

NN Group reports strong 3Q14 results

Robust capital position and improved operating result

- Operating result ongoing business of EUR 274 million, up 16.6% from 3Q13, supported by the expense reduction programme in the Netherlands and lower debt funding costs. Year-to-date operating result ongoing business up 20.6%
- Net result improved to EUR 354 million versus a net loss of EUR 652 million in 3Q13, which included a loss on the divestment of ING Life Korea. Year-to-date net result 18.4% lower, reflecting a one-off charge in 1Q14 for making the closed defined benefit pension plan in the Netherlands financially independent
- Robust capital position maintained; IGD ratio up at 283% and holding company cash capital stable at EUR 1.2 billion
- Year-to-date cost reductions of EUR 108 million achieved in the Netherlands
- New sales up 17.2%, at constant currencies, supported by Japan Life and pension renewals in Netherlands Life
- Assets under management at Investment Management increased to EUR 180 billion driven by strong market performance

Statement of Lard Friese, CEO

“NN Group delivered a set of strong results demonstrating progress towards our medium term objectives. As part of the listing process resulting in the IPO of NN Group on 2 July, we presented our strategic financial objectives in June this year with a focus on capital generation and earnings improvement.

Our capital position remains strong, mainly supported by capital generation from operating entities, a pre-IPO capital injection and favourable markets. At the same time, we continue to reduce expenses. With the successful implementation of the transformation programme in the Netherlands we are on track to meet our EUR 200 million expense reduction target by 2016, with realised cost reductions of EUR 108 million this year so far.

The core of our strategy is to deliver an excellent customer experience. Our continued strong new sales growth in all regions underscores the dedication of our employees to keep our customers at the heart of everything we do. This is demonstrated by the increased sales in Japan Life, Insurance Europe, NN Bank and the pension business in the Netherlands.

Although we are still at the beginning of our journey as an independent company we are pleased with the strong performance and the progress we have made so far on delivering on our strategic objectives.”

NN Group key figures

In EUR million	3Q14	3Q13	Change	9M14	9M13	Change
Operating result ongoing business	274	235	16.6%	826	685	20.6%
Net result	354	-652		391	479	-18.4%
Net operating ROE	8.3%	8.3%		8.9%	9.4%	
IGD Solvency I ratio	283%	208%		283%	208%	
New sales life insurance (APE)	307	272	12.9%	1,051	935	12.4%
Investment Management AuM (End of period, in EUR billion)	180	176	2.3%	180	176	2.3%



Strategy and business highlights

NN Group's strategy is to deliver an excellent customer experience, based on great service and long-term relationships. We aim to achieve this by offering transparent products and services that serve customers' lifetime needs. We do this by making our multi-access distribution network available to customers wherever required, and by maintaining effective operations that deliver an excellent customer service. The strategic financial objectives are to generate capital and improve earnings. The year-to-date results demonstrate the initial progress made in delivering these. Improved operating results are supported by significantly reduced expenses. The strong commercial performance is demonstrated by sales growth across the group.

Netherlands Life

In the Netherlands Life segment, expenses are in part driven by the positive impact of the transformation programme in the Netherlands. The investment margin increased due to higher dividends on private equity, the shift to higher-yielding assets and higher invested volumes. New sales (APE) continued to grow driven by pension contract renewals. The capital position of NN Life remains strong with a Solvency I ratio of 252%. The strong position in the pension market has recently been recognized by Dutch business magazine Management Team. Their annual survey among managers ranks Nationale-Nederlanden first in pensions and second in insurance.

Netherlands Non-life

The successful reduction of expenses related to the transformation programme in the Netherlands also contributed to an increased operating result in the Netherlands Non-life segment. The operating result for Property & Casualty (P&C) suffered from a negative claims development, while in Disability & Accident (D&A) the results improved due to management actions to restore profitability and a favourable claims development.

Insurance Europe

Insurance Europe is moving its business mix towards protection products as well as repositioning its retirement services towards solutions that provide customers with downside protection in the low interest rate environment. The operations continue to increase retention and new business through an improved customer experience. The year-to-date sales increased 10.8% (excluding currency effects) supported by higher life sales in most countries. At the same time, the year-to-date expenses decreased.

Japan Life

Japan Life has increased its agency productivity and diversified its distribution channels by substantially expanding its bancassurance channel (recruiting 10 new bank distribution partners this year). Together with the more positive sentiment created by the steady economic recovery in Japan this resulted in substantially higher new sales with a year-to-date increase of 21.2%, excluding currency effects.

Investment Management

Investment Management aims to grow its third party business by following a tailored approach for each client segment. In its retail business and in its home markets, Investment Management plans to protect and further expand its leading positions and continues to develop a more distinct range of equity products. Assets under management increased to EUR 180 billion this quarter driven by favourable market performance. After a successful tender process, Investment Management has been appointed as one of the four parties to conduct the Asset-Backed Securities Purchase Programme of the European Central Bank. This mandate is a recognition of the expertise of Investment Management in Asset-Backed Securities trading.

NN Bank

NN Bank's mortgage portfolio increased to EUR 7.4 billion from EUR 6.2 billion at the beginning of this year in line with its strategy. This increase is the result of new production and the transfer of ING Bank mortgages, partly offset by the sale of mortgages to NN Life. NN Bank continues to build its product offering in the Netherlands with the introduction of a consumer lending product in February of this year and a credit card in October. As part of our corporate citizenship programme that focuses on improving people's financial well-being, NN Bank donates 10 eurocent for each credit card transaction to the Linda Foundation, a charity that helps (single-parent) families in financial distress. Consumer savings continued to grow by offering competitive rates and attractive products, leading to total customer deposits of EUR 6.6 billion at the end of the third quarter.



Consolidated results

Consolidated profit and loss account NN Group

In EUR million

	3Q2014	3Q2013 ¹⁾	Change	9M14	9M13 ¹⁾	Change
Operating result						
Netherlands Life	152	175	-13.1%	458	517	-11.4%
Netherlands Non-life	32	28	14.3%	93	67	38.8%
Insurance Europe	45	57	-21.1%	135	152	-11.2%
Japan Life	37	34	8.8%	128	147	-12.9%
Investment Management	41	31	32.3%	117	103	13.6%
Other	-33	-89		-106	-300	
Operating result ongoing business	274	235	16.6%	826	685	20.6%
Non-operating items ongoing business	123	-56		105	-112	
of which gains/losses and impairments	9	16		-33	68	
of which revaluations	38	-1		122	-12	
of which market & other impacts	76	-71		16	-168	
Japan Closed Block VA	89	106		132	171	
Insurance Other	0	-4		0	-14	
Special items before tax	-32	-56		-629	-98	
Result on divestments	4	7		60	36	
Result before tax from continuing operations	458	232	97.4%	493	669	-26.3%
Taxation	86	82	4.9%	71	192	-63.0%
Net result from continuing operations	371	150	147.3%	422	477	-11.5%
Net result from discontinued operations	-3	-752		-16	3	
Minority interests	14	51		15	1	
Net result	354	-652		391	479	-18.4%
Net result per share in EUR	1.01					

