

NN Group reports 1Q18 results

Solvency II ratio at 213%, integration progressing well

- Operating result of the ongoing business decreased to EUR 313 million from EUR 406 million in 1Q17, mainly due to a EUR 89 million total impact of the storm in January
- Net result of EUR 399 million, down 8.4% from 1Q17, reflecting the lower operating result and higher special items, partly compensated by higher non-operating items
- Further cost reductions of EUR 42 million in 1Q18; total cost reductions achieved to date of EUR 175 million; cost reduction guidance raised to EUR 400 million by 2020 of which at least half by the end of 2018
- Total new sales (APE) of EUR 547 million, down 7.8% from 1Q17 at constant currencies
- Solvency II ratio of 213% up from 199% at the end of 4Q17, driven by a combination of positive market impacts and operating capital generation
- Holding company cash capital at EUR 1,631 million, reflecting dividends received mainly from the Dutch units

Statement of Lard Friese, CEO

‘In the first quarter of 2018, we have made further progress in integrating Delta Lloyd, with the completion of the legal mergers of the banking activities, asset management companies, and the life businesses in Belgium. The rebranding of products and services is well on its way and we expect this process to be largely finalised by the end of the year. Building on our strong track record of cost discipline, we further improved efficiency with EUR 42 million of cost savings this quarter in the business units in the scope of the integration. We have now achieved total cost reductions of EUR 175 million compared with the full-year 2016 administrative expense base representing half of our targeted cost reduction of EUR 350 million by 2020, well ahead of the earlier envisaged schedule. Given the strong progress so far, we announce today that we are raising the cost reduction guidance to EUR 400 million by the end of 2020. We expect to achieve at least half of these savings by the end of this year.

The current quarter operating result decreased from last year mainly due to the impact of the severe storm in January. As it is our aim to support our customers in times of need, we were able to settle most of the thousands of storm claims within one month. We want to provide relevant products for our customers, while writing profitable new business, focusing on value rather than volume. New sales at Netherlands Life were down in the first quarter of 2018 compared with a year ago, reflecting a lower volume of group pension contracts that were up for renewal, while new sales in Japan remained broadly stable – despite increased local competition.

Our balance sheet remains strong, in line with our disciplined capital management approach. The Solvency II ratio increased to 213% and the cash capital position to EUR 1,631 million at the end of the first quarter.

Our businesses are committed to drive value and achieve their medium-term targets by further improving performance. Following the acquisition of Delta Lloyd last year, we continue to deliver on the transaction by successfully extracting the envisaged synergies and combining the strengths of our businesses and cultures. Throughout this process we will continue to be focused on further improving our services through innovative customer solutions and value added products.’

NN Group key figures

In EUR million	1Q18	1Q17	Change
Operating result ongoing business ¹⁾	313	406	-22.9%
Net result	399	435	-8.4%
	1Q18	4Q17	1Q17
Solvency II ratio ²⁾	213%	199%	238%

Note: All footnotes are included on page 25

Strategy and priorities

Our businesses are built on a strong foundation of purpose, brand, values and ambition which, combined with a focus on our strategic priorities, enables us to consistently create long-term value. This is how we deliver on our ambition to be a respected company that truly matters in the lives of our stakeholders.

Netherlands

The integration of NN and Delta Lloyd is well on track. Throughout the integration process, the business continues to focus on improving the customer experience, resulting in increased Net Promoter Scores (NPS) and broker scores in the first quarter compared with a year ago. Nationale-Nederlanden's advisors satisfaction level improved in the first quarter, whilst Delta Lloyd's and BeFrank's advisor satisfaction level remained at a high level. The combined market share in Life Pensions increased slightly in the quarter, mainly due to new business in the DC market.

NN Group continues to make its processes more efficient and effective. For example, the Non-life business and Voogd & Voogd have entered into a partnership for non-life insurance products for retail customers which will be effective as of 1 July 2018. The partnership will support further cost savings and customer service improvements.

NN is transitioning to an agile way of working to be able to respond faster and better to the rapidly changing customers' needs and expectations. NN and OHRA are recognised for their effective online customer journey and prompt handling of complaints. OHRA scores highest among all insurers on the Complaints Management and Fraud Management themes for the period 2015-2018, according to certifying organisation 'Keurmerk Klantgericht Verzekeren'. OHRA also received an Integral Online Service Award from customer journey and business specialist WUA.

International Insurance

International Insurance continues to grow its businesses, by expanding sales of protection products through diverse distribution channels. In February Nationale-Nederlanden in Poland launched its first travel insurance product. In Hungary, a product for families with children was launched. This product is a regular premium unit-linked insurance, while also offering protection cover for children.

The integration of Delta Lloyd and NN Belgium is progressing well. The legal merger and the rebranding were completed on 30 March 2018, and a commercial TV and online campaign to promote the NN brand has been launched. Customer experience improvements continue with the introduction of a new online medical acceptance tool. The first steps to integrate the teams and systems have been initiated in order to prepare for the move to one building that will be completed by the end of October 2018.

NN Life Japan announced a partnership with Freee, a leading cloud accounting software company, to provide users of the software with personalised and innovative insurance products, including protection and financial solutions.

Sparklabs are our out-of-office environments used to foster innovative ideas and help infuse more innovative thinking into NN. The most recent Sparklab was launched in Spain. The partner of the NN Hayat ve Emeklilik Sparklab in Turkey, Hesapkurdu, introduced an online straight-through loan process with one of the biggest banks in Turkey, Is Bankasi, in April 2018. This is the first full integration between an aggregator and a bank in the Turkish market, making NN's Life insurance propositions more widely available. Sparklab in Poland became the official partner of the #Warsaw booster'18 programme, dedicated to fintech and insuretech startups. This partnership provides an opportunity for technology startups to accelerate their business and cooperate with experienced mentors and business partners.

The international businesses are also introducing the agile way of working to be able to respond faster and better to the rapidly changing customer needs.

