

**NN Group N.V.**  
**31 March 2018**  
**Condensed**  
**consolidated**  
**interim accounts**

## Condensed consolidated interim accounts contents

### Condensed consolidated interim accounts

<b>Condensed consolidated balance sheet</b>	3
<b>Condensed consolidated profit and loss account</b>	4
<b>Condensed consolidated statement of comprehensive income</b>	5
<b>Condensed consolidated statement of cash flows</b>	6
<b>Condensed consolidated statement of changes in equity</b>	8
<b>Notes to the Condensed consolidated interim accounts</b>	9
1 Accounting policies	9
2 Available-for-sale investments	10
3 Loans	12
4 Associates and joint ventures	13
5 Intangible assets	13
6 Other assets	14
7 Equity	14
8 Subordinated debt	16
9 Debt securities issued	16
10 Insurance and investment contracts, Reinsurance contracts	16
11 Other liabilities	17
12 Investment income	17
13 Underwriting expenditure	18
14 Staff expenses	19
15 Earnings per ordinary share	19
16 Segments	20
17 Taxation	22
18 Fair value of financial assets and liabilities	23
19 Companies and businesses acquired and divested	26
20 Other events	26
21 Capital management	27
<b>Authorisation of the Condensed consolidated interim accounts</b>	28
<b>Other information</b>	
<b>Review report</b>	29

## Condensed consolidated balance sheet

Amounts in millions of euros, unless stated otherwise

### Condensed consolidated balance sheet

	notes	31 March 2018	31 December 2017
<b>Assets</b>			
Cash and cash equivalents		10,273	9,383
Financial assets at fair value through profit or loss:			
– investments for risk of policyholders		32,196	33,508
– non-trading derivatives		4,905	5,116
– designated as at fair value through profit or loss		806	934
Available-for-sale investments	2	105,879	104,982
Loans	3	56,131	56,043
Reinsurance contracts	10	969	880
Associates and joint ventures	4	3,523	3,450
Real estate investments		3,629	3,582
Property and equipment		140	150
Intangible assets	5	1,816	1,841
Deferred acquisition costs		1,803	1,691
Deferred tax assets		117	125
Other assets	6	5,360	5,377
<b>Total assets</b>		<b>227,547</b>	<b>227,062</b>
<b>Equity</b>			
Shareholders' equity (parent)		23,345	22,718
Minority interests		315	317
Undated subordinated notes		1,764	1,764
<b>Total equity</b>	7	<b>25,424</b>	<b>24,799</b>
<b>Liabilities</b>			
Subordinated debt	8	2,463	2,468
Debt securities issued	9	1,988	1,988
Other borrowed funds		5,409	6,044
Insurance and investment contracts	10	164,116	163,639
Customer deposits and other funds on deposit		14,725	14,434
Financial liabilities at fair value through profit or loss:			
– non-trading derivatives		2,413	2,305
Deferred tax liabilities		1,940	1,830
Other liabilities	11	9,069	9,555
<b>Total liabilities</b>		<b>202,123</b>	<b>202,263</b>
<b>Total equity and liabilities</b>		<b>227,547</b>	<b>227,062</b>

References relate to the notes starting with Note 1 'Accounting policies'. These form an integral part of the Condensed consolidated interim accounts.

## Condensed consolidated profit and loss account

### Condensed consolidated profit and loss account

notes	1 January to 31 March 2018	1 January to 31 March 2017
Gross premium income	4,491	3,399
Investment income <span style="float: right;">12</span>	1,163	990
Result on disposals of group companies	4	9
– gross fee and commission income	299	236
– fee and commission expenses	-103	-90
Net fee and commission income	196	146
Valuation results on non-trading derivatives	185	-36
Foreign currency results and net trading income	-88	-65
Share of result from associates and joint ventures	111	77
Other income	9	16
<b>Total income</b>	<b>6,071</b>	<b>4,536</b>
– gross underwriting expenditure	4,144	3,709
– investment result for risk of policyholders	677	-264
– reinsurance recoveries	-44	-19
Underwriting expenditure <span style="float: right;">13</span>	4,777	3,426
Intangible amortisation and other impairments	33	1
Staff expenses <span style="float: right;">14</span>	388	297
Interest expenses	128	99
Other operating expenses	268	169
<b>Total expenses</b>	<b>5,594</b>	<b>3,992</b>
<b>Result before tax</b>	<b>477</b>	<b>544</b>
Taxation	78	109
<b>Net result</b>	<b>399</b>	<b>435</b>

### Net result

	1 January to 31 March 2018	1 January to 31 March 2017
Net result attributable to:		
Shareholders of the parent	399	435
<b>Net result</b>	<b>399</b>	<b>435</b>

### Earnings per ordinary share

amounts in euros	1 January to 31 March 2018	1 January to 31 March 2017
Earnings per ordinary share		
Basic earnings per ordinary share	1.15	1.32
Diluted earnings per ordinary share	1.15	1.32

Reference is made to Note 15 'Earnings per ordinary share' for the disclosure on the Earnings per ordinary share.

## Condensed consolidated statement of comprehensive income

### Condensed consolidated statement of comprehensive income

	1 January to 31 March 2018	1 January to 31 March 2017
<b>Net result</b>	<b>399</b>	<b>435</b>
- unrealised revaluations available-for-sale investments and other	229	-1,072
- realised gains/losses transferred to the profit and loss account	-37	-109
- changes in cash flow hedge reserve	39	-332
- deferred interest credited to policyholders	-54	513
- exchange rate difference	47	60
Items that may be reclassified subsequently to the profit and loss account	224	-940
- remeasurement of the net defined benefit asset/liability		-2
Items that will not be reclassified to the profit and loss account	0	-2
<b>Total other comprehensive income</b>	<b>224</b>	<b>-942</b>
<b>Total comprehensive income</b>	<b>623</b>	<b>-507</b>
Comprehensive income attributable to:		
Shareholders of the parent	625	-507
Minority interests	-2	
<b>Total comprehensive income</b>	<b>623</b>	<b>-507</b>