Key Figures NN Group

In EUR million

	3Q2014	3Q2013 ¹⁾	Change	9M14	9M13 ¹⁾	Change
Ongoing business						
Gross premium income	2,047	1,959	4.5%	7,513	7,608	-1.2%
New sales life insurance (APE)	307	272	12.9%	1,051	935	12.4%
Total administrative expenses	427	438	-2.5%	1,303	1,345	-3.1%
Cost/income ratio (Administrative expenses/Operating income)	35.6%	36.5%		35.7%	36.7%	
Combined ratio (Netherlands Non-life) ²⁾	99.6%	97.4%		99.4%	100.8%	
Investment Management Assets under Management ³⁾	180	176	2.3%	180	176	2.3%
Life general account invested assets ³⁾	78	75	4.0%	78	75	4.0%
Investment margin/Life general account invested assets (bps) ³⁾⁴⁾	90	93				
Total provisions for insurance & investment contracts ³⁾	104	97	7.2%	104	97	7.2%
of which for risk policyholder ³⁾	27	25	8.0%	27	25	8.0%
NN Life Solvency I ratio ⁵⁾	252%	183%		252%	183%	
Net operating ROE ⁶⁾	8.3%	8.3%		8.9%	9.4%	
Japan Closed Block VA						
Account value	14,313	15,792	-9.4%	14,313	15,792	-9.4%
Number of policies	317,316	357,904	-11.3%	317,316	357,904	-11.3%
Total NN Group						
IGD Solvency I ratio ⁵⁾	283%	208%		283%	208%	
Total assets ³⁾	160	150	6.7%	160	150	6.7%
Shareholders' equity	18,344	14,719	24.6%	18,344	14,719	24.6%
Employees (FTEs, end of period)	11,854	12,519	-5.3%	11,854	12,519	-5.3%

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

2) Excluding Mandema and Zicht broker businesses

3) End of period, in EUR billion

4) Four-quarter rolling average

5) The 30 September 2014 solvency ratios are not final until filed with the regulators

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

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

- NN Group's operating result of the ongoing business was EUR 274 million, up 16.6% from the third quarter of 2013, reflecting lower administrative expenses in the Netherlands and lower funding costs
- The result before tax increased significantly to EUR 458 million, driven by the increased operating result of the ongoing business, higher market and other impacts and higher revaluations
- New sales (APE) were EUR 307 million, up 17.2% from the third quarter last year, on a constant currency basis, mainly driven by higher sales in Japan Life and pension renewals in Netherlands Life

The operating result of the ongoing business was EUR 274 million, up 16.6% from the third quarter of 2013, mainly reflecting lower administrative expenses in the Netherlands and lower funding costs as well as improved results from Investment Management and NN Bank. Japan Life and Netherlands Non-life also contributed to the increase in operating result, partly offset by lower results in Netherlands Life and Insurance Europe.

Total administrative expenses of the ongoing business were EUR 427 million, down 2.1% excluding currency effects from the third quarter of 2013. Administrative expenses in the Netherlands decreased in line with the target to reduce administrative expenses in Netherlands Life, Netherlands Non-life and corporate/holding entities by EUR 200 million by 2016, compared with 2013. On a year-to-date basis, cost reductions of EUR 108 million were realised, of which EUR 14 million by Netherlands Life, EUR 32 million by Netherlands Non-life and EUR 62 million by corporate/holding entities.

This year, NN Group successfully issued two subordinated loans in a favourable fixed income market and thereby secured attractive funding costs. In combination with reduced debt levels, this translated into lower funding costs for the company.

Investment Management's operating result improved due to higher fee income as AuM grew, while increased mortgage production and higher customer savings led to a higher net interest margin at NN Bank. The operating result of Japan Life increased 15.6% excluding currency effects, largely driven by higher fees and premium-based revenues on strong sales and larger in-force volumes. The operating result for Netherlands Non-life increased on the back of improved Disability & Accident (D&A) results, partly offset by a lower operating result for Property & Casualty (P&C) mainly in the Motor portfolio.

The lower results in Netherlands Life were caused by a lower technical margin and lower fees and premium-based revenues, partly offset by a higher investment margin. Insurance Europe's operating result decreased as a result of a lower investment margin and higher DAC amortisation.

In the first nine months of 2014, the operating result of the ongoing business increased to EUR 826 million from EUR 685 million in the same period last year, reflecting lower administrative expenses and lower funding costs. Improved results at Netherlands Non-life, NN Bank, the reinsurance business and Investment Management also contributed to the increase. This was partly offset by lower operating income in Netherlands Life and Insurance Europe, as well as currency impacts at Japan Life.

Result before tax

The result before tax from continuing operations increased to EUR 458 million compared with EUR 232 million in the third quarter of 2013. This increase was driven by a EUR 179 million improvement in non-operating items and by the higher operating result ongoing business.

Gains/losses and impairments were EUR 9 million compared with EUR 16 million in the third quarter of 2013. The current quarter reflects gains on private and public equity partly offset by impairments on real estate investments.

Revaluations amounted to EUR 38 million, compared with EUR -1 million in the third quarter of 2013. The current quarter reflects positive revaluations on private equity and real estate investments.

Market and other impacts amounted to EUR 76 million compared with EUR -71 million a year ago. The result in the current quarter includes a EUR 52 million refund received from the guarantee fund in Poland, which was discontinued as per 1 July 2014 as a result of the pension reforms. It also reflects EUR 25 million of positive market movements on separate account pension contract related assets in Netherlands Life.

The result before tax of Japan Closed Block VA was EUR 89 million compared with EUR 106 million a year ago. The current quarter includes a one-off reserve decrease of EUR 63 million from higher lapse assumptions, reflecting the higher observed lapse experience on out-of-the-money policies. The result before tax in the third quarter of 2013 benefited from positive hedge results.

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

Special items before tax amounted to EUR -32 million compared with EUR -56 million in the third quarter of 2013. The special items in the current quarter relate to the transformation programme in the Netherlands and a write-off of capitalised expenses at Insurance Europe.

In the first nine months of 2014, the result before tax from continuing operations decreased to EUR 493 million compared with EUR 669 million in the same period last year. This decrease reflects the EUR -541 million impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent, recognised as a special item in the first quarter of 2014. This was partly compensated by a EUR 141 million higher operating result of the ongoing business and a EUR 217 million improvement in the non-operating items.

Net result

The net result from continuing operations improved to EUR 371 million from EUR 150 million in the third quarter of 2013. The effective tax rate in the third quarter of 2014 was 19%.

The net result from discontinued operations was EUR -3 million versus EUR -752 million in the third quarter last year which included the EUR 950 million loss on the sale of ING Life Korea, partly compensated by a EUR 198 million operating result of the discontinued operations in the US and Asia.

Sales

Total new sales (APE) at NN Group were EUR 307 million, up 17.2% from the third quarter of 2013 on a constant currency basis. Sales grew 20.3% in Japan Life, driven by the continued economic recovery, higher agency productivity and channel diversification. At Insurance Europe sales grew 6.6% as a result of higher life sales across the region. APE rose 35.3% in Netherlands Life, reflecting higher pension renewals as well as a pension buy-out. In the first nine months of 2014, total new sales amounted to EUR 1,051 million, up 19.9% from a year ago on a constant currency basis, driven by higher sales in Netherlands Life (36.8%), Insurance Europe (10.8%) and Japan Life (21.2%).

Net operating Return On Equity (ROE)

The net operating ROE for the ongoing business of NN Group remained stable at 8.3% compared with the third quarter of 2013. While the net operating result improved in the current quarter, the adjusted average allocated equity base also increased following the EUR 1 billion debt-to-equity conversion at the end of the fourth quarter of 2013 and a EUR 850 million capital injection from ING Group in the second quarter of 2014.

For the first nine months of 2014, the net operating ROE for the ongoing business of NN Group decreased to 8.9% from 9.4% in the same period of 2013 as the increase of the adjusted average allocated equity base from the aforementioned capital transactions was proportionally higher than the growth of the net operating result.

