



**Interim financial information**  
**5 August 2015**



NN Group N.V.

30 June 2015

Condensed  
consolidated interim  
financial information



## Condensed consolidated interim financial information contents

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## Interim report

### NN Group N.V.

#### NN Group profile

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

#### Overview

In the first half of 2015 the net result of NN Group improved to EUR 877 million compared with EUR 37 million in the same period of 2014, mainly reflecting an increased operating result ongoing business, higher non-operating items and improved special items before tax.

NN Group evaluates the results of its segments using a financial performance measure called Operating result. Operating result is defined as result under IFRS-EU excluding the impact of non-operating items, divestments, discontinued operations and special items. Disclosures on comparative years also reflect the impact of current year's divestments. Non-operating items include realised capital gains/losses and impairments on debt and equity securities, revaluations on assets marked-to-market through the profit and loss account and other non-operating market impacts. Special items include items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary operating activities. More information on Operating result is included in Note 15 Segments in the Condensed consolidated interim accounts.

In the first half of 2015, the following events and transactions occurred:

- On 21 May 2015, NN Group issued 2.2 million ordinary shares at a price of EUR 26.16 per share to ING Groep N.V. The proceeds of EUR 57 million were used by NN Group to increase the common equity Tier 1 capital of NN Bank by the same amount. In addition, ING Bank provided a facility to NN Bank under which NN Bank has the unconditional right to receive additional Tier 1 capital up to an amount of EUR 63 million until 31 December 2018 at prevailing market terms. With these transactions, ING Group fulfilled its commitments to the EC pertaining to the capitalisation of NN Bank.
- On 28 May 2015, the General Meeting of Shareholders approved the proposed dividend for 2014 of EUR 0.57 per ordinary share, which reflects a total amount of EUR 193 million. This dividend was paid on 30 June 2015 either in cash or in ordinary shares at the election of the shareholders. As a result, an amount of EUR 140 million was distributed out of Other reserves (cash dividend) and 2.1 million ordinary shares, with a par value of EUR 0.12 per share and a volume weighted average share price of EUR 24.95 were issued (stock dividend).
- In order to neutralise the dilutive effect of the stock dividend for 2014, NN Group repurchased on 30 June 2015 2.1 million ordinary shares from ING Groep N.V. at the volume weighted average share price of EUR 24.95 per share for an aggregate amount of EUR 53 million. The repurchased shares are held by NN Group and the amount is deducted from Other reserves ("Purchase/sale of treasury shares").
- In the context of ING Group's reduction of its interest in NN Group, NN Group repurchased on 17 February 2015 8.3 million ordinary shares from ING Groep N.V. at a price of EUR 24.00 per share for an aggregate amount of EUR 200 million and on 26 May 2015 5.9 million ordinary shares at a price of EUR 25.46 per share for an aggregate amount of EUR 150 million. The repurchased shares are held by NN Group and the amount is deducted from Other reserves ("Purchase/sale of treasury shares").
- On 30 June 2015, the total number of NN Group shares outstanding (net of treasury shares) was 338,576,478. The Executive Board of NN Group has decided to cancel 15,339,199 treasury shares, which NN Group has repurchased from ING Group. At the Annual General Meeting of 28 May 2015, authorisation was obtained to cancel treasury shares up to a maximum of 20% of the issued share capital of NN Group. This decision is subject to a two-month opposition period which will end on 15 September 2015. 976,394 treasury shares have been retained for purposes of employee share plan settlements.

The most important events in the first half of 2015, other than the information disclosed in this Interim report, including, where significant, information on related party transactions, are included in the Condensed consolidated interim accounts. These disclosures are deemed to be incorporated by reference here.

In September 2015 NN Group will pay a 2015 interim dividend of EUR 0.46 per ordinary share, or EUR 156 million in total based on the current number of outstanding shares (net of treasury shares). The 2015 interim dividend will be paid either in cash or ordinary shares at the election of the shareholder. To neutralise the dilutive effect of the newly issued shares for the stock dividend on earnings per ordinary share, NN Group will repurchase ordinary shares from ING Group equal to the number of shares that NN Group will issue as stock dividend at a price similar to the price used to calculate the stock fraction for the stock dividend.

Reference is made to the section 'Market trends, risks and our response' in the 2014 Annual Report for the main risks and uncertainties. There were no significant changes in risks and risk management during the first half of 2015.

## Interim report — continued

### Profit and loss account

#### Analysis of results

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
- Netherlands Life	484	306
- Netherlands Non-life	69	61
- Insurance Europe	95	90
- Japan Life	96	90
- Investment Management	74	77
- Other	-27	-73
<b>Operating result ongoing business:</b>	<b>792</b>	<b>551</b>
Non-operating items ongoing business:	247	-18
- of which gains/losses and impairments	218	-42
- of which revaluations	141	84
- of which market & other impacts	-111	-60
Japan Closed Block VA	60	43
Special items before tax	-55	-597
Result on divestments		56
<b>Result before tax from continuing operations</b>	<b>1,044</b>	<b>36</b>
Taxation	142	-15
<b>Net result from continuing operations</b>	<b>902</b>	<b>51</b>
Net result from discontinued operations		-13
<b>Net result from continuing and discontinued operations before attribution to minority interest</b>	<b>902</b>	<b>38</b>
Minority interest	25	1
<b>Net result</b>	<b>877</b>	<b>37</b>

#### Key figures

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
New sales life insurance (APE)	776	744
Value of new business (VNB) <sup>1</sup>	113	122
Total administrative expenses ongoing business	867	876
Net operating ROE <sup>2</sup>	11.8%	9.3%
IGD Solvency I ratio	306%	272%

<sup>1</sup> 2015 new business metrics have been calculated in line with NN Group's pricing methodology. The 2014 new business metrics have been restated for comparability.

<sup>2</sup> Net operating ROE is calculated as the (annualised) net operating result of the ongoing business, adjusted for the accrued coupon on undated notes classified in equity, divided by the average allocated equity of the ongoing business adjusted for revaluation reserves and excluding undated notes classified in equity.

Note: NN Group evaluates the results of its segments using a financial performance measure called Operating result. Operating result is defined as result under IFRS-EU excluding the impact of non-operating items, divestments, discontinued operations and special items. Disclosures on comparative years also reflect the impact of current year's divestments. Non-operating items include realised capital gains/losses and impairments on debt and equity securities, revaluations on assets marked-to-market through the profit and loss account and other non-operating market impacts. Special items include items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary operating activities.

## Interim report — continued

In the first half of 2015 the net result of NN Group improved to EUR 877 million compared with EUR 37 million in the same period of 2014, mainly reflecting an increased operating result ongoing business, higher non-operating items and improved special items before tax.

The operating result of the ongoing business was EUR 792 million, up 43.7% from the first half of 2014, supported by a private equity dividend, a technical provision release and a decrease of the unit-linked guarantee provision due to higher interest rates, in Netherlands Life. Lower administrative expenses in the Netherlands and lower funding costs also contributed to the increased operating result.

Netherlands Life's operating result increased to EUR 484 million from EUR 306 million in the first half of 2014, due to a higher investment margin, a higher technical margin and lower administrative expenses, partly offset by lower fees and premium-based revenues. The investment margin benefited from EUR 85 million of private equity dividends and higher public equity dividends, an increased allocation to higher-yielding assets and higher invested volumes. In the first half of 2015 the technical margin was supported by EUR 27 million of non-recurring benefits related to a technical provision release and a EUR 8 million favourable impact of the movement in the unit-linked guarantee provision due to an increase in interest rates, as opposed to a negative impact of EUR 10 million in the same period last year.

In the first half of 2015 the operating result for Netherlands Non-life increased to EUR 69 million from EUR 61 million in the same period of 2014. This increase was driven by higher private equity dividends and improved underwriting results in Motor and Disability & Accident, partly offset by unfavourable claims experience in Fire.

In the first half of 2015 the operating result for Insurance Europe increased to EUR 95 million, compared with EUR 90 million in the same period of 2014. The increase was driven by higher fees and premium-based revenues and a higher technical margin which more than offset the negative impact of the pension reforms in Poland.

The operating result for Japan Life was EUR 96 million, compared with EUR 90 million in the first half of 2014. Excluding currency effects, the operating result increased by 1.4% due to higher fees and premium-based revenues, partly offset by a lower technical margin and higher DAC amortisation and trail commissions.

In the first half of 2015 the operating result of Investment Management was EUR 74 million, down 3.2% compared with the same period in 2014. Higher average AuM led to higher fee income, which was more than offset by an increase in administrative expenses, as expenses in the first half of 2014 benefited from EUR 10 million of personnel provision releases.

The operating result of the segment Other improved to EUR -27 million from EUR -73 million in the same period last year, reflecting lower holding expenses, lower funding costs, higher investment income and a higher operating result at NN Bank, partly offset by a lower operating result at the reinsurance business.

The result before tax from continuing operations increased to EUR 1,044 million compared with EUR 36 million in the first half of 2014 driven by the aforementioned increased operating result ongoing business, higher gains/losses and impairments, higher revaluations and improved special items before tax.

Gains/losses and impairments were EUR 218 million, compared with a loss of EUR 42 million in the first half of 2014, supported by a gain on the sale of a large public equity investment in the Netherlands following a public offering in 2015.

Revaluations amounted to EUR 141 million in the first half of 2015 reflecting positive revaluations of EUR 72 million on real estate investments and EUR 70 million on private equity. The positive revaluations on private equity consist of an improvement in value partly offset by negative revaluations of those investments that paid out dividends which were recognised in the operating result.

Market and other impacts amounted to EUR -111 million compared with EUR -60 million in the same period of last year reflecting a movement in the provision for guarantees on separate account pension contracts (net of hedging).

The result before tax of Japan Closed Block VA increased to EUR 60 million in the first half of 2015 from EUR 43 million in the same period of 2014. The first half of 2015 included a hedge related result of EUR 17 million and a EUR 12 million reserve release on higher lapse assumptions for out-of-the-money policies.

In the first half of 2015 special items were EUR -55 million compared with EUR -597 million in the same period of 2014, as 2014 included a EUR 541 million negative impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. In the first half of 2015 special items before tax relate to expenses for the rebranding of NN Group's subsidiaries.

The result on divestments was nil in the first half of 2015, compared with EUR 56 million in the first half of 2014, which included the result of the disposal of the Brazilian insurance holding SulAmérica.

In the first half of 2015 the net result from continuing operations increased to EUR 902 million, compared with EUR 51 million in the first half of 2014. In the first half of 2015 the effective tax rate was 14% mainly caused by tax-exempt dividends and capital gains related to shareholdings of 5% or more in the Netherlands.



## Interim report — continued

The net result from discontinued operations was nil in the first half of 2015 compared with a loss of EUR 13 million in the first half of 2014, largely related to the sale of IM Taiwan.

In the first half of 2015 total new sales (APE) amounted to EUR 776 million, up 2.0% on a constant currency basis driven by higher sales in Netherlands Life (15.2%) largely as a result of a pension fund buy-out, partly offset by lower sales in Europe (1.7%) and Japan Life (2.4%).

In the first half of 2015, the value of new business (VNB) declined to EUR 113 million, from EUR 122 million in same period of 2014. 2015 new business metrics have been calculated in line with NN Group's pricing methodology. The 2014 new business metrics have been restated for comparability. The decrease primarily reflects a lower VNB in Netherlands Life due to an overall decline in interest rates. This was partly offset by higher VNB in Insurance Europe largely due to higher term life insurance sales in Belgium and product management actions.

Total administrative expenses of the ongoing business were EUR 867 million, down 1.7% from the first half of 2014, excluding currency effects. While administrative expenses increased in Insurance Europe, Investment Management and NN Bank to support growth, administrative expenses in the Netherlands decreased by EUR 56 million. By the end of the first half of 2015, cumulative cost reductions of EUR 198 million were realised in the Netherlands compared with the target of EUR 200 million by 2016, of which EUR 46 million were in Netherlands Life, EUR 37 million in Netherlands Non-life and EUR 115 million in corporate/holding entities.