## Condensed consolidated statement of cash flows

### Condensed consolidated statement of cash flows

	notes	1 January to 31 March 2018	1 January to 31 March 2017
<b>Result before tax</b>		477	544
<b>Adjusted for:</b>			
– depreciation and amortisation		55	10
– deferred acquisition costs and value of business acquired		-78	-49
– underwriting expenditure (change in insurance liabilities)		600	318
– other		176	-16
Taxation paid		-86	-69
<b>Changes in:</b>			
– non-trading derivatives		279	-122
– other financial assets at fair value through profit or loss		-40	197
– loans		-629	-568
– other assets		11	259
– customer deposits and other funds on deposit		300	379
– financial liabilities at fair value through profit or loss – non-trading derivatives		36	-174
– other liabilities		-648	27
<b>Net cash flow from operating activities</b>		<b>453</b>	<b>736</b>
<b>Investments and advances:</b>			
– available-for-sale investments	2	-2,751	-2,455
– associates and joint ventures	4	-56	-140
– real estate investments		-19	-83
– property and equipment		-6	-7
– investments for risk of policyholders		-1,601	-1,659
– other investments		-13	-17
<b>Disposals and redemptions:</b>			
– group companies			26
– available-for-sale investments	2	2,649	2,257
– associates and joint ventures	4	34	47
– real estate investments		117	
– property and equipment		1	
– investments for risk of policyholders		2,381	4,205
– other investments		275	223
<b>Net cash flow from investing activities</b>		<b>1,011</b>	<b>2,397</b>
Proceeds from subordinated debt			836
Repayments of subordinated debt			-823
Proceeds from debt securities issued			495
Proceeds from other borrowed funds		190	449
Repayments of other borrowed funds		-824	-1,851
Purchase/sale of treasury shares	7	4	-76
<b>Net cash flow from financing activities</b>		<b>-630</b>	<b>-970</b>
<b>Net cash flow</b>		<b>834</b>	<b>2,163</b>

### Included in Net cash flow from operating activities

	1 January to 31 March 2018	1 January to 31 March 2017
Interest received	1,108	804
Interest paid	-132	-101
Dividend received	109	70

**Condensed consolidated statement of cash flows** Continued**Cash and cash equivalents**

	1 January to 31 March 2018	1 January to 31 March 2017
Cash and cash equivalents at beginning of the period	9,383	8,634
Net cash flow	834	2,163
Effect of exchange rate changes on cash and cash equivalents	56	44
<b>Cash and cash equivalents at end of the period</b>	<b>10,273</b>	<b>10,841</b>
Cash and cash equivalents comprises the following items:		
Cash and cash equivalents	10,273	10,827
Cash and cash equivalents classified as assets held for sale		14
<b>Cash and cash equivalents at end of the period</b>	<b>10,273</b>	<b>10,841</b>

## Condensed consolidated statement of changes in equity

### Condensed consolidated statement of changes in equity (2018)

	Share capital	Share premium	Reserves	Total Shareholders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
<b>Balance at 1 January 2018</b>	<b>41</b>	<b>12,572</b>	<b>10,105</b>	<b>22,718</b>	<b>317</b>	<b>1,764</b>	<b>24,799</b>
Unrealised revaluations available-for-sale investments and other			231	231	-2		229
Realised gains/losses transferred to the profit and loss account			-37	-37			-37
Changes in cash flow hedge reserve			39	39			39
Deferred interest credited to policyholders			-54	-54			-54
Exchange rate differences			47	47			47
<b>Total amount recognised directly in equity (Other comprehensive income)</b>	<b>0</b>	<b>0</b>	<b>226</b>	<b>226</b>	<b>-2</b>	<b>0</b>	<b>224</b>
Net result for the period			399	399			399
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>625</b>	<b>625</b>	<b>-2</b>	<b>0</b>	<b>623</b>
Purchase/sale of treasury shares			4	4			4
Employee stock option and share plans			-2	-2			-2
<b>Balance at 31 March 2018</b>	<b>41</b>	<b>12,572</b>	<b>10,732</b>	<b>23,345</b>	<b>315</b>	<b>1,764</b>	<b>25,424</b>

### Condensed consolidated statement of changes in equity (2017)

	Share capital	Share premium	Reserves	Total Shareholders' equity (parent)	Minority interest	Undated subordinated notes	Total equity
<b>Balance at 1 January 2017</b>	<b>40</b>	<b>12,153</b>	<b>10,502</b>	<b>22,695</b>	<b>12</b>	<b>986</b>	<b>23,693</b>
Unrealised revaluations available-for-sale investments and other			-1,072	-1,072			-1,072
Realised gains/losses transferred to the profit and loss account			-109	-109			-109
Changes in cash flow hedge reserve			-332	-332			-332
Deferred interest credited to policyholders			513	513			513
Exchange rate differences			60	60			60
Remeasurement of the net defined benefit asset/liability			-2	-2			-2
<b>Total amount recognised directly in equity (Other comprehensive income)</b>	<b>0</b>	<b>0</b>	<b>-942</b>	<b>-942</b>	<b>0</b>	<b>0</b>	<b>-942</b>
Net result for the period			435	435			435
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-507</b>	<b>-507</b>	<b>0</b>	<b>0</b>	<b>-507</b>
Purchase/sale of treasury shares			-76	-76			-76
Employee stock option and share plans			-4	-4			-4
<b>Balance at 31 March 2017</b>	<b>40</b>	<b>12,153</b>	<b>9,915</b>	<b>22,108</b>	<b>12</b>	<b>986</b>	<b>23,106</b>



## Notes to the Condensed consolidated interim accounts

### Acquisition of Delta Lloyd

Following the acquisition of Delta Lloyd N.V. ('Delta Lloyd') in the second quarter of 2017, Delta Lloyd was consolidated as of 1 April 2017. Therefore, comparative figures in the profit and loss account for the period 1 January to 31 March 2017 do not include those of Delta Lloyd. Information on the acquisition of Delta Lloyd, the acquisition accounting under IFRS and the impact on the financial information is included in Note 44 'Companies and businesses acquired and divested' in the 2017 NN Group Consolidated annual accounts.

### 1 Accounting policies

These Condensed consolidated interim accounts of 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 2017 NN Group Consolidated annual accounts, except as set out below.

In these Condensed consolidated interim accounts, 'NN Group' refers to NN Group N.V. (the parent company) and/or NN Group N.V. together with its consolidated subsidiaries (the consolidated group). These Condensed consolidated interim accounts should be read in conjunction with the 2017 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 2017 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.

IFRS 15 'Revenue from Contracts with Customers' is effective as of 1 January 2018. IFRS 15 provides more specific guidance on recognising revenue. NN Group's main types of income (income from insurance contracts and income from financial instruments) are not in scope of IFRS 15. The implementation of IFRS 15 as at 1 January 2018 did not impact Shareholders' equity at that date. There was also no impact on the 2017 Net result.

Reference is made to the 2017 NN Group Consolidated annual accounts for more details on upcoming changes in accounting policies.

### Changes in classification

#### Cash collateral

As of the first quarter of 2018 the various cash collateral amounts paid and received are all presented in Other assets and Other liabilities. The relevant comparative figures for previous periods have been amended. This change impacts the classification in the Condensed consolidated balance sheet, impacting the line items Loans, Other borrowed funds, Other assets and Other liabilities, with no net impact on shareholders' equity. There was no impact on the Condensed consolidated profit and loss account.

