

NN Group reports 4Q17 and 2017 results

- 4Q17 operating result of the ongoing business of EUR 345 million, up 22.3% from 4Q16, driven by the contribution of the Delta Lloyd businesses
- Full-year 2017 operating result of the ongoing business increased to EUR 1,586 million, up 29.3% from 2016, mainly driven by the contribution of the Delta Lloyd businesses and improved results at most segments, partly offset by lower results at Netherlands Non-life
- Net result increased to EUR 700 million from EUR 148 million in 4Q16, mainly driven by higher capital gains and revaluations and the higher operating result. Full-year 2017 net result up 77.5% to EUR 2,110 million
- Administrative expense base of the business units in the scope of the cost reduction target decreased by EUR 133 million versus the full-year 2016 base of EUR 2,024 million
- Robust commercial momentum: APE at the insurance businesses up 35.1% at constant currencies compared with 4Q16. Full-year 2017 VNB of EUR 345 million, up 60.7% from 2016
- Solvency II ratio of 199% at the end of 4Q17, reflects the deduction of the proposed final 2017 dividend
- Holding company cash capital lower at EUR 1,434 million, reflecting the repayment of senior notes and the repurchase of own shares, partly offset by dividends received mainly from the Dutch units
- Final 2017 dividend proposal of EUR 1.04 per ordinary share, or approximately EUR 348 million in total, bringing the full-year 2017 dividend to EUR 1.66 per ordinary share

Statement of Lard Friese, CEO

'2017 was a memorable year for NN Group in which we successfully completed the acquisition of Delta Lloyd. We have started the integration in the Netherlands and Belgium creating a leading insurance and pension company, with attractive propositions in asset management and banking. We are making good progress. On 1 January 2018, the first legal mergers of business units were completed, with Delta Lloyd Bank merging into NN Bank, and Delta Lloyd Asset Management merging into NN Investment Partners. Most head-office departments have been integrated, we have started rationalising systems and portfolios, and products are being rebranded from Delta Lloyd to NN.

At our Capital Markets Day on 30 November 2017, we outlined the strategy and new targets for the combined company. One of our top priorities going forward is to deliver on the Delta Lloyd transaction and extract the synergies. In this respect we continue to increase efficiency and have lowered the cost base of the units in scope of the integration by EUR 133 million in 2017 towards our target of EUR 350 million by 2020.

The operating result for 2017 reflects a strong contribution of Delta Lloyd and improved operational performance in businesses such as Netherlands Life, Insurance Europe, Japan Life and the bank. We continue to see volatility in the results of the Non-life business, where an improvement in the P&C business was offset by a deterioration in D&A performance. We are implementing a range of measures to sustainably improve the Non-life performance.

Commercial momentum continues, with new sales up 33.9% at constant currencies and value of new business up 60.7% compared with 2016. NN Investment Partners attracted EUR 5.1 billion of third-party assets in 2017 offset by outflows of affiliated assets, and the mortgage portfolio of the banking business grew to EUR 17.6 billion. Over the last 12 months our client satisfaction again increased in almost all countries where we are active. With our strengthened market positions, we are well placed to capture growth opportunities.

Our Solvency II ratio and cash capital position remain robust, at 199% and EUR 1,434 million respectively, in line with our disciplined approach to managing our capital. We will propose a final 2017 dividend of EUR 1.04 per ordinary share at our Annual General Meeting of Shareholders on 31 May 2018. Together with the interim dividend paid in September 2017, this represents a pay-out ratio of around 45% of the 2017 full-year net operating result of the ongoing business.

Looking ahead, we will maintain our efforts to improve our overall performance, deliver excellent customer service, and further accelerate the transformation of our business through innovation.'

NN Group key figures

In EUR million	4Q17	4Q16	Change	FY17	FY16	Change
Operating result ongoing business ¹⁾	345	282	22.3%	1,586	1,227	29.3%
Net result	700	148	373.7%	2,110	1,189	77.5%
Net operating ROE ¹⁾⁹⁾²²⁾	8.2%	7.2%		10.3%	8.1%	
Solvency II ratio ²⁾	199%	204%	241%			

Note: All footnotes are included on page 27

Quarterly Business Update

The strong foundation of our purpose, brand, values and ambition, combined with a focus on our strategic priorities, enables us to create long-term value for our company and our stakeholders: customers, shareholders, employees, business partners and society at large.

Transparent products and services

ABN AMRO Verzekeringen, the joint venture of NN Group (51%) and ABN AMRO Bank (49%), was ranked best insurer by Dutch magazine Management Team and achieved a top three position in all three categories: customer focus, product leadership and excellent implementation.

In December 2017, NN Life Japan launched 'Emergency Plus', an innovative sudden-death insurance which offers protection to small and medium-sized enterprise (SME) owners. The product accounted for 48% of the total protection product sales in December and is expected to help further expand the COLI protection business of NN Life Japan in line with its strategy.

Capturing growth

New sales (APE) at Japan Life increased to EUR 171 million, up 33.8% from the fourth quarter of 2016, excluding currency effects, mainly due to higher sales of COLI products launched in 2017 and sales through the Sumitomo partnership. Sumitomo Life, which started offering NN Life Japan's COLI products in April 2017, contributed more than 10% of Japan Life's total sales in the fourth quarter. In addition to this, higher bank activation and the expansion of the bank distribution network to 76 partners at the end of December 2017, compared with 61 partners a year earlier, also led to a strong increase in bancassurance COLI sales.

NN Bank in the Netherlands launched an online campaign for discretionary asset management 'Beheerd Beleggen'. The campaign focused on the dreams and goals people have in life and how the investment advisors of NN Bank can help to achieve these goals financially. The campaign was very successful in terms of positive interactions, and led to a 30% growth in the 'Beheerd Beleggen' new customer base.

Multi-access distribution

In the fourth quarter of 2017, our businesses continued to expand its bancassurance partnerships. In Slovakia a partnership was set up with Slovenska sporitelna, one of the leading banks, and NN's pension products are now being sold through part of its network. NN Hayat ve Emeklilik in Turkey put in place a five-year distribution agreement with Burgan Bank to distribute its life insurance and pension products.

Nationale-Nederlanden in Poland launched a partnership with Play, the largest telecom provider in the country, providing dedicated health products (heart and cancer insurance) through Play's newly launched insurance market platform, 'Play Insurance'. Play customers will be able to buy the health insurance through the Play smartphone application, making NN products available to over 14 million Play customers.

Nationale-Nederlanden in Spain launched a Direct Channel, an online platform that uses facial recognition technology, which replaces the client's signature in the online purchase process and enables the company to issue paperless contracts. Nationale-Nederlanden Spain is the first insurance company in the country to use this technology to issue paperless contracts.

Effective and efficient operations

NN Group is committed to continuously making its processes more efficient and effective. The Non-life business and service provider Voogd & Voogd have signed a letter of intent for a mandated broker partnership in the field of Retail non-life insurance.

The Life business in the Netherlands migrated 90,000 policies from its legacy system to the modern target system. The policy details are now available to customers in the 'MijnNN' customer portal and in the NN app.

Innovation

NN Bank in the Netherlands developed and piloted the 360 degrees video service, a virtual reality tool to support customers in selling their house. NN facilitates customers to present their property online, and provide a personal tour, which allows buyers to digitally move through the house. NN distributes these videos to a selection of potential buyers via social media.

NN's businesses in the Czech Republic and Slovakia launched a digital sales platform in November 2017, which will significantly improve the customer experience of buying a life or savings product, both in terms of time taken and convenience. The process of managing new leads/business opportunities and follow-up is already fully digitalised, while digitalisation of contract origination including electronic signature is in the pilot phase.

In addition to continuously innovating its own product portfolio, NN looks for partnerships or investment opportunities with fintech companies to accelerate its innovation and transformation efforts. For example, NN recently invested in RightIndem, which offers digital, customer-driven claims management solutions. Another example is Dopay, a company that simplifies payroll management and disbursement in developing countries and enables employees without a bank account to be paid electronically.

Other events

Customer satisfaction has continued to increase in almost all countries where NN is active over the past 12 months. The business continues to focus on customer centricity and on innovating and improving customers' experience. This is reflected in higher and above-average customer loyalty and increasing Net Promotor Scores (NPS) as customers recommend NN's products to their relatives and friends. These results show that our employees remain committed to delivering an excellent customer service while integrating NN and Delta Lloyd.

Delta Lloyd and BeFrank were ranked number one in terms of advisor satisfaction in the Dutch pension market for the sixth year in a row as measured by independent agency IG&H, giving additional momentum to our pension plan proposition in the Dutch market.

The bank savings products of NN Bank and Delta Lloyd Bank were awarded in the categories policies and price by MoneyView, an independent research institute that collects information about financial products. The international insurance business received many awards, for example the businesses in Spain, Poland and Turkey were recognised as Top Employer, and NN in Greece was named best life insurance company by World Finance Magazine for the fourth time in a row.

NN Bank in the Netherlands received a silver award, 'Zilveren Spreekbuis Hypotheekverstrekkers 2017', for mortgage providers. This award is a recognition from customers and intermediaries of NN Bank's innovations.

FitVermogen.nl, the online platform for investment funds of NN Investment Partners (NN IP), gives customers insight into future study costs of their children and grandchildren and advises on how to finance them. FitVermogen.nl made it possible for 'Startpunt Geldzaken', a partnership of several organisations that focus on raising financial awareness for consumers in the Netherlands, to launch a free online money planner 'Geldplan Studie (klein) kinderen' in November 2017.