Netherlands Life

- Operating result decreased to EUR 152 million from EUR 175 million in the third quarter of 2013, as both fees and premium-based revenues and the technical margin were lower, partly compensated by a higher investment margin
- Administrative expenses down 10.9% compared with the third quarter of last year, reflecting the reallocation of expenses related to personnel provisions for retired personnel to the segment 'Other'
- New sales (APE) increased to EUR 46 million from EUR 34 million in the third quarter of last year, mainly driven by higher pension contracts renewals
- NN Life's solvency I ratio broadly stable at 252%, compared with 250% at the end of the second quarter

In EUR million	3Q14	3Q13	Change	9M14	9M13	Change
Margin analysis						
Investment margin	154	133	15.8%	455	412	10.4%
Fees and premium-based revenues	92	111	-17.1%	309	367	-15.8%
Technical margin	17	56	-69.6%	87	154	-43.5%
Operating income non-modelled business	0	0		0	0	
Operating income	263	301	-12.6%	851	933	-8.8%
Administrative expenses	98	110	-10.9%	343	358	-4.2%
DAC amortisation and trail commissions	14	16	-12.5%	50	58	-13.8%
Expenses	111	126	-11.9%	393	416	-5.5%
Operating result	152	175	-13.1%	458	517	-11.4%
Non-operating items	63	-102		27	-187	
of which gains/losses and impairments	4	-37		-62	-25	
of which revaluations	34	6		116	6	
of which market & other impacts	25	-71		-27	-168	
Special items before tax	4	-16		-343	-36	
Result on divestments	0	0		0	0	
Result before tax	218	57	282.5%	142	294	-51.7%
Taxation	36	15	140.0%	-10	56	-117.9%
Minority interests	4	1		2	2	
Net result	179	41	336.6%	151	236	-36.0%
New business figures						
Single premiums	224	120	86.7%	550	431	27.6%
Regular premiums	23	22	4.5%	168	120	40.0%
New sales life insurance (APE)	46	34	35.3%	223	163	36.8%
Key figures						
Gross premium income	574	527	8.9%	2,593	2,666	-2.7%
Total administrative expenses	98	110	-10.9%	343	358	-4.2%
Cost/income ratio (Administrative expenses/Operating income)	37.3%	36.5%		40.3%	38.4%	
Life general account invested assets ¹⁾	57	53	7.5%	57	53	7.5%
Investment margin/Life general account invested assets (bps) ¹⁾²⁾	108	109				
Total provisions for insurance & investment contracts ¹⁾	71	65	9.2%	71	65	9.2%
of which for risk policyholder ¹⁾	20	17	17.6%	20	17	17.6%
Allocated equity (end of period)	12,386	9,764	26.9%	12,386	9,764	26.9%
Net operating ROE	7.6%	8.1%		7.8%	8.4%	
NN Life Solvency I ratio ³⁾	252%	183%		252%	183%	
Employees (FTEs, end of period)	2,314	2,602	-11.1%	2,314	2,602	-11.1%

1) End of period, in EUR billion

2) Four-quarter rolling average

3) The 30 September 2014 solvency ratio is not final until filed with the regulators

The operating result of Netherlands Life decreased to EUR 152 million from EUR 175 million in the third quarter of 2013. This was largely the result of lower fees and premium-based revenues and a lower technical margin, partly offset by a higher investment margin.

The investment margin increased to EUR 154 million from EUR 133 million a year ago, reflecting EUR 20 million higher dividends on private equity and fixed income funds. The positive effects of an increased allocation to higher-yielding assets and higher invested volumes also contributed to the increase. These effects were partly offset by EUR 14 million in interest expenses on two subordinated loans provided by NN Group to NN Life.

Fees and premium-based revenues decreased to EUR 92 million from EUR 111 million in the third quarter of 2013. The individual life closed book run-off, and the structural lower fee income on the unit-linked portfolio accounted for EUR 9 million of the year-on-year decline. In addition premium-based revenues on pension products in the third quarter of 2013 were supported by non-recurring effects.

The technical margin decreased to EUR 17 million from EUR 56 million in the third quarter of 2013. The current quarter reflects a EUR 13 million increase in unit-linked guarantee provisions due to a decrease in interest rates. The current quarter also includes a EUR 18 million one-off negative impact related to a legacy book of paid-up pension contracts, as well as an addition of EUR 5 million to a provision for transferring liabilities to industry wide pension funds, as a consequence of increased coverage ratios for the respective funds. The technical margin was supported by morbidity provision releases following assumption updates of EUR 20 million in the current quarter, and EUR 18 million in the third quarter of 2013.

Administrative expenses were EUR 98 million, down 10.9% compared with the third quarter of last year. The current quarter benefited from a EUR 11 million reallocation of expenses related to personnel provisions for retired personnel in the Netherlands to the segment 'Other'. Excluding the reallocation, the administrative expenses were down 0.9% compared with the third quarter of last year.

DAC amortisation and trail commissions decreased to EUR 14 million from EUR 16 million a year ago, reflecting the gradual run-off of the individual life closed book and regulatory changes.

The result before tax was EUR 218 million compared with EUR 57 million in the third quarter of 2013, benefitting from higher non-operating items. Gains/losses and impairments were EUR 4 million, reflecting gains on private equity, partly offset by impairments on real estate investments. Revaluations were EUR 34 million, driven by positive revaluations on private equity and real estate investments. Market and other impacts were EUR 25 million, supported by the positive impact of market movements on separate account pension contract related assets.

New sales (APE) increased to EUR 46 million from EUR 34 million in the third quarter of last year, driven by higher pension contracts renewals and a pension buy-out.

In the first nine months of 2014 Netherlands Life's operating result before tax decreased to EUR 458 million from EUR 517 million in the same period last year, impacted by a lower technical margin and lower fees and premium-based revenues. The technical margin was adversely impacted by the movement in the unit-linked guarantee provisions; these provisions increased by EUR 23 million in the first nine months of 2014 following a decrease in interest rates, whereas the first nine months of 2013 benefited from a decrease of EUR 21 million in these unit-linked guarantee provisions due to an increase in interest rates. In addition, the technical margin in the first nine months of 2014 includes a EUR 18 million one-off negative impact on a legacy book of paid-up pension contracts. The lower fees and premium-based revenues reflect the individual life closed book run-off and structural lower fee income on the unit-linked portfolio. In addition, premium-based revenues on pension products in the first nine months of 2013 were supported by non-recurring effects. These items were partly compensated by a higher investment margin driven by the increased allocation to higher-yielding assets and higher invested volumes, as well as lower administrative expenses.

In the first nine months of 2014 the result before tax was EUR 142 million compared with EUR 294 million a year ago. The 2014 result included a EUR -322 million special item related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. This was partially mitigated by a significant improvement in the non-operating items to EUR 27 million compared with EUR -187 million in the first nine months of 2013, driven by higher revaluations and a lower negative impact of the separate account pension business.

Netherlands Non-life

- Operating result increased to EUR 32 million from EUR 28 million in the third quarter of last year, reflecting lower administrative expenses
- D&A results improved further, P&C impacted by motor and weather related claims
- The year-to-date combined ratio improved to 99.4% from 100.8%

