NN Life of EUR 1,050 million through subordinated debt and EUR 176 million of cash proceeds received from the divestment of SulAmérica which were upstreamed to ING Group

The cash capital position at the holding company increased from EUR 1,184 million at the end of the third quarter to EUR 1,413 million at the end of the fourth quarter of 2014. This increase was mainly attributable to EUR 206 million of dividends received from subsidiaries (of which EUR 100 million from ING Re Netherlands) and EUR 112 million cash proceeds received from the completion of the sale of NN Group's 50% stake in ING-BOB Life Insurance Company. The cash capital position at the holding company was EUR 1,363 million at the end of 2013 and was temporarily high, pending a capital injection of EUR 600 million into NN Life which was executed in February 2014 by way of subordinated debt. In 2014, the holding company received EUR 710 million of dividends from subsidiaries.

Free cash flow at the holding company is defined as the change in cash capital position of the holding company over the period, excluding capital transactions with shareholders and debtholders. In 2014, the free cash flow at the holding company was EUR -424 million. This included the IPO related transactions regarding the capital strengthening of NN Life of EUR 1,050 million through subordinated debt and the cash proceeds received from the divestment of SulAmérica of EUR 176 million which were upstreamed to ING Group. Excluding these items, the free cash flow at the holding company was EUR 450 million in 2014.

Capital generation

(% EUR millions)	31 Dec 14		Change 2H14		Change FY14			
	Available Capital	Available over Minimum Required Capital	Change 2H14	Of which capital flows ¹⁾	Capital generation	Change FY14	Of which capital flows ¹⁾	Capital Generation
Total of subsidiaries (excluding discontinued operations) ²⁾	13,556	8,747	1,126	-161	1,287	1,900	605	1,295
of which NN Life	8,104	5,127	909	-20	930	1,881	1,019	862

Note: capital generation for subsidiaries (excluding discontinued operations) is defined as the change of available capital over minimum required capital, excluding capital flows, according to local regulatory capital framework – figures are not final until filed with the regulators

- 1) Capital flows reflect capital injections (including subordinated loans) net of dividends (including interest on subordinated loans) for all subsidiaries (excluding discontinued operations)
- 2) The EUR 350 million dividend paid by NN Life to NN Group in February 2015 is included in available capital and excluded from capital flows

The capital generated by subsidiaries was EUR 1,287 million over the second half of 2014 mainly supported by the tightening of credit spreads and a decrease in interest rates in combination with positive operating performance and a net positive impact from model and assumption changes.

Over the full-year 2014 the capital generated by subsidiaries was EUR 1,295 million and EUR 1,794 million excluding the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent (EUR -406 million) and the impact for ING Re Netherlands resulting from the move towards fair value accounting on the reserves for the Guaranteed Minimum Death Benefit (GMDB) of the Japan Closed Block VA business (EUR -94 million). This was mainly driven by the tightening of credit spreads and a decrease in interest rates in combination with a positive operating performance and a net positive impact of model and assumption changes. The capital generated by NN Life over the full-year 2014 was EUR 862 million and EUR 1,093 million excluding the impact of the pension agreement (EUR -231 million).

Financial leverage

in EUR million	31 Dec 14	30 Sep 14	31 Dec 13
Shareholders' equity	20,355	18,344	14,062
Revaluation reserve debt securities	-9,044	-7,006	-2,804
Revaluation reserve crediting to life policyholders	5,529	4,543	2,579
Revaluation reserve cash flow hedge	-4,464	-3,790	-2,726
Goodwill	-265	-266	-264
Minority interests	76	70	68
Capital base for financial leverage	12,187	11,896	10,915
Undated subordinated notes ¹⁾	986	986	0
Subordinated debt	2,297	2,299	2,892
Total subordinated debt	3,282	3,285	2,892
Financial debt	400	400	1,000
Financial leverage	3,682	3,685	3,892
Financial leverage ratio	23.2%	23.7%	26.3%
Fixed-cost coverage ratio ¹²⁾	9.9x	8.4x	4.9x

1) 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

2) Measures the ability of earnings before interest and tax (EBIT) of ongoing business and Insurance Other to cover funding costs; calculated on a last 12-months basis

The financial leverage ratio of NN Group improved to 23.2% at the end of the fourth quarter of 2014. The capital base for financial leverage increased by EUR 291 million, largely driven by the fourth-quarter net result of EUR 197 million and positive equity revaluations.