For the first half of 2015, the net operating ROE for the ongoing business of NN Group increased to 11.8% from 9.3% in the first half of 2014, largely attributable to the higher net operating result.

The IGD ratio increased to 306% at the end of June 2015, mainly driven by the net result of EUR 877 million in the first half of 2015 offset by negative revaluations resulting from market movements, the EUR 200 million share buy-back from ING Group in February, the EUR 150 million buy-back in May and the 2015 interim dividend of EUR 156 million.

## Interim report — continued

### Netherlands Life

#### Analysis of results

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
Investment margin	422	301
Fees and premium-based revenues	196	217
Technical margin	108	70
<b>Operating income</b>	<b>725</b>	<b>588</b>
Administrative expenses	215	246
DAC amortisation and trail commissions	26	36
<b>Expenses</b>	<b>241</b>	<b>282</b>
<b>Operating result</b>	<b>484</b>	<b>306</b>
Non-operating items:	198	-35
- of which gains/losses and impairments	178	-66
- of which revaluations	130	82
- of which market & other impacts	-111	-51
Special items before tax	-2	-347
<b>Result before tax</b>	<b>680</b>	<b>-76</b>
Taxation	75	-47
Minority interest	22	-2
<b>Net result</b>	<b>583</b>	<b>-28</b>

#### Key figures

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
New sales life insurance (APE)	203	177
Value of new business (VNB) <sup>1</sup>	8	22
Internal rate of return (IRR) <sup>1</sup>	8.6%	21.7%
Total administrative expenses	215	246
Net operating ROE <sup>2</sup>	12.3%	7.9%
NN Life Solvency I ratio	281%	250%

<sup>1</sup> 2015 new business metrics have been calculated in line with NN Group's pricing methodology. The 2014 new business metrics have been restated for comparability.

<sup>2</sup> Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by the average allocated equity of the segment adjusted for revaluation reserves.

## Interim report — continued

In the first half of 2015 Netherlands Life's operating result increased to EUR 484 million compared with EUR 306 million in the same period of 2014, driven by a higher investment margin, a higher technical margin and lower administrative expenses, partly offset by lower fees and premium-based revenues.

The investment margin benefited from EUR 85 million of private equity dividends and higher public equity dividends, an increased allocation to higher-yielding assets and higher invested volumes. This was partly offset by higher interest expenses on subordinated loans provided by NN Group to NN Life in February and May 2014.

Fees and premium-based revenues decreased to EUR 196 million in the first half of 2015 compared with EUR 217 million for the same period in 2014 mainly reflecting the individual life closed book run-off.

For the first half of 2015 the technical margin increased to EUR 108 million compared with EUR 70 million in the same period last year, supported by EUR 27 million non-recurring benefits primarily related to a technical provision release and a EUR 8 million favourable impact of the movement in the unit-linked guarantee provision due to an increase in interest rates, as opposed to a negative impact of EUR 10 million in the same period of last year.

Administrative expenses decreased by EUR 31 million to EUR 215 million for the first half of 2015, which included an addition of EUR 13 million to personnel provisions that have been reallocated to the segment 'Other' as of the third quarter of 2014. Excluding the impact of these personnel provisions, administrative expenses decreased 7.7%, mainly reflecting lower project expenses and lower staff costs.

In the first half of 2015 the result before tax was EUR 680 million compared with a loss of EUR 76 million in the first half of 2014, which included a special item of EUR -322 million related to the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. The improved result before tax reflects the increased operating result, higher capital gains on public equity and bonds as well as positive revaluations on private equity and real estate. This was partly offset by the negative market and other impacts caused by movements in the provision for guarantees on separate account pension contracts (net of hedging).

New sales (APE) increased to EUR 203 million from EUR 177 million in the first half of 2014, mainly driven by a EUR 420 million single premium relating to the pension fund buy-out of a large company pension fund. The value of new business (VNB) for the first half of 2015 decreased to EUR 8 million from EUR 22 million in the first half of 2014, mainly due to an overall decline in interest rates. For the same reasons the internal rate of return (IRR) decreased to 8.6% in the first half of 2015 from 21.7% in the same period of 2014.

The Solvency I ratio of NN Life increased to 281% from 258% at the end of 2014, mainly driven by positive revaluations of public and private equity and real estate investments as well as tightening of credit spreads during the first quarter of 2015 which partly reversed in the second quarter of 2015 and the deduction of a dividend of EUR 125 million paid to NN Group in July 2015.

## Interim report — continued

### Netherlands Non-life

#### Analysis of results

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
Earned premiums, net of reinsurance	762	768
Investment income, net of investment expenses	67	56
Other income		-2
<b>Operating income</b>	<b>829</b>	<b>822</b>
Claims incurred, net of reinsurance	528	526
Acquisition costs	120	126
Administrative expenses	114	111
<b>Acquisition costs and administrative expenses</b>	<b>234</b>	<b>237</b>
<b>Expenditure</b>	<b>761</b>	<b>763</b>
<b>Operating result insurance businesses</b>	<b>67</b>	<b>59</b>
Operating result broker businesses	2	3
<b>Total operating result</b>	<b>69</b>	<b>61</b>
Non-operating items:	13	7
- of which gains/losses and impairments	4	-4
- of which revaluations	9	12
Special items before tax	-1	-88
<b>Result before tax</b>	<b>81</b>	<b>-20</b>
Taxation	15	-9
<b>Net result</b>	<b>66</b>	<b>-11</b>

#### Key figures

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
Total administrative expenses	148	147
Combined ratio <sup>1</sup> :	100.0%	99.4%
- of which Claims ratio <sup>1</sup>	69.3%	68.5%
- of which Expense ratio <sup>1</sup>	30.7%	30.8%
Net operating ROE <sup>2</sup>	26.4%	20.7%

<sup>1</sup> Excluding Mandema and Zicht broker businesses.

<sup>2</sup> Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by the average allocated equity of the segment adjusted for revaluation reserves.

## Interim report — continued

In the first half of 2015 the operating result of Netherlands Non-life increased to EUR 69 million from EUR 61 million in the same period of 2014. This increase was driven by higher private equity dividends and improved underwriting results in Motor and Disability & Accident (D&A), partly offset by unfavourable claims experience in Fire. The combined ratio for the first half of 2015 was 100.0% compared with 99.4% in the same period of 2014.

The operating result in D&A improved in the first half of 2015, driven by a positive impact from an IBNR update related to better than expected recovery experience, private equity dividends and the continued effects of the recovery plan to restore profitability, including premium rate increases and more stringent underwriting criteria, resulting in an improved D&A combined ratio.

The operating result in Property & Casualty (P&C) decreased in the first half of 2015, mainly due to large claims and claims related to bad weather conditions in the Netherlands, both in Fire. The operating result in Motor improved due to a favourable claims experience and the positive effect on the current accident year as a result of the management actions to restore profitability.

The result before tax increased to EUR 81 million in the first half of 2015 from EUR -20 million in the same period of 2014, which included a special item of EUR -82 million related to the impact of the agreement to make ING's closed defined pension benefit plan in the Netherlands financially independent.

## Interim report — continued

### Insurance Europe

#### Analysis of results

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
Investment margin	41	48
Fees and premium-based revenues	267	255
Technical margin	96	92
Operating income non-modelled business	2	2
<b>Operating income Life Insurance</b>	<b>406</b>	<b>397</b>
Administrative expenses	152	149
DAC amortisation and trail commissions	161	163
<b>Expenses Life Insurance</b>	<b>313</b>	<b>312</b>
<b>Operating result Life Insurance</b>	<b>94</b>	<b>85</b>
Non-life operating result	2	5
<b>Operating result</b>	<b>95</b>	<b>90</b>
Non-operating items:	23	10
- of which gains/losses and impairments	20	19
- of which revaluations	3	1
- of which market & other impacts		-9
Special items before tax	-30	-3
<b>Result before tax</b>	<b>88</b>	<b>97</b>
Taxation	22	29
Minority interest	3	2
<b>Net result</b>	<b>63</b>	<b>66</b>

#### Key figures

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
New sales life insurance (APE)	273	275
Value of new business (VNB) <sup>1</sup>	55	47
Internal rate of return (IRR) <sup>1</sup>	11.7%	9.5%
Total administrative expenses	161	156
Net operating ROE <sup>2</sup>	9.2%	8.3%

<sup>1</sup> 2015 new business metrics have been calculated in line with NN Group's pricing methodology. The 2014 new business metrics have been restated for comparability.

<sup>2</sup> Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by the average allocated equity of the segment adjusted for revaluation reserves.

## Interim report — continued

In the first half of 2015 the operating result of Insurance Europe increased to EUR 95 million, compared with EUR 90 million in the same period of 2014. The increase was driven by higher fees and premium-based revenues and a higher technical margin which more than offset the negative impact of the pension reforms in Poland.

The investment margin for the first half of 2015 was EUR 41 million, down from EUR 48 million for the same period of 2014, which included a higher investment income in Greece in connection with the early redemption of Residential Mortgage Backed Securities. Lower reinvestment rates and lower invested volumes also contributed to the decline.

Fees and premium-based revenues increased to EUR 267 million in the first half of 2015 from EUR 255 million in the first half of 2014 reflecting higher traditional life insurance premiums across the region and higher fees on assets under management related to the pension businesses in Spain, Slovakia and Romania. These items were partly offset by the negative impact of the pension reforms in Poland that came into effect in February 2014.

The technical margin increased to EUR 96 million in the first half of 2015 from EUR 92 million in the same period of 2014 mainly due to higher morbidity results in almost all countries as well as reserve releases of EUR 3 million, partly offset by lower mortality results in Spain and Turkey.

Administrative expenses were EUR 152 million in the first half of 2015, up from EUR 149 million in the same period of 2014 mainly due to higher project expenses.

DAC amortisation and trail commissions decreased to EUR 161 million in the first half of 2015 from EUR 163 million in 2014, due to lower sales through the broker distribution channels in Poland and the Czech Republic. The current year also benefited from a lower crisis tax in Belgium.

The result before tax decreased to EUR 88 million in the first half of 2015 from EUR 97 million in 2014 coming from an increase in special items due to rebranding expenses.

Gains/losses and impairments were EUR 20 million in the first half of 2015, broadly flat compared with the same period of 2014.

Market and other impacts increased to nil in the first half of 2015 from EUR -9 million in the same period of last year, which included a EUR 9 million one-off contribution to the new guarantee fund in Poland related to the pension reforms.

Special items before tax were EUR 30 million in the first half of 2015, reflecting rebranding expenses across the region.

New sales (APE) were EUR 273 million in the first half of 2015, down from EUR 275 million in the same period of last year due to lower pension sales in Turkey, partly offset by higher life sales in Spain and Greece. Sales of life protection products were up 21.2% year on year driven by a large group contract in Spain, and were up 6.3% excluding this contract.

In the first half of 2015 the value of new business (VNB) increased to EUR 55 million from EUR 47 million in the same period of 2014, largely driven by higher term insurance sales in Belgium and product management actions, partly offset by lower interest rates. For the same reasons, the internal rate of return (IRR) on new sales increased to 11.7% in the first half of 2015 from 9.5% in the same period of 2014.

## Interim report — continued

### Japan Life

#### Analysis of results

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
Investment margin	-5	-2
Fees and premium-based revenues	274	236
Technical margin	-7	4
<b>Operating income</b>	<b>261</b>	<b>239</b>
Administrative expenses	51	49
DAC amortisation and trail commissions	113	99
<b>Expenses</b>	<b>165</b>	<b>148</b>
<b>Operating result</b>	<b>96</b>	<b>90</b>
Non-operating items:	3	-3
- of which gains/losses and impairments	4	1
- of which revaluations	-1	-3
Special items before tax	-7	
<b>Result before tax</b>	<b>93</b>	<b>88</b>
Taxation	16	31
<b>Net result</b>	<b>77</b>	<b>57</b>

#### Key figures

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
New sales life insurance (APE)	300	292
Value of new business (VNB) <sup>1</sup>	50	53
Internal rate of return (IRR) <sup>1</sup>	12.9%	16.6%
Total administrative expenses	51	49
Net operating ROE <sup>2</sup>	10.5%	10.5%

<sup>1</sup> 2015 new business metrics have been calculated in line with NN Group's pricing methodology. The 2014 new business metrics have been restated for comparability.