To enhance long-term investor value and instigate positive change in terms of sustainability, NN IP has been actively engaging on climate risk with companies in the utilities sector since 2016. In December 2017, NN IP expanded its engagement to the chemicals sector by joining the global Climate Action 100+ initiative, a new initiative to engage with the world's largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change.

Consolidated results

Consolidated profit and loss account and key figures NN Group

In EUR million	4Q17	4Q16	Change	FY17	FY16	Change
Analysis of results¹⁾						
Netherlands Life	170	163	4.3%	896	710	26.2%
Netherlands Non-life	25	13	100.9%	30	62	-51.6%
Insurance Europe	68	60	12.0%	260	198	30.9%
Japan Life	25	24	6.3%	200	154	29.7%
Asset Management	46	33	38.7%	161	133	21.3%
Other	11	-10		40	-30	
Operating result ongoing business	345	282	22.3%	1,586	1,227	29.3%
Non-operating items ongoing business	510	30		1,430	555	157.5%
of which gains/losses and impairments	356	-27		1,065	279	281.6%
of which revaluations	172	135	27.1%	346	296	17.0%
of which market & other impacts	-18	-79		19	-19	
Japan Closed Block VA	-3	11	-128.1%	-9	-99	
Special items before tax	-102	-51		-234	-107	
Amortisation of acquisition intangibles	-33	0		-99	0	
Result on divestments	28	-114		-150	-114	
Result before tax	744	158	370.7%	2,524	1,463	72.5%
Taxation	32	10	215.6%	391	273	43.3%
Minority interests	12	0		22	1	
Net result	700	148	373.7%	2,110	1,189	77.5%
Basic earnings per ordinary share in EUR ³⁾	2.04	0.43		6.21	3.55	
Key figures ongoing business¹⁾						
Gross premium income	2,796	2,000	39.8%	12,064	9,421	28.1%
New sales life insurance (APE)	377	298	26.3%	1,791	1,386	29.2%
Value of new business (VNB)				345	214	60.7%
Total administrative expenses	602	462	30.3%	2,164	1,734	24.8%
Cost/income ratio (Administrative expenses/Operating income)	34.6%	34.0%		32.3%	33.5%	
Combined ratio (Netherlands Non-life) ⁴⁾⁵⁾	99.6%	100.1%		102.0%	99.6%	
Investment margin/Life general account invested assets (bps) ⁷⁾	70	91				
Net operating result ⁸⁾	255	215	18.9%	1,191	941	26.5%
Net operating ROE ⁹⁾²²⁾	8.2%	7.2%		10.3%	8.1%	
Key figures Japan Closed Block VA						
Account value ⁶⁾	4,755	5,384	-11.7%	4,755	8,201	-42.0%
Number of policies	81,808	97,847	-16.4%	81,808	154,315	-47.0%
Key figures total NN Group						
Solvency II ratio ²⁾	199%	204%		199%	241%	
Total assets ²²⁾	227	230	-1.1%	227	169	34.8%
Shareholders' equity ⁶⁾²²⁾	22,718	22,009	3.2%	22,718	22,695	0.1%
Employees (internal FTEs, end of period)	14,505	14,732	-1.5%	14,505	11,464	26.5%

Note: All footnotes are included on page 27

- NN Group's operating result of the ongoing business increased to EUR 345 million from EUR 282 million in the fourth quarter of 2016, driven by the contribution of the Delta Lloyd businesses
- Result before tax increased to EUR 744 million from EUR 158 million in the fourth quarter of 2016, driven by higher capital gains and revaluations and the higher operating result, partly offset by higher special items and the amortisation of acquisition intangibles
- Full-year 2017 operating result of the ongoing business increased to EUR 1,586 million, up from EUR 1,227 million in 2016, mainly driven by improved results at most segments and the contribution of the Delta Lloyd businesses for a total amount of EUR 205 million, partly offset by lower results at Netherlands Non-life
- Administrative expense base of the business units in the scope of the cost reduction target reduced by EUR 133 million from the expense base of EUR 2,024 million at the end of the fourth quarter of 2016
- Value of new business (VNB) for full-year 2017 was up 60.7% to EUR 345 million reflecting higher VNB at Japan Life and Insurance Europe, mainly driven by higher sales at better margins

Operating result

The operating result of the ongoing business increased to EUR 345 million from EUR 282 million in the fourth quarter of 2016. The increase was driven by the contribution of the Delta Lloyd businesses of EUR 104 million, which included non-recurring benefits of EUR 36 million, as well as favourable experience variances. These were partly offset by a lower technical margin at NN Life and unfavourable claims experience in the Group income portfolio at NN Non-life.

NN Group continues to focus on realising ongoing efficiencies and cost synergies from the integration of Delta Lloyd. The administrative expenses of the business units in the scope of the integration - Netherlands Life, Netherlands Non-life, Belgium, Asset Management, the banking business and Corporate/Holding entities - decreased by EUR 47 million in the fourth quarter of 2017. At the end of the fourth quarter of 2017, the administrative expense base amounted to EUR 1,891 million on a last 12-months basis, down EUR 133 million from the full-year 2016 base of EUR 2,024 million.

The operating result of Netherlands Life increased to EUR 170 million from EUR 163 million in the fourth quarter of 2016, mainly driven by the inclusion of Delta Lloyd and a higher investment margin, offset by a lower technical margin and lower fees and premium-based revenues. The current quarter included a contribution of Delta Lloyd of EUR 38 million.

The operating result of Netherlands Non-life increased to EUR 25 million from EUR 13 million in the fourth quarter of 2016, driven by the inclusion of Delta Lloyd and an improved underwriting performance in Property & Casualty (P&C), partly offset by an unfavourable claims experience in the Group Income portfolio in Disability & Accident (D&A). The current quarter included a contribution of Delta Lloyd of EUR 23 million. The combined ratio was 99.6% versus 100.1% in the fourth quarter of 2016.

The operating result of Insurance Europe increased to EUR 68 million from EUR 60 million in the fourth quarter of 2016, reflecting higher fees and premium-based revenues, partly offset by higher administrative expenses. The current quarter included a contribution of Delta Lloyd Belgium of EUR 14 million.

The operating result of Japan Life was EUR 25 million, up 18.3% from the fourth quarter of 2016, excluding currency effects, reflecting higher fees and premium-based revenues and an improvement in the technical margin, partially offset by higher expenses.

The operating result of Asset Management increased to EUR 46 million from EUR 33 million in the fourth quarter of 2016, reflecting the contribution of Delta Lloyd of EUR 14 million.

The operating result of the segment Other improved to EUR 11 million from EUR -10 million in the fourth quarter of 2016, driven by higher operating results of the banking and reinsurance businesses, partly offset by a lower holding result.

The full-year 2017 operating result of the ongoing business increased to EUR 1,586 million from EUR 1,227 million in 2016. The increase reflects higher fees and premium-based revenues in Insurance Europe, an improvement in mortality and surrender results as well as larger in-force volumes at Japan Life, and higher results in the banking business. A higher investment margin at Netherlands Life also contributed to the increase. These items were partly offset by lower results at Netherlands Non-life. The inclusion of the results of the Delta Lloyd businesses for a total amount of EUR 205 million also contributed to the higher operating result. The operating result of the ongoing

business for the full-year 2017 benefited from a total of EUR 104 million of private equity dividends and non-recurring items.

Result before tax

The result before tax increased to EUR 744 million from EUR 158 million in the fourth quarter of 2016, which was impacted by a EUR 114 million negative result on divestments. The increase was driven by EUR 510 million of non-operating items in the current quarter and the higher operating result, partly offset by higher special items and the amortisation of acquisition intangibles.

Gains/losses and impairments were EUR 356 million compared with EUR -27 million in the fourth quarter of 2016. The current quarter reflects EUR 359 million of capital gains on the sale of public equities, including EUR 256 million on the sale of preference shares in Unilever, which was completed in November 2017.

Revaluations were EUR 172 million compared with EUR 135 million in the fourth quarter of 2016. The current quarter reflects positive revaluations on real estate of EUR 126 million and on private equity of EUR 28 million, as well as EUR 20 million of positive revaluations of derivatives used for hedging purposes in Delta Lloyd.

Market and other impacts were EUR -18 million versus EUR -79 million in the fourth quarter of 2016. The current quarter reflects the movement in the provisions for unit-linked guarantees and separate account pension contracts (both net of hedging) at Netherlands Life.

The result before tax of Japan Closed Block VA was EUR -3 million versus EUR 11 million in the fourth quarter of 2016, reflecting the lower operating result and negative market and other impacts.

Special items amounted to EUR -102 million compared with EUR -51 million in the fourth quarter of 2016. The special items in the current quarter mainly 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.

Amortisation of acquisition intangibles amounted to EUR 33 million in the fourth quarter of 2017.

The result on divestments amounted to EUR 28 million compared with EUR -114 million in the fourth quarter of 2016, which reflected results relating to NN Re (Ireland) Ltd and NN Group's former insurance subsidiary ING Life Korea. The result on divestments in the current quarter include a gain on the sale of NN Life Luxembourg, which was completed in October 2017, and a provision release following settlement in the arbitration proceedings with respect to ING Life Korea in December 2017.

The 2017 full-year result before tax increased to EUR 2,524 million from EUR 1,463 million in 2016, reflecting higher non-operating items, the higher operating result of the ongoing business and improved results at Japan Closed Block VA. These items were partly offset by higher special items, the amortisation of acquisition intangibles and a negative result on divestments.