#### Interest income/expense on derivatives

As of the second quarter of 2017, NN Group changed its classification of interest income/expense on derivatives for which no hedge accounting is applied. This interest income/expense was classified in 'Investment income' and 'Interest expenses' respectively. This classification is changed and interest income/expense on derivatives for which no hedge accounting is applied is now classified in 'Valuation results on non-trading derivatives', together with the changes in the (clean) fair value of these derivatives. The new classification aligns better to current market practice. The relevant comparative figures for previous periods have been amended. There was no impact on shareholders' equity and net result. The impact on the presentation in the Condensed consolidated profit and loss account is as follows:

## Notes to the Condensed consolidated interim accounts Continued

## Impact of change in classification on the consolidated profit and loss account

	1 January to 31 March 2017		
	Reported earlier	Change in classification	Restated
Income			
Investment income	1,001	-11	990
Valuation results on non-trading derivatives	-38	2	-36
<b>Total income</b>		<b>-9</b>	
Expenses			
Interest expenses	108	-9	99
<b>Total expenses</b>		<b>-9</b>	
<b>Result before tax and Net result</b>		<b>0</b>	

## 2 Available-for-sale investments

## Available-for-sale investments

	31 March 2018	31 December 2017
Equity securities:		
– shares in NN Group managed investment funds	2,258	2,362
– shares in third-party managed investment funds	2,127	2,176
– other	3,523	3,442
<b>Equity securities</b>	<b>7,908</b>	<b>7,980</b>
Debt securities	97,971	97,002
<b>Available-for-sale investments</b>	<b>105,879</b>	<b>104,982</b>

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

## Total exposure to debt securities

	31 March 2018	31 December 2017
Available-for-sale investments	97,971	97,002
Loans	1,376	1,380
<b>Available-for-sale investments and loans</b>	<b>99,347</b>	<b>98,382</b>
Investments for risk of policyholders	1,180	1,291
Designated as at fair value through profit or loss	9	284
<b>Financial assets at fair value through profit or loss</b>	<b>1,189</b>	<b>1,575</b>
<b>Total exposure to debt securities</b>	<b>100,536</b>	<b>99,957</b>

NN Group's total exposure to debt securities included in 'Available-for-sale investments' and 'Loans' is specified as follows by type of exposure:

## Notes to the Condensed consolidated interim accounts Continued

## Debt securities by type

	Available-for-sale investments		Loans			Total
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Government bonds	70,762	70,117			70,762	70,117
Covered bonds	346	349			346	349
Corporate bonds	15,396	15,200			15,396	15,200
Financial institution bonds	9,610	9,643			9,610	9,643
<b>Bond portfolio (excluding ABS)</b>	<b>96,114</b>	<b>95,309</b>	<b>0</b>	<b>0</b>	<b>96,114</b>	<b>95,309</b>
US RMBS	489	484			489	484
Non-US RMBS	1,061	973	1,066	1,056	2,127	2,029
CDO/CLO	16	11			16	11
Other ABS	291	225	310	324	601	549
<b>ABS portfolio</b>	<b>1,857</b>	<b>1,693</b>	<b>1,376</b>	<b>1,380</b>	<b>3,233</b>	<b>3,073</b>
<b>Debt securities – Available-for-sale investments and Loans</b>	<b>97,971</b>	<b>97,002</b>	<b>1,376</b>	<b>1,380</b>	<b>99,347</b>	<b>98,382</b>

## Reclassifications to Loans (2009)

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

Years after reclassification	31 March 2018	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011	31 December 2010	31 December 2009
Carrying value	269	276	404	533	809	1,098	1,694	3,057	4,465	5,550
Fair value	394	402	526	676	984	1,108	1,667	2,883	4,594	5,871
Unrealised fair value gains/losses in shareholders' equity (before tax)	-129	-133	-171	-203	-213	-111	-186	-307	-491	-734
Effect on shareholders' equity (before tax) if reclassification had not been made	125	126	122	143	175	10	-27	-174	129	321
Effect on result (before tax) if reclassification had not been made	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Effect on result (before tax) after the reclassification (mainly interest income)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	121
Effect on result (before tax) for the year (interest income and sales results)	nil	1	nil	1	-2	-10	-47	90	89	n.a.
Impairments (before tax)	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Provisions for credit losses (before tax)	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil

## Notes to the Condensed consolidated interim accounts Continued

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

### 3 Loans

#### Loans

	31 March 2018	31 December 2017
Loans secured by mortgages	44,130	43,844
Unsecured loans	9,829	9,679
Asset-backed securities	1,376	1,380
Deposits	327	702
Policy loans	586	563
Other	52	54
<b>Loans – before loan loss provisions</b>	<b>56,300</b>	<b>56,222</b>
Loan loss provisions	-169	-179
<b>Loans</b>	<b>56,131</b>	<b>56,043</b>

#### Changes in Loan loss provisions

	31 March 2018	31 December 2017
Loan loss provisions – opening balance	179	80
Write-offs	-2	-6
Increase in loan loss provisions	-1	100
Changes in the composition of the group and other changes	-7	5
<b>Loan loss provisions – closing balance</b>	<b>169</b>	<b>179</b>

## Notes to the Condensed consolidated interim accounts Continued

## 4 Associates and joint ventures

## Associates and joint ventures

	Interest held	Balance sheet value	Interest held	Balance sheet value
		31 March 2018		31 December 2017
CBRE Dutch Office Fund FGR	28%	420	28%	387
CBRE Retail Property Fund Iberica L.P.	33%	260	33%	249
CBRE Dutch Retail Fund FGR	19%	226	20%	225
CBRE UK Property Fund L.P.	10%	177	10%	172
Parcom Investment Fund II B.V.	100%	168	100%	203
CBRE Dutch Residential Fund I FGR	10%	165	10%	161
CBRE European Industrial Fund FGR	19%	133	19%	116
CBRE Property Fund Central and Eastern Europe FGR	50%	130	50%	129
Parcom Buy Out Fund IV B.V.	100%	128	100%	93
Parcom Investment Fund III B.V.	100%	124	100%	136
Allee center Kft	50%	117	50%	114
Fumaranuova s.r.l.	50%	103	50%	101
DPE Deutschland II B GmbH & Co KG	34%	97	34%	111
Boccaccio – Closed-end Real Estate Mutual Investment Fund	50%	89	50%	90
Dutch Student and Young Professional Housing Fund FGR	49%	88	50%	85
the Fizz Student Housing Fund SCS	50%	79	50%	81
CBRE Dutch Retail Fund II FGR	10%	78	10%	77
Siresa House S.L.	49%	72	49%	74
Robeco Bedrijfsleningen FGR	24%	68	24%	62
Achmea Dutch Health Care Property Fund	24%	68	24%	58
Parquest Capital B FPCI	35%	54	35%	49
Delta Mainlog Holding GmbH & Co. KG	50%	54	50%	55
Le Havre LaFayette SNC	50%	51	50%	53
Other		574		569
<b>Associates and joint ventures</b>		<b>3,523</b>		<b>3,450</b>

The above associates and joint ventures mainly consist of non-listed investment entities investing in real estate and private equity.