<sup>2</sup> Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by the average allocated equity of the segment adjusted for revaluation reserves.



## Interim report — continued

In the first half of 2015 the operating result for Japan Life was EUR 96 million, compared with EUR 90 million in the first half of 2014. Excluding currency effects, the operating result increased by 1.4% due to higher fees and premium-based revenues, partly offset by a lower technical margin and higher DAC amortisation and trail commissions.

The investment margin declined by EUR 3 million to EUR -5 million in the first half of 2015 compared with the same period of 2014 due to lower interest rates on reinvested assets.

Fees and premium-based revenues increased to EUR 274 million in the first half of 2015 compared with EUR 236 million in the first half of 2014. Excluding currency effects, fees and premium-based revenues increased by 10.1% driven by continued strong sales and larger in-force volumes.

The technical margin was EUR -7 million in the first half of 2015, down from EUR 4 million in the first half of 2014, due to lower surrender results.

Administrative expenses were EUR 51 million in the first half of 2015 and remained stable compared with the first half of 2014, excluding currency effects. Higher IT related expenses were offset by a one-off pension liability release.

DAC amortisation and trail commissions were EUR 113 million in the first half of 2015, up 7.7% excluding currency effects, due to higher premium income.

The result before tax for the first half of 2015 was EUR 93 million compared with EUR 88 million for the first half of 2014. Higher capital gains were offset by higher special items due to rebranding expenses.

New sales (APE) were EUR 300 million for the first half of 2015, down 2.4% compared with the same period last year, at constant currencies. The value of new business (VNB) declined to EUR 50 million, in the first half of 2015, from EUR 53 million in the same period of 2014, reflecting lower interest rates, partly offset by a favourable shift in the product mix. For the same reasons, the internal rate of return (IRR) on new sales decreased to 12.9% in the first half of 2015, from 16.6% in the same period of 2014.

## Interim report — continued

### Investment Management

#### Analysis of results

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
Fees	254	234
<b>Operating income</b>	<b>253</b>	<b>234</b>
Administrative expenses	179	158
<b>Operating result</b>	<b>74</b>	<b>77</b>
Special items before tax	-15	-122
<b>Result before tax</b>	<b>59</b>	<b>-45</b>
Taxation	16	-13
<b>Net result<sup>1</sup></b>	<b>43</b>	<b>-32</b>

#### Key figures

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
Total administrative expenses	179	158
Net inflow Assets under Management (in EUR billion)	-3	-9
Assets under Management <sup>2</sup>	184	177
Net operating ROE <sup>3</sup>	27.8%	33.0%

1 Excluding the Net result from discontinuing operations.

2 End of period, in EUR billion.

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

## Interim report — continued

Total Assets under Management (AuM) at Investment Management were EUR 184 billion at the end of the first half of 2015, compared with EUR 177 billion at the end of the first half of 2014. The increase reflects positive market performance as well as net inflows in Third Party of EUR 1 billion and in Proprietary of EUR 0.5 billion, partly offset by net outflows in the Other Affiliated businesses of EUR 4 billion.

In the first half of 2015 the operating result of Investment Management was EUR 74 million, down 3.2% compared with the same period of 2014. Higher average AuM led to higher fee income, which was more than offset by an increase in administrative expenses, as expenses in the first half of 2014 benefited from EUR 10 million of personnel provision releases.

Fees were EUR 254 million, up 8.3% compared with the first half of 2014, reflecting the higher average AuM in the second half of 2014 and the first quarter of 2015, despite a EUR 5 million one-off fee in the first half of 2014.

Administrative expenses were EUR 179 million, up from EUR 158 million in the same period of 2014, which benefited from EUR 10 million of personnel provision releases. The increase reflects higher staff-related expenses following the strengthening of various investment and marketing teams, as well as higher IT and market data expenses due to the impact of the USD exchange rate.

The result before tax in the first half of 2015 was EUR 59 million, compared with a loss of EUR 45 million for the same period of 2014, which included a special item of EUR -122 million related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

## Interim report — continued

### Other

#### Analysis of results

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
Interest on hybrids and debt	-51	-68
Investment income & fees	31	19
Holding expenses	-32	-59
Amortisation of intangible assets	-3	-3
<b>Holding result</b>	<b>-56</b>	<b>-112</b>
Operating result reinsurance business	13	26
Operating result NN Bank	11	7
Other results	5	6
<b>Operating result</b>	<b>-27</b>	<b>-73</b>
Non-operating items:	11	3
- of which gains/losses and impairments	11	10
- of which revaluations		-7
Special items before tax		-36
<b>Result before tax</b>	<b>-17</b>	<b>-107</b>
Taxation	-4	-11
<b>Net result</b>	<b>-12</b>	<b>-96</b>

#### Key figures

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
Total administrative expenses:	113	121
- of which reinsurance business	6	6
- of which NN Bank	73	55
NN Bank common equity Tier 1 ratio phased in	14.2%	15.7%
Total assets NN Bank <sup>1</sup>	11	9

<sup>1</sup> End of period, in EUR billion.

## Interim report — continued

In the first half of 2015 the operating result of the segment “Other” improved to EUR -27 million from EUR -73 million in the same period of 2014. The improvement reflects a better holding result and higher operating result at NN Bank, partly offset by a lower operating result at NN Re.

The holding result improved to EUR -56 million in the first half of 2015, an improvement of 49.8% compared with EUR -112 million in the same period of 2014. The improvement is attributable to lower holding expenses, lower funding costs and a higher investment income. Holding expenses decreased to EUR 32 million in the first half of 2015, a decrease of 45.2% compared with EUR 59 million in the same period of 2014, reflecting a revised method for charging head office expenses to the segments as well as the impact of the transformation programme in the Netherlands. Interest costs on hybrids and debt were EUR 51 million in the first half of 2015 compared with EUR 68 million in the same period of 2014, following the refinancing of hybrid debt using the proceeds of the undated subordinated notes issued in July 2014, which were classified as equity under IFRS. The interest on the undated notes was recognised in equity while the interest on the hybrid debt redeemed with these notes was recognised in the profit and loss account. The investment income increased to EUR 31 million in the first half of 2015 driven by interest income received on the EUR 600 million and EUR 450 million subordinated loans provided by NN Group to NN Life in the first half of 2014.

The operating result of the reinsurance business was EUR 13 million in the first half of 2015, down from EUR 26 million in the same period of 2014, due to lower hedge results on the VA Europe portfolio and lower underwriting results.

The operating result of NN Bank improved to EUR 11 million in the first half of 2015 from EUR 7 million in the same period of last year. The strong production of mortgages and the increase in customer savings led to a higher interest result, partly offset by higher administrative expenses supporting the bank’s growth.

The result before tax of the segment “Other” was EUR -17 million in the first half of 2015, up from EUR -107 million in the same period of 2014. The improvement reflects the higher operating result. The first half of 2014 included negative revaluations on real estate and EUR -36 million of special items related to the agreement to make ING’s closed defined benefit pension plan in the Netherlands financially independent and the transformation programme in the Netherlands.

Total administrative expenses were down EUR 8 million to EUR 113 million in the first half of 2015 reflecting EUR 27 million lower holding expenses, partly offset by higher expenses at NN Bank.

## Interim report — continued

### Japan Closed Block VA

#### Analysis of results

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
Fees and premium-based revenues	52	58
<b>Operating income</b>	<b>52</b>	<b>58</b>
Administrative expenses	10	9
DAC amortisation and trail commissions	6	6
<b>Expenses</b>	<b>16</b>	<b>15</b>
<b>Operating result</b>	<b>36</b>	<b>43</b>
Non-operating items:	24	
- of which market & other impacts	24	
<b>Result before tax</b>	<b>60</b>	<b>43</b>
Taxation	2	5
<b>Net result</b>	<b>57</b>	<b>38</b>

#### Key figures<sup>1</sup>

amounts in millions of euros	1 January to 30 June 2015	1 January to 30 June 2014
Account value	11,610	14,425
Net Amount at Risk	76	694
IFRS Reserves	403	1,068
Number of policies (in number)	239,510	330,203

<sup>1</sup> End of period.

In the first half of 2015 the result before tax increased to EUR 60 million from EUR 43 million in the same period of 2014, up 33.0% excluding currency impacts. The first half of 2015 included a hedge related result of EUR 17 million and a EUR 12 million reserve release on higher lapse assumptions for out-of-the-money policies.

The operating result of Japan Closed Block VA was EUR 36 million in the first half of 2015, compared with EUR 43 million in the first half of 2014. Excluding currency effects, the operating result decreased by 20.4%, mainly driven by lower fees and premium-based revenues in line with the run-off of the portfolio.

Fees and premium-based revenues were EUR 52 million, compared with EUR 58 million in the first half of 2014. Excluding currency effects, fees and premium-based revenues decreased by 14.7% due to a lower account value caused by a decreasing number of policies.

Administrative expenses increased to EUR 10 million in the first half of 2015 from EUR 9 million in the first half of 2014, mainly caused by higher processing costs due to an increase in surrenders and maturities as well as higher project costs to prepare for the large volumes of future maturities expected in the portfolio.

DAC amortisation and trail commissions remained flat at EUR 6 million in the first half of 2015 compared with the first half of 2014.

The Net Amount at Risk in Japan Closed Block VA decreased to EUR 76 million at the end of the first half of 2015 from EUR 694 million at the end of the first half of 2014, primarily as a result of equity markets appreciation.

## Interim report — continued

### Balance sheet

Total assets of NN Group decreased by EUR 5.5 billion, on a constant currency basis, to EUR 161.7 billion at 30 June 2015 from EUR 165.5 billion at the end of 2014, mainly driven by a decrease in the market value of Financial assets at fair value and Debt securities available-for-sale.

### Cash and cash equivalents

Cash and cash equivalents increased by EUR 1.2 billion to EUR 8.7 billion mainly reflecting higher short term cash as the result of low market interest.

### Investments for risk of policyholders

Investments for risk policyholders decreased by EUR 4.9 billion, on a constant currency basis, to EUR 37.1 billion reflecting the transfer of EUR 2.8 billion separate account pension contracts to the general account in Netherlands Life and negative revaluations. These changes are mirrored in the Provision for risk of policyholders on the liability side of the balance sheet.

### Non-trading derivatives

Non-trading derivatives decreased by EUR 2.2 billion to EUR 5.0 billion mainly reflecting negative revaluations on Interest rate swaps as interest rates increased in the first six months of 2015.

### Debt securities

Debt securities available-for-sale decreased by EUR 0.4 billion to EUR 66.3 billion, on a constant currency basis, mainly driven by lower market values as long term interest rates increased in the first half of 2015 offset by investments in the Netherlands.

### Loans

Loans increased by EUR 0.6 billion to EUR 28.4 billion, mainly reflecting EUR 1.6 billion mortgages issued by NN Bank offset by decreased personal loans and cash deposits with a maturity longer than three months.

### Debt securities issued

Debt securities issued increased by EUR 597 million reflecting senior unsecured notes issued in March 2015. The proceeds were partly used to repay Senior debt from ING Group.

### Insurance and Investment contracts

Insurance and Investment contracts decreased by EUR 2.7 billion to EUR 117.9 billion, on a constant currency basis, mainly reflecting EUR 4.9 billion decrease in the provision for risk of policyholders reflecting the decreased investments for risk of policyholders and EUR 1.1 billion lower deferred interest crediting to life policyholders following the decrease of the debt securities revaluation reserve and cash flow hedge reserve. This was offset by the transfer of EUR 2.8 billion separate account pension contracts to the general account.

### Customer deposits

Customer deposits increased by EUR 1.0 billion to EUR 8.0 billion reflecting an increase of consumer savings at NN Bank during the first half of 2015.

### Total equity

Shareholders' equity decreased by EUR 0.8 billion to EUR 19.6 billion mainly driven by a decrease in the available-for-sale investments revaluation reserves of EUR 1.6 billion offset by EUR 0.8 billion lower deferred interest crediting to life policyholders.