For the second year in a row, NN Czech Republic's life insurance products were ranked as top-of-the-market by the renowned independent financial online portal Finparada.cz. In the same ranking, NN Pensions took third place in the category supplementary pension savings. NN Czech Republic was awarded the Czech Superbrands title for the third time in a row; the award is based on the opinion of both experts and customers.



Asset Management

NN Investment Partners (NN IP) recently won its first export credit agency (ECA) loan mandate in Germany. In addition, NN IP launched the NN (L) Emerging Markets Debt Short Duration Hard Currency Fund. Building on NN IP's long and extensive experience in investing in emerging markets debt (EMD), the fund is designed to offer investors stable, long-term income with low credit risk.

The legal merger of Delta Lloyd Asset Management (DLAM) and NN IP was completed in January 2018, and the integration of the various teams and operational activities in the Netherlands is ahead of schedule.

Other events

NN Group has taken a next step in its responsible investment policy by taking the decision to exclude tobacco from all its investments. Currently tobacco is already excluded from the sustainable and impact products which NN IP manages on behalf of its clients. The decision takes into account concerns regarding public health, as well as the related economic and societal impact.

In March, NN Group participated in Money Week, an initiative of the Dutch Money Wise platform. By giving guest lectures about insurance and banking at primary schools in the Netherlands, we aim to teach children about money and risks at a young age, and in a fun and interactive way. This initiative reached a total of around 7,500 children this year. NN Czech Republic joined Global Money Week for the first time with a presentation at the GMW conference sponsored by the Czech government and the Czech National Bank. The presentation focused on the importance of financial education and economic empowerment of young people for the wellbeing of society. These initiatives are part of NN Future Matters, our community investment programme, which aims to empower people to grow their (financial) skills and increase their future opportunities in the markets where NN operates.

Consolidated results

Consolidated profit and loss account and key figures NN Group

In EUR million	1Q18	1Q17	Change
Analysis of results¹⁾			
Netherlands Life	212	220	-3.8%
Netherlands Non-life	-32	31	-202.6%
Insurance Europe	71	42	67.1%
Japan Life	66	85	-22.9%
Asset Management	41	33	24.1%
Other	-45	-5	
Operating result ongoing business	313	406	-22.9%
Non-operating items ongoing business	257	168	52.9%
of which gains/losses and impairments	28	145	-80.4%
of which revaluations	222	52	329.5%
of which market & other impacts	6	-29	
Japan Closed Block VA	15	-20	
Special items before tax	-79	-19	
Amortisation of acquisition intangibles	-33	0	
Result on divestments	4	9	-59.3%
Result before tax	477	544	-12.4%
Taxation	78	109	-28.4%
Minority interests	0	0	-156.5%
Net result	399	435	-8.4%
Basic earnings per ordinary share in EUR ³⁾	1.15	1.32	-13.0%
Key figures ongoing business¹⁾			
Gross premium income	4,490	3,397	32.2%
New sales life insurance (APE)	547	620	-11.7%
Total administrative expenses	546	427	28.0%
Cost/income ratio (Administrative expenses/Operating income)	30.2%	30.9%	
Combined ratio (Netherlands Non-life) ⁴⁾⁵⁾	106.3%	95.9%	
Investment margin/Life general account invested assets (bps) ⁷⁾	68	92	
Net operating result ⁸⁾	236	299	-21.2%
Net operating ROE ⁹⁾	7.3%	9.9%	
In EUR billion			
Key figures ongoing business			
Asset Management Assets under Management	240	246	-2.4%
Life general account invested assets	136	135	1.1%
Total provisions for insurance & investment contracts	159	158	0.7%
of which for risk policyholder	28	29	-1.8%
NN Life Solvency II ratio ²⁾	219%	217%	
Delta Lloyd Life Solvency II ratio ²⁾	169%	153%	
Japan Closed Block VA			
Account value ⁶⁾	4,074	4,755	-14.3%
Number of policies	68,462	81,808	-16.3%
Total NN Group			
Solvency II ratio ²⁾	213%	199%	
Total assets	228	227	0.2%
Shareholders' equity ⁶⁾	23,345	22,718	2.8%
Employees (internal FTEs, end of period)	14,191	14,505	-2.2%

Note: All footnotes are included on page 25

- Operating result ongoing business of EUR 313 million, reflecting a EUR 89 million total impact of the January storm as well as the contribution of Delta Lloyd; operating result down from EUR 406 million in the first quarter of 2017, which benefited from private equity dividends of EUR 41 million
- Result before tax decreased to EUR 477 million from EUR 544 million in the first quarter of 2017, reflecting the lower operating result, higher special items and amortisation of acquisition intangibles, partly compensated by higher non-operating items and an improved result of Japan Closed Block VA
- Administrative expense base of the business units in scope of the cost reduction target reduced by EUR 42 million in the first quarter of 2018; total cost reductions achieved to date of EUR 175 million
- New sales (APE) were EUR 547 million, down 7.8% from the first quarter of 2017 on a constant currency basis, due to a lower volume of group pension contracts up for renewal at Netherlands Life partly compensated by higher sales at Insurance Europe driven by the contribution of Delta Lloyd Belgium

Operating result

The operating result of the ongoing business was EUR 313 million, down from EUR 406 million in the first quarter of 2017, which benefited from private equity dividends of EUR 41 million. The current quarter reflects the impact of the severe storm in January for a total amount of EUR 89 million, and the contribution 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 42 million in the first quarter of 2018, bringing the administrative expense base down to EUR 1,849 million at the end of the first quarter of 2018, on a last 12-months basis. Total cost reductions achieved to date amount to EUR 175 million compared with the full-year 2016 administrative expense base of EUR 2,024 million.

The operating result of Netherlands Life decreased to EUR 212 million from EUR 220 million in the first quarter of 2017, which benefited from private equity dividends of EUR 41 million. The first quarter of 2018 mainly reflects the inclusion of Delta Lloyd.

The operating result of Netherlands Non-life was EUR -32 million compared with EUR 31 million in the first quarter of 2017 largely due to a EUR 56 million impact of the severe storm on 18 January 2018, and a less favourable underwriting performance in Disability & Accident. The combined ratio was 106.3% compared with 95.9% in the first quarter of 2017. The combined ratio excluding the impact of the storm was 98.6%.