In EUR million	3Q14	3Q13	Change	9M14	9M13	Change
Margin analysis						
Earned premiums	380	385	-1.3%	1,148	1,163	-1.3%
Investment income	27	26	3.8%	83	86	-3.5%
Other income	2	-12		0	-14	
Operating income	409	399	2.5%	1,231	1,234	-0.2%
Claims incurred, net of reinsurance	264	255	3.5%	790	798	-1.0%
Acquisition costs	61	60	1.7%	187	184	1.6%
Administrative expenses	54	60	-10.0%	165	189	-12.7%
Acquisition costs and administrative expenses	114	120	-5.0%	351	373	-5.9%
Expenditure	379	375	1.1%	1,141	1,172	-2.6%
Operating result insurance businesses	30	24	25.0%	89	62	43.5%
Operating result broker businesses	1	3	-66.7%	4	5	-20.0%
Total operating result	32	28	14.3%	93	67	38.8%
Non-operating items	3	-2		10	-4	
of which gains/losses and impairments	1	-2		-3	-4	
of which revaluations	2	0		14	0	
of which market & other impacts	0	0		0	0	
Special items before tax	-3	-5		-91	-22	
Result on divestments	0	0		0	0	
Result before tax	32	21	52.4%	13	42	-69.0%
Taxation	6	5	20.0%	-3	9	-133.3%
Minority interests	0	0		0	0	
Net result	26	16	62.5%	15	33	-54.5%
Key figures						
Gross premium income	280	285	-1.8%	1,327	1,341	-1.0%
Total administrative expenses	71	80	-11.3%	218	250	-12.8%
Combined ratio ¹⁾	99.6%	97.4%		99.4%	100.8%	
of which Claims ratio ¹⁾	69.5%	66.3%		68.8%	68.7%	
of which Expense ratio ¹⁾	30.1%	31.1%		30.6%	32.1%	
Total insurance provisions ²⁾	3	3	0.0%	3	3	0.0%
Allocated equity (end of period)	704	700	0.6%	704	700	0.6%
Net operating ROE	25.8%	16.1%		22.1%	16.5%	
Employees (FTEs, end of period)	1,752	2,029	-13.7%	1,752	2,029	-13.7%

1) Excluding Mandema and Zicht broker businesses

2) End of period, in EUR billion

The operating result of Netherlands Non-life increased to EUR 32 million from EUR 28 million in the third quarter of last year, driven by a EUR 9 million reduction in total administrative expenses to EUR 71 million. Other income in the third quarter of 2013 included a one-off addition to bad debt provisions of EUR 10 million.

The combined ratio for Netherlands Non-life increased from 97.4% to 99.6% as a result of the higher claims experience in P&C and in particular in the Motor portfolio. The combined ratio in the third quarter of 2013 was positively impacted by a non-recurring release of provisions of EUR 15 million.

The operating results in Disability & Accident (D&A) improved further reflecting both a favourable claims development on prior accident years and the effects of management actions to restore profitability in the Disability portfolio, including premium rate increases and more stringent underwriting criteria. The third-quarter combined ratio of D&A improved to 95.7% from 98.7% a year ago.

The operating result for Property & Casualty (P&C) declined as the Motor portfolio suffered from a negative development in bodily injury claims leading to negative results on prior accident years. The current quarter also included weather-related claims in the Netherlands in Fire. The combined ratio of P&C increased to 102.6% from 96.3% in the third quarter a year ago. The combined ratio of last year was positively impacted by the aforementioned non-recurring release of provisions.

The operating result of the broker businesses decreased to EUR 1 million from EUR 3 million in the third quarter of 2013 due to lower commission income, partly offset by lower expenses.

The result before tax improved to EUR 32 million from EUR 21 million in the third quarter of last year, driven by the improved operating result and positive revaluations on private equity and real estate investments.

Gross premium income decreased to EUR 280 million from EUR 285 million in the third quarter of 2013, caused by the effects of stricter underwriting and product rationalisation.

In the first nine months of 2014 the operating result of Netherlands Non-life increased to EUR 93 million from EUR 67 million in the same period last year following lower administrative expenses reflecting the transformation programme in the Netherlands. Results in D&A improved, driven by the effects of the recovery plan and favourable claims development. This was partly offset by an unfavourable claims experience in P&C as a result of several large claims in Fire, higher bodily-injury claims in Motor and weather-related claims in the Belgian portfolio in 2014. The combined ratio for the first nine months of 2014 improved to 99.4% from 100.8% in the same period of last year, reflecting lower administrative expenses.

Insurance Europe

- Operating result decreased to EUR 45 million on a lower investment margin, non-recurring items and the impact of the pension reforms in Poland
- Non-operating items include a EUR 52 million refund of a guarantee fund related to the pension reforms in Poland
- New sales (APE) for the first nine months of 2014, up 10.8% from the same period last year, excluding currency effects, driven by higher life sales

In EUR million	3Q14	3Q13	Change	9M14	9M13	Change
Margin analysis						
Investment margin	21	27	-22.2%	69	80	-13.8%
Fees and premium-based revenues	131	126	4.0%	386	374	3.2%
Technical margin	53	49	8.2%	145	143	1.4%
Operating income non-modelled business	1	5	-80.0%	3	15	-80.0%
Operating income Life Insurance	206	206	0.0%	603	612	-1.5%
Administrative expenses	77	74	4.1%	226	233	-3.0%
DAC amortisation and trail commissions	82	77	6.5%	245	231	6.1%
Expenses Life Insurance	159	150	6.0%	471	464	1.5%
Operating result Life Insurance	47	56	-16.1%	132	148	-10.8%
Non-life operating result	-1	1		3	3	
Operating result	45	57	-21.1%	135	152	-11.2%
Non-operating items	56	4		66	6	
of which gains/losses and impairments	5	5		23	8	
of which revaluations	0	-1		0	-2	
of which market & other impacts	52	0		43	0	
Special items before tax	-17	-2		-20	-6	
Result on divestments	0	0		0	0	
Result before tax	84	60	40.0%	181	151	19.9%
Taxation	16	21	-23.8%	45	43	4.7%
Minority interests	10	2		13	6	
Net result	58	37	56.8%	123	102	20.6%
New business figures						
Single premiums	250	240	4.2%	752	702	7.1%
Regular premiums	88	84	4.8%	313	300	4.3%
New sales life insurance (APE)	113	108	4.6%	388	370	4.9%
Key figures						
Gross premium income	577	564	2.3%	1,710	1,698	0.7%
Total administrative expenses	85	77	10.4%	240	243	-1.2%
Cost/income ratio (Administrative expenses/Operating income)	37.9%	34.5%		36.5%	36.7%	
Life general account invested assets ¹⁾	12	13	-7.7%	12	13	-7.7%
Investment margin/Life general account invested assets (bps) ¹⁾²⁾	77	86				
Total provisions for insurance & investment contracts ¹⁾	19	20	-5.0%	19	20	-5.0%
of which for risk policyholder ¹⁾	8	7	14.3%	8	7	14.3%
Assets under management pensions ¹⁾³⁾	15	22	-31.8%	15	22	-31.8%
Allocated equity (end of period)	2,091	2,024	3.3%	2,091	2,024	3.3%
Net operating ROE	8.9%	8.7%		8.5%	8.5%	
Employees (FTEs, end of period)	4,069	4,043	0.6%	4,069	4,043	0.6%

1) End of period, in EUR billion

2) Four-quarter rolling average

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

The operating result of Insurance Europe was EUR 45 million, down EUR 12 million from the third quarter of 2013, reflecting a lower investment margin and higher DAC amortisation and trail commissions.

The investment margin was EUR 21 million, down from EUR 27 million in the third quarter of 2013 due to lower reinvestment rates and lower invested volumes.

Fees and premium-based revenues improved to EUR 131 million, from EUR 126 million in the third quarter of 2013, especially as a result of higher life sales in Belgium and Spain and higher pension inflows in Romania. The current quarter also reflects the positive impact of the reclassification from operating income non-modelled business to fees and premium-based revenues in Turkey as of the first quarter of 2014. These items were offset by the impact of the pension reforms in Poland which took effect in February 2014.

The technical margin was EUR 53 million, versus EUR 49 million in the third quarter of 2013. The current quarter includes the positive impact of the reclassification from operating income non-modelled business to the technical margin in Turkey, whilst the third quarter of 2013 reflected partial recognition of the crisis tax in Belgium. Excluding these items, the technical margin was flat compared with last year.

Administrative expenses increased to EUR 77 million compared with EUR 74 million in the third quarter of 2013. The increase reflects a EUR 6 million write-off of capitalised IT expenses in Belgium.