## Interim report — continued

### Capital management

#### Capital ratios

##### Capital ratios NN Group

amounts in millions of euros	30 June 2015	31 December 2014
Shareholders' equity	19,602	20,355
Qualifying subordinated debt issued by NN Group to ING Group	1,823	1,823
Qualifying subordinated debt issued by NN Group	1,000	1,000
Required regulatory adjustments	-8,131	-9,100
<b>Total capital base (a)</b>	<b>14,294</b>	<b>14,078</b>
EU required capital (b)	4,673	4,686
<b>IGD Solvency I ratio (a/b)</b>	<b>306%</b>	<b>300%</b>
<b>NN Life Solvency I ratio</b>	<b>281%</b>	<b>258%</b>

The IGD ratio increased to 306% at the end of June 2015, mainly driven by the net result of EUR 877 million in the first half of 2015 offset by negative revaluations resulting from market movements, the EUR 200 million share buy-back from ING Group in February, the EUR 150 million buy-back in May and the 2015 interim dividend of EUR 156 million.

The Solvency I ratio of NN Life increased to 281% from 258% at the end of the fourth quarter of 2014, mainly driven by positive revaluations of public and private equity and real estate investments as well as tightening of credit spreads during the first quarter of 2015 which partly reversed in the second quarter of 2015 and the deduction of a dividend of EUR 125 million paid to NN Group in July 2015.

#### Cash capital position holding company

##### NN Group: Cash capital

amounts in millions of euros	6 months 2015
<b>Beginning of period</b>	<b>1,413</b>
Dividends from subsidiaries <sup>1</sup>	840
Capital injections into subsidiaries <sup>2</sup>	-124
Other <sup>3</sup>	-27
<b>Free cash flow to the holding<sup>4</sup></b>	<b>688</b>
Capital flow from / (to) shareholders	-486
Increase / (decrease) in debt and loans	-3
<b>End of period</b>	<b>1,612</b>

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

1 Includes interest on subordinated loans paid by subsidiaries to the holding company.

2 Includes the change of subordinated loans provided to subsidiaries by the holding company.

3 Includes interest on subordinated loans and debt, holding company expenses and other cash flows.

4 Free cash flow to 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.

Dividends from subsidiaries of EUR 840 million were the main driver of the EUR 688 million free cash flow to the holding over the first half of 2015. Capital flows with shareholders amounted to EUR 486 million over the first half of 2015 and included the final dividend for 2014 of a total amount of EUR 193 million of which EUR 140 million in cash. NN Group participated in the ING Group sell-down in February 2015 via a EUR 200 million share buy-back and in May 2015 via a EUR 150 million share buy-back. Also NN Group repurchased ordinary shares from ING Group for a total amount of EUR 53 million to neutralise the dilutive effect of the stock dividend in June 2015. This was offset by a EUR 57 million capital injection by ING Group against issuance of ordinary shares to fulfil a commitment to the European Commission pertaining to the capitalisation of NN Bank.



## Interim report — continued

### Capital generation

#### Capital generation

amounts in millions of euros	30 Jun 15		31 Dec 14		Change 6M15			
	Available Capital	Available over Minimum Required Capital (a)	Available Capital	Available over Minimum Required Capital (b)	Change 6M15 (a-b)	Of which capital flows <sup>1</sup>	Capital Generation - 6M15	Capital Generation - 6M14
Total of subsidiaries (excluding discontinued operations) <sup>2</sup>	13,688	8,829	13,480	8,668	161	-686	847	8
of which NN Life <sup>2</sup>	8,378	5,437	8,028	5,048	389	-370	759	-68

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 available capital at 31 December 2014 reflects the final figures filed with the regulators and also includes the EUR 350 million dividend paid by NN Life to NN Group in February 2015; The available capital at 30 June 2015 includes the EUR 125 million dividend paid by NN Life to NN Group in July 2015.

The capital generated by subsidiaries was EUR 847 million over the first six months of 2015. Capital was predominantly generated within NN Life (EUR 759 million) and reflects positive revaluations of public and private equity and real estate investments as well as tightening of credit spreads during the first quarter of 2015 which partly reversed in the second quarter of 2015.

### Financial leverage

#### NN Group: Financial leverage

amounts in millions of euros	30 June 2015	31 December 2014
Shareholders' equity	19,602	20,355
Adjustment for revaluation reserves <sup>1</sup>	-6,458	-7,979
Goodwill	-263	-265
Minority interests	92	76
<b>Capital base for financial leverage (a)</b>	<b>12,974</b>	<b>12,187</b>
– Undated subordinated notes <sup>2</sup>	986	986
– Subordinated debt	2,292	2,297
Total subordinated debt:	3,277	3,282
Debt securities issued (financial leverage)	398	400
<b>Financial leverage (b)</b>	<b>3,675</b>	<b>3,682</b>
Debt securities issued (operational leverage)	199	0
<b>Total debt</b>	<b>3,874</b>	<b>3,682</b>
Financial leverage ratio (b/(a+b))	22.1%	23.2%
Fixed-cost coverage ratio <sup>2,3</sup>	12.9x	9.9x

1 Includes revaluations on debt securities, on the cash flow hedge reserve and on the reserves crediting to life policy holders.

2 The undated subordinated notes classified as equity are considered financial leverage in the calculation of the financial leverage ratio. The related interest is included on an accrual basis in the calculation of the fixed-cost coverage ratio.

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

The financial leverage ratio of NN Group improved to 22.1% at the end of the second quarter of 2015, mainly because a EUR 0.8 billion increase of the capital base for financial leverage. This was primarily driven by the first half of 2015 net result of EUR 877 million and equity and currency revaluations, offset by EUR 486 million capital flows with shareholders.

The fixed-cost coverage ratio further improved to 12.9x at the end of the second quarter (on a last 12-months basis) versus 9.9x at the end of 2014, mainly due to increased profitability.

## Interim report — continued

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

### Share buy-backs

In February 2015, ING Group sold 52 million shares of NN Group at a price of EUR 24.00 per share. As part of this transaction, NN Group repurchased 8.3 million shares from ING Group for an aggregate amount of EUR 200 million. In May 2015 ING Group sold an additional 45 million NN Group shares at a price of EUR 25.46 per share. NN Group participated in this transaction by a repurchase of 5.9 million shares from ING Group for an aggregate amount of EUR 150 million. Following this sell-down, ING Group's retained minority stake in NN Group has been deconsolidated (in line with IFRS) and going forward will be accounted for as an Associate Held for Sale. As a consequence the acquisition restriction will no longer apply for NN Group. In June 2015, NN Group repurchased 2,114,271 ordinary shares from ING Group at the volume weighted average share price of EUR 24.95, to neutralise the dilutive effect of the 2014 stock dividend on earnings per share.

### Interim dividend

Effective from 2015, NN Group intends to pay interim dividends calculated at approximately 40% of the prior year's full year dividend, barring unforeseen circumstances. NN Group will pay a 2015 interim dividend of EUR 0.46 per ordinary share, or EUR 156 million in total based on the current number of outstanding shares (net of treasury shares).

The 2015 interim dividend will be paid either in cash or ordinary shares from the share premium reserve at the election of the shareholder. To neutralise the dilutive effect of the newly issued shares for the stock dividend on earnings per ordinary share, NN Group will repurchase ordinary shares from ING Group equal to the number of shares that NN Group will issue as stock dividend at a price similar to the price used to calculate the stock fraction for the stock dividend. The NN Group ordinary shares will be quoted ex-dividend on 10 August 2015. The record date for the dividend will be 11 August 2015. The election period will run from 10 August up to and including 31 August 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 25 August through 31 August 2015. The dividend will be payable on 7 September 2015.

In line with its dividend policy, NN Group intends to pay an ordinary dividend in line with its medium term financial performance and envisages an ordinary dividend pay-out ratio of 40-50% of the net operating result from ongoing business.

On 30 June 2015, NN Group paid a final dividend related to the second half of 2014 of EUR 0.57 per ordinary share. Approximately 27% of shareholders elected to receive the dividend in ordinary shares. Consequently, 2,114,271 new ordinary shares were issued for the settlement of the stock dividend. The dilutive effect of the stock dividend on earnings per share was neutralised through the repurchase of shares from ING Group.

### Share capital

On 30 June 2015, the total number of NN Group shares outstanding (net of treasury shares) was 338,576,478. The Executive Board of NN Group has decided to cancel 15,339,199 treasury shares, which NN Group has repurchased from ING Group. At the Annual General Meeting of 28 May 2015, authorisation was obtained to cancel treasury shares up to a maximum of 20% of the issued share capital of NN Group. This decision is subject to a two-month opposition period which will end on 15 September 2015. 976,394 treasury shares have been retained for purposes of settlements under share-based remuneration arrangements.

### Ratings

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

#### Main credit ratings of NN Group at 07 August 2015

Rating	Outlook
NN Group N.V.	
Standard & Poor's	A-
Moody's	Baa2

## Conformity statement

The Executive Board NN Group is required to prepare the Interim report and Condensed consolidated interim accounts of NN Group N.V. for each financial period in accordance with applicable Dutch law and International Financial Reporting Standards that are endorsed by the European Union (IFRS-EU).

### Conformity statement pursuant to section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht)

The Executive Board NN Group is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and reasonable. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Executive Board NN Group, so that the timeliness, completeness and correctness of the external financial reporting are assured.

As required by section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act, each of the signatories hereby confirms that to the best of his knowledge:

- the NN Group N.V. Condensed consolidated interim accounts for the period ended 30 June 2015 give a true and fair view of the assets, liabilities, financial position and profit or loss of NN Group N.V. and the entities included in the consolidation taken as a whole; and
- the NN Group N.V. interim report for the period ended 30 June 2015 includes a fair review of the information required pursuant to article 5:25d, paragraph 8 and 9 of the Dutch Financial Supervision Act regarding NN Group N.V. and the entities included in the consolidation taken as a whole.

The Hague, 4 August 2015

Lard Friese

**CEO, chairman of the Executive Board**

Delfin Rueda

**CFO, member of the Executive Board**

## Condensed consolidated balance sheet of NN Group

Amounts in millions of euros, unless stated otherwise

### Condensed consolidated balance sheet

As at

	notes	30 June 2015	31 December 2014
<b>Assets</b>			
Cash and cash equivalents		8,742	7,530
Financial assets at fair value through profit or loss:			
– trading assets		615	628
– investments for risk of policyholders		37,137	41,222
– non-trading derivatives		4,994	7,207
– designated as at fair value through profit or loss		479	492
Available-for-sale investments	2	72,926	72,277
Loans	3	28,368	27,802
Reinsurance contracts	9	264	241
Associates and joint ventures	4	1,703	1,617
Real estate investments		1,298	1,104
Property and equipment		81	139
Intangible assets	5	347	357
Deferred acquisition costs		1,499	1,403
Other assets	6	3,209	3,462
<b>Total assets</b>		<b>161,662</b>	<b>165,481</b>
<b>Equity</b>			
Shareholders' equity (parent)		19,602	20,355
Minority interests		92	76
Undated subordinated notes		986	986
<b>Total equity</b>	7	<b>20,680</b>	<b>21,417</b>
<b>Liabilities</b>			
Subordinated debt		2,292	2,297
Debt securities issued	8	597	
Other borrowed funds		4,511	5,867
Insurance and investment contracts	9	117,909	119,237
Customer deposits and other funds on deposit		7,977	6,981
Financial liabilities at fair value through profit or loss:			
– non-trading derivatives		2,083	3,142
Other liabilities	10	5,613	6,540
<b>Total liabilities</b>		<b>140,982</b>	<b>144,064</b>
<b>Total equity and liabilities</b>		<b>161,662</b>	<b>165,481</b>