Significant influence exists for certain associates in which the interest held is below 20%, based on the combination of NN Group's financial interest for own risk and other arrangements, such as participation in the relevant boards.

NN Group holds associates over which it cannot exercise control despite holding more than 50% of the share capital. For this reason, these are classified as associates and are not consolidated.

Other includes EUR 380 million (2017: EUR 374 million) of associates and joint ventures with an individual balance sheet value of less than EUR 50 million and EUR 194 million (2017: EUR 195 million) of receivables from associates and joint ventures.

The amounts presented in the table above could differ from the individual annual accounts of the associates due to the fact that the individual amounts have been brought in line with NN Group's accounting principles.

## 5 Intangible assets

## Intangible assets

	31 March 2018	31 December 2017
Value of business acquired	2	2
Goodwill	1,390	1,392
Software	59	53
Other	365	394
<b>Intangible assets</b>	<b>1,816</b>	<b>1,841</b>

## Notes to the Condensed consolidated interim accounts Continued

## 6 Other assets

## Other assets

	31 March 2018	31 December 2017
Insurance and reinsurance receivables	1,348	1,126
Income tax receivable	261	202
Accrued interest and rents	1,313	1,785
Other accrued assets	328	428
Net defined benefit assets	12	29
Cash collateral amounts paid	1,399	1,199
Other	699	608
<b>Other assets</b>	<b>5,360</b>	<b>5,377</b>

## 7 Equity

## Total equity

	31 March 2018	31 December 2017
Share capital	41	41
Share premium	12,572	12,572
Revaluation reserve	8,783	8,597
Currency translation reserve	-95	-139
Net defined benefit asset/liability remeasurement reserve	-106	-106
Other reserves	2,150	1,753
<b>Shareholders' equity (parent)</b>	<b>23,345</b>	<b>22,718</b>
Minority interests	315	317
Undated subordinated notes	1,764	1,764
<b>Total equity</b>	<b>25,424</b>	<b>24,799</b>

## Changes in equity (2018)

31 March 2018	Share capital	Share premium	Reserves	Total shareholders' equity (parent)
Equity – opening balance	41	12,572	10,105	22,718
Net result for the period			399	399
Total amount recognised directly in equity (Other comprehensive income)			226	226
Purchase/sale of treasury shares			4	4
Employee stock option and share plans			-2	-2
<b>Equity – closing balance</b>	<b>41</b>	<b>12,572</b>	<b>10,732</b>	<b>23,345</b>

## Purchase/sale of treasury shares (2018)

During the first quarter of 2018, treasury shares for a total amount of EUR 4 million were delivered under Employee share plans. As at 31 March 2018, 6,441,284 treasury shares were held by NN Group.

## Notes to the Condensed consolidated interim accounts Continued

## Changes in equity (2017)

31 December 2017	Share capital	Share premium	Reserves	Total shareholders' equity (parent)
Equity – opening balance	40	12,153	10,502	22,695
Net result for the period			2,110	2,110
Total amount recognised directly in equity (Other comprehensive income)			-1,791	-1,791
Changes in share capital	1	419		420
Dividend			-317	-317
Purchase/sale of treasury shares			-340	-340
Coupon on undated subordinated notes			-59	-59
<b>Equity – closing balance</b>	<b>41</b>	<b>12,572</b>	<b>10,105</b>	<b>22,718</b>

## Purchase/sale of treasury shares (2017)

In 2017, 10,450,584 ordinary shares for a total amount of EUR 347 million were repurchased under open market share buyback programmes to neutralise the dilutive effect of stock dividends. Treasury shares for an amount of EUR 7 million were delivered under Employee share plans. The repurchased shares are held by NN Group and the amount was deducted from Other reserves (Purchase/sale of treasury shares). In 2017, 14,348,967 NN Group treasury shares were cancelled. As at 31 December 2017, 6,609,781 treasury shares were held by NN Group.

## Issue of ordinary shares (2017)

In April 2017, NN Group issued 8,749,237 ordinary shares for a total amount of EUR 255 million to Stichting Fonds NutsOhra in exchange for the preference shares A in Delta Lloyd held by Stichting Fonds NutsOhra and the perpetual subordinated loan provided to Delta Lloyd.

In June 2017 NN Group allotted 5,069,969 ordinary shares for a total amount of EUR 165 million in connection with the acquisition of Delta Lloyd.

## Coupon paid on undated subordinated notes (2017)

The undated subordinated notes have optional annual coupon payments in June and July. The annual coupons resulted in a deduction of EUR 59 million (net of tax) from equity.

## Interim dividend 2017

In September 2017, NN Group paid a 2017 interim dividend of EUR 0.62 per ordinary share, or approximately EUR 209 million in total. The 2017 interim dividend was paid either in cash or in ordinary shares at the election of the shareholder. As a result, an amount of EUR 130 million was distributed out of Other reserves (cash dividend) and 2,346,671 ordinary shares, with a par value of EUR 0.12 per share, were issued (EUR 78 million stock dividend). To neutralise the dilutive effect of the final and interim stock dividend, NN Group repurchases ordinary shares for an amount equivalent to the stock dividends.

## Proposed final dividend 2017

At the Annual General Meeting on 31 May 2018, a final dividend will be proposed of EUR 1.04 per ordinary share, or approximately EUR 348 million in total based on the current number of outstanding shares (net of treasury shares). Together with the 2017 interim dividend of EUR 0.62 per ordinary share paid in September 2017, NN Group's total dividend for 2017 will be EUR 556 million, or EUR 1.66 per ordinary share which is equivalent to a dividend pay-out ratio of around 45% of NN Group's full-year 2017 net operating result of ongoing business. The final dividend will be paid in cash, after deduction of withholding tax if applicable, or ordinary shares from the share premium reserve, at the election of the shareholder. To neutralise the dilutive effect of the stock dividend, NN Group will repurchase ordinary shares for an amount equivalent to the stock dividend. If the proposed dividend is approved by the shareholders, NN Group ordinary shares will be quoted ex-dividend on 4 June 2018. The record date for the dividend will be 5 June 2018. The election period will run from 4 June up to and including 18 June 2018. 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 12 June through 18 June 2018. The dividend will be payable on 25 June 2018. The cash dividend will be distributed out of Other reserves.