DAC amortisation and trail commissions increased to EUR 82 million compared with EUR 77 million in the third quarter of 2013, caused by a EUR 6 million non-recurring write-off of capitalised commissions in Poland.

The result before tax was EUR 84 million and included a EUR 52 million refund received from the guarantee fund in Poland which was discontinued as of 1 July 2014 due to the pension reforms. Special items before tax were EUR - 17 million reflecting write-offs of capitalised project expenses and disentanglement expenses in Belgium.

New sales (APE) were EUR 113 million compared with EUR 108 million in the third quarter of 2013, up 6.6% excluding currency effects, driven by higher life sales across the region. Pension assets under management declined to EUR 15 billion from EUR 22 billion in the third quarter of 2013 reflecting the impact of the pension reforms in Poland.

In the first nine months of 2014 the operating result of Insurance Europe was EUR 135 million compared with EUR 152 million in the same period last year. The lower investment margin and the impact of the pension reforms in Poland, were only partly compensated by higher fees and premium-based revenues. The year-to-date result before tax increased to EUR 181 million from EUR 151 million a year ago. The decrease in operating result was more than offset by the refund of the guarantee fund in Poland.

Japan Life

- Operating result of EUR 37 million, up 15.6% excluding currency effects, on higher fees and premium-based revenues driven by higher sales and larger in-force volumes
- Continued economic recovery in Japan, higher agency productivity and channel diversification supported a substantial increase in new sales (APE)

In EUR million	3Q14	3Q13	Change	9M14	9M13	Change
Margin analysis¹⁾						
Investment margin	0	0		-2	6	
Fees and premium-based revenues	112	107	4.7%	348	355	-2.0%
Technical margin	-4	1		0	4	
Operating income non-modelled business	0	0		0	0	
Operating income	108	108	0.0%	346	366	-5.5%
Administrative expenses	23	27	-14.8%	71	78	-9.0%
DAC amortisation and trail commissions	48	47	2.1%	147	141	4.3%
Expenses	70	74	-5.4%	218	219	-0.5%
Operating result	37	34	8.8%	128	147	-12.9%
Non-operating items	0	23		-3	32	
of which gains/losses and impairments	-3	25		-2	43	
of which revaluations	2	-2		-1	-10	
of which market & other impacts	0	0		0	0	
Special items before tax	0	0		0	0	
Result on divestments	0	0		0	0	
Result before tax	37	56	-33.9%	125	179	-30.2%
Taxation	13	21	-38.1%	43	64	-32.8%
Minority interests	0	0		0	0	
Net result	25	36	-30.6%	82	115	-28.7%
New business figures¹⁾						
Single premiums	9	31	-71.0%	40	103	-61.2%
Regular premiums	147	127	15.7%	436	392	11.2%
New sales life insurance (APE)	148	130	13.8%	440	403	9.2%
Key figures¹⁾						
Gross premium income	607	574	5.7%	1,861	1,877	-0.9%
Total administrative expenses	23	27	-14.8%	71	78	-9.0%
Cost/income ratio (Administrative expenses/Operating income)	21.3%	25.0%		20.5%	21.3%	
Life general account invested assets ²⁾	9	9	0.0%	9	9	0.0%
Total provisions for insurance & investment contracts ²⁾	8	8	0.0%	8	8	0.0%
of which for risk policyholder ²⁾	0	0		0	0	
Allocated equity (end of period)	1,496	1,315	13.8%	1,496	1,315	13.8%
Net operating ROE	8.4%	7.7%		9.8%	10.2%	
Employees (FTEs, end of period)	628	657	-4.4%	628	657	-4.4%

1) JPY/EUR average quarterly fx rates: 137.82 (3Q2014), 130.24 (3Q2013) and JPY/EUR end of period fx rates: 138.12 (3Q2014), 131.83 (3Q2013)

2) End of period, in EUR billion

The operating result of Japan Life was EUR 37 million compared with EUR 34 million in the third quarter of 2013 (up 15.6% excluding currency effects), reflecting higher fees and premium-based revenues.

Fees and premium-based revenues were EUR 112 million, up 10.9% year-on-year excluding currency effects, driven by higher sales and larger in-force volumes.

The technical margin decreased to EUR -4 million from EUR 1 million in the third quarter of 2013 due to a lower result on surrenders, partially offset by improved mortality results.

Administrative expenses decreased to EUR 23 million, down 11.5% compared with the third quarter of 2013 excluding currency effects, owing to a EUR 6 million one-off benefit from a change in pension liability, partially offset by higher head office charges.

DAC amortisation and trail commissions were EUR 48 million, up 9.1% compared with the third quarter of 2013, excluding currency effects, due to higher premium income.

The result before tax decreased to EUR 37 million from EUR 56 million in the third quarter of 2013, as the third quarter in 2013 benefitted from EUR 25 million in capital gains from the sale of fixed income investments.

New sales (APE) increased to EUR 148 million, up 20.3% from last year, excluding currency effects, driven by the continued economic recovery in Japan, higher agency productivity and channel diversification.

In the first nine months of 2014 the operating result of Japan Life was EUR 128 million compared with EUR 147 million in 2013 (down 2.3% excluding currency effects), reflecting a decrease in both the investment margin and technical margin. Fees and premium-based revenues increased 9.0%, excluding currency effects, driven by higher sales and larger in-force volumes, partially offset by higher DAC amortisation and trail commissions.

Investment Management

- Total Assets under Management (AuM) increased during the quarter from EUR 177 billion to EUR 180 billion, driven by strong market performance
- Operating result increased to EUR 41 million from EUR 31 million in the third quarter last year due to higher fees on higher AuM and a more favourable asset mix

In EUR million	3Q14	3Q13	Change	9M14	9M13	Change
Margin analysis						
Investment income	0	0		0	1	
Fees	123	107	15.0%	357	333	7.2%
Operating income	123	108	13.9%	357	334	6.9%
Administrative expenses	82	76	7.9%	240	231	3.9%
Operating result	41	31	32.3%	117	103	13.6%
Non-operating items	0	0		0	0	
of which gains/losses and impairments	0	0		0	0	
of which revaluations	0	0		0	0	
of which market & other impacts	0	0		0	0	
Special items before tax	0	0		-122	0	
Result on divestments	-2	0		-2	0	
Result before tax	38	31	22.6%	-7	103	-106.8%
Taxation	9	8	12.5%	-4	26	-115.4%
Minority interests	0	0		0	0	
Net result¹⁾	29	23	26.1%	-3	77	-103.9%
Key figures						
Total administrative expenses	82	76	7.9%	240	231	3.9%
Cost/income ratio (Administrative expenses/Operating income)	66.7%	70.4%		67.2%	69.2%	
Net inflow Assets under Management (in EUR billion)	-2	0		-11	-7	
Assets under Management ²⁾	180	176	2.3%	180	176	2.3%
Fees/average Assets under Management (bps)	27	24		27	25	
Allocated equity (end of period)	386	358	7.8%	386	358	7.8%
Net operating ROE	32.9%	26.3%		32.9%	28.0%	
Employees (FTEs, end of period)	1,135	1,144	-0.8%	1,135	1,144	-0.8%

1) Excluding the Net result from discontinued operations

2) End of period, in EUR billion

In EUR billion	3Q2014	9M2014
AUM rollforward		
Beginning of period	177	174
Net inflow	-2	-11
Acquisition / Divestments	0	2
Market performance (incl. FX Impact) and Other	5	15
End of period	180	180

Total assets under management (AuM) for Investment Management were EUR 180 billion at the end of the third quarter of 2014, up from EUR 177 billion at the end of the second quarter. The increase in the current quarter reflects strong market performance, which more than offset net outflows from pension funds in the Netherlands. Total AuM at the end of the third quarter were up 3.4% from EUR 174 billion at the end of 2013, driven by positive market performance which was largely offset by the partial outflow of assets managed for the ING Pension Fund in the first quarter of 2014.