# Condensed consolidated profit and loss account of NN Group

## Condensed consolidated profit and loss account

notes	1 April to 30 June 2015	1 April to 30 June 2014	1 January to 30 June 2015	1 January to 30 June 2014
<b>Continuing operations</b>				
Gross premium income	1,951	1,979	5,529	5,468
Investment income <span style="float: right;">11</span>	1,027	873	2,099	1,728
– gross fee and commission income	262	236	518	481
– fee and commission expenses	-96	-83	-191	-164
Net fee and commission income:	166	153	327	317
Valuation results on non-trading derivatives	-330	-155	-314	-13
Foreign currency results and net trading income	31	43	91	-1
Share of result from associates and joint ventures	56	28	106	108
Other income	10	7	19	13
<b>Total income</b>	<b>2,911</b>	<b>2,928</b>	<b>7,857</b>	<b>7,620</b>
– gross underwriting expenditure	21	3,533	6,661	7,958
– investment result for risk of policyholders	1,803	-1,513	-1,089	-2,081
– reinsurance recoveries	-18	-14	-32	-31
Underwriting expenditure: <span style="float: right;">12</span>	1,806	2,006	5,540	5,846
Intangible amortisation and other impairments	2	2	3	3
Staff expenses <span style="float: right;">13</span>	284	304	581	1,147
Interest expenses	157	118	305	228
Other operating expenses	202	178	384	360
<b>Total expenses</b>	<b>2,451</b>	<b>2,608</b>	<b>6,813</b>	<b>7,584</b>
<b>Result before tax from continuing operations</b>	<b>460</b>	<b>320</b>	<b>1,044</b>	<b>36</b>
Taxation	52	68	142	-15
<b>Net result from continuing operations</b>	<b>408</b>	<b>252</b>	<b>902</b>	<b>51</b>
<b>Discontinued operations</b>				
Net result from discontinued operations		2		7
Net result from disposal of discontinued operations		-3		-20
<b>Total net result from discontinued operations</b>		<b>-1</b>		<b>-13</b>
<b>Net result from continuing and discontinued operations (before attribution to minority interests)</b>	<b>408</b>	<b>251</b>	<b>902</b>	<b>38</b>

## Condensed consolidated profit and loss account of NN Group — continued

### Net result

	1 April to 30 June 2015	1 April to 30 June 2014	1 January to 30 June 2015	1 January to 30 June 2014
Net result from continuing and discontinued operations attributable to:				
Shareholders of the parent	392	252	877	37
Minority interests	16	-1	25	1
<b>Net result from continuing and discontinued operations</b>	<b>408</b>	<b>251</b>	<b>902</b>	<b>38</b>
Net result from continuing operations attributable to:				
Shareholders of the parent	392	253	877	50
Minority interests	16	-1	25	1
<b>Net result from continuing operations</b>	<b>408</b>	<b>252</b>	<b>902</b>	<b>51</b>
Total net result from discontinued operations attributable to:				
Shareholders of the parent		-1		-13
Minority interests				
<b>Total net result from discontinued operations</b>		<b>-1</b>		<b>-13</b>

### Earnings per ordinary share

amounts in euros	notes	1 April to 30 June 2015	1 April to 30 June 2014	1 January to 30 June 2015	1 January to 30 June 2014
<b>Earnings per ordinary share:</b>	<b>14</b>				
Basic earnings per ordinary share		1.15	0.72	2.45	0.10
Diluted earnings per ordinary share		1.15	0.72	2.44	0.10
<b>Earnings per ordinary share from continuing operations:</b>					
Basic earnings per ordinary share from continuing operations		1.15	0.72	2.45	0.14
Diluted earnings per ordinary share from continuing operations		1.15	0.72	2.44	0.14
<b>Earnings per ordinary share from discontinued operations:</b>					
Basic earnings per ordinary share from discontinued operations		0.00	0.00	0.00	-0.04
Diluted earnings per ordinary share from discontinued operations		0.00	0.00	0.00	-0.04

## Condensed consolidated statement of comprehensive income of NN Group

### Condensed consolidated statement of comprehensive income

	1 April to 30 June 2015	1 April to 30 June 2014	1 January to 30 June 2015	1 January to 30 June 2014
<b>Net result from continuing and discontinued operations</b>	<b>408</b>	<b>251</b>	<b>902</b>	<b>38</b>
– Unrealised revaluations available-for-sale investments and other	-5,378	1,326	-1,366	2,726
– Realised gains/losses transferred to the profit and loss account	-51	38	-222	20
– Changes in cash flow hedge reserve	-1,438	408	-514	721
– Deferred interest crediting to life policyholders	2,328	-659	825	-1,279
– Share of other comprehensive income of associates and joint ventures	-2	2	5	45
– Exchange rate differences	-116	62	154	98
Items that may be reclassified subsequently to the profit and loss account:	-4,657	1,177	-1,118	2,331
– Remeasurement of the net defined benefit asset/liability	48	-20	26	-86
– Unrealised revaluations property in own use	1	1		1
Items that will not be reclassified to the profit and loss account:	49	-19	26	-85
<b>Total other comprehensive income</b>	<b>-4,608</b>	<b>1,158</b>	<b>-1,092</b>	<b>2,246</b>
<b>Total comprehensive income</b>	<b>-4,200</b>	<b>1,409</b>	<b>-190</b>	<b>2,284</b>
Comprehensive income attributable to:				
Shareholders of the parent	-4,225	1,410	-226	2,283
Minority interests	25	-1	36	1
<b>Total comprehensive income</b>	<b>-4,200</b>	<b>1,409</b>	<b>-190</b>	<b>2,284</b>

Reference is made to Note 16 “Taxation” for the disclosure on the income tax effects on each component of Other comprehensive income.

# Condensed consolidated statement of cash flows of NN Group

## Condensed consolidated statement of cash flows

	1 January to 30 June 2015	1 January to 30 June 2014
Result before tax	1,044	23
Adjusted for:		
– depreciation	25	39
– deferred acquisition costs and value of business acquired	-50	-61
– underwriting expenditure (change in insurance provisions)	-2,113	-319
– other	-88	-390
Taxation paid	-147	-62
Changes in:		
– trading assets	14	96
– financial assets at fair value through profit or loss – non-trading derivatives	1,153	-306
– other financial assets at fair value through profit or loss	24	-127
– loans	-992	-1,783
– other assets	297	-180
– customer deposits and other funds on deposit	996	750
– financial liabilities at fair value through profit or loss – non-trading derivatives	-892	-116
– other liabilities	-1,026	139
<b>Net cash flow from operating activities</b>	<b>-1,755</b>	<b>-2,297</b>
Investments and advances:		
– associates and joint ventures	-49	-447
– available-for-sale investments	-5,531	-5,465
– real estate investments	-107	-75
– property and equipment	-30	-9
– investments for risk of policyholders	-2,826	-3,303
– other investments	-11	-21
Disposals and redemptions:		
– group companies		4
– associates and joint ventures	67	289
– available-for-sale investments	3,586	3,312
– real estate investments		5
– property and equipment	2	
– investments for risk of policyholders	8,758	6,853
– other investments	361	1
<b>Net cash flow from investing activities</b>	<b>4,220</b>	<b>1,144</b>
Proceeds from issuance of subordinated loans		985
Repayments of subordinated loans		-585
Proceeds from other borrowed funds and debt securities	6,812	4,821
Repayments of other borrowed funds and debt securities	-7,575	-5,265
Capital contributions	57	850
Dividend paid	-160	-178
Purchase/sale of treasury shares	-402	
<b>Net cash flow from financing activities</b>	<b>-1,268</b>	<b>628</b>
<b>Net cash flow</b>	<b>1,197</b>	<b>-525</b>



## Condensed consolidated statement of cash flows of NN Group — continued

### Cash and cash equivalents

	1 January to 30 June 2015	1 January to 30 June 2014
Cash and cash equivalents at beginning of the period	7,530	7,224
Net cash flow	1,197	-525
Effect of exchange rate changes on cash and cash equivalents	15	54
<b>Cash and cash equivalents at end of the period</b>	<b>8,742</b>	<b>6,753</b>
Cash and cash equivalents comprises the following items:		
Cash and cash equivalents	8,742	6,739
Cash and cash equivalents classified as Assets held for sale		14
<b>Cash and cash equivalents at end of the period</b>	<b>8,742</b>	<b>6,753</b>

## Condensed consolidated statement of changes in equity of NN Group

### Condensed consolidated statement of changes in equity

	Share capital	Share premium	Reserves	Total Shareholders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
<b>Balance as at 1 January 2015</b>	<b>42</b>	<b>12,098</b>	<b>8,215</b>	<b>20,355</b>	<b>76</b>	<b>986</b>	<b>21,417</b>
<b>Net result for the period</b>			<b>877</b>	<b>877</b>	<b>25</b>		<b>902</b>
Unrealised revaluations available-for-sale investments and other			-1,366	-1,366			-1,366
Realised gains/losses transferred to the profit and loss account			-222	-222			-222
Changes in cash flow hedge reserve			-514	-514			-514
Deferred interest crediting to life policyholders			825	825			825
Share of other comprehensive income of associates and joint ventures			5	5			5
Exchange rate differences			143	143	11		154
Remeasurement of the net defined benefit asset/liability			26	26			26
<b>Total amount recognised directly in equity (Other comprehensive income)</b>	<b>0</b>	<b>0</b>	<b>-1,103</b>	<b>-1,103</b>	<b>11</b>	<b>0</b>	<b>-1,092</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-226</b>	<b>-226</b>	<b>36</b>	<b>0</b>	<b>-190</b>
Capital contributions		57		57			57
Dividends			-140	-140	-20		-160
Purchase/sale of treasury shares			-402	-402			-402
Employee stock option and share plans			-8	-8			-8
Coupon on undated subordinated notes			-34	-34			-34
<b>Balance as at 30 June 2015</b>	<b>42</b>	<b>12,155</b>	<b>7,405</b>	<b>19,602</b>	<b>92</b>	<b>986</b>	<b>20,680</b>

## Condensed consolidated statement of changes in equity of NN Group — continued

### Condensed consolidated statement of changes in equity

	Share capital	Share premium	Reserves	Total Shareholders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
<b>Balance as at 1 January 2014</b>	<b>0</b>	<b>11,605</b>	<b>2,457</b>	<b>14,062</b>	<b>68</b>		<b>14,130</b>
<b>Net result from continuing and discontinued operations</b>			<b>37</b>	<b>37</b>	<b>1</b>		<b>38</b>
Unrealised revaluations available-for-sale investments and other			2,726	2,726			2,726
Realised gains/losses transferred to the profit and loss account			20	20			20
Changes in cash flow hedge reserve			721	721			721
Deferred interest crediting to life policyholders			-1,279	-1,279			-1,279
Share of other comprehensive income of associates and joint ventures			45	45			45
Exchange rate differences			98	98			98
Remeasurement of the net defined benefit asset/liability			-86	-86			-86
Unrealised revaluations property in own use			1	1			1
<b>Total amount recognised directly in equity (Other comprehensive income)</b>	<b>0</b>	<b>0</b>	<b>2,246</b>	<b>2,246</b>	<b>0</b>	<b>0</b>	<b>2,246</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>2,283</b>	<b>2,283</b>	<b>1</b>	<b>0</b>	<b>2,284</b>
Capital contributions		850		850			850
Dividends		-315		-315	-9		-324
Employee stock option and share plans			3	3			3
Changes in composition of the group and other changes			56	56			56
<b>Balance as at 30 June 2014</b>	<b>0</b>	<b>12,140</b>	<b>4,799</b>	<b>16,939</b>	<b>60</b>	<b>0</b>	<b>16,999</b>

# Notes to the Condensed consolidated interim accounts of NN Group

## 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 2014 NN Group Consolidated annual accounts.

These Condensed consolidated interim accounts should be read in conjunction with the 2014 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 2014 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 2014 NN Group Consolidated annual accounts for more details on (upcoming changes in) accounting policies.

The Condensed consolidated interim financial information of NN Group was authorised for issue by the Executive Board on 4 August 2015.