The fixed-cost coverage ratio further improved to 9.9x at the end of the fourth quarter (on a last 12-months basis) versus 8.4x at the end of the third quarter of 2014, mainly due to increased profitability.

Dividend

At the AGM on 28 May 2015, a dividend will be proposed of EUR 0.57 per ordinary share, or approximately EUR 200 million in total based on the current number of outstanding shares. This is equivalent to a dividend payout ratio of around 50% of NN Group's net operating result of the ongoing business related to the second half of 2014. The final dividend will be paid in cash or ordinary shares at the election of the shareholder. NN Group will neutralise the dilutive effect of the stock dividend on earnings per ordinary share through repurchase of ordinary shares, which may include a repurchase of part of ING Group's shareholding in NN Group. If the proposed dividend is approved by shareholders, NN Group ordinary shares will be quoted ex-dividend on 2 June 2015. The record date for the dividend will be 3 June 2015. The election period will run from 2 June up to and including 23 June 2015. 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 17 June through 23 June 2015. The dividend will be payable on 30 June 2015.

Going forward, and barring unforeseen circumstances, NN Group intends to pay ordinary dividends on a semi-annual basis. In line with NN Group's stated dividend policy, capital generated in excess of NN Group's capital ambition is expected to be returned to shareholders unless it can be used for any other appropriate corporate purposes, including investments in value creating corporate opportunities. NN Group is committed to distributing excess capital in a form which is most appropriate and efficient for shareholders at that specific point in time, such



as special dividends or share buy backs which may include a repurchase of part of ING Group's shareholding in NN Group.

Credit ratings

Standard & Poor's latest rating on NN Group is BBB+ with a developing outlook (2 June 2014) and Moody's is Baa2 with a negative outlook (13 November 2014).

Credit ratings of NN Group N.V. at 11 February 2015	Rating	Outlook
Standard & Poor's	BBB+	Developing
Moody's	Baa2	Negative



NN Group Profile

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

Investor conference call and webcast

Lard Friese and Delfin Rueda will host an analyst and investor conference call to discuss the 4Q14 results at 10:30am CET on Wednesday 11 February 2015. Members of the investment community can join the conference call at +31 20 531 5865 (NL), +44 203 365 3210 (UK) or +1 866 349 6093 (US) or webcast on www.nn-group.com.

Press conference and webcast

Lard Friese and Delfin Rueda will host a press conference to discuss the 4Q14 results and elaborate on the rebranding of the businesses in 2015. The conference will be held at 12.30pm CET on Wednesday 11 February 2015 at NN Group's head office, Amstelveenseweg 500, Amsterdam. The press conference will also be webcasted live. You can join in listen-only mode on + 31 20 531 5863 or watch the webcast on www.nn-group.com.

Financial calendar

- Publication 1Q15 results: Thursday, 7 May 2015 (provisional)
- Annual General Meeting: Thursday, 28 May 2015
- Publication 2Q15 results: Wednesday 5 August 2015 (provisional)
- Publication 3Q15 results: Wednesday 4 November 2015 (provisional)

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Additional information on www.nn-group.com

- NN Group 4Q14 Financial Supplement and NN Group 4Q14 Analyst Presentation
- Photos of NN Group executives, buildings and events are available for download at [Flickr](#)

Important legal information

NN Group's Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"). In preparing the financial information in this document, the same accounting principles are applied as in the NN Group N.V. condensed consolidated interim financial information for the period ended 30 June 2014. The Annual Accounts for 2014 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) the implementation of the EC Restructuring Plan, (5) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations, (14) changes in the policies of governments and/or regulatory authorities, (15) conclusions with regard to accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit and financial strength ratings, (18) NN Group's ability to achieve projected operational synergies and (19) the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by NN Group and/or related to NN Group (such as the most recent annual report of ING Groep N.V.). 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.