The operating result increased to EUR 41 million in the third quarter of 2014 from EUR 31 million in the third quarter of 2013 (up 32.3%) as a result of higher income, to some extent offset by higher expenses.

Fees were EUR 123 million, up 15.0% compared with the third quarter of 2013, as a result of higher AuM and a more favourable asset mix, as well as the introduction of a fixed service fee in the Netherlands as of January 2014.

Administrative expenses were EUR 82 million, up 7.9% from the third quarter of last year due to the introduction of a fixed service fee in 2014 (with an offsetting impact in fees), higher IT expenses and higher pension costs.

The result before tax was EUR 38 million, up 22.6% from the third quarter of 2013, following the higher operating result.

In the first nine months of 2014, the operating result of Investment Management was EUR 117 million, up 13.6% compared with EUR 103 million for the same period in 2013. Positive market performance led to higher AuM and higher income, which was partly offset by higher expenses. Administrative expenses in the first two quarters of 2014 benefited from EUR 10 million in personnel provision releases.

Other

- Operating result improved to EUR -33 million from EUR -89 million in the third quarter of last year, mainly due to lower funding costs, higher investment income and higher operating result at NN Bank
- NN Bank increased its net interest margin as a result of higher volumes of mortgages and savings

In EUR million	3Q14	3Q13	Change	9M14	9M13	Change
Margin analysis						
Interest on hybrids and debt	-28	-46		-96	-134	
Investment income and fees	16	2		35	8	
Holding expenses	-40	-44		-99	-137	
Amortisation of intangible assets	-2	-2		-5	-5	
Holding result	-53	-90		-165	-267	
Operating result reinsurance business	2	0		27	-20	
Operating result NN Bank	13	3		20	-10	
Other results	6	-1		13	-2	
Operating result	-33	-89		-106	-300	
Non-operating items	1	20		4	41	
of which gains/losses and impairments	1	25		11	46	
of which revaluations	0	-5		-7	-5	
of which market & other impacts	0	0		0	0	
Special items before tax	-17	-33		-53	-34	
Result on divestments	6	1		6	-58	
Result before tax	-42	-100		-149	-351	
Taxation	-10	-15		-21	-50	
Minority interests	0	0		0	0	
Net result	-32	-85		-128	-300	
Key figures						
Total administrative expenses	70	67	4.5%	190	185	2.7%
of which reinsurance business	3	3	0.0%	9	9	0.0%
of which NN Bank	26	16	62.5%	81	28	
NN Bank common equity Tier 1 ratio phased in	14.6%	21.4%		14.6%	21.4%	
Total assets NN Bank ¹⁾	8	7	14.3%	8	7	14.3%
Total provisions for insurance and investment contracts ¹⁾	1	1	0.0%	1	1	0.0%
Employees (FTEs, end of period)	1,875	1,929	-2.8%	1,875	1,929	-2.8%

1) End of period, in EUR billion

The operating result of the segment 'Other' improved to EUR -33 million from EUR -89 million in the third quarter of 2013. The year-on-year improvement reflects lower funding costs, higher investment income and a higher operating result at NN Bank.

The holding result improved to EUR -53 million compared with EUR -90 million in the third quarter of 2013. Interest costs on hybrids and debt were EUR 18 million lower following the refinancing of loans and a EUR 1 billion debt-to-equity conversion in December of last year. The decrease in interest costs was also due to the redemption of hybrid debt using the proceeds of the undated subordinated notes issued in July this year, classified as equity under IFRS. The coupon payments on these notes of EUR 11 million per quarter are recognised through equity while the coupon payments of the hybrid debt redeemed with these notes were recognised in the profit and loss account. Investment income increased to EUR 16 million and includes interest income on the two subordinated loans provided by NN Group to NN Life in the first half of 2014. Holding expenses decreased by EUR 4 million, reflecting the transformation programme in the Netherlands partly offset by a EUR 11 million reallocation of expenses related to personnel provisions for retired personnel in the Netherlands from the segment Netherlands Life to the segment 'Other'.

The operating result of the reinsurance business increased to EUR 2 million from EUR 0 million a year ago reflecting better underwriting results.

The other results of EUR 6 million include a release in the technical provisions of a legacy entity.

The operating result of NN Bank increased to EUR 13 million from EUR 3 million in the third quarter of 2013. NN Bank has been successful in the past year in increasing its production of mortgages and attracting customer savings which has led to a higher net interest margin, partly offset by higher expenses.

Special items before tax amounted to EUR -17 million and mainly relate to the transformation programme in the Netherlands. This item also includes the transfer in the third quarter to the segment 'Other' of part of the impact of the pension agreement originally reported in Netherlands Life.

The result before tax improved to EUR -42 million compared with EUR -100 million in the third quarter of 2013, following the improved operating result.

Total administrative expenses were EUR 70 million, up EUR 3 million compared with the same period of last year. Higher NN Bank expenses and the reallocation of expenses related to personnel provisions for retired personnel in the Netherlands were largely offset by lower holding expenses as well as the expenses of a divested business.

In the first nine months of 2014, the operating result of the segment 'Other' improved substantially to EUR -106 million from EUR -300 million for the same period last year. The holding result was favourably impacted by the decrease of external debt and lower holding expenses. The operating result of the reinsurance business increased to EUR 27 million from EUR -20 million a year ago, reflecting better underwriting results as well as a EUR 31 million one-off loss on a specific reinsurance contract in 2013. NN Bank's operating result improved with the expansion of its mortgage and customer savings activities.

Japan Closed Block VA

- Result before tax of EUR 89 million reflects one-off reserve decrease of EUR 63 million due to higher lapse assumptions on out-of-the-money policies
- Portfolio run-off resulted in a decreasing number of policies and a lower account value

In EUR million	3Q14	3Q13 ²⁾	Change	9M14	9M13 ²⁾	Change
Margin analysis¹⁾						
Investment margin	0	0		0	0	
Fees and premium-based revenues	30	34	-11.8%	87	103	-15.5%
Technical margin	0	0		0	0	
Operating income non-modelled business	0	0		0	0	
Operating income	30	34	-11.8%	87	103	-15.5%
Administrative expenses	4	3	33.3%	13	15	-13.3%
DAC amortisation and trail commissions	3	11	-72.7%	9	35	-74.3%
Expenses	7	14	-50.0%	22	49	-55.1%
Operating result	22	20	10.0%	65	54	20.4%
Non-operating items	67	86		67	117	
of which gains/losses and impairments	0	1		0	1	
of which revaluations	0	0		0	0	
of which market & other impacts	67	86		67	117	
Special items before tax	0	0		0	0	
Result on divestments	0	0		0	0	
Result before tax	89	106	-16.0%	132	171	-22.8%
Taxation	16	28	-42.9%	21	47	-55.3%
Minority interests	0	0		0	0	
Net result	73	78	-6.4%	111	124	-10.5%
Key figures¹⁾³⁾						
Allocated equity	1,135	1,466	-22.6%	1,135	1,466	-22.6%
Account value	14,313	15,792	-9.4%	14,313	15,792	-9.4%
Net Amount at Risk	393	1,448	-72.9%	393	1,448	-72.9%
IFRS Reserves	792	1,808	-56.2%	792	1,808	-56.2%
Number of policies	317,316	357,904	-11.3%	317,316	357,904	-11.3%
Employees (FTEs)	80	115	-30.4%	80	115	-30.4%

1) JPY/EUR average quarterly fx rates: 137.82 (3Q2014), 130.24 (3Q2013) and JPY/EUR end of period fx rates: 138.12 (3Q2014), 131.83 (3Q2013)

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

3) End of period

The result before tax of Japan Closed Block VA decreased to EUR 89 million from EUR 106 million in the third quarter of last year. The current quarter includes a EUR 63 million one-off reserve decrease from higher lapse assumptions reflecting higher observed lapse experience on out-of-the-money policies. The result before tax in the third quarter of 2013 benefited from positive hedge results.