## 2 Available-for-sale investments

### Available-for-sale investments

	30 June 2015	31 December 2014
Equity securities:		
– shares in NN Group managed investment funds	2,110	1,920
– shares in third-party managed investment funds	1,320	1,439
– other	3,174	2,927
<b>Total equity securities</b>	<b>6,604</b>	<b>6,286</b>
Debt securities	66,322	65,991
<b>Available-for-sale investments</b>	<b>72,926</b>	<b>72,277</b>

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

### Total exposure to debt securities

	30 June 2015	31 December 2014
Available-for-sale investments	66,322	65,991
Loans	3,639	4,714
<b>Available-for-sale investments and Loans</b>	<b>69,961</b>	<b>70,705</b>
Investments for risk of policyholders	1,484	1,537
Designated as at fair value through profit or loss and Trading	6	16
<b>Financial assets at fair value through profit or loss</b>	<b>1,490</b>	<b>1,553</b>
<b>Debt securities</b>	<b>71,451</b>	<b>72,258</b>

## Notes to the Condensed consolidated interim accounts of NN Group — continued

NN Group's total exposure to debt securities included in Available-for-sale investments and Loans of EUR 69,961 million (2014: EUR 70,705 million) is specified as follows by type of exposure:

### Debt securities by type

	Available-for-sale investments		Loans		Total	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Government bonds	51,566	52,344			51,566	52,344
Covered bonds	530	609			530	609
Corporate bonds	9,052	7,824			9,052	7,824
Financial institution bonds	4,385	4,367			4,385	4,367
<b>Bond portfolio (excluding ABS)</b>	<b>65,533</b>	<b>65,144</b>	<b>0</b>	<b>0</b>	<b>65,533</b>	<b>65,144</b>
US agency RMBS	265	254			265	254
US prime RMBS	1	1			1	1
US Alt-A RMBS	5	6			5	6
Non-US RMBS	320	360	2,220	2,874	2,540	3,234
CDO/CLO	38	38	22	29	60	67
Other ABS	154	175	1,146	1,498	1,300	1,673
CMBS	6	13	251	313	257	326
<b>ABS portfolio</b>	<b>789</b>	<b>847</b>	<b>3,639</b>	<b>4,714</b>	<b>4,428</b>	<b>5,561</b>
<b>Debt securities – Available-for-sale investments and Loans</b>	<b>66,322</b>	<b>65,991</b>	<b>3,639</b>	<b>4,714</b>	<b>69,961</b>	<b>70,705</b>

### Reclassifications to Loans (2009)

As per reclassification date	Q2 2009
Fair value	6,135
Range of effective interest rates (weighted average)	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 took place and the reclassification date	173
Recognised fair value gains (losses) in Shareholders' equity (before tax) in the year prior to reclassification	-971
Impairment (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	nil
Impairment (before tax) in the year prior to reclassification	nil

Years after reclassification	30 June 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011	31 December 2010	31 December 2009
Carrying value	715	809	1,098	1,694	3,057	4,465	5,550
Fair value	862	984	1,108	1,667	2,883	4,594	5,871
Unrealised fair value gains/losses in Shareholders' equity (before tax)	-191	-213	-111	-186	-307	-491	-734
Effect on Shareholders' equity (before tax) if reclassification had not been made	147	175	10	-27	-174	129	321
Effect on result (before tax) if reclassification had not been made	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.	121
Effect on result (before tax) for the year (interest income and sales results)	-1	-2	-10	-47	90	89	n.a.
Impairments (before tax)	nil	nil	nil	nil	nil	nil	nil
Provision for credit losses (before tax)	nil	nil	nil	nil	nil	nil	nil

## Notes to the Condensed consolidated interim accounts of NN Group — 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

	30 June 2015	31 December 2014
Loans secured by mortgages	19,927	18,175
Unsecured loans	4,015	3,706
Asset-backed securities	3,639	4,714
Deposits	572	928
Policy loans	219	193
Other	88	161
<b>Loans – before Loan loss provisions</b>	<b>28,460</b>	<b>27,877</b>
Loan loss provisions	-92	-75
<b>Loans</b>	<b>28,368</b>	<b>27,802</b>

#### Loan loss provisions

	30 June 2015	31 December 2014
Loan loss provisions – Opening balance	75	89
Changes in composition of the group and other changes	-2	
Write-offs	-3	-26
Increase in loan loss provisions	22	13
Exchange rate differences		-1
<b>Loan loss provisions – Closing balance</b>	<b>92</b>	<b>75</b>

### 4 Associates and joint ventures

#### Associates and joint ventures

	Interest held (%)	Balance sheet value	Interest held (%)	Balance sheet value
	30 June 2015		31 December 2014	
CBRE Dutch Office Master Fund I C.V.	27	277	28	255
CBRE UK Property Fund LP	25	216	27	188
CBRE Retail Property Fund Iberica LP	31	161	31	151
CBRE Property Fund Central Europe LP	25	109	25	107
Allee Center Kft	50	103	50	103
Fiumaranuova s.r.l.	50	93	50	91
CBRE Retail Property Fund France Belgium C.V.	15	99	15	85
CBRE European Industrial Fund LP	28	99	22	73
CBRE French Residential Fund C.V.	42	58	42	59
CBRE Property Fund Central and Eastern Europe FGR	21	54	21	52
Espace Rene Coty SNC	50	50		
Other		384		453
<b>Associates and joint ventures</b>		<b>1,703</b>		<b>1,617</b>

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

## Notes to the Condensed consolidated interim accounts of NN Group — continued

### 5 Intangible assets

#### Intangible assets

	30 June 2015	31 December 2014
Value of business acquired	16	17
Goodwill	262	265
Software	50	51
Other	19	24
<b>Intangible assets</b>	<b>347</b>	<b>357</b>

### 6 Other assets

#### Other assets

	30 June 2015	31 December 2014
Insurance and reinsurance receivables	538	531
Deferred tax assets	39	30
Property obtained from foreclosures	4	4
Income tax receivable	43	56
Accrued interest and rents	1,378	1,894
Other accrued assets	601	573
Other	606	374
<b>Other assets</b>	<b>3,209</b>	<b>3,462</b>

### 7 Equity

#### Total equity

	30 June 2015	31 December 2014
Share capital	42	42
Share premium	12,155	12,098
Revaluation reserve	7,875	9,103
Currency translation reserve	-92	-198
Net defined benefit asset/liability remeasurement reserve	-92	-118
Other reserves	-286	-572
<b>Shareholders' equity (parent)</b>	<b>19,602</b>	<b>20,355</b>
Minority interests	92	76
Undated subordinated notes	986	986
<b>Total equity</b>	<b>20,680</b>	<b>21,417</b>

#### Changes in equity

	Share capital	Share premium	Reserves	Total shareholders' equity (parent)
Balance as at 1 January 2015	42	12,098	8,215	20,355
Net result for the period			877	877
Total amount recognised directly in equity (Other comprehensive income)			-1,103	-1,103
Capital contributions		57		57
Dividends			-140	-140
Purchase/sale of treasury shares			-402	-402
Employee stock option and share plans			-8	-8
Coupon on undated subordinated notes			-34	-34
<b>Balance as at 30 June 2015</b>	<b>42</b>	<b>12,155</b>	<b>7,405</b>	<b>19,602</b>

## Notes to the Condensed consolidated interim accounts of NN Group — continued

### Capital contributions

On 21 May 2015, NN Group issued 2.2 million ordinary shares at a price of EUR 26.16 per share to ING Groep N.V. The proceeds of EUR 57 million were used by NN Group to increase the common equity Tier 1 capital of NN Bank by the same amount. In addition, ING Bank provided a facility to NN Bank under which NN Bank has the unconditional right to receive additional Tier 1 capital up to an amount of EUR 63 million until 31 December 2018 at prevailing market terms. With these transactions, ING Group fulfilled its commitments to the EC pertaining to the capitalisation of NN Bank.

### Dividends

On 28 May 2015, the General Meeting of Shareholders approved the proposed dividend for 2014 of EUR 0.57 per ordinary share, which reflects a total amount of EUR 193 million. This dividend was paid on 30 June 2015 either in cash or in ordinary shares at the election of the shareholders. As a result, an amount of EUR 140 million was distributed out of Other reserves (cash dividend) and 2.1 million ordinary shares, with a par value of EUR 0.12 per share and a volume weighted average share price of EUR 24.95 were issued (stock dividend).

In September 2015 NN Group will pay a 2015 interim dividend of EUR 0.46 per ordinary share, or EUR 156 million in total based on the current number of outstanding shares (net of treasury shares). The 2015 interim dividend will be paid either in cash or ordinary shares at the election of the shareholder. To neutralise the dilutive effect of the newly issued shares for the stock dividend on earnings per ordinary share, NN Group will repurchase ordinary shares from ING Group equal to the number of shares that NN Group will issue as stock dividend at a price similar to the price used to calculate the stock fraction for the stock dividend.

### Purchase/sale of treasury shares

In order to neutralise the dilutive effect of the stock dividend for 2014, NN Group repurchased on 30 June 2015 2.1 million ordinary shares from ING Groep N.V. at the volume weighted average share price of EUR 24.95 per share for an aggregate amount of EUR 53 million. The repurchased shares are held by NN Group and the amount is deducted from Other reserves ("Purchase/sale of treasury shares").

In the context of ING Group's reduction of its interest in NN Group, NN Group repurchased on 17 February 2015 8.3 million ordinary shares from ING Groep N.V. at a price of EUR 24.00 per share for an aggregate amount of EUR 200 million and on 26 May 2015 5.9 million ordinary shares at a price of EUR 25.46 per share for an aggregate amount of EUR 150 million. The repurchased shares are held by NN Group and the amount is deducted from Other reserves ("Purchase/sale of treasury shares").

### Coupon on undated subordinated notes

The undated subordinated notes have an optional annual coupon payment on 15 July. Following the payment of dividend and repurchase of ordinary shares in the first half of 2015, the payment of the first annual coupon on 15 July 2015 became mandatory and is recognised as a liability at 30 June 2015. As a result, EUR 34 million (net of tax) was deducted from equity.

### Cancellation of shares

On 30 June 2015, the total number of NN Group shares outstanding (net of treasury shares) was 338,576,478. The Executive Board of NN Group has decided to cancel 15,339,199 treasury shares, which NN Group has repurchased from ING Group. At the Annual General Meeting of 28 May 2015, authorisation was obtained to cancel treasury shares up to a maximum of 20% of the issued share capital of NN Group. This decision is subject to a two-month opposition period which will end on 15 September 2015. 976,394 treasury shares have been retained for purposes of employee share plan settlements.

### ING Group's ownership interest in NN Group

During the first half of 2015, the ownership of ING Groep N.V. in NN Group reduced from 68.1% to 37.6% of shares outstanding (net of treasury shares) at 30 June 2015. As a result, NN Group is no longer consolidated by ING Groep N.V. and the restrictions from the EC decision of November 2012 no longer apply.

## 8 Debt securities issued

In March 2015, NN Group issued EUR 600 million senior unsecured notes with a fixed rate coupon of 1% per annum and a maturity of seven years. The notes are issued under the Debt Issuance Programme, for which the base prospectus was issued on 2 March 2015. The net proceeds of this transaction of EUR 597 million were used to repay a EUR 400 million senior loan to ING Group.



## Notes to the Condensed consolidated interim accounts of NN Group — continued

### 9 Insurance and investment contracts, reinsurance contracts

#### Insurance and investment contracts, reinsurance contracts

	Provisions net of reinsurance		Reinsurance contracts		Insurance and investment contracts	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Life insurance provisions excluding provisions for risk of policyholders	76,071	73,525	126	114	76,197	73,639
Provisions for life insurance for risk of policyholders	35,565	39,671	45	46	35,610	39,717
<b>Life insurance provisions</b>	<b>111,636</b>	<b>113,196</b>	<b>171</b>	<b>160</b>	<b>111,807</b>	<b>113,356</b>
Provisions for unearned premiums and unexpired risks	475	264	11	3	486	267
Claims provisions	3,181	3,195	82	78	3,263	3,273
<b>Total provisions for insurance contracts</b>	<b>115,292</b>	<b>116,655</b>	<b>264</b>	<b>241</b>	<b>115,556</b>	<b>116,896</b>
Total provisions for investment contracts	2,353	2,341			2,353	2,341
<b>Insurance and investment contracts, reinsurance contracts</b>	<b>117,645</b>	<b>118,996</b>	<b>264</b>	<b>241</b>	<b>117,909</b>	<b>119,237</b>

The “Provisions for insurance and investment contracts” are 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.