## Final dividend 2016

On 1 June 2017, the General Meeting of Shareholders adopted the proposed 2016 final dividend of EUR 0.95 per ordinary share, or approximately EUR 317 million in total. This dividend was paid on 26 June 2017 either in cash or in ordinary shares at the election of the shareholder. As a result, an amount of EUR 187 million was distributed out of Other reserves (cash dividend) and 4,082,061 ordinary shares, with a par value of EUR 0.12 per share, were issued (EUR 129 million stock dividend). Together with the 2016 interim dividend of EUR 0.60 per ordinary share paid in September 2016, NN Group's total dividend for 2016 amounted to EUR 1.55 per ordinary share, or approximately EUR 511 million.

## Notes to the Condensed consolidated interim accounts Continued

**Minority interest**

Through the acquisition of Delta Lloyd, NN Group owns 51% of the shares of ABN AMRO Verzekeringen Holding B.V. (ABN AMRO Verzekeringen). ABN AMRO Verzekeringen's principal place of business is Zwolle, the Netherlands. ABN AMRO Verzekeringen is fully consolidated by NN Group, with a minority interest recognised of 49%.

At 31 March 2018, the minority interest relating to ABN AMRO Verzekeringen recognised in equity was EUR 301 million.

**Summarised information ABN AMRO Verzekeringen<sup>1</sup>**

	31 March 2018
Total assets	5,343
Total liabilities	4,729
Total income	152
Total expenses	153

<sup>1</sup> All on 100% basis.

**8 Subordinated debt****Issuance (2017)**

In January 2017, NN Group issued subordinated notes with a nominal value of EUR 850 million. The EUR 850 million subordinated notes have a maturity of 31 years and are first callable after 11 years and every quarter thereafter, subject to conditions to redemption. The coupon is fixed at 4.625% per annum until the first call date and will be floating thereafter. These notes qualify as Tier 2 regulatory capital. The proceeds were used to repay EUR 823 million of hybrid loans to ING Group in the first quarter of 2017.

**Repayment of Subordinated debt (2017)**

In January 2017, NN Group redeemed all three perpetual subordinated hybrid loans with variable coupons for a total amount of EUR 823 million.

**9 Debt securities issued****Issuance (2017)**

In the first quarter of 2017, NN Group issued senior unsecured notes with a nominal value of EUR 500 million. The EUR 500 million senior unsecured notes have a fixed coupon of 0.875% per annum and a maturity of 6 years. The proceeds were used to repay EUR 476 million of Subordinated debt of NN Group on its first call date in May 2017.

**10 Insurance and investment contracts, Reinsurance contracts****Insurance and investment contracts, Reinsurance contracts**

	Liabilities net of reinsurance		Reinsurance contracts		Insurance and investment contracts	
	31 December		31 December		31 December	
	31 March 2018	2017	31 March 2018	2017	31 March 2018	2017
Life insurance liabilities excluding liabilities for risk of policyholders	123,851	122,838	653	621	124,504	123,459
Liabilities for life insurance for risk of policyholders	31,068	32,308	45	45	31,113	32,353
Investment contract with discretionary participation features for risk of policyholders	234	218			234	218
<b>Life insurance liabilities</b>	<b>155,153</b>	<b>155,364</b>	<b>698</b>	<b>666</b>	<b>155,851</b>	<b>156,030</b>
Liabilities for unearned premiums and unexpired risks	902	473	54	10	956	483
Claims liabilities	5,209	5,085	217	204	5,426	5,289
<b>Insurance liabilities and investment contracts with discretionary participation features</b>	<b>161,264</b>	<b>160,922</b>	<b>969</b>	<b>880</b>	<b>162,233</b>	<b>161,802</b>
Investment contracts liabilities	1,883	1,837			1,883	1,837
<b>Insurance and investment contracts, Reinsurance contracts</b>	<b>163,147</b>	<b>162,759</b>	<b>969</b>	<b>880</b>	<b>164,116</b>	<b>163,639</b>

The liabilities 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.



## Notes to the Condensed consolidated interim accounts Continued

Deferred interest credited to policyholders is included in the 'Liabilities for (deferred) profit sharing and rebates' and amounts to EUR 6,694 million as at 31 March 2018 (2017: EUR 6,623 million).

### 11 Other liabilities

#### Other liabilities

	31 March 2018	31 December 2017
Income tax payable	25	30
Net defined benefit liability	151	165
Other post-employment benefits	24	23
Other staff-related liabilities	135	128
Other taxation and social security contributions	134	115
Deposits from reinsurers	382	385
Accrued interest	223	491
Costs payable	509	428
Amounts payable to policyholders	844	879
Provisions	312	319
Amounts to be settled	1,912	2,140
Cash collateral amounts received	3,617	3,696
Other	801	756
<b>Other liabilities</b>	<b>9,069</b>	<b>9,555</b>

### 12 Investment income

#### Investment income

	1 January to 31 March 2018	1 January to 31 March 2017
Interest income from investments in debt securities	453	401
Interest income from loans:		
– unsecured loans	44	35
– mortgage loans	323	266
– policy loans	3	2
– other	5	12
<b>Interest income from investments in debt securities and loans</b>	<b>828</b>	<b>716</b>
Realised gains/losses on disposal of available-for-sale debt securities	2	86
Impairments of available-for-sale debt securities		-6
<b>Realised gains/losses and impairments of available-for-sale debt securities</b>	<b>2</b>	<b>80</b>
Realised gains/losses on disposal of available-for-sale equity securities	52	67
Impairments of available-for-sale equity securities	-20	-3
<b>Realised gains/losses and impairments of available-for-sale equity securities</b>	<b>32</b>	<b>64</b>
Interest income on non-trading derivatives	69	39
Increase in loan loss provisions	1	2
Income from real estate investments	40	26
Dividend income	48	38
Change in fair value of real estate investments	143	25
<b>Investment income</b>	<b>1,163</b>	<b>990</b>

## Notes to the Condensed consolidated interim accounts Continued

## Impairments on investments by segment

	1 January to 31 March 2018	1 January to 31 March 2017
Netherlands Life	-16	-9
Insurance Europe	-4	
<b>Impairments on investments</b>	<b>-20</b>	<b>-9</b>

## 13 Underwriting expenditure

## Underwriting expenditure

	1 January to 31 March 2018	1 January to 31 March 2017
<b>Gross underwriting expenditure:</b>		
- before effect of investment result for risk of policyholder	4,821	3,445
- effect of investment result for risk of policyholder	-677	264
<b>Gross underwriting expenditure</b>	<b>4,144</b>	<b>3,709</b>
Investment result for risk of policyholders	677	-264
Reinsurance recoveries	-44	-19
<b>Underwriting expenditure</b>	<b>4,777</b>	<b>3,426</b>

The investment income and valuation results regarding investments for risk of policyholders is EUR -677 million (2017: EUR 264 million). This amount is recognised in 'Underwriting expenditure'. As a result, it is shown together with the equal amount of related change in insurance liabilities for risk of policyholders.