The operating result increased to EUR 22 million from EUR 20 million in the third quarter of 2013. Fees and premium-based revenues were EUR 30 million, down 6.3% from the third quarter of 2013, excluding currency impacts, in line with a lower account value mainly caused by a decreasing number of policies. On a constant currency basis, administrative expenses remained flat at EUR 4 million compared with the third quarter of 2013. DAC amortisation and trail commissions decreased to EUR 3 million from EUR 11 million in the third quarter of 2013. This line item now only reflects trail commissions as the DAC was fully written off as of 1 October 2013.

Market and other impacts were EUR 67 million compared with EUR 86 million in the third quarter of 2013. The result of the current quarter includes a one-off reserve decrease of EUR 63 million from higher lapse assumptions, reflecting higher observed lapse experience on out-of-the-money policies. The result also includes a market-related result net of hedging of EUR 7 million as the hedge assets largely offset a EUR 276 million movement in the reserves.

The Net Amount at Risk in the Japan Closed Block VA decreased to EUR 393 million from EUR 1,448 million in the third quarter last year primarily due to rising equity markets which also led to higher observed lapses on out-of-the-money policies. The portfolio is expected to run-off by approximately 90% by the end of 2019.

In the first nine months of 2014 the result before tax of Japan Closed Block VA decreased to EUR 132 million from EUR 171 million in the same period last year, down 19.4% excluding currency impacts. The year-to-date 2014 numbers reflect an operating result of EUR 65 million and market and other impacts of EUR 67 million. The market and other impacts included a market related result net of hedging of EUR 61 million, various modeling refinements which resulted in a reserve increase of EUR 51 million in the first quarter of 2014, and a reserve decrease of EUR 63 million from higher lapse assumptions in the third quarter.

Consolidated Balance Sheet

- Total assets of NN Group increased by EUR 6.1 billion compared with the second quarter of 2014 to EUR 160.2 billion mainly driven by an increase in the market value of Financial assets at fair value and Available-for-sale investments
- Shareholders' equity increased by EUR 1.4 billion to EUR 18.3 billion reflecting a higher debt securities revaluation reserve and a positive net result for the period of EUR 0.4 billion

in EUR million	30 Sep 14	30 Jun 14	31 Dec 13 ¹⁾		30 Sep 14	30 Jun 14	31 Dec 13 ¹⁾
Assets				Equity			
Cash and cash equivalents	5,529	6,739	7,155	Shareholders' equity	18,344	16,939	14,062
Financial assets at fair value through P&L	47,862	44,516	43,933	Minority interests	70	60	68
- trading assets	607	645	736	Undated subordinated notes	986	0	0
- non-trading derivatives	5,450	4,436	3,126	Total equity	19,400	16,999	14,130
- investments for risk of policyholders	41,298	38,822	39,589	Liabilities			
- other	506	612	482	Subordinated debt	2,299	3,287	2,892
Available-for-sale investments	69,249	67,025	61,014	Senior debt	400	400	1,000
- debt securities	63,295	60,861	55,394	Other borrowed funds	4,419	3,968	3,817
- equity securities	5,954	6,164	5,620	Insurance and investment contracts	119,118	116,031	111,769
Loans	28,965	27,111	25,319	- life insurance provisions	73,281	72,569	67,700
Reinsurance contracts	267	270	252	- non-life insurance provisions	3,670	3,787	3,584
Investments in associates	1,602	1,575	1,071	- provision for risk of policyholders	41,393	38,869	39,675
Real estate investments	1,022	786	721	- other	773	806	810
Property and equipment	145	149	164	Customer deposits	6,597	6,519	5,769
Intangible assets	360	383	392	Financial liabilities at fair value through P&L	2,529	1,859	1,843
Deferred acquisition costs	1,431	1,441	1,353	- non-trading derivatives	2,529	1,859	1,843
Other assets	3,626	3,945	3,754	Other liabilities	5,421	4,995	4,071
Total assets excl. assets held for sale	160,059	153,939	145,128	Total liabilities excl. liabilities held for sale	140,783	137,059	131,161
Assets held for sale	128	123	187	Liabilities held for sale	3	4	24
Total assets	160,186	154,062	145,315	Total liabilities	140,786	137,063	131,185
				Total equity and liabilities	160,186	154,062	145,315

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

Assets

Cash and cash equivalents

Cash and cash equivalents decreased by EUR 1.2 billion to EUR 5.5 billion reflecting a EUR 0.9 billion shift to cash deposits with a maturity longer than 3 months, which are presented as part of loans.

Non-trading derivatives

Non-trading derivatives increased by EUR 1.0 billion to EUR 5.5 billion reflecting positive revaluations on interest rate swaps as interest rates declined in the third quarter.

Investments for risk policyholders

Investments for risk policyholders increased by EUR 2.5 billion to EUR 41.3 billion supported by positive revaluations. These changes are mirrored in the Provision for risk of policyholders on the liability side of the balance sheet.

Debt securities

Debt securities available-for-sale increased by EUR 2.4 billion to EUR 63.3 billion driven by higher market values as long term interest rates declined in the quarter.

Loans

Loans increased by EUR 1.8 billion mainly reflecting EUR 0.9 billion cash deposits with a maturity longer than three months and a EUR 0.7 billion increase in the mortgages portfolio.

Real estate investments

Real estate investments increased by EUR 0.2 billion to EUR 1.0 billion, reflecting additional investments in Europe.

Liabilities

Subordinated debt

Subordinated debt decreased by EUR 1.0 billion to EUR 2.3 billion as a result of a EUR 1.0 billion repayment to ING Group following the issue in July 2014 of undated subordinated notes which are classified as equity.

Insurance and Investment contracts

Insurance and Investment contracts increased by EUR 3.1 billion to EUR 119.1 billion. This reflects an increase in the Provision for risk of policyholders as well as higher deferred profit sharing for policyholders following the increase of the debt securities revaluation reserve.

Equity

Shareholders' equity increased by EUR 1.4 billion to EUR 18.3 billion reflecting a EUR 1.4 billion net increase in the debt and equity revaluation reserves. This was partially offset by EUR 0.7 billion higher deferred profit sharing to policyholders. The EUR 0.4 billion net result for the period and EUR 0.3 billion other revaluations also contributed to the increased Shareholders' equity in the third quarter.

In July NN Group issued EUR 1 billion undated subordinated notes that are classified on the balance sheet as equity. Coupon payments will be distributed out of equity if and when paid or contractually due. Total equity increased by EUR 2.4 billion to EUR 19.4 billion in the third quarter 2014.