In 2015, a refinement of the accounting treatment for the transfer of separate account pension contracts to the general account was implemented. The refined accounting treatment would not have had a material impact on prior year’s results.

### 10 Other liabilities

#### Other liabilities

	30 June 2015	31 December 2014
Deferred tax liabilities	1,900	2,274
Income tax payable	28	9
Net defined benefit liabilities	91	124
Other post-employment benefits	37	39
Other staff-related liabilities	118	150
Other taxation and social security contributions	177	173
Deposits from reinsurers	108	107
Accrued interest	415	740
Costs payable	193	176
Amounts payable to policyholders	588	983
Reorganisation provisions	70	94
Other provisions	93	104
Amounts to be settled	1,155	986
Other	640	581
<b>Other liabilities</b>	<b>5,613</b>	<b>6,540</b>

## Notes to the Condensed consolidated interim accounts of NN Group — continued

### 11 Investment income

#### Investment income

	1 April to 30 June 2015	1 April to 30 June 2014	1 January to 30 June 2015	1 January to 30 June 2014
Interest income from investments in debt securities	447	451	878	892
Interest income from loans:				
– unsecured loans	31	42	70	96
– mortgage loans	229	139	447	277
– policy loans	2	2	4	4
– other	11	78	32	107
<b>Interest income from investments in debt securities and loans</b>	<b>720</b>	<b>712</b>	<b>1,431</b>	<b>1,376</b>
Realised gains/losses on disposal of Available-for-sale debt securities	47	9	54	36
<b>Realised gains/losses on disposal of Available-for-sale debt securities</b>	<b>47</b>	<b>9</b>	<b>54</b>	<b>36</b>
Realised gains/losses on disposal of Available-for-sale equity securities	52	2	224	21
Impairments of Available-for-sale equity securities	-45	-63	-48	-90
<b>Realised gains/losses and impairments of Available-for-sale equity securities</b>	<b>7</b>	<b>-61</b>	<b>176</b>	<b>-69</b>
Interest income on non-trading derivatives	131	142	261	278
Income from real estate investments	19	11	37	22
Dividend income	97	63	127	91
Change in fair value of real estate investments	6	-3	13	-6
<b>Investment income</b>	<b>1,027</b>	<b>873</b>	<b>2,099</b>	<b>1,728</b>

#### Impairments on investments

	1 April to 30 June 2015	1 April to 30 June 2014	1 January to 30 June 2015	1 January to 30 June 2014
Netherlands Life	-42	-58	-45	-79
Netherlands Non-life		-3		-5
Insurance Europe	-3	-1	-3	-5
Other		-1		-1
<b>Impairments on investments</b>	<b>-45</b>	<b>-63</b>	<b>-48</b>	<b>-90</b>

### 12 Underwriting expenditure

#### Underwriting expenditure

	1 April to 30 June 2015	1 April to 30 June 2014	1 January to 30 June 2015	1 January to 30 June 2014
Gross underwriting expenditure:				
– before effect of investment result for risk of policyholder	1,824	2,020	5,572	5,877
– effect of investment result for risk of policyholder	-1,803	1,513	1,089	2,081
<b>Gross underwriting expenditure</b>	<b>21</b>	<b>3,533</b>	<b>6,661</b>	<b>7,958</b>
Investment result for risk of policyholders	1,803	-1,513	-1,089	-2,081
Reinsurance recoveries	-18	-14	-32	-31
<b>Underwriting expenditure</b>	<b>1,806</b>	<b>2,006</b>	<b>5,540</b>	<b>5,846</b>

The investment income and valuation results regarding investments for risk of policyholders is recognised in “Underwriting expenditure”. As a result it is shown together with the equal amount of related change in insurance provisions for risk of policyholders.

## Notes to the Condensed consolidated interim accounts of NN Group — continued

### Underwriting expenditure by class

	1 April to 30 June 2015	1 April to 30 June 2014	1 January to 30 June 2015	1 January to 30 June 2014
<b>Expenditure from life underwriting:</b>				
– reinsurance and retrocession premiums	25	22	68	59
– gross benefits	3,489	2,417	6,952	5,114
– reinsurance recoveries	-15	-12	-27	-27
– change in life insurance provisions	-2,064	-790	-2,676	-541
– costs of acquiring insurance business	115	115	244	239
– other underwriting expenditure	18	19	47	52
– profit sharing and rebates	6	4	9	12
<b>Expenditure from life underwriting</b>	<b>1,574</b>	<b>1,775</b>	<b>4,617</b>	<b>4,908</b>
<b>Expenditure from non-life underwriting:</b>				
– reinsurance and retrocession premiums	3	4	24	25
– gross claims	267	275	545	562
– reinsurance recoveries	-3	-2	-5	-4
– changes in the provision for unearned premiums	-95	-97	238	252
– changes in the claims provision	-5	-17	-8	-31
– costs of acquiring insurance business	64	68	128	134
– other underwriting expenditure	1		1	
<b>Expenditure from non-life underwriting</b>	<b>232</b>	<b>231</b>	<b>923</b>	<b>938</b>
<b>Underwriting expenditure</b>	<b>1,806</b>	<b>2,006</b>	<b>5,540</b>	<b>5,846</b>

## 13 Staff expenses

### Staff expenses

	1 April to 30 June 2015	1 April to 30 June 2014	1 January to 30 June 2015	1 January to 30 June 2014
Salaries	177	178	353	356
Pension costs	26	24	51	595
Social security costs	25	28	48	51
External staff costs	47	54	98	108
Other staff costs	9	20	31	37
<b>Staff expenses</b>	<b>284</b>	<b>304</b>	<b>581</b>	<b>1,147</b>

Pension costs in 2014 include a charge of EUR 541 million related to the settlement of the Dutch defined benefit pension plan.

## Notes to the Condensed consolidated interim accounts of NN Group — continued

### 14 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 (net of treasury shares). In calculating the weighted average number of ordinary shares outstanding (net of treasury shares), own shares held by group companies are deducted from the total number of ordinary shares in issue.

Changes in the number of ordinary shares outstanding (net of treasury shares) without a corresponding change in resources are taken into account, including if these changes occurred after the reporting date. Therefore, the weighted average number of shares as at 30 June 2014 has been adjusted retrospectively for the conversion of share premium into share capital which increased the ordinary shares outstanding (net of treasury shares) as at 7 July 2014.

#### Earnings per ordinary share

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	2015	2014	2015	2014	2015	2014
1 April to 30 June						
Net result from continuing and discontinued operations	392	252	341.1	350.0	1.15	0.72
<b>Basic earnings from continuing and discontinued operations</b>	<b>392</b>	<b>252</b>	<b>341.1</b>	<b>350.0</b>	<b>1.15</b>	<b>0.72</b>
Dilutive instruments:						
Stock option and share plans			1.3	0.0		
			<b>1.3</b>	<b>0.0</b>		
<b>Diluted earnings</b>	<b>392</b>	<b>252</b>	<b>342.4</b>	<b>350.0</b>	<b>1.15</b>	<b>0.72</b>

#### Earnings per ordinary share

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	2015	2014	2015	2014	2015	2014
1 January to 30 June						
Net result from continuing and discontinued operations	877	37	343.7	350.0	2.55	0.10
Coupon on undated subordinated notes	-34					
<b>Basic earnings from continuing and discontinued operations</b>	<b>843</b>	<b>37</b>	<b>343.7</b>	<b>350.0</b>	<b>2.45</b>	<b>0.10</b>
Dilutive instruments:						
Stock option and share plans			1.3	0.0		
			<b>1.3</b>	<b>0.0</b>		
<b>Diluted earnings</b>	<b>843</b>	<b>37</b>	<b>345.0</b>	<b>350.0</b>	<b>2.44</b>	<b>0.10</b>

Diluted earnings per share is calculated as if the stock options, 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 stock options, 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 resulting from exercising stock options, share plans and warrants is added to the average number of shares used for the calculation of diluted earnings per share.

## Notes to the Condensed consolidated interim accounts of NN Group — continued

### 15 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);
- IM (Investment 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 business lines. Business lines formulate strategic, commercial and financial policy 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” of the 2014 NN Group Consolidated annual accounts. Transfer prices for inter-segment transactions are set at arm’s length. Corporate expenses are allocated to business lines 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 expense in the respective segments.

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 provision 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 expense 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, 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.

## Notes to the Condensed consolidated interim accounts of NN Group — continued

### Results per segment (2015)

1 April to 30 June	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Total
Investment margin	260		20	-4				276
Fees and premium-based revenues	81		135	114	129		25	484
Technical margin	105		51	-9				147
Operating income non-modelled life business			1					1
<b>Operating income</b>	<b>446</b>		<b>208</b>	<b>102</b>	<b>128</b>		<b>25</b>	<b>909</b>
Administrative expenses	104		75	27	90		5	302
DAC amortisation and trail commissions	10		78	50			3	141
<b>Expenses</b>	<b>114</b>		<b>154</b>	<b>77</b>	<b>90</b>		<b>8</b>	<b>443</b>
Non-life operating result		45	1					46
Operating result Other						-7		-7
<b>Operating result</b>	<b>332</b>	<b>45</b>	<b>55</b>	<b>25</b>	<b>38</b>	<b>-7</b>	<b>16</b>	<b>504</b>
Non-operating items:								
– gains/(losses) and impairments	37	1	6	1		1		46
– revaluations	63	4	1	-1		-1		67
– market & other impacts	-149						27	-122
Special items before tax	-1		-19	-5	-10			-35
<b>Result before tax</b>	<b>283</b>	<b>49</b>	<b>44</b>	<b>20</b>	<b>28</b>	<b>-7</b>	<b>43</b>	<b>460</b>
Taxation	19	9	11	3	8	-2	4	52
Minority interests	14		2					16
<b>Net result</b>	<b>250</b>	<b>41</b>	<b>31</b>	<b>17</b>	<b>20</b>	<b>-5</b>	<b>39</b>	<b>392</b>

Special items in 2015 relate to rebranding.

The provisions for insurance contracts are adequate at both the 90% and 50% confidence levels, both in aggregate for NN Group and for each of the segments. The provisions for insurance contracts in the segment Netherlands Life are approximately at the 90% confidence level.

## Notes to the Condensed consolidated interim accounts of NN Group — continued

### Results per segment (2014)

1 April to 30 June	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Total
Investment margin	162		21	-1				181
Fees and premium-based revenues	89		127	102	116		28	462
Technical margin	36		44	-4				76
Operating income non-modelled life business			1					1
<b>Operating income</b>	<b>287</b>		<b>193</b>	<b>96</b>	<b>116</b>		<b>28</b>	<b>720</b>
Administrative expenses	120		74	25	79		4	302
DAC amortisation and trail commissions	13		77	47			3	141
<b>Expenses</b>	<b>133</b>		<b>152</b>	<b>72</b>	<b>79</b>		<b>8</b>	<b>443</b>
								443
Non-life operating result		39	3					42
Operating result Other						-42		-42
<b>Operating result</b>	<b>153</b>	<b>39</b>	<b>44</b>	<b>24</b>	<b>38</b>	<b>-42</b>	<b>20</b>	<b>277</b>
Non-operating items:								
– gains/(losses) and impairments	-57	-3	8	1				-51
– revaluations	82	11	1	-1		-9		84
– market & other impacts	-15		-9				59	35
Special items before tax	-7	-4	-2			-13		-25
<b>Result before tax from continuing operations</b>	<b>157</b>	<b>44</b>	<b>43</b>	<b>24</b>	<b>38</b>	<b>-64</b>	<b>79</b>	<b>320</b>
Taxation	22	8	16	7	9	-11	17	68
Minority interests	-1							-1
<b>Net result from continuing operations</b>	<b>136</b>	<b>36</b>	<b>26</b>	<b>17</b>	<b>29</b>	<b>-53</b>	<b>62</b>	<b>253</b>
Total net result from discontinued operations					-3	2		-1
<b>Net result</b>	<b>136</b>	<b>36</b>	<b>26</b>	<b>17</b>	<b>26</b>	<b>-51</b>	<b>62</b>	<b>252</b>

Special items before tax is primarily related to the restructuring programme.