The operating result of Insurance Europe increased to EUR 71 million from EUR 42 million in the first quarter of 2017, reflecting higher fees and premium-based revenues and the contribution of Delta Lloyd Belgium. The current quarter result benefited from EUR 9 million non-recurring items mainly in Belgium.

The operating result of Japan Life was EUR 66 million, down 15.1% from the first quarter of 2017, excluding currency effects, reflecting a lower technical margin and higher expenses, partially offset by higher fees and premium-based revenues.

The operating result of Asset Management increased to EUR 41 million from EUR 33 million in the first quarter of 2017, reflecting the inclusion of Delta Lloyd as well as expense reductions.

The operating result of the segment Other decreased to EUR -45 million from EUR -5 million in the first quarter of 2017 mainly due to a lower operating result of the reinsurance business reflecting the EUR 33 million impact of the January storm as well as a EUR 8 million claim from a legacy reinsurance portfolio. The holding result was also lower, partly compensated by a higher operating result of the banking business.

Result before tax

The result before tax decreased to EUR 477 million from EUR 544 million in the first quarter of 2017, reflecting the lower operating result, higher special items and the amortisation of acquisition intangibles. These items were partly compensated by higher non-operating items and an improved result of Japan Closed Block VA.

Gains/losses and impairments were EUR 28 million compared with EUR 145 million in the first quarter of 2017. The current quarter reflects gains on the sale of public equities.

Revaluations increased to EUR 222 million compared with EUR 52 million in the first quarter of 2017, reflecting positive revaluations on real estate.

Market and other impacts amounted to EUR 6 million compared with EUR -29 million in the first quarter of 2017. The result in the current quarter reflects movements in provisions for guarantees on unit-linked, separate account pension contracts and inflation-linked liabilities (all net of hedging) at Netherlands Life.

The result before tax of Japan Closed Block VA was EUR 15 million compared with EUR -20 million in the first quarter of 2017, reflecting positive hedge-related results partly offset by a lower operating result.

Special items amounted to EUR -79 million compared with EUR -19 million in the first quarter of 2017. 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.

Net result

The first-quarter net result decreased to EUR 399 million from EUR 435 million in the first quarter of 2017. The effective tax rate in the first quarter of 2018 was 16.3%, reflecting tax-exempt dividends and capital gains in the Netherlands related to shareholdings of 5% or more.

Sales

Total new sales (APE) at NN Group were EUR 547 million, down 7.8% from the first quarter of 2017 on a constant currency basis. New sales were down 29.3% at Netherlands Life reflecting a lower volume of group pension contracts up for renewal partly compensated by the inclusion of Delta Lloyd. At Insurance Europe, new sales were up 8.8%, mainly reflecting the contribution of sales by Delta Lloyd Belgium and the positive impact of a large group pension contract renewal in Spain partly offset by lower sales in Greece. New sales at Japan Life were broadly stable as lower sales through the independent agent channel were compensated by growth of COLI sales through the Sumitomo partnership which started in April 2017.

Net operating Return On Equity (ROE)

The net operating ROE of the ongoing business of NN Group decreased to 7.3% compared with 9.9% in the first quarter of 2017, due to the lower net operating result as well as higher equity.

Netherlands Life

- Operating result decreased to EUR 212 million from EUR 220 million in the first quarter of 2017, which benefited from private equity dividends of EUR 41 million; the current quarter reflects the inclusion of Delta Lloyd
- Result before tax increased to EUR 448 million from EUR 353 million in the first quarter of 2017 mainly driven by higher revaluations on real estate

In EUR million	1Q18	1Q17	Change
Analysis of results			
Investment margin	181	198	-8.7%
Fees and premium-based revenues	125	89	41.3%
Technical margin	46	43	6.7%
Operating income non-modelled business	0	0	
Operating income	352	330	6.8%
Administrative expenses	129	99	30.2%
DAC amortisation and trail commissions	11	10	6.3%
Expenses	140	110	27.9%
Operating result	212	220	-3.8%
Non-operating items	251	143	75.4%
of which gains/losses and impairments	28	115	-75.4%
of which revaluations	217	57	282.3%
of which market & other impacts	6	-28	
Special items before tax	-14	-10	
Result on divestments	0	0	
Result before tax	448	353	27.0%
Taxation	78	70	12.3%
Minority interests	1	0	
Net result	369	283	30.2%
New business			
Single premiums	123	83	47.7%
Regular premiums	131	194	-32.6%
New sales life insurance (APE)	143	202	-29.3%
Key figures			
Gross premium income	1,343	880	52.7%
Total administrative expenses	129	99	30.2%
Cost/income ratio (Administrative expenses/Operating income)	36.7%	30.1%	
Investment margin/Life general account invested assets (bps) ⁷⁾	81	116	
Net operating ROE ¹⁰⁾	7.4%	9.1%	

In EUR billion	1Q18	4Q17	Change
Key figures			
Life general account invested assets	102	102	0.6%
Total provisions for insurance & investment contracts	114	114	-0.3%
of which for risk policyholder	21	21	-2.5%
Allocated equity (end of period) ⁶⁾¹⁰⁾	16,481	16,128	2.2%
NN Life Solvency II ratio ²⁾	219%	217%	
Delta Lloyd Life Solvency II ratio ²⁾	169%	153%	
Employees (internal FTEs, end of period)	2,535	2,610	-2.9%

The operating result of Netherlands Life decreased to EUR 212 million from EUR 220 million in the first quarter of 2017, which benefited from private equity dividends of EUR 41 million. The first quarter of 2018 reflects the inclusion of Delta Lloyd.

The investment margin decreased to EUR 181 million compared with EUR 198 million in the first quarter of 2017, which benefited from private equity dividends of EUR 41 million, whereas the first quarter of 2018 included a dividend of EUR 7 million from an indirect stake in ING Life Korea. The investment spread, calculated on a four-quarter rolling average, decreased to 81 basis points from 116 basis points in the first quarter of 2017. 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 125 million from EUR 89 million in the first quarter of 2017, 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 increased to EUR 46 million from EUR 43 million in the first quarter of 2017 which included a EUR 6 million release from the unit-linked guarantee provision. The increase was driven by the inclusion of Delta Lloyd.