Net result

The net result increased to EUR 700 million from EUR 148 million in the fourth quarter of 2016. The effective tax rate in the fourth quarter of 2017 was 4.3%, reflecting tax-exempt dividends and capital gains in the Netherlands related to shareholdings of 5% or more.

Sales and Value of New Business

Total new sales (APE) at NN Group increased to EUR 377 million, up 35.1% from the fourth quarter of 2016, at constant currencies. APE at Netherlands Life increased to EUR 30 million versus EUR 17 million in the fourth quarter of 2016, driven by the Delta Lloyd contribution. At Insurance Europe, new sales were up 30.4% reflecting higher protection sales in Poland and the contribution of sales by Delta Lloyd Belgium. New sales at Japan Life were up 33.8%, mainly due to higher sales of COLI products launched in 2017 and sales through the Sumitomo partnership which started in April 2017.

In 2017, total new sales were up 33.9% on a constant currency basis to EUR 1,791 million, driven by higher sales at Netherlands Life, Insurance Europe and Japan Life.

The value of new business (VNB) in 2017 amounted to EUR 345 million, up 60.7% from EUR 214 million in 2016. The increase reflects higher VNB at Japan Life mainly driven by higher sales, an improved product mix and an increase in interest rates, as well as higher VNB at Insurance Europe driven by higher sales at better margins.

Net operating Return On Equity (ROE)

The net operating ROE of the ongoing business of NN Group increased to 8.2% compared with 7.2% in the fourth quarter of 2016. For full-year 2017 the net operating ROE increased to 10.3% from 8.1% for 2016, driven by the higher net operating result.

Other events

On 18 January 2018, the Netherlands was affected by severe storms. The impact on the results in the first quarter of 2018 is currently estimated at approximately EUR 75 million.

Insurance business in South Korea

Arbitration proceedings were initiated in 2014 by Life Investment Limited (LIL) – the purchaser of NN Group’s former insurance subsidiary in South Korea, ING Life Insurance (Korea) Limited (INGLK) in December 2013 – alleging that the financial condition of this subsidiary was not accurately depicted. On 15 December 2016, the International Chamber of Commerce in Hong Kong issued a Tribunal’s Partial Final Award in respect of these proceedings in which it found NN Group in breach of certain obligations under the Sale and Purchase Agreement entered into with LIL relating to the sale of INGLK. The Tribunal found NN Group liable to pay damages to LIL. NN Group recognised a provision for the estimated amount through the profit and loss account in the fourth quarter of 2016. In December 2017, following agreement between the parties on the amount of damages, NN Group paid LIL, thereby effectively settling the dispute. This led to the release of part of the provision in the fourth quarter of 2017.

Netherlands Life

- Operating result increased to EUR 170 million from EUR 163 million in the fourth quarter of 2016, reflecting the inclusion of Delta Lloyd and a higher investment margin, offset by a lower technical margin and lower fees and premium-based revenues
- Result before tax increased to EUR 687 million from EUR 165 million in the fourth quarter of 2016 driven by higher capital gains and revaluations
- Full-year 2017 operating result increased to EUR 896 million from EUR 710 million in 2016, reflecting the contribution of Delta Lloyd, a higher investment margin and lower administrative expenses

In EUR million	4Q17	4Q16	Change	FY17	FY16	Change
Analysis of results						
Investment margin	212	167	27.1%	843	745	13.1%
Fees and premium-based revenues	110	82	34.0%	429	336	27.5%
Technical margin	5	33	-83.6%	180	93	92.7%
Operating income non-modelled business	0	0		0	0	
Operating income	328	282	16.2%	1,452	1,175	23.6%
Administrative expenses	147	110	33.3%	513	426	20.5%
DAC amortisation and trail commissions	11	9	21.5%	43	39	9.7%
Expenses	158	119	32.4%	556	465	19.6%
Operating result	170	163	4.3%	896	710	26.2%
Non-operating items	529	13		1,351	451	199.5%
of which gains/losses and impairments	337	-30		967	179	439.7%
of which revaluations	187	121	54.6%	340	282	20.5%
of which market & other impacts	5	-78		44	-10	
Special items before tax	-12	-11		-42	-14	
Result on divestments	0	0		0	0	
Result before tax	687	165	317.4%	2,204	1,147	92.2%
Taxation	61	-6		329	178	84.7%
Minority interests	7	0		13	1	
Net result	619	170	263.1%	1,862	968	92.4%
New business						
Single premiums	114	112	1.4%	428	345	24.2%
Regular premiums	19	5	249.3%	325	194	67.4%
New sales life insurance (APE)	30	17	82.6%	368	229	60.9%
Value of new business				10	9	17.3%
Key figures						
Gross premium income	699	436	60.3%	3,072	2,231	37.7%
Total administrative expenses	147	110	33.3%	513	426	20.5%
Cost/income ratio (Administrative expenses/Operating income)	44.9%	39.1%		35.4%	36.3%	
Investment margin/Life general account invested assets (bps) ⁷⁾	84	116				
Net operating ROE ¹⁰⁾	6.3%	7.4%		9.0%	8.1%	

In EUR billion	4Q17	3Q17	Change	FY17	FY16	Change
Key figures						
Life general account invested assets	102	102	-0.3%	102	66	54.7%
Total provisions for insurance & investment contracts	114	114	-0.1%	114	72	57.5%
of which for risk policyholder	21	21	2.1%	21	15	46.9%
Allocated equity (end of period) ⁶⁾¹⁰⁾	16,128	15,467	4.3%	16,128	15,916	1.3%
NN Life Solvency II ratio ²⁾	217%	218%		217%	203%	
Delta Lloyd Life Solvency II ratio ²⁾	150%	149%		150%		
Employees (internal FTEs, end of period)	2,610	2,642	-1.2%	2,610	2,088	25.0%

The operating result increased to EUR 170 million from EUR 163 million in the fourth quarter of 2016, mainly driven by the inclusion of Delta Lloyd and a higher investment margin, offset by a lower technical margin and lower fees and premium-based revenues. The current quarter included a contribution of Delta Lloyd of EUR 38 million.

The investment margin increased to EUR 212 million compared with EUR 167 million in the fourth quarter of 2016. The current quarter reflects private equity dividends of EUR 31 million. The investment spread, calculated on a four-quarter rolling average, decreased to 84 basis points from 116 basis points in the fourth quarter of 2016. The decrease reflects the inclusion of Delta Lloyd invested assets and insurance liabilities at market yields, which were remeasured to fair value as at 1 April 2017.

Fees and premium-based revenues increased to EUR 110 million from EUR 82 million in the fourth quarter of 2016, driven by the inclusion of Delta Lloyd, partly offset by the run-off of the individual life closed book as well as lower margins in the pension business.

The technical margin decreased to EUR 5 million from EUR 33 million in the fourth quarter of 2016. The current quarter reflects non-recurring items of EUR -33 million and negative mortality and morbidity experience.

Administrative expenses increased to EUR 147 million from EUR 110 million in the fourth quarter of 2016, reflecting the inclusion of Delta Lloyd.

DAC amortisation and trail commissions were EUR 11 million versus EUR 9 million in the fourth quarter of 2016, reflecting the inclusion of Delta Lloyd, partly offset by the run-off of the individual life closed book.

The result before tax increased to EUR 687 million from EUR 165 million in the fourth quarter of 2016. The current quarter reflects capital gains of EUR 303 million realised on the sale of public equities, including the Unilever preference shares. Revaluations were EUR 187 million compared with EUR 121 million in the fourth quarter of 2016. The current quarter reflects positive revaluations on real estate and private equity, as well as positive market impacts on derivatives used for hedging purposes in Delta Lloyd. Market and other impacts were EUR 5 million, reflecting movements in the provisions for guarantees on unit-linked and separate account pension contracts (net of hedging).

New sales (APE) increased to EUR 30 million from EUR 17 million in the fourth quarter of 2016 driven by the Delta Lloyd contribution.

The full-year operating result increased to EUR 896 million from EUR 710 million in 2016. The increase reflects a EUR 123 million contribution of Delta Lloyd, a higher investment margin and lower administrative expenses. The investment margin for full-year 2017 includes private equity dividends and a dividend from an indirect stake in ING Life Korea for a total amount of EUR 93 million, whereas the same period last year included private equity dividends for a total amount of EUR 72 million. Fees and premium-based revenues declined year-on-year reflecting the run-off of the individual life closed book as well as lower margins in the pension business.

The full-year result before tax increased to EUR 2,204 million compared with EUR 1,147 million in 2016, reflecting the higher operating result, higher gains on government bonds and equity, as well as higher revaluations of real estate investments. The increase also includes higher market and other impacts reflecting movements in provisions for unit-linked guarantees and separate account pension contracts. These items were partly offset by lower revaluations on private equity.

New sales (APE) increased to EUR 368 million in 2017 from EUR 229 million in 2016, mainly driven by the inclusion of Delta Lloyd and higher sales of defined contribution pension contracts.

The value of new business (VNB) in 2017 was EUR 10 million, compared with EUR 9 million in 2016. The inclusion of Delta Lloyd and the impact of higher sales were offset by lower renewals of separate account pension contracts.