## Underwriting expenditure by class

	1 January to 31 March 2018	1 January to 31 March 2017
<b>Expenditure from life underwriting:</b>		
- reinsurance and retrocession premiums	80	51
- gross benefits	3,388	2,601
- reinsurance recoveries	-31	-16
- change in life insurance liabilities	-127	-131
- costs of acquiring insurance business	130	145
- other underwriting expenditure	46	26
- profit sharing and rebates	14	13
<b>Expenditure from life underwriting</b>	<b>3,500</b>	<b>2,689</b>
<b>Expenditure from non-life underwriting:</b>		
- reinsurance and retrocession premiums	78	20
- gross claims	497	297
- reinsurance recoveries	-13	-3
- changes in the liabilities for unearned premiums	448	368
- changes in claims liabilities	126	-15
- costs of acquiring insurance business	138	65
- other underwriting expenditure	-4	1
<b>Expenditure from non-life underwriting</b>	<b>1,270</b>	<b>733</b>
<b>Expenditure from investment contracts</b>	<b>7</b>	<b>4</b>
<b>Underwriting expenditure</b>	<b>4,777</b>	<b>3,426</b>

## Notes to the Condensed consolidated interim accounts Continued

## 14 Staff expenses

## Staff expenses

	1 January to 31 March 2018	1 January to 31 March 2017
Salaries	202	157
Variable salaries	25	21
Pension costs	29	28
Social security costs	32	24
Share-based compensation arrangements	2	3
External staff costs	73	49
Education	4	3
Other staff costs	21	12
<b>Staff expenses</b>	<b>388</b>	<b>297</b>

## 15 Earnings per ordinary share

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

## Earnings per ordinary share

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 January to 31 March 2018	1 January to 31 March 2017	1 January to 31 March 2018	1 January to 31 March 2017	1 January to 31 March 2018	1 January to 31 March 2017
Net result	399	435				
Coupon on undated subordinated notes	-15	-8				
<b>Basic earnings per ordinary share</b>	<b>384</b>	<b>427</b>	<b>334.2</b>	<b>322.9</b>	<b>1.15</b>	<b>1.32</b>
Dilutive instruments:						
– Warrants			0.0	0.0		
– Share plans			0.8	0.9		
			<b>0.8</b>	<b>0.9</b>		
<b>Diluted earnings per ordinary share</b>	<b>384</b>	<b>427</b>	<b>335.0</b>	<b>323.8</b>	<b>1.15</b>	<b>1.32</b>

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

### 16 Segments

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

- Netherlands Life (Group life and individual life insurance products in the Netherlands)
- Netherlands Non-life (Non-life insurance in the Netherlands including disability and accident, fire, motor and transport insurance)
- Insurance Europe (Life insurance, pension products and to a small extent non-life insurance and retirement services in Central and Rest of Europe)
- Japan Life (Life insurance primarily Corporate Owned Life Insurance (COLI) business)
- Asset Management (Asset management activities)
- Other (Operating segments that have been aggregated due to their respective size; including banking activities in the Netherlands, reinsurance and items related to capital management and the 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 being managed in run-off)

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

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

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

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

The operating result for the life insurance business is analysed through a margin analysis, which includes the investment margin, fees and premium-based revenues and the technical margin. Disclosures on comparative years also reflect the impact of current year's divestments. Operating result as presented below is an Alternative Performance Measure (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. The net result on transactions between segments is eliminated in the net result of the relevant segment.

## Notes to the Condensed consolidated interim accounts Continued

## Segments (2018)

1 January to 31 March 2018	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Asset Manage- ment	Other	Japan Closed Block VA	Total
Investment margin	181		23	-3			-1	200
Fees and premium-based revenues	125		181	187	130		6	630
Technical margin	46		55	-1				100
Operating income non-modelled life business								1
<b>Operating income</b>	<b>352</b>	<b>0</b>	<b>260</b>	<b>184</b>	<b>130</b>	<b>0</b>	<b>6</b>	<b>931</b>
Administrative expenses	129		100	32	89		2	352
DAC amortisation and trail commissions	11		88	85			1	185
<b>Expenses</b>	<b>140</b>	<b>0</b>	<b>188</b>	<b>118</b>	<b>89</b>	<b>0</b>	<b>3</b>	<b>538</b>
Non-life operating result		-32	-1					-33
Operating result other						-45		-45
<b>Operating result</b>	<b>212</b>	<b>-32</b>	<b>71</b>	<b>66</b>	<b>41</b>	<b>-45</b>	<b>3</b>	<b>316</b>
Non-operating items:								
- gains/losses and impairments	28	4	-7	1		2		28
- revaluations	217	4	7	-6		1		222
- market & other impacts	6						12	18
Special items before tax	-14	-22	-5		-5	-31		-79
Amortisation of acquisition intangibles						-33		-33
Result on divestments						4		4
<b>Result before tax</b>	<b>448</b>	<b>-46</b>	<b>65</b>	<b>60</b>	<b>36</b>	<b>-102</b>	<b>15</b>	<b>477</b>
Taxation	78	-14	13	16	8	-27	4	78
Minority interests	1	-1						0
<b>Net result</b>	<b>369</b>	<b>-30</b>	<b>53</b>	<b>44</b>	<b>27</b>	<b>-75</b>	<b>11</b>	<b>399</b>

Special items in 2018 relate to restructuring expenses incurred in respect of the cost reduction target for Netherlands Life, Netherlands Non-life, Belgium, Asset Management, the banking business and Corporate/ Holding entities.