Administrative expenses increased to EUR 129 million compared with EUR 99 million in the first quarter of 2017, reflecting the inclusion of Delta Lloyd, partly offset by expense reductions. At the end of the first quarter of 2018, the administrative expense base amounted to EUR 543 million on a last 12-months basis, down EUR 8 million from EUR 551 million for the full year 2017.

DAC amortisation and trail commissions were broadly stable at EUR 11 million versus EUR 10 million in the first quarter of 2017, 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 448 million from EUR 353 million in the first quarter of 2017. Gains/losses and impairments decreased to EUR 28 million from EUR 115 million in the same period last year, reflecting lower capital gains on the sale of bonds. The current quarter reflects gains on the sale of public equities. Revaluations increased to EUR 217 million compared with EUR 57 million in the first quarter of 2017, driven by positive revaluations on real estate. Market and other impacts were EUR 6 million reflecting movements in provisions for guarantees on unit-linked, separate account pension contracts and inflation-linked liabilities (all net of hedging).

New sales (APE) decreased to EUR 143 million compared with EUR 202 million in the first quarter of 2017, reflecting a lower volume of group pension renewals, partly offset by the inclusion of Delta Lloyd.

Netherlands Non-life

- Operating result decreased to EUR -32 million from EUR 31 million in the first quarter of 2017 largely due to a EUR 56 million impact of the January storm
- Combined ratio was 106.3%, or 98.6% excluding the impact of the storm, versus 95.9% in the first quarter of 2017

In EUR million	1Q18	1Q17	Change
Analysis of results			
Earned premiums	735	400	84.0%
Investment income	24	28	-14.7%
Other income	0	1	-116.9%
Operating income	759	428	77.3%
Claims incurred, net of reinsurance	585	281	108.3%
Acquisition costs	130	64	102.1%
Administrative expenses	82	53	56.0%
Acquisition costs and administrative expenses	213	117	81.3%
Expenditure	798	398	100.4%
Operating result insurance businesses	-39	30	-233.3%
Operating result health business and broker business	8	1	502.2%
Total operating result	-32	31	-202.6%
Non-operating items	8	3	158.7%
of which gains/losses and impairments	4	2	106.3%
of which revaluations	4	1	233.1%
of which market & other impacts	0	0	
Special items before tax	-22	0	
Result on divestments	0	0	
Result before tax	-46	34	-233.8%
Taxation	-14	7	-307.9%
Minority interests	-1	0	
Net result	-30	27	-209.8%
Key figures			
Gross premium income	1,262	788	60.0%
Total administrative expenses ¹¹⁾	102	63	61.0%
Combined ratio ⁴⁾⁵⁾	106.3%	95.9%	
of which Claims ratio ⁴⁾⁵⁾	77.4%	66.5%	
of which Expense ratio ⁵⁾	28.9%	29.4%	
Net operating ROE ¹⁰⁾	-12.3%	26.9%	

In EUR billion	1Q18	4Q17	Change
Key figures			
Total insurance provisions	6	6	10.9%
Allocated equity (end of period) ⁶⁾¹⁰⁾	936	978	-4.3%
Employees (internal FTEs, end of period)	2,672	2,682	-0.4%

The operating result of Netherlands Non-life declined to EUR -32 million from EUR 31 million in the first quarter of 2017 largely due to a EUR 56 million impact of the severe storm on 18 January 2018, and a less favourable underwriting performance in Disability & Accident. The combined ratio was 106.3% compared with 95.9% in the first quarter of 2017. The combined ratio excluding the impact of the storm was 98.6%.

The operating result in Disability & Accident (D&A) decreased to EUR 13 million from EUR 29 million in the first quarter of 2017 reflecting a less favourable claims development in both the Individual Disability and Group Income portfolios, partly offset by the inclusion of Delta Lloyd. The D&A combined ratio increased to 94.9% from 86.6% in the first quarter of 2017.

The operating result in Property & Casualty (P&C) declined to EUR -52 million from EUR 0 million in the first quarter of 2017. The current quarter reflects the impact of the January storm amounting to EUR 56 million net of reinsurance as well as large Fire claims, partly compensated by favourable underwriting performance in Miscellaneous. The P&C combined ratio increased to 112.4% from 103.6% in the first quarter of 2017. The combined ratio of the P&C business excluding the impact of the storm was 100.6%.

Administrative expenses increased to EUR 82 million from EUR 53 million reflecting the inclusion of Delta Lloyd, partly offset by expense reductions. At the end of the first quarter of 2018, the administrative expense base amounted to EUR 436 million on a last 12-months basis, down EUR 13 million from EUR 450 million for the full year 2017.

The operating result of the broker business increased to EUR 8 million from EUR 1 million in the first quarter of 2017, reflecting the addition of the broker results of Delta Lloyd related to health insurance products.

The result before tax of Netherlands Non-life decreased to EUR -46 million from EUR 34 million in the first quarter of 2017, reflecting the lower operating result and the impact of special items reflecting restructuring expenses.