Netherlands Non-life

- Operating result increased to EUR 25 million from EUR 13 million in the fourth quarter of 2016, reflecting the inclusion of Delta Lloyd and an improved underwriting performance in P&C, partly offset by unfavourable claims experience in the Group income portfolio
- Combined ratio was 99.6% versus 100.1% in the fourth quarter of 2016
- Full-year 2017 operating result decreased to EUR 30 million from EUR 62 million in 2016, due to an unfavourable claims experience in D&A partly offset by improved P&C results and the contribution of Delta Lloyd

In EUR million	4Q17	4Q16	Change	FY17	FY16	Change
Analysis of results						
Earned premiums	712	401	77.6%	2,497	1,555	60.6%
Investment income	33	26	26.2%	117	109	6.6%
Other income	1	0	45.0%	3	1	221.5%
Operating income	745	427	74.5%	2,617	1,665	57.1%
Claims incurred, net of reinsurance	520	296	75.4%	1,898	1,145	65.7%
Acquisition costs	108	62	74.2%	382	244	56.5%
Administrative expenses	97	58	67.6%	329	219	50.0%
Acquisition costs and administrative expenses	205	120	71.0%	710	463	53.5%
Expenditure	725	416	74.1%	2,608	1,608	62.2%
Operating result insurance businesses	20	11	87.9%	8	57	-85.4%
Operating result health business and broker businesses	5	2	182.0%	22	5	329.8%
Total operating result	25	13	100.9%	30	62	-51.6%
Non-operating items	29	12	137.2%	49	50	-1.5%
of which gains/losses and impairments	29	-1		34	23	48.7%
of which revaluations	7	14	-51.1%	22	27	-20.4%
of which market & other impacts	-6	0		-6	0	
Special items before tax	-14	5	-398.1%	-19	-7	
Result on divestments	0	0		0	0	
Result before tax	40	30	34.9%	60	104	-42.8%
Taxation	-3	3	-190.3%	-3	17	-119.1%
Minority interests	5	0		9	0	
Net result	38	27	43.7%	54	87	-38.4%
Key figures						
Gross premium income	553	244	126.3%	2,579	1,578	63.4%
Total administrative expenses ¹¹⁾	118	73	62.3%	398	281	41.6%
Combined ratio ⁴⁾⁵⁾	99.6%	100.1%		102.0%	99.6%	
of which Claims ratio ⁴⁾⁵⁾	70.8%	70.2%		73.5%	69.8%	
of which Expense ratio ⁵⁾	28.8%	29.9%		28.4%	29.8%	
Net operating ROE ¹⁰⁾	12.2%	12.8%		4.3%	14.1%	

In EUR billion	4Q17	3Q17	Change	FY17	FY16	Change
Key figures						
Total insurance provisions	6	6	-2.7%	6	3	69.2%
Allocated equity (end of period) ⁶⁾¹⁰⁾	978	1,001	-2.3%	978	695	40.7%
Employees (internal FTEs, end of period)	2,682	2,720	-1.4%	2,682	1,609	66.6%

The operating result of Netherlands Non-life increased to EUR 25 million from EUR 13 million in the fourth quarter of 2016, driven by an improved underwriting performance in Property & Casualty (P&C) and EUR 4 million of private equity dividends. These items were partly offset by an unfavourable claims experience in the Group income portfolio in Disability & Accident (D&A). The current quarter included a contribution of Delta Lloyd of EUR 23 million. The combined ratio was 99.6% versus 100.1% in the fourth quarter of 2016.

The operating result in D&A decreased to EUR 2 million from EUR 11 million in the fourth quarter of 2016. The current quarter reflects an unfavourable claims experience in the Group income protection portfolio at NN, partly offset by private equity dividends. The D&A combined ratio was 102.1% compared with 96.7% in the fourth quarter of 2016.

The operating result in P&C improved to EUR 18 million from EUR 0 million in the fourth quarter of 2016. The improvement reflects better underwriting performance in Motor and Fire in the NN portfolio and a positive contribution from the Delta Lloyd businesses. The P&C combined ratio was 98.3% compared with 103.0% in the fourth quarter of 2016.

Administrative expenses increased to EUR 97 million from EUR 58 million in the fourth quarter of 2016, reflecting the inclusion of Delta Lloyd.

The operating result of the broker business increased to EUR 5 million from EUR 2 million in the fourth quarter of 2016, reflecting the addition of the broker results of Delta Lloyd related to health insurance products.

The result before tax increased to EUR 40 million from EUR 30 million in the fourth quarter of 2016, mainly due to the higher operating result, gains on the sale of the preference shares in Unilever, partly offset by the impact of special items related to restructuring expenses.

The full-year operating result of Netherlands Non-life decreased from EUR 62 million in 2016 to EUR 30 million in 2017, of which EUR 11 million related to Delta Lloyd. The decrease in the operating result is mainly attributable to an unfavourable claims experience in D&A partly compensated by improved P&C results. The current year includes the impact of the strengthening of insurance liabilities in the Motor and Miscellaneous portfolios of EUR 40 million, while 2016 included the impact of severe storms.

The result before tax decreased to EUR 60 million from EUR 104 million in 2016, mainly due to the lower operating result as well as the impact of special items related to restructuring expenses.

The combined ratio for 2017 was 102.0% compared with 99.6% in 2016.

Insurance Europe

- Operating result increased to EUR 68 million from EUR 60 million in the fourth quarter of 2016, reflecting higher fees and premium-based revenues, partly offset by higher administrative expenses
- Full-year 2017 operating result increased to EUR 260 million from EUR 198 million in 2016, driven by higher fees and premium-based revenues and the contribution of Delta Lloyd Belgium
- Full-year VNB increased to EUR 141 million from EUR 85 million in 2016, driven by higher sales at better margins and the contribution of Delta Lloyd Belgium

In EUR million	4Q17	4Q16	Change	FY17	FY16	Change
Analysis of results						
Investment margin	30	22	32.6%	91	72	27.3%
Fees and premium-based revenues	176	142	24.5%	679	548	23.8%
Technical margin	52	58	-9.5%	196	201	-2.5%
Operating income non-modelled business	1	1	11.5%	3	3	2.7%
Operating income Life Insurance	259	222	16.4%	969	824	17.6%
Administrative expenses	108	86	25.6%	386	320	20.9%
DAC amortisation and trail commissions	85	77	9.5%	325	310	4.9%
Expenses Life Insurance	193	163	18.0%	711	629	13.0%
Operating result Life Insurance	66	59	12.0%	258	195	32.6%
Operating result Non-life	1	1	11.1%	1	4	-62.4%
Operating result	68	60	12.0%	260	198	30.9%
Non-operating items	-52	9		-10	69	-114.9%
of which gains/losses and impairments	-20	7	-387.2%	9	73	-88.2%
of which revaluations	-15	3		0	6	-103.5%
of which market & other impacts	-17	-1		-19	-9	
Special items before tax	-10	-16		-21	-44	
Result on divestments	20	0		20	0	
Result before tax	26	54	-52.6%	248	224	10.8%
Taxation	-18	29	-161.6%	26	66	-61.2%
Minority interests	0	0		0	0	
Net result	43	25	73.4%	222	158	41.0%
New business						
Single premiums	384	352	8.9%	1,301	1,039	25.3%
Regular premiums	137	103	33.1%	531	398	33.5%
New sales life insurance (APE)	175	138	26.9%	661	502	31.8%
Value of new business				141	85	65.7%
Key figures						
Gross premium income	849	640	32.7%	2,921	2,360	23.8%
Total administrative expenses (Life & Non-life)	111	90	23.9%	398	333	19.6%
Cost/income ratio (Administrative expenses/Operating income)	41.9%	37.2%		40.0%	36.8%	
Investment margin/Life general account invested assets (bps) ⁷⁾	51	71				
Net operating ROE ¹⁰⁾²²⁾	10.5%	13.0%		10.2%	11.3%	

In EUR billion	4Q17	3Q17	Change	FY17	FY16	Change
Key figures						
Life general account invested assets	19	19	-0.7%	19	10	95.9%
Total provisions for insurance & investment contracts	26	26	0.9%	26	18	42.3%
of which for risk policyholder	7	7	3.0%	7	8	-10.5%
Assets under management pensions ¹²⁾	19	19	2.4%	19	16	19.0%
Allocated equity (end of period) ⁶⁾¹⁰⁾²²⁾	2,481	2,500	-0.7%	2,481	1,923	29.0%
Employees (internal FTEs, end of period)	4,521	4,599	-1.7%	4,521	4,142	9.2%

Note: For data in constant currencies, refer to the 'NN Group Financial Supplement: 2.4.1 Analysis of results: Insurance Europe – Excluding currency effects'

The operating result of Insurance Europe increased to EUR 68 million from EUR 60 million in the fourth quarter of 2016, reflecting higher fees and premium-based revenues, partly offset by higher administrative expenses. The current quarter included a contribution of Delta Lloyd Belgium of EUR 14 million.

The investment margin increased to EUR 30 million from EUR 22 million in the fourth quarter of 2016, mainly driven by an increase of the general account invested assets following the inclusion of Delta Lloyd.

Fees and premium-based revenues increased to EUR 176 million from EUR 142 million in the fourth quarter of 2016. The increase was driven by the inclusion of Delta Lloyd as well as higher fees on Assets under Management across the region due to portfolio growth and market value increases.

The technical margin decreased to EUR 52 million from EUR 58 million in the fourth quarter of 2016, reflecting lower surrender results.

Administrative expenses increased to EUR 108 million from EUR 86 million in the fourth quarter of 2016, reflecting the additional expense base of Delta Lloyd.