## Notes to the Condensed consolidated interim accounts Continued

## Segments (2017)

1 January to 31 March 2017	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	Asset Manage- ment	Other	Japan Closed Block VA	Total
Investment margin	198		14	-3			-1	209
Fees and premium-based revenues	89		143	194	118		12	555
Technical margin	43		47	13				103
Operating income non-modelled life business			1					1
<b>Operating income</b>	<b>330</b>	<b>0</b>	<b>205</b>	<b>204</b>	<b>118</b>	<b>0</b>	<b>11</b>	<b>868</b>
Administrative expenses	99		82	32	85		3	301
DAC amortisation and trail commissions	10		81	87			1	179
<b>Expenses</b>	<b>110</b>	<b>0</b>	<b>162</b>	<b>119</b>	<b>85</b>	<b>0</b>	<b>5</b>	<b>480</b>
Non-life operating result		31						30
Operating result other						-5		-5
<b>Operating result</b>	<b>220</b>	<b>31</b>	<b>42</b>	<b>85</b>	<b>33</b>	<b>-5</b>	<b>7</b>	<b>413</b>
Non-operating items:								
- gains/losses and impairments	115	2	19	8		1		145
- revaluations	57	1	2	-9				52
- market & other impacts	-28						-27	-55
Special items before tax	-10					-8		-19
Result on divestments						9		9
<b>Result before tax</b>	<b>353</b>	<b>34</b>	<b>63</b>	<b>85</b>	<b>33</b>	<b>-3</b>	<b>-20</b>	<b>544</b>
Taxation	70	7	10	24	8	-5	-5	109
<b>Net result</b>	<b>283</b>	<b>27</b>	<b>53</b>	<b>61</b>	<b>25</b>	<b>2</b>	<b>-15</b>	<b>435</b>

Special items in 2017 reflect restructuring expenses related to the target to reduce the administrative expense base of Netherlands Life, Netherlands Non-life and Corporate/ Holding entities and costs incurred related to the acquisition of Delta Lloyd, among other items.

## 17 Taxation

## Taxation on components of other comprehensive income

	1 January to 31 March 2018	1 January to 31 March 2017
Unrealised revaluations available-for-sale investments and other	-65	435
Realised gains/losses transferred to the profit and loss account	-2	35
Changes in cash flow hedge reserve	-12	111
Deferred interest credited to policyholders	17	-182
Remeasurement of the net defined benefit asset/liability		1
<b>Income tax</b>	<b>-62</b>	<b>400</b>

## Notes to the Condensed consolidated interim accounts Continued

**18 Fair value of financial assets and liabilities**

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

**Fair value of financial assets and liabilities**

	Estimated fair value		Balance sheet value	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
<b>Financial assets</b>				
Cash and cash equivalents	10,273	9,383	10,273	9,383
Financial assets at fair value through profit or loss:				
– investments for risk of policyholders	32,196	33,508	32,196	33,508
– non-trading derivatives	4,905	5,116	4,905	5,116
– designated as at fair value through profit or loss	806	934	806	934
Available-for-sale investments	105,879	104,982	105,879	104,982
Loans	58,866	58,980	56,131	56,043
<b>Financial assets</b>	<b>212,925</b>	<b>212,903</b>	<b>210,190</b>	<b>209,966</b>
<b>Financial liabilities</b>				
Subordinated debt	2,708	2,870	2,463	2,468
Debt securities issued	2,039	2,047	1,988	1,988
Other borrowed funds	5,503	6,149	5,409	6,044
Investment contracts with discretionary participation features for risk of policyholders	234	218	234	218
Investment contracts for risk of company	1,120	1,136	1,104	1,088
Investment contracts for risk of policyholders	779	749	779	749
Customer deposits and other funds on deposit	15,170	14,910	14,725	14,434
Financial liabilities at fair value through profit or loss:				
– non-trading derivatives	2,413	2,305	2,413	2,305
<b>Financial liabilities</b>	<b>29,966</b>	<b>30,384</b>	<b>29,115</b>	<b>29,294</b>

For the other financial assets and financial liabilities not included in the table above, including short-term receivables and payables, the carrying amount is a reasonable approximation of fair value.

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 34 'Fair value of financial assets and liabilities' of the 2017 NN Group Consolidated annual accounts.

## Notes to the Condensed consolidated interim accounts Continued

### Financial assets and liabilities at fair value

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

#### Methods applied in determining the fair value of financial assets and liabilities at fair value (2018)

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Investments for risk of policyholders	25,949	5,452	795	32,196
Non-trading derivatives	46	4,723	136	4,905
Financial assets designated as at fair value through profit or loss	708	98		806
Available-for-sale investments	73,082	31,427	1,370	105,879
<b>Financial assets</b>	<b>99,785</b>	<b>41,700</b>	<b>2,301</b>	<b>143,786</b>
<b>Financial liabilities</b>				
Investment contracts with discretionary participation features for risk of policyholders		234		234
Investment contracts (for contracts at fair value)	779			779
Non-trading derivatives	59	2,215	139	2,413
<b>Financial liabilities</b>	<b>838</b>	<b>2,449</b>	<b>139</b>	<b>3,426</b>

#### Methods applied in determining the fair value of financial assets and liabilities at fair value (2017)

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Investments for risk of policyholders	26,845	5,860	803	33,508
Non-trading derivatives	21	4,947	148	5,116
Financial assets designated as at fair value through profit or loss	611	323		934
Available-for-sale investments	73,457	30,177	1,348	104,982
<b>Financial assets</b>	<b>100,934</b>	<b>41,307</b>	<b>2,299</b>	<b>144,540</b>
<b>Financial liabilities</b>				
Investment contracts with discretionary participation features for risk of policyholders		218		218
Investment contracts (for contracts at fair value)	749			749
Non-trading derivatives	72	2,083	150	2,305
<b>Financial liabilities</b>	<b>821</b>	<b>2,301</b>	<b>150</b>	<b>3,272</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 Continued

## Changes in Level 3 Financial assets (2018)

31 March 2018	Investments for risk of policyholders	Non-trading derivatives	Available-for-sale investments	Total
Level 3 Financial assets – opening balance	803	148	1,348	2,299
Amounts recognised in the profit and loss account	-5			-5
Revaluations recognised in other comprehensive income (equity)			-7	-7
Purchase			43	43
Sale	-3	-1	-7	-11
Maturity/settlement			-2	-2
Other transfers and reclassifications		-11		-11
Transfers out of Level 3			-3	-3
Exchange rate differences			-2	-2
<b>Level 3 Financial assets – closing balance</b>	<b>795</b>	<b>136</b>	<b>1,370</b>	<b>2,301</b>

## Changes in Level 3 Financial assets (2017)

31 December 2017	Investments for risk of policyholders	Non-trading derivatives	Available-for-sale investments	Total
Level 3 Financial assets – opening balance	823	219	1,207	2,249
Amounts recognised in the profit and loss account	-25	-56	90	9
Revaluations recognised in other comprehensive income (equity)		1	120	121
Purchase	6	3	162	171
Sale	-1	-8	-114	-123
Maturity/settlement			-195	-195
Other transfers and reclassifications			-164	-164
Transfers out of Level 3		-18	-18	-36
Changes in the composition of the group		7	270	277
Exchange rate differences			-10	-10
<b>Level 3 Financial assets – closing balance</b>	<b>803</b>	<b>148</b>	<b>1,348</b>	<b>2,299</b>

## Transfers out of Level 3 and reclassification

Reclassification mainly relate to the transfer of certain investments in real estate funds to associates and joint ventures due to an increase in level of influence. For more information, reference is made to Note 6 'Associates and joint ventures' of the 2017 NN Group Consolidated annual accounts.