Insurance Europe

- Operating result increased to EUR 71 million from EUR 42 million in the first quarter of 2017, reflecting higher fees and premium-based revenues and the contribution of Delta Lloyd Belgium
- New sales (APE) were EUR 186 million, up 8.8% from the first quarter of 2017 at constant currencies, mainly driven by the contribution of Delta Lloyd Belgium

In EUR million	1Q18	1Q17	Change
Analysis of results			
Investment margin	23	14	65.8%
Fees and premium-based revenues	181	143	26.2%
Technical margin	55	47	17.7%
Operating income non-modelled business	0	1	-64.3%
Operating income Life Insurance	260	205	26.6%
Administrative expenses	100	82	22.3%
DAC amortisation and trail commissions	88	81	9.1%
Expenses Life Insurance	188	162	15.7%
Operating result Life Insurance	72	43	68.1%
Operating result Non-life	-1	0	
Operating result	71	42	67.1%
Non-operating items	0	21	-100.5%
of which gains/losses and impairments	-7	19	-137.9%
of which revaluations	7	2	202.3%
of which market & other impacts	0	0	
Special items before tax	-5	0	
Result on divestments	0	0	
Result before tax	65	63	3.7%
Taxation	13	10	30.0%
Minority interests	0	0	
Net result	53	53	-1.2%
New business			
Single premiums	305	306	-0.3%
Regular premiums	156	145	7.5%
New sales life insurance (APE)	186	175	6.2%
Key figures			
Gross premium income	772	609	26.7%
Total administrative expenses (Life & Non-life)	103	84	22.5%
Cost/income ratio (Administrative expenses/Operating income)	38.8%	40.0%	
Investment margin/Life general account invested assets (bps) ⁷⁾	52	72	
Net operating ROE ¹⁰⁾	11.0%	9.2%	

In EUR billion	1Q18	4Q17	Change
Key figures			
Life general account invested assets	19	19	-0.6%
Total provisions for insurance & investment contracts	26	26	-0.6%
of which for risk policyholder	7	7	0.5%
Assets under management pensions ¹²⁾	19	19	-3.4%
Allocated equity (end of period) ⁶⁾¹⁰⁾	2,530	2,481	2.0%
Employees (internal FTEs, end of period)	4,519	4,521	-0.1%

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 71 million from EUR 42 million in the first quarter of 2017, reflecting higher fees and premium-based revenues and the contribution of Delta Lloyd Belgium. The current quarter result benefited from EUR 9 million non-recurring items mainly in Belgium.

The investment margin increased to EUR 23 million from EUR 14 million in the first quarter of 2017, 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 181 million from EUR 143 million in the first quarter of 2017, driven by the inclusion of Delta Lloyd, higher pension fees on Assets under Management in Poland and by life portfolio growth across the region.

The technical margin increased to EUR 55 million from EUR 47 million in the first quarter of 2017, reflecting favourable mortality and surrender results.

Administrative expenses increased to EUR 100 million from EUR 82 million in the first quarter of 2017 reflecting the additional expense base of Delta Lloyd.

DAC amortisation and trail commissions increased to EUR 88 million from EUR 81 million in the first quarter of 2017, reflecting the portfolio increase following the inclusion of Delta Lloyd. The current quarter also reflects a EUR 10 million crisis tax in Belgium.

The result before tax slightly increased to EUR 65 million from EUR 63 million in the first quarter of 2017, reflecting the higher operating result partly offset by lower gains on the sale of bonds and equity investments and higher special items.

New sales (APE) increased to EUR 186 million from EUR 175 million in the first quarter of 2017, mainly reflecting the contribution of sales by Delta Lloyd Belgium and the positive impact of a large group pension contract renewal in Spain partly offset by lower sales in Greece.

Japan Life

- Operating result was EUR 66 million, down 15.1% from the first quarter of 2017, excluding currency effects, reflecting a lower technical margin and higher expenses, partially offset by higher fees and premium-based revenues
- New sales (APE) were EUR 218 million, broadly stable compared with the first quarter of 2017, at constant currencies

In EUR million	1Q18	1Q17	Change
Analysis of results			
Investment margin	-3	-3	
Fees and premium-based revenues	187	194	-3.3%
Technical margin	-1	13	-107.9%
Operating income non-modelled business	0	0	
Operating income	184	204	-10.1%
Administrative expenses	32	32	1.4%
DAC amortisation and trail commissions	85	87	-1.9%
Expenses	118	119	-1.0%
Operating result	66	85	-22.9%
Non-operating items	-5	-1	
of which gains/losses and impairments	1	8	
of which revaluations	-6	-9	
of which market & other impacts	0	0	
Special items before tax	0	0	
Result on divestments	0	0	
Result before tax	60	85	-28.9%
Taxation	16	24	-33.1%
Minority interests	0	0	
Net result	44	61	-27.2%
New business			
Single premiums	0	0	
Regular premiums	218	243	-10.1%
New sales life insurance (APE)	218	243	-10.1%
Key figures			
Gross premium income	1,108	1,114	-0.6%
Total administrative expenses	32	32	1.4%
Cost/income ratio (Administrative expenses/Operating income)	17.7%	15.6%	
Net operating ROE ⁽¹⁰⁾⁽¹³⁾	11.4%	15.1%	

In EUR billion	1Q18	4Q17	Change
Key figures			
Life general account invested assets	15	14	6.7%
Total provisions for insurance & investment contracts	14	13	7.6%
of which for risk policyholder	0	0	-1.1%
Allocated equity (end of period) ⁽⁶⁾⁽¹⁰⁾⁽¹³⁾	2,231	2,116	5.4%
Employees (internal FTEs, end of period)	804	801	0.4%

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 66 million, down 15.1% from the first quarter of 2017, excluding currency effects, reflecting a lower technical margin and higher expenses, partially offset by higher fees and premium-based revenues.

Fees and premium-based revenues were EUR 187 million, up 6.4% from the first quarter of 2017, excluding currency effects, driven by higher in-force volumes.

The technical margin declined to EUR -1 million from EUR 13 million in the first quarter of 2017, due to lower mortality results driven by a few large claims and lower surrender results, while the first quarter of 2017 included favourable mortality and surrender results.

Administrative expenses were EUR 32 million, up 11.9% from the first quarter of 2017, excluding currency effects, mainly driven by higher costs to support business growth.

DAC amortisation and trail commissions were EUR 85 million, up 7.9% from the first quarter of 2017, excluding currency effects, reflecting a larger in-force portfolio.

The result before tax was EUR 60 million, down 21.8% from the first quarter of 2017, at constant currencies, reflecting the lower operating result.

New sales (APE) were EUR 218 million, broadly stable at constant currencies, as lower sales through the independent agent channel were compensated by growth of COLI sales through the Sumitomo partnership which started in April 2017.