DAC amortisation and trail commissions increased to EUR 85 million from EUR 77 million in the fourth quarter of 2016, resulting from the portfolio increase following the inclusion of Delta Lloyd.

The result before tax decreased to EUR 26 million from EUR 54 million in the fourth quarter of 2016, reflecting negative revaluations and impairments in Belgium, partly offset by a gain on the sale of NN Life Luxembourg which was completed in October 2017.

New sales (APE) increased to EUR 175 million from EUR 138 million in the fourth quarter of 2016, reflecting higher protection sales in Poland and the contribution of sales by Delta Lloyd Belgium.

The full-year operating result of Insurance Europe was EUR 260 million compared with EUR 198 million in 2016, driven by higher fees and premium-based revenues reflecting higher fees on Assets under Management and higher life sales across the region. The contribution of Delta Lloyd was EUR 25 million. The operating result for 2017 benefited from EUR 15 million of non-recurring items.

The result before tax for full-year 2017 increased to EUR 248 million from EUR 224 million in 2016, reflecting the higher operating result, lower special items and the gain on the sale of NN Life Luxembourg. These items were partly offset by lower non-operating items as 2016 included capital gains following the sale of Belgium government bonds.

Full-year 2017 new sales (APE) increased to EUR 661 million from EUR 502 million in 2016, driven by higher life sales across the region and the contribution of sales by Delta Lloyd.

The full-year 2017 value of new business (VNB) increased to EUR 141 million from EUR 85 million in 2016, driven by higher sales at better margins. The contribution of VNB by Delta Lloyd was EUR 15 million.

Japan Life

- Operating result was EUR 25 million, up 18.3% from the fourth quarter of 2016, excluding currency effects, reflecting higher fees and premium-based revenues and an improvement in the technical margin, partially offset by higher expenses
- Full-year 2017 operating result was EUR 200 million, up 34.0% compared with 2016, excluding currency effects, reflecting growth of the in-force portfolio, more favourable mortality and surrender results and an improved investment margin, partly offset by higher expenses
- Value of new business (VNB) for full year 2017 increased to EUR 194 million, from EUR 121 million in 2016, on higher sales and an improved product mix

In EUR million	4Q17	4Q16	Change	FY17	FY16	Change
Analysis of results						
Investment margin	-2	-3		-7	-21	
Fees and premium-based revenues	117	120	-3.1%	599	589	1.7%
Technical margin	-3	-13		11	-33	
Operating income non-modelled business	0	0		0	0	
Operating income	112	105	6.3%	602	535	12.7%
Administrative expenses	36	33	9.2%	139	120	15.4%
DAC amortisation and trail commissions	51	48	4.3%	264	260	1.3%
Expenses	86	81	6.3%	403	381	5.8%
Operating result	25	24	6.3%	200	154	29.7%
Non-operating items	-4	-3		-11	-7	
of which gains/losses and impairments	0	-2		8	0	
of which revaluations	-4	-1		-19	-8	
of which market & other impacts	0	0		0	0	
Special items before tax	0	-3		0	-5	
Result on divestments	0	0		0	0	
Result before tax	21	18	19.4%	188	141	33.2%
Taxation	8	6	34.5%	55	31	78.5%
Minority interests	0	0		0	0	
Net result	13	12	12.3%	133	111	20.6%
New business						
Single premiums	0	0		0	6	-100.0%
Regular premiums	171	144	19.2%	762	655	16.3%
New sales life insurance (APE)	171	144	19.2%	762	656	16.2%
Value of new business				194	121	60.3%
Key figures						
Gross premium income	690	672	2.6%	3,470	3,230	7.4%
Total administrative expenses	36	33	9.2%	139	120	15.4%
Cost/income ratio (Administrative expenses/Operating income)	32.2%	31.4%		23.1%	22.5%	
Net operating ROE ⁽¹⁰⁾⁽²⁵⁾	4.4%	4.1%		9.0%	7.0%	

In EUR billion	4Q17	3Q17	Change	FY17	FY16	Change
Key figures						
Life general account invested assets	14	14	-0.7%	14	14	3.2%
Total provisions for insurance & investment contracts	13	13	0.3%	13	12	2.5%
of which for risk policyholder	0	0	3.5%	0	0	3.7%
Allocated equity (end of period) ⁽⁶⁾⁽¹⁰⁾⁽²⁵⁾	2,116	2,121	-0.2%	2,116	2,272	-6.9%
Employees (internal FTEs, end of period)	801	804	-0.4%	801	713	12.3%

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

The operating result of Japan Life was EUR 25 million, up 18.3% from the fourth quarter of 2016, excluding currency effects, reflecting higher fees and premium-based revenues and an improvement in the technical margin, partially offset by higher expenses.

The investment margin slightly improved to EUR –2 million from EUR –3 million in the fourth quarter of 2016 reflecting an increased volume of invested assets at relatively higher yields.

Fees and premium-based revenues were EUR 117 million, up 9.0% from the fourth quarter of 2016, excluding currency effects, driven by higher in-force volumes.

The technical margin was EUR –3 million versus EUR –13 million in the fourth quarter 2016, due to more favourable mortality and surrender results.

Administrative expenses were EUR 36 million, up 23.0% from the fourth quarter of 2016, excluding currency effects, reflecting project related expenses and higher costs to support business growth.

DAC amortisation and trail commissions were EUR 51 million, up 17.4% from the fourth quarter of 2016, excluding currency effects, reflecting a higher in-force portfolio and higher DAC amortisation on surrenders.

The result before tax was EUR 21 million, up 32.5% from the fourth quarter of 2016, at constant currencies, reflecting the higher operating result and lower special items.

New sales (APE) increased to EUR 171 million, up 33.8% from the fourth quarter of 2016, excluding currency effects, mainly due to higher sales of COLI products launched in 2017 and sales through the Sumitomo partnership which started in April 2017.

The full-year 2017 operating result of Japan Life was EUR 200 million, up 34.0% compared with 2016, excluding currency effects. The increase was driven by an improvement in the technical margin due to better mortality and surrender results and an increase in fees and premium-based revenues due to larger in-force volumes and higher sales. A higher investment margin due to increased volumes at higher yields also contributed to the higher operating result. These items were partly offset by higher administrative expenses to support business growth and higher DAC amortisation and trail commissions.

The result before tax for full-year 2017 was EUR 188 million, up 37.2% from 2016, at constant currencies, reflecting the higher operating result.

Full-year 2017 new sales (APE) were EUR 762 million, up 22.4% from 2016 at constant currencies, due to higher sales of COLI products launched in 2017 and sales through the Sumitomo partnership which started in April 2017.

The value of new business (VNB) for 2017 increased to EUR 194 million, up 70.2% from 2016, excluding currency effects, mainly driven by higher sales, an improved product mix and an increase in interest rates.

Asset Management

- Total Assets under Management (AuM) increased to EUR 246 billion from EUR 244 billion at the end of the third quarter of 2017 driven by positive market performance
- Operating result increased to EUR 46 million from EUR 33 million in the fourth quarter of 2016, reflecting the contribution of Delta Lloyd which included EUR 10 million of non-recurring performance fees
- Full-year 2017 operating result increased to EUR 161 million from EUR 133 million in 2016, as higher fees more than offset higher expenses

In EUR million	4Q17	4Q16	Change	FY17	FY16	Change
Analysis of results						
Investment income	0	0		0	0	
Fees	143	120	19.3%	530	463	14.6%
Operating income	143	120	19.0%	530	463	14.4%
Administrative expenses	97	87	11.6%	369	330	11.7%
Operating result	46	33	38.7%	161	133	21.3%
Non-operating items	0	0		0	-1	
of which gains/losses and impairments	0	0		0	-1	
of which revaluations	0	0		0	0	
of which market & other impacts	0	0		0	0	
Special items before tax	-15	-2		-22	-6	
Result on divestments	0	0		0	0	
Result before tax	31	31	0.5%	139	126	10.1%
Taxation	6	8	-27.0%	32	32	-0.6%
Minority interests	0	0		0	0	
Net result	25	23	9.5%	107	94	13.7%
Key figures						
Total administrative expenses	97	87	11.6%	369	330	11.7%
Cost/income ratio (Administrative expenses/Operating income)	68.1%	72.6%		69.6%	71.3%	
Fees/average Assets under Management (in bps)	23	24		24	24	
Net operating ROE ¹⁰⁾	30.2%	24.6%		27.7%	24.7%	

In EUR billion	4Q17	3Q17	Change	FY17	FY16	Change
Key figures						
Assets under Management	246	244	1.0%	246	195	26.5%
Allocated equity (end of period) ⁽⁶⁾⁽¹⁰⁾	447	453	-1.3%	447	399	12.1%
Employees (internal FTEs, end of period)	1,171	1,185	-1.1%	1,171	1,090	7.4%
AuM roll-forward						
Beginning of period	244	245	-0.5%	195	187	4.2%
Net inflow	0	-2		0	-2	
Acquisition / Divestments	0	0		52	0	
Market performance (incl. FX impact) and Other	2	1		0	10	
End of period	246	244	1.0%	246	195	26.5%

Total Assets under Management (AuM) at Asset Management were EUR 246 billion at the end of the fourth quarter of 2017, up from EUR 244 billion at the end of the third quarter of 2017. The increase reflects a positive market performance of EUR 2.4 billion as well as net inflows of third party assets of EUR 0.1 billion, partly offset by net outflows in Other Affiliates of EUR 0.1 billion.

The operating result increased to EUR 46 million from EUR 33 million in the fourth quarter of 2016, reflecting the contribution of Delta Lloyd of EUR 14 million.