## Changes in Level 3 Financial liabilities (2018)

31 March 2018	Non-trading derivatives
Level 3 Financial liabilities – opening balance	150
Other transfers and reclassifications	-11
<b>Level 3 Financial liabilities – closing balance</b>	<b>139</b>

## Changes in Level 3 Financial liabilities (2017)

31 December 2017	Non-trading derivatives
Level 3 Financial liabilities – opening balance	218
Amounts recognised in the profit and loss account	-54
Transfers into Level 3	4
Transfers out of Level 3	-18
<b>Level 3 Financial liabilities – closing balance</b>	<b>150</b>

**Notes to the Condensed consolidated interim accounts** Continued**Level 3 – Amounts recognised in the profit and loss account during the year (2018)**

31 March 2018	Held at balance sheet date	Derecognised during the period	Total
<b>Financial assets</b>			
Investments for risk of policyholders	-5		-5
<b>Financial assets</b>	<b>-5</b>	<b>0</b>	<b>-5</b>

**Level 3 – Amounts recognised in the profit and loss account during the year (2017)**

31 December 2017	Held at balance sheet date	Derecognised during the period	Total
<b>Financial assets</b>			
Investments for risk of policyholders	-25		-25
Non-trading derivatives	-56		-56
Available-for-sale investments	-9	99	90
<b>Financial assets</b>	<b>-90</b>	<b>99</b>	<b>9</b>
<b>Financial liabilities</b>			
Non-trading derivatives	-54		-54
<b>Financial liabilities</b>	<b>-54</b>	<b>0</b>	<b>-54</b>

**19 Companies and businesses acquired and divested****Acquisitions (2017)****Delta Lloyd**

In the second quarter of 2017, NN Group acquired all issued and outstanding ordinary shares in the capital of Delta Lloyd N.V. (Delta Lloyd) for a total consideration of EUR 2,463 million. Reference is made to the 2017 NN Group Consolidated annual accounts for an overview of the transaction, a description of Delta Lloyd, the rationale for the transaction, the accounting at the acquisition date and certain additional disclosures on the acquisition.

**Divestments (2017)****NN Life Luxembourg**

In April 2017, NN Group announced that it had reached agreement with the Global Bankers Insurance Group on the sale of NN Life Luxembourg to an affiliate of Global Bankers Insurance Group. The sale will not impact NN Group's asset management business in Luxembourg. The transaction, which was completed in October 2017, did not have a material impact on the capital position and operating result of NN Group.

**20 Other events****Unit-linked products in the Netherlands**

Reference is made to Note 43 in the 2017 NN Group Consolidated annual accounts for a description of legal proceedings with respect to unit-linked products in the Netherlands. There have been no developments that would change the statements and conclusions in the 2017 NN Group Consolidated annual accounts.

Although the financial consequences could be substantial for the Dutch insurance business of NN Group and, as a result, may have a material adverse effect on NN Group's business, reputation, revenues, results of operations, solvency, financial condition and prospects, it is not possible to reliably estimate or quantify NN Group's exposures at this time.

## Notes to the Condensed consolidated interim accounts Continued

## 21 Capital management

## Solvency II

	31 March 2018	31 December 2017
Basic Own Funds	17,779	17,121
Non-available Own Funds	1,404	1,339
Non-eligible Own Funds	212	370
<b>Eligible Own Funds to cover Solvency Capital Requirements (a)</b>	<b>16,163</b>	<b>15,412</b>
– of which Tier 1 unrestricted	9,650	8,935
– of which Tier 1 Restricted	1,896	1,885
– of which Tier 2	2,405	2,420
– of which Tier 3	1,067	1,085
– of which non-Solvency II regulated entities	1,145	1,087
<b>Solvency Capital Requirements (b)</b>	<b>7,606</b>	<b>7,731</b>
– of which Solvency Capital Requirements calculated on the basis of consolidated data	7,117	7,231
– of which the capital requirements for investment firms, pension funds and credit institutions	229	249
– of which the capital requirements for undertakings included under the D&A method	260	251
<b>NN Group Solvency II ratio (a/b)<sup>1</sup></b>	<b>213%</b>	<b>199%</b>

1 The Solvency ratios are not final until filed with the regulators. Solvency II ratios are based on the Partial Internal Model.

The NN Group Solvency II ratio increased to 213% at 31 March 2018 from 199% at 31 December 2017 mainly driven by operating capital generation as well as favourable movements in credit spreads and interest rates, and positive revaluation of real estate investments. These items were partly offset by the impact of a reduction in the Ultimate Forward Rate (UFR) from 4.2% to 4.05%.

## Authorisation of the Condensed consolidated interim accounts

The Hague, 16 May 2018

### **The Supervisory Board**

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

### **The Executive Board**

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

# Review report

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

## Introduction

We have reviewed the accompanying condensed consolidated interim accounts for the three-month period ended 31 March 2018 of NN Group N.V. (the Company), The Hague, as included on page 3 to 28 of this report. These condensed consolidated interim accounts comprise the condensed consolidated balance sheet as at 31 March 2018, the condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the notes for the three-month period then ended. Management of the Company is responsible for the preparation and presentation of the condensed consolidated interim accounts in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim accounts based on our review.

## Scope

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim accounts as at and for the three-month period ended 31 March 2018 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 16 May 2018

KPMG Accountants N.V.

P.A.M. de Wit RA

## Contact us

NN Group N.V.  
Schenkade 65  
2595 AS Den Haag  
The Netherlands  
P.O. Box 90504, 2509 LM Den Haag  
The Netherlands  
www.nn-group.com

Commercial register of Amsterdam, no. 52387534

## Disclaimer

In preparing the financial information in this document, the same accounting principles are applied as in the 2017 NN Group Consolidated annual accounts, except as indicated in Note 1 of the 31 March 2018 Condensed consolidated interim 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) breakup of the euro or European Union countries leaving the European Union, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in investor, customer and policyholder behaviour, (11) changes in general competitive factors, (12) changes in laws and regulations and the interpretation and application thereof, (13) changes in the policies and actions of governments and/or regulatory authorities, (14) conclusions with regard to accounting assumptions and methodologies, (15) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Group's ability to achieve projected operational synergies (18) catastrophes and terrorist related events, (19) adverse developments in legal and other proceedings and the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by NN Group and/or related to NN Group.

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

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

© 2018 NN Group N.V.