Asset Management

- Total Assets under Management (AuM) decreased to EUR 240 billion from EUR 246 billion at the end of the fourth quarter of 2017 reflecting a transfer within NN Group and net outflows
- Operating result increased to EUR 41 million from EUR 33 million in the first quarter of 2017 on the inclusion of Delta Lloyd as well as expense reductions

In EUR million	1Q18	1Q17	Change
Analysis of results			
Investment income	0	0	
Fees	130	118	10.4%
Operating income	130	118	10.1%
Administrative expenses	89	85	4.7%
Operating result	41	33	24.1%
Non-operating items	0	0	
of which gains/losses and impairments	0	0	
of which revaluations	0	0	
of which market & other impacts	0	0	
Special items before tax	-5	0	
Result on divestments	0	0	
Result before tax	36	33	8.4%
Taxation	8	8	4.9%
Minority interests	0	0	
Net result	27	25	9.5%
Key figures			
Total administrative expenses	89	85	4.7%
Cost/income ratio (Administrative expenses/Operating income)	68.4%	72.0%	
Fees/average Assets under Management (in bps)	21	24	
Net operating ROE ¹⁰⁾	27.8%	23.9%	

In EUR billion	1Q18	4Q17	Change
Key figures			
Assets under Management	240	246	-2.4%
Allocated equity (end of period) ⁶⁾¹⁰⁾	454	447	1.5%
Employees (internal FTEs, end of period)	1,080	1,171	-7.8%
AuM roll-forward			
Beginning of period	246	244	1.0%
Net inflow	-2	0	
Acquisition / Divestments / Transfers	-3	0	
Market performance (incl. FX impact) and Other	-1	2	
End of period	240	246	-2.4%

Total Assets under Management (AuM) at Asset Management were EUR 240 billion at the end of the first quarter of 2018, down from EUR 246 billion at the end of the fourth quarter of 2017. The decrease reflects net outflows of EUR 2.4 billion, of which EUR 1.2 billion in the Proprietary and Other Affiliated Business, as well as negative market performance of EUR 0.9 billion. The remainder mainly relates to a transfer of Delta Lloyd cash management activities from NN Investment Partners to the corporate treasury.

The operating result increased to EUR 41 million from EUR 33 million in the first quarter of 2017, reflecting the inclusion of Delta Lloyd as well as expense reductions.

Fees were EUR 130 million, up from EUR 118 million in the first quarter of 2017, reflecting the fee income from Delta Lloyd.

Administrative expenses increased to EUR 89 million from EUR 85 million in the first quarter of 2017. The increase reflects the inclusion of Delta Lloyd expenses, partly offset by expense reductions. At the end of the first quarter of 2018, the administrative expense base amounted to EUR 373 million on a last 12-months basis, down EUR 10 million from EUR 382 million for the full year 2017.

The first-quarter result before tax increased to EUR 36 million compared with EUR 33 million in the first quarter of 2017, driven by the higher operating result partly offset by special items reflecting restructuring expenses.

Other

- Operating result decreased to EUR -45 million from EUR -5 million in the first quarter of 2017 mainly due to a lower operating result of the reinsurance business
- Operating result of the reinsurance business decreased to EUR -39 million from EUR 5 million mainly due to EUR 33 million of claims related to the severe storm in January as well as a EUR 8 million claim from a legacy reinsurance portfolio
- Operating result of the banking business increased to EUR 33 million from EUR 24 million, mainly driven by the inclusion of Delta Lloyd

In EUR million	1Q18	1Q17	Change
Analysis of results			
Interest on hybrids and debt ¹⁴⁾	-27	-31	
Investment income and fees	23	12	98.2%
Holding expenses	-35	-16	
Amortisation of intangible assets	0	0	
Holding result	-39	-36	
Operating result reinsurance business	-39	5	
Operating result banking business	33	24	38.8%
Other results	1	2	-48.5%
Operating result	-45	-5	
Non-operating items	3	1	112.1%
of which gains/losses and impairments	2	1	73.4%
of which revaluations	1	0	
of which market & other impacts	0	0	
Special items before tax	-31	-8	
Amortisation of acquisition intangibles	-33	0	
Result on divestments	4	9	-59.3%
Result before tax	-102	-3	
Taxation	-27	-5	
Minority interests	0	0	
Net result	-75	2	
Key figures			
Total administrative expenses	91	63	43.4%
of which reinsurance business	3	4	-26.3%
of which banking business	53	43	23.2%
of which corporate/holding	36	17	108.0%
Net operating ROE NN Bank ¹⁶⁾	13.8%	13.6%	

In EUR billion	1Q18	4Q17	Change
Key figures			
NN Bank common equity Tier 1 ratio phased in ¹⁵⁾	15.7%	15.2%	
Total assets NN Bank	21	21	-0.6%
Total provisions for insurance and investment contracts	0	0	27.7%
Employees (internal FTEs, end of period)	2,538	2,674	-5.1%

The operating result of the segment Other decreased to EUR -45 million from EUR -5 million in the first quarter of 2017 mainly due to a lower operating result of the reinsurance business reflecting the EUR 33 million impact of the January storm as well as a EUR 8 million claim from a legacy reinsurance portfolio. The holding result was also lower, partly compensated by a higher operating result of the banking business.

The holding result decreased to EUR -39 million from EUR -36 million in the first quarter of 2017. This was mainly due to higher holding expenses reflecting the inclusion of Delta Lloyd, a EUR 7 million non-recurring charge to personnel provisions and a revised method for charging head office expenses to the segments partly offset by expense reductions. These items were partly compensated by higher investment income and fees on the inclusion of Delta Lloyd.

The operating result of the reinsurance business decreased to EUR -39 million from EUR 5 million in the first quarter of 2017, mainly reflecting EUR 33 million of claims relating to the severe storm in January as well as a EUR 8 million claim from a legacy reinsurance portfolio.

The operating result of the banking business increased to EUR 33 million from EUR 24 million in the first quarter of 2017, reflecting the inclusion of Delta Lloyd as well as lower administrative expenses and favourable risk costs, partly offset by a lower interest margin.