Fees were EUR 143 million, up from EUR 120 million in the fourth quarter of 2016, reflecting the fee income of Delta Lloyd, which included EUR 10 million of non-recurring performance fees.

Administrative expenses increased to EUR 97 million from EUR 87 million in the fourth quarter of 2016. The increase reflects the inclusion of Delta Lloyd expenses.

The result before tax remained stable at EUR 31 million compared with the fourth quarter of 2016, reflecting the higher operating result offset by higher special items reflecting restructuring expenses.

The full-year 2017 operating result was EUR 161 million, up 21.3% from EUR 133 million in 2016. Higher fee income as a result of the inclusion of Delta Lloyd, higher average AuM and higher margin AuM was partly offset by an increase in administrative expenses due to the inclusion of Delta Lloyd and higher staff-related expenses.

The result before tax for 2017 was EUR 139 million, up 10.1% compared with EUR 126 million for 2016, reflecting the higher operating result, partly offset by higher special items reflecting restructuring expenses.

Other

- Operating result improved to EUR 11 million from EUR -10 million in the fourth quarter of 2016, driven by higher operating results of the banking and reinsurance businesses, partly offset by a lower holding result
- Operating result of the banking business increased to EUR 32 million from EUR 16 million, reflecting the inclusion of Delta Lloyd, as well as lower administrative expenses and a lower addition to the loan loss provision
- Full-year 2017 operating result improved to EUR 40 million from EUR -30 million in 2016, mainly reflecting higher operating results at the banking and reinsurance businesses and a EUR 16 million provision release related to a legacy entity, partly offset by a lower holding result

In EUR million	4Q17	4Q16	Change	FY17	FY16	Change
Analysis of results						
Interest on hybrids and debt ²⁶⁾	-31	-26		-130	-103	
Investment income and fees	29	14	108.9%	102	55	85.1%
Holding expenses	-30	-14		-121	-55	
Amortisation of intangible assets	0	-1		-2	-6	
Holding result	-31	-27		-150	-109	
Operating result reinsurance business	9	-1		43	12	248.2%
Operating result banking business	32	16	95.3%	124	63	97.8%
Other results	3	2	14.3%	23	4	
Operating result	11	-10		40	-30	
Non-operating items	7	-2		51	-6	
of which gains/losses and impairments	10	0		48	5	
of which revaluations	-3	-2		4	-12	
of which market & other impacts	0	0		0	0	
Special items before tax	-51	-23		-129	-30	
Amortisation of acquisition intangibles	-33	0		-99	0	
Result on divestments	9	-114		-170	-114	
Result before tax	-57	-149		-306	-181	
Taxation	-21	-32		-45	-27	
Minority interests	0	0		0	0	
Net result	-36	-117		-261	-153	
Key figures						
Total administrative expenses	92	69	33.8%	347	244	42.1%
of which reinsurance business	3	4	-25.9%	13	15	-13.3%
of which banking business	60	51	16.5%	214	174	22.8%
of which corporate/holding	29	13	118.8%	120	55	119.3%
Net operating ROE banking business ¹⁴⁾	13.6%	9.8%		15.0%	10.0%	

In EUR billion	4Q17	3Q17	Change	FY17	FY16	Change
Key figures						
NN Bank common equity Tier 1 ratio phased in ¹³⁾	15.2%	14.2%		15.2%	14.0%	
Delta Lloyd Bank common equity Tier 1 ratio phased in ¹³⁾	16.7%	16.5%		16.7%		
Total assets banking business	21	21	0.3%	21	15	42.4%
Total provisions for insurance and investment contracts	0	0	13.6%	0	0	-27.3%
Employees (internal FTEs, end of period)	2,674	2,733	-2.2%	2,674	1,770	51.1%

The operating result of the segment Other improved to EUR 11 million from EUR -10 million in the fourth quarter of 2016, driven by higher operating results of the banking and reinsurance businesses, partly offset by a lower holding result.

The holding result decreased to EUR -31 million from EUR -27 million in the fourth quarter of 2016. This was mainly due to higher holding expenses and higher interest on hybrids and debt, partly compensated by higher investment income and fees, all of which were impacted by the inclusion of Delta Lloyd. The higher holding expenses also reflect a revised method for charging head office expenses to the segments.

The operating result of the reinsurance business increased to EUR 9 million from EUR -1 million in the fourth quarter of 2016, mainly reflecting favourable hedge results on the VA Europe portfolio and higher underwriting results.

The operating result of the banking business increased to EUR 32 million from EUR 16 million in the fourth quarter of 2016, reflecting the inclusion of Delta Lloyd, as well as lower administrative expenses and a lower addition to the loan loss provision.

The result before tax of the segment Other was EUR -57 million compared with EUR -149 million in the fourth quarter of 2016, which included a EUR -114 million result on divestments relating to NN Re (Ireland) Ltd and NN Group's former insurance subsidiary ING Life Korea. The current quarter includes EUR 33 million of amortisation of acquisition intangibles and EUR 51 million of special items related to restructuring expenses. These items were partly compensated by higher non-operating items mainly reflecting a EUR 11 million gain on the sale of equity investments by NN Re. The result on divestments of EUR 9 million in the current quarter reflects a provision release following settlement in the arbitration proceedings with respect to ING Life Korea in December 2017.

The operating result of the segment Other for full-year 2017 improved to EUR 40 million from EUR -30 million in 2016, mainly reflecting higher operating results at the banking and reinsurance businesses and a EUR 16 million provision release related to a legacy entity (NNOFIC), partly offset by a lower holding result.

The holding result for full-year 2017 decreased to EUR -150 million from EUR -109 million in 2016, mainly due to higher holding expenses and higher interest on hybrids and debt, partly compensated by higher investment income and fees, all of which were impacted by the inclusion of Delta Lloyd. The higher holding expenses also reflect a revised method for charging head office expenses to the segments.

The 2017 full-year operating result of the reinsurance business improved to EUR 43 million from EUR 12 million in 2016, mainly driven by higher underwriting results and non-recurring benefits of EUR 16 million.

The 2017 full-year operating result of the banking business increased to EUR 124 million from EUR 63 million in 2016, reflecting the inclusion of Delta Lloyd, as well as a higher interest result and lower additions to the loan loss provision.

The 2017 full-year other results in the segment Other were EUR 23 million versus EUR 4 million in 2016, reflecting a EUR 16 million provision release related to a legacy entity (NNOFIC).

The 2017 full-year result before tax of the segment Other was EUR -306 million compared with EUR -181 million in 2016, due to a provision related to ING Australia Holdings of EUR 185 million, higher special items related to restructuring expenses and the amortisation of acquisition intangibles. These items were partly compensated by the higher operating result and higher non-operating items, as well as the EUR 10 million gain on the sale of Mandema & Partners completed in January 2017. The non-operating items reflect the EUR 20 million gain on Delta-Lloyd shares already held by NN Group on the date the offer was declared unconditional and EUR 27 million of gains on the sale of equity investments by NN Re.

Japan Closed Block VA

- Result before tax was EUR -3 million versus EUR 11 million in the fourth quarter of 2016, reflecting the lower operating result and negative market and other impacts
- Portfolio run-off resulted in a 16.4% decrease in the number of policies compared with the third quarter of 2017 and a 47.0% decrease compared with the fourth quarter of 2016
- Full-year 2017 result before tax was EUR -9 million, reflecting EUR -27 million hedge-related results partly offset by the operating result

In EUR million	4Q17	4Q16	Change	FY17	FY16	Change
Analysis of results						
Investment margin	-1	-1		-2	-2	
Fees and premium-based revenues	7	14	-47.9%	39	57	-31.9%
Technical margin	0	0		0	0	
Operating income non-modelled business	0	0		0	0	
Operating income	7	13	-49.7%	37	55	-32.9%
Administrative expenses	3	3	2.4%	12	15	-17.5%
DAC amortisation and trail commissions	1	2	-34.4%	5	7	-28.5%
Expenses	4	4	-10.5%	17	22	-20.9%
Operating result	3	9	-68.8%	20	33	-40.7%
Non-operating items	-6	2	-358.8%	-29	-132	
of which gains/losses and impairments	0	0		0	0	
of which revaluations	0	0		0	0	
of which market & other impacts ²³⁾	-6	2	-358.1%	-29	-132	
Special items before tax	0	0		0	0	
Result on divestments	0	0		0	0	
Result before tax	-3	11	-128.1%	-9	-99	
Taxation	-1	3	-122.5%	-2	-24	
Minority interests	0	0		0	0	
Net result	-2	8	-130.3%	-7	-75	

In EUR million	4Q17	3Q17	Change	FY17	FY16	Change
Key figures						
Allocated equity ¹⁰⁾	351	404	-13.0%	351	583	-39.7%
Account value	4,755	5,384	-11.7%	4,755	8,201	-42.0%
Net Amount at Risk	25	80		25	352	
IFRS Reserves	188	271	-30.7%	188	674	-72.1%
Number of policies	81,808	97,847	-16.4%	81,808	154,315	-47.0%
Employees (internal FTEs)	46	49	-6.1%	46	51	-9.8%

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

The result before tax of Japan Closed Block VA was EUR -3 million versus EUR 11 million in the fourth quarter of 2016, reflecting the lower operating result and negative market and other impacts.

The operating result decreased to EUR 3 million from EUR 9 million in the fourth quarter of 2016, as fees and premium-based revenues declined due to the run-off of the portfolio.