NN Group: Change in shareholders' equity

in EUR million	3Q 2014	9M14	12M13
Shareholders equity beginning of period	16,939	14,062	25,949
Net result for the period	354	391	323
Unrealised revaluations available-for-sale investments and other	1,364	4,195	-11,419
Realised gains/losses transferred to the profit and loss account	-10	10	90
Change in cashflow hedge reserve	344	1,065	-832
Deferred interest crediting to life policyholders	-684	-1,963	2,154
Remeasurement of the net defined benefit asset/liability	-12	-98	-42
Exchange rate differences	49	147	-651
Dividend	0	-315	-882
Capital contributions	0	850	1,330
Impact of IPO ING U.S.	0	0	-1,958
Total changes	1,405	4,282	-11,887
Shareholders' equity end of period	18,344	18,344	14,062

NN Group: Total equity

in EUR million	30 Sep14	30 Jun 14	31 Dec 13
Share premium/capital	12,140	12,140	11,605
Revaluation reserve available-for-sale investments and other	7,961	6,602	3,802
Revaluation reserve cashflow hedge	3,791	3,447	2,726
Revaluation reserve crediting to life policyholders	-4,542	-3,858	-2,579
Remeasurement of the net defined benefit asset/liability	-95	-83	-1,042
Currency translation reserve	-123	-162	-252
Retained earnings and other reserves	-788	-1,147	-198
Shareholders' equity	18,344	16,939	14,062
Minority interests	70	60	68
Undated subordinated notes	986		
Total equity	19,400	16,999	14,130
Shareholders' equity per share in EUR¹⁾	52	48	40

1) Shareholders' equity per share at 30 June 2014 and 31 December 2013 is calculated based on the NN Group shares outstanding as of 7 July 2014

Capital Management

- NN Group's IGD Solvency I ratio of 283%, up from 272% at the end of the second quarter
- NN Life's solvency I ratio broadly stable at 252% in the third quarter
- Cash capital position at the holding company of EUR 1.2 billion
- Fixed-cost coverage ratio on a last twelve months basis improved to 8.4x from 6.5x in June

Capital ratios

in EUR million	30 Sep. 14 ¹⁾	30 Jun. 14	31 Dec. 13
Shareholders' equity	18,344	16,939	14,062
Qualifying undated subordinated debt ²⁾	1,823	1,809	2,394
Qualifying dated subordinated debt ²⁾	1,000	1,000	0
Required regulatory adjustments ³⁾	-7,934	-7,288	-5,501
Total capital base (a)	13,233	12,460	10,955
EU required capital (b)	4,683	4,578	4,385
NN Group IGD Solvency I ratio (a/b)	283%	272%	250%
NN Life Solvency I ratio⁴⁾	252%	250%	223%

1) The 30 September 2014 solvency ratios are not final until filed with the regulators

2) Subordinated debt included at notional value in the IGD calculation

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

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

NN Group's capital position further improved as illustrated by the increase in the IGD Solvency I ratio to 283% at the end of the third quarter from 272% at the end of the second quarter, which is mainly due to a net result of EUR 354 million and positive revaluations resulting from market movements. The IGD Solvency I ratio increased from 250% at the end of 2013, largely due to a EUR 850 million capital injection by ING Group into NN Group in May 2014 and a positive year-to-date net result of EUR 391 million.

The Solvency I ratio of NN Life was broadly stable at 252% versus 250% at the end of the previous quarter. Positive fixed income revaluations following the tightening of credit spreads were partly offset by negative equity revaluations and an increase of required capital as a result of a decrease in interest rates.

Cash capital position at the holding company

in EUR million	3Q14	9M14
Beginning of period	1,156	1,363
Cash divestment proceeds	3	184
Capital flow from / (to) shareholders	0	674
Increase / (decrease) in debt and loans	0	-200
Dividends from subsidiaries ¹⁾	58	504
Capital injections into subsidiaries ²⁾	-32	-1,242
Other ³⁾	-1	-99
End of period	1,184	1,184

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

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

2) Includes the change of subordinated loans issued by subsidiaries to the holding company

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

The cash capital position at the holding company increased from EUR 1,156 million at the end of the second quarter to EUR 1,184 million at the end of the third quarter. This increase was mainly attributable to dividends received from subsidiaries, partially offset by capital strengthening of NN Bank of EUR 25 million. The cash capital position at the holding company was EUR 1,363 million at the end of 2013 and was temporarily high, pending a capital injection of EUR 600 million into NN Life which was executed in February 2014 by way of subordinated debt. The holding company received dividends from subsidiaries of EUR 504 million in the first nine months of 2014.

Financial leverage

in EUR million

	30 Sep. 14	30 Jun. 14	31 Dec. 13
Shareholders' equity	18,344	16,939	14,062
Revaluation reserve debt securities	-7,006	-5,489	-2,804
Revaluation reserve crediting to life policyholders	4,543	3,858	2,579
Revaluation reserve cash flow hedge	-3,790	-3,447	-2,726
Goodwill	-266	-265	-264
Minority interests	70	60	68
Capital base for financial leverage	11,896	11,656	10,915
Undated subordinated notes ¹⁾	986	0	0
Subordinated debt	2,299	3,287	2,892
Total subordinated debt	3,285	3,287	2,892
Financial debt	400	400	1,000
Financial leverage	3,685	3,687	3,892
Financial leverage ratio	23.7%	24.0%	26.3%
Fixed-cost coverage ratio ¹⁾²⁾	8.4x	6.5x	4.9x

1) The undated subordinated notes classified as equity are considered financial leverage in the calculation of the financial leverage ratio. The related coupon payments are included on an accrual basis in the calculation of the fixed-cost coverage ratio

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

The financial leverage ratio of NN Group improved to 23.7% at the end of the third quarter. This was due to an increase of EUR 240 million in the capital base, largely driven by the third-quarter net result of EUR 354 million and partly offset by negative equity revaluations.

The fixed-cost coverage ratio further improved to 8.4x at the end of the third quarter (on a last 12-months basis) versus 6.5x at the end of the second quarter of 2014. The improvement was mainly due to increased profitability, lower funding costs and reduced debt levels.

This year, NN Group successfully issued two subordinated loans in a favourable fixed income market and thereby secured attractive long term funding costs. In combination with reduced debt levels, this translated into lower funding costs in the long term for the company.

Ratings

Standard & Poor's latest rating on NN Group is BBB+ with a developing outlook (2 June 2014) and Moody's is Baa2 with a negative outlook (26 March 2014).

For commercial reasons, Fitch decided to withdraw the ratings on NN Group on 23 September 2014. Fitch's last rating action on NN Group was on 30 April 2014, when the rating on NN Group was affirmed at A- and the outlook revised to Stable.

Credit ratings of NN Group N.V. at 05 November 2014	Rating	Outlook
Standard & Poor's	BBB+	Developing
Moody's	Baa2	Negative



NN Group Profile

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

Media conference call

Lard Friese and Delfin Rueda will host a media conference call to discuss the 3Q14 results at 9.30 a.m. CET on Wednesday 5 November 2014. Journalists can join the conference call at + 31 20 531 5863.

Investor conference call and webcast

Lard Friese and Delfin Rueda will host an analyst and investor conference call to discuss the 3Q14 results at 10:30 a.m. CET on Wednesday 5 November 2014. Members of the investment community can join the conference call at +31 20 531 5865 (NL), +44 203 365 3210 (UK) or +1 866 349 6093 (US) and via live audio webcast at www.nn-group.com.

Financial calendar

- Publication 4Q14 results: Wednesday, 11 February 2015 (provisional)
- Publication 1Q15 results: Thursday, 7 May 2015 (provisional)
- Annual General Meeting: Thursday, 28 May 2015

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Additional information on www.nn-group.com

- NN Group 3Q14 Financial Supplement
- NN Group 3Q14 Analyst Presentation
- Photos of NN Group executives, buildings and events are available for download at [Flickr](#)

Important legal information

NN Group's Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"). In preparing the financial information in this document, the same accounting principles are applied as in the NN Group N.V. condensed consolidated interim financial information for the period ended 30 June 2014. All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) the implementation of the EC Restructuring Plan, (5) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations, (14) changes in the policies of governments and/or regulatory authorities, (15) conclusions with regard to accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit and financial strength ratings, (18) NN Group's ability to achieve projected operational synergies and (19) the other risks and uncertainties detailed in the Risk Factors section contained in recent public disclosures made by NN Group and/or related to NN Group (such as the most recent annual report of ING Groep N.V.). Any forward-looking statements made by or on behalf of NN Group speak only as of the date they are made, and, NN Group assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.