The result before tax of the segment Other decreased to EUR -102 million from EUR -3 million in the first quarter of 2017, due to the lower operating result, the amortisation of acquisition intangibles and higher special items related to restructuring expenses.

Japan Closed Block VA

- Result before tax was EUR 15 million compared with EUR -20 million in the first quarter of 2017, reflecting positive hedge-related results
- Portfolio run-off resulted in a 16.3% decrease in the number of policies compared with the fourth quarter of 2017

In EUR million	1Q18	1Q17	Change
Analysis of results			
Investment margin	-1	-1	
Fees and premium-based revenues	6	12	-48.5%
Technical margin	0	0	
Operating income non-modelled business	0	0	
Operating income	6	11	-48.9%
Administrative expenses	2	3	-29.1%
DAC amortisation and trail commissions	1	1	-36.0%
Expenses	3	5	-31.3%
Operating result	3	7	-60.8%
Non-operating items	12	-27	
of which gains/losses and impairments	0	0	
of which revaluations	0	0	
of which market & other impacts	12	-27	
Special items before tax	0	0	
Result on divestments	0	0	
Result before tax	15	-20	
Taxation	4	-5	
Minority interests	0	0	
Net result	11	-15	

In EUR million	1Q18	4Q17	Change
Key figures			
Allocated equity ¹⁰⁾	323	351	-8.1%
Account value	4,074	4,755	-14.3%
Net Amount at Risk	106	25	
IFRS Reserves	256	188	36.4%
Number of policies	68,462	81,808	-16.3%
Employees (internal FTEs)	43	46	-6.5%

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 15 million compared with EUR -20 million in the first quarter of 2017, reflecting positive hedge-related results partly offset by a lower operating result.

The operating result decreased to EUR 3 million from EUR 7 million in the first quarter of 2017, as fees and premium-based revenues declined due to the run-off of the portfolio.

Fees and premium-based revenues were EUR 6 million, down 43.2% from the first quarter of 2017, excluding currency effects, mainly due to a lower account value reflecting a decreasing number of policies.

Administrative expenses decreased from EUR 3 million to EUR 2 million.

Market and other impacts were EUR 12 million compared with EUR -27 million in the first quarter of 2017, reflecting hedge-related results.

The Net Amount at Risk in the Japan Closed Block VA decreased to EUR 106 million from EUR 434 million in the first quarter of 2017 and increased from EUR 25 million in the fourth quarter of 2017, primarily as a result of equity markets movements and the run-off of the portfolio.

Consolidated Balance Sheet

- Total assets of NN Group remained broadly stable at EUR 227.5 billion
- Shareholders' equity increased by EUR 0.6 billion to EUR 23.3 billion mainly driven by the first-quarter 2018 net result

in EUR million	31 Mar 18	31 Dec 17	31 Mar 17	31 Mar 18	31 Dec 17	31 Mar 17
Assets				Equity and liabilities		
Cash and cash equivalents	10,273	9,383	10,827	Shareholders' equity (parent)	23,345	22,718
Financial assets at fair value through profit or loss				Minority interests	315	317
- investments for risk of policyholders	32,196	33,508	26,282	Undated subordinated notes	1,764	1,764
- non-trading derivatives	4,905	5,116	3,817	Total equity	25,424	24,799
- designated as at fair value through profit or loss	806	934	618	Subordinated debt	2,463	2,468
Available-for-sale investments	105,879	104,982	78,637	Debt securities issued	1,988	1,988
Loans ¹⁷⁾	56,131	56,043	33,938	Other borrowed funds ¹⁷⁾	5,409	6,044
Reinsurance contracts	969	880	262	Insurance and investment contracts	164,116	163,639
Associates and joint ventures	3,523	3,450	3,001	Customer deposits and other funds on deposit	14,725	14,434
Real estate investments	3,629	3,582	2,137	Financial liabilities at fair value through profit or loss		
Property and equipment	140	150	88	- non-trading derivatives	2,413	2,305
Intangible assets	1,816	1,841	338	Liabilities held for sale	0	0
Deferred acquisition costs	1,803	1,691	1,715	Deferred tax liabilities	1,940	1,830
Assets held for sale	0	0	2,491	Other liabilities ¹⁷⁾	9,069	9,555
Deferred tax assets	117	125	42	Total liabilities	202,123	202,263
Other assets ¹⁷⁾	5,360	5,377	3,218	Total equity and liabilities	227,547	227,062
Total assets	227,547	227,062	167,411			167,411

Equity

Shareholders' equity increased by EUR 0.6 billion to EUR 23.3 billion, driven by the first-quarter 2018 net result of EUR 0.4 billion and positive revaluations of available-for-sale investments of EUR 0.2 billion.

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

in EUR million	1Q18	FY17	1Q17
Shareholders' equity beginning of period	22,718	22,695	22,695
Net result for the period	399	2,110	435
Unrealised revaluations available-for-sale investments and other	231	-545	-1,072
Realised gains/losses transferred to the profit and loss account	-37	-963	-109
Change in cash flow hedge reserve	39	-714	-332
Deferred interest crediting to life policyholders	-54	598	513
Share of other comprehensive income of associates and joint ventures	0	-1	0
Exchange rate differences	47	-163	60
Remeasurement of the net defined benefit asset/liability	0	-3	-2
Capital contributions and change in share capital	0	420	0
Dividend	0	-317	0
Purchase/sale treasury shares	4	-340	-76
Employee stock option & share plans	-2	0	-4
Coupon on undated subordinated notes	0	-59	0
Total changes	627	23	-587
Shareholders' equity end of period	23,345	22,718	22,108

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

in EUR million	31 Mar 18	31 Dec 17	31 Mar 17
Share capital	41	41	40
Share premium	12,572	12,572	12,153
Revaluation reserve available-for-sale investments and other	5,023	4,876	5,118
Cash flow hedge reserve	3,760	3,721	4,103
Currency translation reserve	-95	-139	71
Net defined benefit asset/liability remeasurement reserve	-106	-106	-105
Retained earnings and other reserves	2,150	1,753	728
Shareholders' equity (parent)	23,345	22,718	22,108
Minority interests	315	317	12
Undated subordinated notes	1,764	1,764	986
Total equity	25,424	24,799	23,106
Shareholders' equity per share in EUR	70	68	69