Fees and premium-based revenues were EUR 7 million, down 41.2% from the fourth quarter of 2016 excluding currency effects, mainly due to a lower account value reflecting a decreasing number of policies.

Administrative expenses were stable at EUR 3 million.

Market and other impacts were EUR -6 million compared with EUR 2 million in the fourth quarter of 2016, reflecting hedge-related results.

The Net Amount at Risk in the Japan Closed Block VA decreased to EUR 25 million from EUR 352 million in the fourth quarter of 2016 and from EUR 80 million in the third quarter of 2017, as a result of equity markets appreciation and the run-off of the portfolio.

The full-year 2017 operating result before tax was EUR 20 million compared with EUR 33 million in 2016, down 38.8% excluding currency impacts, mainly due to lower fees and premium-based revenues driven by the run-off of the portfolio.

The full-year result before tax was EUR -9 million compared with EUR -99 million in 2016. The full-year 2017 included a hedge-related result of EUR -27 million whereas 2016 included a hedge-related result of EUR -93 million and a EUR 51 million reserve increase reflecting lower lapse assumptions.

Consolidated Balance Sheet

- Total assets of NN Group decreased by EUR 2.5 billion compared with the third quarter of 2017 to EUR 227.1 billion, mainly due to the completion of the sale of NN Life Luxembourg
- Shareholders' equity increased by EUR 0.7 billion to EUR 22.7 billion mainly driven by the fourth-quarter 2017 net result

in EUR million	31 Dec 17	30 Sep 17	31 Dec 16 ⁽²⁾		31 Dec 17	30 Sep 17	31 Dec 16 ⁽²⁾
Assets				Equity and liabilities			
Cash and cash equivalents	9,383	9,665	8,634	Shareholders' equity (parent)	22,718	22,009	22,695
Financial assets at fair value through profit or loss				Minority interests	317	321	12
- investments for risk of policyholders	33,508	33,532	30,711	Undated subordinated notes	1,764	1,764	986
- non-trading derivatives	5,116	4,910	4,421	Total equity	24,799	24,094	23,693
- designated as at fair value through profit or loss	934	866	873	Subordinated debt	2,468	2,474	2,288
Available-for-sale investments	104,982	105,838	79,767	Debt securities issued	1,988	2,566	598
Loans	56,343	56,098	33,920	Other borrowed funds	7,991	7,522	7,646
Reinsurance contracts	880	919	231	Insurance and investment contracts	163,639	164,380	115,708
Associates and joint ventures	3,450	3,153	2,698	Customer deposits and other funds on deposit	14,434	14,583	10,224
Real estate investments	3,582	3,470	2,028	Financial liabilities at fair value through profit or loss			
Property and equipment	150	151	86	- non-trading derivatives	2,305	2,835	2,008
Intangible assets	1,841	1,859	342	Liabilities held for sale	0	2,408	2
Deferred acquisition costs	1,691	1,666	1,631	Deferred tax liabilities	1,830	1,655	2,979
Assets held for sale	0	2,422	6	Other liabilities	7,608	7,073	3,354
Deferred tax assets	125	121	35	Total liabilities	202,263	205,496	144,807
Other assets	5,077	4,920	3,117	Total equity and liabilities	227,062	229,590	168,500
Total assets	227,062	229,590	168,500				

Assets

Available-for-sale investments

Available-for-sale investments decreased by EUR 0.8 billion to EUR 105.0 billion mainly due to the sale of public equity securities.

Assets and Liabilities held for sale

Assets and Liabilities held for sale decreased at the end of the fourth quarter reflecting the completion of the sale of NN Life Luxembourg in October 2017.

Liabilities

Debt securities issued

Debt securities issued decreased reflecting the repayment of senior notes for an amount of EUR 0.6 billion in November 2017.

Equity

Shareholders' equity increased by EUR 0.7 billion to EUR 22.7 billion mainly driven by the EUR 0.7 billion fourth-quarter 2017 net result.

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

in EUR million	4Q17	FY17	FY16 ⁽²²⁾
Shareholders' equity beginning of period	22,009	22,695	20,458
Net result for the period	700	2,110	1,189
Unrealised revaluations available-for-sale investments and other	244	-545	2,423
Realised gains/losses transferred to the profit and loss account	-388	-963	-230
Change in cash flow hedge reserve	457	-714	406
Deferred interest crediting to life policyholders	-153	598	-689
Share of other comprehensive income of associates and joint ventures	-2	-1	3
Exchange rate differences	-23	-163	-7
Remeasurement of the net defined benefit asset/liability	-12	-3	-13
Capital contributions and change in share capital	0	420	0
Dividend	0	-317	-298
Purchase/sale treasury shares	-116	-340	-503
Employee stock option & share plans	2	0	-10
Coupon on undated subordinated notes	0	-59	-34
Total changes	709	23	2,237
Shareholders' equity end of period	22,718	22,718	22,695

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

in EUR million	31 Dec 17	30 Sep 17	31 Dec 16 ⁽²²⁾
Share capital	41	41	40
Share premium	12,572	12,572	12,153
Revaluation reserve available-for-sale investments and other	4,876	5,135	5,792
Cash flow hedge reserve	3,721	3,264	4,435
Currency translation reserve	-139	-118	10
Net defined benefit asset/liability remeasurement reserve	-106	-94	-103
Retained earnings and other reserves	1,753	1,209	368
Shareholders' equity (parent)	22,718	22,009	22,695
Minority interests	317	321	12
Undated subordinated notes	1,764	1,764	986
Total equity	24,799	24,094	23,693
Shareholders' equity per share in EUR	68	65	70

Capital Management

- Solvency II ratio was 199%, reflecting the deduction of the proposed final 2017 dividend
- Free cash flow to the holding in the fourth quarter of 2017 was EUR 336 million mainly driven by EUR 370 million of dividends from subsidiaries
- Cash capital position at the holding company decreased to EUR 1,434 million

Solvency II

in EUR million	31 Dec 17	30 Sep 17
Basic Own Funds	17,121	17,417
Non-available Own Funds	1,339	1,259
Non-eligible Own Funds	370	299
Eligible Own Funds (a)	15,412	15,859
of which Tier 1 Unrestricted	8,935	9,495
of which Tier 1 Restricted	1,885	1,868
of which Tier 2	2,420	2,390
of which Tier 3	1,085	1,091
of which non-solvency II regulated entities	1,087	1,015
Solvency Capital Requirements (b)	7,731	7,782
of which non-solvency II regulated entities	501	507
NN Group Solvency II ratio (a/b)²⁾	199%	204%
NN Life Solvency II ratio²⁾	217%	218%
Delta Lloyd Life Solvency II ratio²⁾	150%	149%

The NN Group Solvency II ratio decreased to 199% at the end of the fourth quarter of 2017 from 204% at the end of the third quarter of 2017 reflecting the deduction of the proposed final 2017 dividend of EUR 348 million and a negative impact from tightening of corporate credit spreads, partly offset by operating capital generation.

The NN Life Solvency II ratio was broadly stable at 217% at the end of the fourth quarter of 2017 versus 218% at the end of the third quarter of 2017. This reflects a EUR 175 million dividend paid to the holding company and the negative impact from tightening of corporate credit spreads. These impacts were offset by operating capital generation as well as a decrease in the Solvency Capital Requirements due to a reduction in equity exposures.

The Delta Lloyd Life Solvency II ratio was broadly stable at 150% at the end of the fourth quarter of 2017 versus 149% at the end of the third quarter of 2017. This includes operating capital generation as well as the aforementioned negative impact from tightening of corporate credit spreads.

Cash capital position at the holding company

in EUR million	4Q17	FY17
Beginning of period	1,789	2,489
Cash divestment proceeds	32	58
Dividends from subsidiaries ¹⁵⁾	370	1,818
Capital injections into subsidiaries ¹⁶⁾	-45	-597
Other ¹⁷⁾	-21	-397
Free cash flow to the holding¹⁸⁾	336	881
Acquisitions	0	-2,234
Addition Delta Lloyd cash capital position	0	413
Capital flow from / (to) shareholders	-117	-665
Increase / (decrease) in debt and loans	-575	549
End of period	1,434	1,434

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

The cash capital position at the holding company decreased to EUR 1,434 million at the end of the fourth quarter of 2017 from EUR 1,789 million at the end of the third quarter of 2017. The decrease reflects the repayment of senior notes for an amount of EUR 575 million on 17 November 2017, the shares repurchased in the fourth quarter of 2017 for an amount of EUR 117 million and capital injections into subsidiaries. These items were offset by EUR 370 million of dividends mainly from the Dutch units and the proceeds from the sale of NN Life Luxembourg, which was completed in October 2017. Other movements include holding company expenses, interest on loans and debt, and other holding company cash flows.

Financial leverage

in EUR million	31 Dec 17	30 Sep 17	31 Dec 16
Shareholders' equity ²²⁾	22,718	22,009	22,695
Adjustment for revaluation reserves ¹⁹⁾	-6,976	-6,402	-8,763
Minority interests	317	321	12
Capital base for financial leverage (a)²⁴⁾	16,060	15,928	13,945
Undated subordinated notes ²⁰⁾	1,764	1,764	986
Subordinated debt	2,468	2,474	2,288
Total subordinated debt	4,231	4,237	3,273
Debt securities issued (financial leverage)	1,988	2,566	398
Financial leverage (b)	6,219	6,803	3,672
Debt securities issued (operational leverage)	0	0	199
Total debt	6,219	6,803	3,871
Financial leverage ratio (b/(a+b))	27.9%	29.9%	20.8%
Fixed-cost coverage ratio ²⁰⁾²¹⁾	13.5x	12.4x	12.8x

The financial leverage ratio of NN Group decreased to 27.9% at the end of the fourth quarter of 2017 from 29.9% at the end of the third quarter of 2017, mainly driven by the repayment of senior notes for an amount of EUR 575 million, which matured on 17 November 2017. The capital base for financial leverage increased by EUR 131 million mainly driven by the fourth-quarter 2017 net result of EUR 700 million, partly offset by a decrease of the revaluation reserve following the sale of equity securities and shares repurchased under the share buyback programme.