## Notes to the Condensed consolidated interim accounts of NN Group — continued

### Results per segment (2015)

1 January to 30 June	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Total
Investment margin	422		41	-5				458
Fees and premium-based revenues	196		267	274	254		52	1,042
Technical margin	108		96	-7				196
Operating income non-modelled life business			2					2
<b>Operating income</b>	<b>725</b>		<b>406</b>	<b>261</b>	<b>253</b>		<b>52</b>	<b>1,698</b>
Administrative expenses	215		152	51	179		10	608
DAC amortisation and trail commissions	26		161	113			6	306
<b>Expenses</b>	<b>241</b>		<b>313</b>	<b>165</b>	<b>179</b>		<b>16</b>	<b>914</b>
Non-life operating result		69	2					71
Operating result Other						-27		-27
<b>Operating result</b>	<b>484</b>	<b>69</b>	<b>95</b>	<b>96</b>	<b>74</b>	<b>-27</b>	<b>36</b>	<b>828</b>
Non-operating items:								
– gains/(losses) and impairments	178	4	20	4		11		218
– revaluations	130	9	3	-1				141
– market & other impacts	-111						24	-87
Special items before tax	-2	-1	-30	-7	-15			-55
<b>Result before tax</b>	<b>680</b>	<b>81</b>	<b>88</b>	<b>93</b>	<b>59</b>	<b>-17</b>	<b>60</b>	<b>1,044</b>
Taxation	75	15	22	16	16	-4	2	142
Minority interests	22		3					25
<b>Net result</b>	<b>583</b>	<b>66</b>	<b>63</b>	<b>77</b>	<b>43</b>	<b>-12</b>	<b>57</b>	<b>877</b>

Special items in 2015 relate to rebranding.

The provisions for insurance contracts are adequate at both the 90% and 50% confidence levels, both in aggregate for NN Group and for each of the segments. The provisions for insurance contracts in the segment Netherlands Life are approximately at the 90% confidence level.



## Notes to the Condensed consolidated interim accounts of NN Group — continued

### Results per segment (2014)

1 January to 30 June	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Total
Investment margin	301		48	-2				347
Fees and premium-based revenues	217		255	236	234		58	999
Technical margin	70		92	4				167
Operating income non-modelled life business			2					2
<b>Operating income</b>	<b>588</b>		<b>397</b>	<b>239</b>	<b>234</b>		<b>58</b>	<b>1,515</b>
Administrative expenses	246		149	49	158		9	609
DAC amortisation and trail commissions	36		163	99			6	305
<b>Expenses</b>	<b>282</b>		<b>312</b>	<b>148</b>	<b>158</b>		<b>15</b>	<b>913</b>
Non-life operating result		61	5					66
Operating result Other						-73		-73
<b>Operating result</b>	<b>306</b>	<b>61</b>	<b>90</b>	<b>90</b>	<b>77</b>	<b>-73</b>	<b>43</b>	<b>595</b>
Non-operating items:								
- gains/(losses) and impairments	-66	-4	19	1		10		-42
- revaluations	82	12	1	-3		-7		84
- market & other impacts	-51		-9					-60
Special items before tax	-347	-88	-3		-122	-36		-597
Result on divestments						56		56
<b>Result before tax from continuing operations</b>	<b>-76</b>	<b>-20</b>	<b>97</b>	<b>88</b>	<b>-45</b>	<b>-51</b>	<b>43</b>	<b>36</b>
Taxation	-47	-9	29	31	-13	-11	5	-15
Minority interests	-2		2					1
<b>Net result from continuing operations</b>	<b>-28</b>	<b>-11</b>	<b>66</b>	<b>57</b>	<b>-32</b>	<b>-40</b>	<b>38</b>	<b>50</b>
Total net result from discontinued operations					-16	3		-13
<b>Net result</b>	<b>-28</b>	<b>-11</b>	<b>66</b>	<b>57</b>	<b>-48</b>	<b>-37</b>	<b>38</b>	<b>37</b>

Special items in 2014 relate to the agreement to make ING Group's closed defined pension plan in the Netherlands financially independent and to the transformation programme in the Netherlands.

Result on divestments reflects the divestment result of EUR 56 million on Sul América S.A. NN Group's interest in Sul América S.A. was reduced and the remaining interest was transferred to ING Groep N.V. The divestment result of Sul América S.A. in 2014 is included in Other in the table above.

## 16 Taxation

### Taxation on components of Other comprehensive income

	1 April to 30 June 2015	1 April to 30 June 2014	1 January to 30 June 2015	1 January to 30 June 2014
Unrealised revaluations available-for-sale investments and other	1,797	-455	607	-904
Realised gains/losses transferred to the profit and loss account	9	-13	14	-12
Changes in cash flow hedge reserve	480	-138	172	-242
Deferred interest crediting to life policyholders	-795	228	-284	448
Remeasurement of the net defined benefit asset/liability	-16	7	-8	29
<b>Income tax</b>	<b>1,475</b>	<b>-371</b>	<b>501</b>	<b>-681</b>

## Notes to the Condensed consolidated interim accounts of NN Group — continued

### 17 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	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<b>Financial assets</b>				
Cash and cash equivalents	8,742	7,530	8,742	7,530
Financial assets at fair value through profit or loss:				
– trading assets	615	628	615	628
– investments for risk of policyholders	37,137	41,222	37,137	41,222
– non-trading derivatives	4,994	7,207	4,994	7,207
– designated as at fair value through profit or loss	479	492	479	492
Available-for-sale investments	72,926	72,277	72,926	72,277
Loans	30,122	29,694	28,368	27,802
Other assets <sup>1</sup>	3,123	3,372	3,123	3,372
<b>Financial assets</b>	<b>158,138</b>	<b>162,422</b>	<b>156,384</b>	<b>160,530</b>
<b>Financial liabilities</b>				
Subordinated debt	2,382	2,419	2,292	2,297
Debt securities issued	580		597	
Other borrowed funds	4,753	5,904	4,511	5,867
Investment contracts for risk of company	829	842	768	772
Investment contracts for risk of policyholders	1,585	1,569	1,585	1,569
Customer deposits and other funds on deposit	8,107	7,164	7,977	6,981
Financial liabilities at fair value through profit or loss:				
– non-trading derivatives	2,083	3,142	2,083	3,142
Other liabilities <sup>2</sup>	3,098	3,574	3,098	3,574
<b>Financial liabilities</b>	<b>23,417</b>	<b>24,614</b>	<b>22,911</b>	<b>24,202</b>

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

<sup>2</sup> Other liabilities does not include (deferred) tax liabilities, net defined benefit liabilities, insurance provisions, 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 37 “Fair value of financial assets and liabilities” of the 2014 NN Group Consolidated annual accounts.

## Notes to the Condensed consolidated interim accounts of NN Group — 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 (2015)

30 June 2015	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Trading assets	1	14	600	615
Investments for risk of policyholders	33,572	3,458	107	37,137
Non-trading derivatives	398	4,596		4,994
Financial assets designated as at fair value through profit or loss	411	68		479
Available-for-sale investments	51,490	19,926	1,510	72,926
<b>Financial assets</b>	<b>85,872</b>	<b>28,062</b>	<b>2,217</b>	<b>116,151</b>
<b>Financial liabilities</b>				
Investment contracts (for contracts at fair value)	1,530	55		1,585
Non-trading derivatives	11	2,072		2,083
<b>Financial liabilities</b>	<b>1,541</b>	<b>2,127</b>	<b>0</b>	<b>3,668</b>

#### Methods applied in determining the fair value of financial assets and liabilities (2014)

31 December 2014	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Trading assets	10	14	604	628
Investments for risk of policyholders	36,997	3,985	240	41,222
Non-trading derivatives	152	7,055		7,207
Financial assets designated as at fair value through profit or loss	454	38		492
Available-for-sale investments	51,445	18,981	1,851	72,277
<b>Financial assets</b>	<b>89,058</b>	<b>30,073</b>	<b>2,695</b>	<b>121,826</b>
<b>Financial liabilities</b>				
Investment contracts (for contracts at fair value)	1,515	54		1,569
Non-trading derivatives	30	3,112		3,142
<b>Financial liabilities</b>	<b>1,545</b>	<b>3,166</b>	<b>0</b>	<b>4,711</b>

#### 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 of NN Group — continued

### Level 3 Financial assets (2015)

30 June 2015	Trading assets	Investment 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	96	-6	-4		-4	82
Revaluation recognised in Other comprehensive income (equity) during the year			3		86	89
Purchase of assets	37	18	1		36	92
Sale of assets	-133	-150			-281	-564
Maturity/settlement					-22	-22
Transfers out of Level 3	-4				-177	-181
Exchange rate differences		5			21	26
<b>Level 3 Financial assets – Closing balance</b>	<b>600</b>	<b>107</b>	<b>0</b>	<b>0</b>	<b>1,510</b>	<b>2,217</b>

### Level 3 Financial assets (2014)

31 December 2014	Trading assets	Investment 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	720	248			2,109	3,077
Amounts recognised in the profit and loss account during the year	100	-1			-76	23
Revaluation recognised in Other comprehensive income (equity) during the year					122	122
Purchase of assets	34				229	263
Sale of assets	-115				-201	-316
Maturity/settlement					-35	-35
Reclassification	-18		-1			-19
Transfers into Level 3	2				2	4
Transfers out of Level 3	-119				-312	-431
Changes in the composition of the group and other changes			1			1
Exchange rate differences		-7			13	6
<b>Level 3 Financial assets – Closing balance</b>	<b>604</b>	<b>240</b>	<b>0</b>	<b>0</b>	<b>1,851</b>	<b>2,695</b>

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

30 June 2015	Held at balance sheet date	Derecognised during the year	Total
<b>Financial assets</b>			
Trading assets	96		96
Investments for risk of policyholders	-6		-6
Non-trading derivatives	-4		-4
Available-for-sale investments	-4		-4
<b>Level 3 Amounts recognised in the profit and loss account during the year</b>	<b>82</b>	<b>0</b>	<b>82</b>

## Notes to the Condensed consolidated interim accounts of NN Group — continued

### Level 3 – Amounts recognised in the profit and loss account during the year (2014)

31 December 2014	Held at balance sheet date	Derecognised during the year	Total
<b>Financial assets</b>			
Trading assets	78	22	100
Investments for risk of policyholders	-1		-1
Available-for-sale investments	-76		-76
<b>Level 3 Amounts recognised in the profit and loss account during the year</b>	<b>1</b>	<b>22</b>	<b>23</b>

## 18 Companies and businesses acquired

### Acquisitions (2015)

#### Polish pension fund

During the first half of 2015, NN Group reached an agreement with ING Bank Slaski to acquire the remaining 20% stake in the Polish pension fund, Powszechne 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 Slaski prior to completion. As previously announced the transaction is in line with the EC restructuring plan which required ING Group to divest its insurance and investment management businesses. NN PTE manages the second pillar open-ended pension fund and the open-ended third-pillar voluntary pension fund. Total assets managed by NN PTE were EUR 8.9 billion as at 30 June 2015.

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

## Independent auditor's report

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

### REVIEW REPORT

#### Introduction

We have reviewed the accompanying condensed consolidated interim accounts for the six-month period ended 30 June 2015 of NN Group N.V., Amsterdam, which comprise the condensed consolidated balance sheet as at 30 June 2015 and the related 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 related notes for the six-month period then ended. Management is responsible for the preparation and presentation of these 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 interim accounts based on our review.

#### Scope of Review

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 Dutch 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 six-month period ended 30 June 2015 are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union.

Amsterdam, 4 August 2015

Ernst & Young Accountants LLP

J.G. Kolsters

**Disclaimer**

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

In preparing the financial information in this document, the same accounting principles are applied as in the 2014 NN Group Consolidated annual accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) the implementation of the EC Restructuring Plan, (5) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations, (14) changes in the policies of governments and/or regulatory authorities, (15) conclusions with regard to accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit and financial strength ratings, (18) NN Group's ability to achieve projected operational synergies and (19) the other risks and uncertainties contained in recent public disclosures made by NN Group and/or related to NN Group.

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

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