Capital Management

- Solvency II ratio of NN Group increased to 213% from 199% at the end of the fourth quarter of 2017 driven by a combination of positive market impacts and operating capital generation
- Free cash flow to the holding in the first quarter of 2018 was EUR 198 million, mainly driven by EUR 256 million of dividends from subsidiaries
- Cash capital position at the holding company increased to EUR 1,631 million

Solvency II

in EUR million	31 Mar 18	31 Dec 17
Basic Own Funds	17,779	17,121
Non-available Own Funds	1,404	1,339
Non-eligible Own Funds	212	370
Eligible Own Funds (a)	16,163	15,412
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
Solvency Capital Requirements (b)	7,606	7,731
of which non-solvency II regulated entities	489	501
NN Group Solvency II ratio (a/b)²⁾	213%	199%
NN Life Solvency II ratio²⁾	219%	217%
Delta Lloyd Life Solvency II ratio²⁾	169%	153%

The NN Group Solvency II ratio increased to 213% at the end of the first quarter of 2018 from 199% at the end of the fourth quarter of 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%.

The NN Life Solvency II ratio increased to 219% at the end of the first quarter of 2018 from 217% at the end of the fourth quarter of 2017. The increase was mainly driven by positive market impacts as well as operating capital generation, partly offset by a EUR 175 million dividend paid to the holding company and the impact of the reduction of the UFR.

The Delta Lloyd Life Solvency II ratio increased to 169% at the end of the first quarter of 2018 from 153% at the end of the fourth quarter of 2017. The increase was driven by positive market impacts as well as operating capital generation, partly offset by the impact of the reduction of the UFR.

Cash capital position at the holding company

in EUR million	1Q18	FY17
Beginning of period	1,434	2,489
Cash divestment proceeds	0	58
Dividends from subsidiaries ¹⁸⁾	256	1,818
Capital injections into subsidiaries ¹⁹⁾	-4	-597
Other ²⁰⁾	-54	-397
Free cash flow to the holding²¹⁾	198	881
Acquisitions	0	-2,234
Addition Delta Lloyd cash capital position	0	413
Capital flow from / (to) shareholders	0	-665
Increase / (decrease) in debt and loans	0	549
End of period	1,631	1,434

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

The cash capital position at the holding company increased to EUR 1,631 million at the end of the first quarter of 2018 from EUR 1,434 million at the end of the fourth quarter of 2017. The increase was driven by EUR 256 million of dividends mainly from the Dutch units, partly offset by holding company expenses, interest on loans and debt, and other holding company cash flows.

Financial leverage

in EUR million	31 Mar 18	31 Dec 17	31 Mar 17
Shareholders' equity	23,345	22,718	22,108
Adjustment for revaluation reserves ²²⁾	-7,246	-6,976	-7,566
Minority interests	315	317	12
Capital base for financial leverage (a)²³⁾	16,415	16,060	14,554
Undated subordinated notes ²⁴⁾	1,764	1,764	986
Subordinated debt	2,463	2,468	2,301
Total subordinated debt	4,227	4,231	3,286
Debt securities issued (financial leverage)	1,988	1,988	894
Financial leverage (b)	6,215	6,219	4,180
Debt securities issued (operational leverage)	0	0	199
Total debt	6,215	6,219	4,379
Financial leverage ratio (b/(a+b))	27.5%	27.9%	22.3%
Fixed-cost coverage ratio ²⁴⁾²⁵⁾	12.7x	13.5x	13.4x

The financial leverage ratio of NN Group improved to 27.5% at the end of the first quarter of 2018 compared with 27.9% at the end of the fourth quarter of 2017, reflecting an increase of the capital base for financial leverage driven by the first-quarter net result of EUR 399 million.

The fixed-cost coverage ratio decreased to 12.7x at the end of the first quarter of 2018 from 13.5x at the end of the fourth quarter of 2017 (on a last 12-months basis).

Share capital

On 11 April 2018, 6,176,884 NN Group treasury shares were cancelled, which were repurchased under the share buy-back programme which was completed in December 2017.

The total number of NN Group shares outstanding (net of 199,823 treasury shares) on 11 May 2018 was 334,373,635.

Credit ratings

Credit ratings of NN Group N.V. on 17 May 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 2017 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. The 31 December 2017 Solvency II ratio of Delta Lloyd Life has been updated.
- 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 2017 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 2017 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) 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.
- 14) Does not include interest costs on subordinated debt treated as equity.
- 15) The 'Common equity Tier 1 ratio phased in' is not final until filed with the regulators.
- 16) 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 2017 Consolidated Annual Accounts.
- 17) As of the first quarter 2018 the various cash collateral amounts paid and received are all presented in Other assets and Other liabilities. The comparative figures for previous periods have been adjusted accordingly.
- 18) Includes interest on subordinated loans provided to subsidiaries by the holding company.
- 19) Includes the change of subordinated loans provided to subsidiaries by the holding company.
- 20) Includes interest on subordinated loans and debt, holding company expenses and other cash flows.
- 21) 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.
- 22) Includes revaluations on debt securities, on the cash flow hedge reserve and on the reserves crediting to life policyholders.
- 23) 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.
- 24) 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.
- 25) 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.

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 1Q18 results at 10.30 am CET on Thursday 17 May 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 1Q18 results, which will be held at 07.45 am CET on Thursday 17 May 2018. Journalists can join the press call at +31 20 531 5863 (NL).

Financial calendar

- Annual General Meeting: 31 May 2018
- Publication 2Q18 results: 16 August 2018
- Publication 3Q18 results: 15 November 2018
- Publication 4Q18 results: 14 February 2019

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Additional information on www.nn-group.com

- NN Group 1Q18 Financial Supplement, NN Group 1Q18 Analyst Presentation
- NN Group 31 March 2018 Condensed consolidated interim accounts
- 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 NN Group N.V. condensed consolidated interim accounts for the period ended 31 March 2018.

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.