The fixed-cost coverage ratio increased to 13.5x at the end of the fourth quarter of 2017 from 12.4x at the end of the third quarter of 2017 (on a last 12-months basis).

As part of the legal restructuring process, NN Group N.V. and NN Group Bidco B.V. (NN Group Bidco) executed the legal merger of NN Group Bidco into NN Group N.V. As a result of this, NN Group Bidco ceased to exist and NN Group N.V. assumed all assets and liabilities of NN Group Bidco, including its subordinated notes of EUR 750 million and the Delta Lloyd legal entities. The legal merger became effective on 31 December 2017.

Dividend

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 over 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. (For more information: www.nn-group.com/Investors/Dividends.htm)

Share buyback

Following payment of the 2016 final dividend and the 2017 interim dividend, NN Group announced that it would repurchase ordinary shares for a total amount of EUR 207 million, equivalent to the value of the stock dividends. These share buybacks were executed by financial intermediaries under an open market share buyback programme, which was completed on 22 December 2017. In the fourth quarter of 2017, shares for an amount of EUR 117 million were repurchased.

The share buyback programme was executed within the limitations of the existing authority granted by the General Meeting on 1 June 2017 and was performed in compliance with the safe harbour provisions for share buybacks. The shares were repurchased at a price that did not exceed the last independent trade or the highest current independent bid on Euronext Amsterdam. NN Group intends to cancel all of the shares acquired under the programme (www.nn-group.com/Investors/Share-buyback-programme.htm).

Share capital

The total number of NN Group shares outstanding (net of 6,609,140 treasury shares) on 9 February 2018 was 334,141,202.

The Executive Board of NN Group has decided to cancel 6,176,884 treasury shares representing shares NN Group repurchased as part of the share buyback programme which was completed in December 2017. This cancellation is subject to a two-month creditor opposition period which will end on 10 April 2018.

Credit ratings

Following the legal merger of NN Group Bidco into NN Group N.V., Standard & Poor's upgraded the financial strength rating of the Delta Lloyd operating entities to 'A' with a stable outlook and raised the rating of the subordinated notes of EUR 750 million to 'BBB-' on 2 January 2018.

Credit ratings of NN Group N.V. on 15 February 2018	Financial Strength Rating	NN Group N.V. Counterparty Credit Rating
Standard & Poor's	A Stable	BBB+ Stable
Fitch	A+ Stable	A Stable

Footnotes reference page

- 1) Operating result and Adjusted allocated equity (as used in the calculation of Net operating ROE) are Alternative Performance Measures. These measures are derived from figures according to IFRS-EU. The operating result is derived by adjusting the reported result before tax to exclude the impact of result on divestments, the amortisation of acquisition intangibles, discontinued operations and special items, gains/losses and impairments, revaluations and market & other impacts. The adjusted allocated equity is derived by adjusting the reported total equity to exclude revaluation reserves, the undated subordinated notes classified as equity as well as the goodwill and intangible assets recognized as a result of the Delta Lloyd acquisition. Alternative Performance Measures are non-IFRS-EU measures that have a relevant IFRS-EU equivalent. For definitions and explanations of the Alternative Performance Measures reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the 2016 Consolidated Annual Accounts.
- 2) The solvency ratios are not final until filed with the regulators. The Solvency II ratios for NN Group and NN Life are based on the partial internal model. The Solvency II ratio for Delta Lloyd Life (Delta Lloyd Levensverzekering N.V.) is based on the standard formula.
- 3) Basic earnings per ordinary share is calculated as the net result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by the weighted average number of ordinary shares outstanding (net of treasury shares).
- 4) As of 2Q17, the calculation methodology for the combined ratio has been updated and now excludes the discount rate unwind on the D&A insurance liabilities. All comparative combined ratios have been updated to reflect this change.
- 5) Excluding health and broker businesses.
- 6) End of period, in EUR million.
- 7) Four-quarter rolling average. As of 2Q17, the calculation reflects the impact of including Delta Lloyd on an annualised basis.
- 8) Net operating result of the ongoing business, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity.
- 9) Net operating ROE is calculated as the (annualised) net operating result of the ongoing business, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by (average) adjusted allocated equity of ongoing business. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves, the undated subordinated notes classified as equity as well as the goodwill and intangible assets recognized as a result of the Delta Lloyd acquisition. Reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the 2016 Consolidated Annual Accounts.
- 10) Net operating ROE is calculated as the (annualised) net operating result of the segment, divided by (average) adjusted allocated equity. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves. Reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the 2016 Consolidated Annual Accounts.
- 11) Including health and broker businesses.
- 12) The numbers shown under AuM are client balances which exclude IFRS shareholders' equity related to the respective pension businesses and include the assets under administration.
- 13) The 'Common equity Tier 1 ratio phased in' is not final until filed with the regulators.
- 14) Net operating ROE is calculated as the (annualised) net operating result of the banking business, divided by (average) adjusted allocated equity. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves. Reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the 2016 Consolidated Annual Accounts.
- 15) Includes interest on subordinated loans provided to subsidiaries by the holding company.
- 16) Includes the change of subordinated loans provided to subsidiaries by the holding company.
- 17) Includes interest on subordinated loans and debt, holding company expenses and other cash flows.
- 18) Free cash flow to the holding company is defined as the change in cash capital position of the holding company over the period, excluding acquisitions, capital transactions with shareholders and debtholders and the inclusion of the Delta Lloyd cash capital position.
- 19) Includes revaluations on debt securities, on the cash flow hedge reserve and on the reserves crediting to life policyholders.
- 20) The undated subordinated notes classified as equity are considered financial leverage in the calculation of the financial leverage ratio. The related interest is included on an accrual basis in the calculation of the fixed-cost coverage ratio.
- 21) Measures the ability of earnings before interest and tax (EBIT) of ongoing business to cover funding costs on financial leverage; calculated on a last 12-months basis.
- 22) As of 1 January 2017, NN Group changed its accounting policy for the Reserve Adequacy Test. The change represents a change in accounting policy under IFRS and is implemented retrospectively. The impact on previous periods is limited to the consolidated balance sheet and equity. For more details refer to the 31 March 2017 Condensed consolidated interim accounts.
- 23) The hedge-related result for full-year 2016 has been updated from EUR -95 million to EUR -93 million to align with the 2016 Consolidated Annual Accounts.
- 24) As of 2Q17, the calculation methodology for the financial leverage ratio has been updated to better align with market practice. Goodwill is no longer deducted from the capital base for financial leverage and historical figures have been updated to reflect this change.
- 25) As of 2Q17, the net operating result and adjusted allocated equity used to calculate the Net operating ROE of Japan Life are adjusted for the impact of internal reinsurance ceded to NN Group's reinsurance business.
- 26) Does not include interest costs on subordinated debt treated as equity

NN Group Profile

NN Group is an international insurance and asset management company, active in 18 countries, with a strong presence in a number of European countries and Japan. With all our employees the Group offers retirement services, pensions, insurance, investments and banking to approximately 17 million customers. NN Group's main brands are Nationale-Nederlanden, NN, Delta Lloyd, NN Investment Partners, ABN AMRO Insurance, Movir, AZL, BeFrank and OHRA. NN Group is listed on Euronext Amsterdam (NN).

Analyst call

Lard Friese and Delfin Rueda will host an analyst and investor conference call to discuss the 4Q17 results at 10.30 am CET on Thursday 15 February 2018. Members of the investment community can join the conference call at +31 20 531 5865 (NL), +44 203 365 3210 (UK), +1 866 349 6093 (US) or follow the webcast on www.nn-group.com.

Press

Lard Friese and Delfin Rueda will host a press call to discuss the 4Q17 results, which will be held at 07.45 am CET on Thursday 15 February 2018. Journalists can join the press call at +31 20 531 5863 (NL).

Lard Friese and David Knibbe will host a lunch for journalists, which will be held at 12.30 pm CET on Thursday 15 February 2018.

Financial calendar

- Publication 1Q18 results: 17 May 2018
- Annual General Meeting: 31 May 2018
- Publication 2Q18 results: 16 August 2018
- Publication 3Q18 results: 15 November 2018

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Additional information on www.nn-group.com

- NN Group 4Q17 Financial Supplement, NN Group 4Q17 Analyst Presentation
- Photos of NN Group executives, buildings and events are available for download at [Flickr](#)

Important legal information

Elements of this press release contain or may contain information about NN Group N.V. within the meaning of Article 7(1) to (4) of EU Regulation No 596/ 2014 (Market Abuse Regulation).

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 2017 NN Group N.V. condensed consolidated interim financial information for the period ended 30 September 2017. The Annual Accounts for 2017 are in progress and may be subject to adjustments from subsequent events.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro 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 NN Group 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 (20) the other risks and uncertainties contained in recent public disclosures made by NN Group.

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

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