

NN Group reports 4Q18 and 2018 results

Solvency II ratio 230%, final dividend and share buyback announced

- 4Q18 operating result of the ongoing business of EUR 343 million, broadly stable versus 4Q17 reflecting improved results at Netherlands Life, Netherlands Non-life, Insurance Europe and Japan Life, offset by lower results at the segment Other and Asset Management
- Full-year 2018 operating result of the ongoing business of EUR 1,626 million, up 3% from 2017
- Net result EUR -533 million in 4Q18 versus EUR 700 million in 4Q17, reflecting the goodwill impairment resulting from the progress of the integration of NN Life and Delta Lloyd Life (as announced on 13 December 2018) and lower non-operating items
- Full-year 2018 net result of EUR 1,117 million versus EUR 2,110 million in 2017
- Further cost savings of EUR 20 million in 4Q18, bringing total cost reductions to EUR 289 million versus the full-year 2016 administrative expense base
- APE at the insurance businesses up 8.1% at constant currencies compared with 4Q17. Full-year 2018 value of new business (VNB) of EUR 391 million, up 13.4% from 2017
- 2018 final dividend proposal of EUR 1.24 per ordinary share, bringing the full-year 2018 dividend to EUR 1.90 per ordinary share, or approximately EUR 637 million in total, up 14.5% compared with 2017
- Solvency II ratio of 230% reflects changes in the corporate tax rate in the Netherlands, the impact of the final dividend and the termination of the warrant agreement as well as negative equity revaluations, partly offset by the expansion of the Partial Internal Model and operating capital generation
- Holding company cash capital increased to EUR 2,005 million, reflecting net dividends from subsidiaries partly offset by shares repurchased in the fourth quarter of 2018 and the termination of the warrant agreement with ING Groep
- Share buyback programme up to EUR 500 million over 12 months, anticipated to commence on 1 March 2019

Statement of Lard Frieze, CEO

'2018 was a successful year for our company. We further strengthened our market position and reached a number of important milestones in the integration process of Delta Lloyd's asset management, banking and the Dutch and Belgium insurance businesses. We obtained approval from the Dutch Central Bank (DNB) to expand our Partial Internal Model to include the Delta Lloyd Life and Non-life entities in the Netherlands, and we merged Delta Lloyd Life and Non-life into NN Life and Non-life on 1 January 2019. In the Netherlands and Belgium, we have achieved total cost reductions to date of EUR 289 million compared with the full-year 2016 administrative expense base. We have further integrated teams, systems and processes, increased efficiency, and introduced new products and services to meet our customers' needs. The rebranding of Delta Lloyd's products and services to Nationale-Nederlanden is virtually complete.

The 2018 operating result was up 3% compared with 2017, driven by better performance at Netherlands Life, Netherlands Non-life and Insurance Europe, while at the same time Japan Life, our asset manager and the reinsurance business faced some headwinds.

Commercial momentum continued, supported by an improved product mix that drove a 19.6% increase in the value of new business in Europe and a 10.3% increase in Japan in 2018 compared with 2017. New sales in 2018 were down compared with 2017, as pension contracts in the Netherlands are not renewed each year and in 2018 we saw a lower volume of pension contracts coming up for renewal.

In line with our objective to achieve value creation and profitable growth, we completed the acquisition of Aegon's life insurance business in the Czech Republic and its life insurance and pension businesses in Slovakia in January 2019.

Our balance sheet remained strong in the fourth quarter, with a Solvency II ratio of 230% after deducting the final dividend, and a cash capital position of EUR 2,005 million. We will propose a 2018 final dividend of EUR 1.24 per ordinary share at our Annual General Meeting of Shareholders on 29 May 2019. Together with the interim dividend paid in September 2018, this brings the full-year 2018 dividend per ordinary share to EUR 1.90, up 14.5% compared

with 2017 and represents a pay-out ratio of 50% of the full-year 2018 net operating result of the ongoing business. This is in line with our aim for a double-digit increase in the dividend per share in 2018.

We are today announcing a programme to buy back shares up to EUR 500 million over a period of 12 months. This underlines our disciplined capital management as well as our commitment to returning excess capital to shareholders. At the same time, we believe it is essential to maintain a robust capital position and the financial flexibility to be able to pursue opportunities to strengthen our business further and to create additional value.

We again took steps to integrate Environmental, Social and Governance (ESG) considerations into our investment processes. Furthermore, NN Group increased its score in the Sustainalytics rating and now ranks amongst the leaders in the sector. In January 2019, NN Group was included in the Bloomberg Gender Equality Index. This index highlights 230 companies that are committed to transparency in workplace gender reporting.

All these achievements would not have been possible without the dedication and efforts of our employees and business partners. We continue to focus on our key priorities to successfully integrate Delta Lloyd, further improve performance, accelerate the transformation of the business model, and to allocate capital rationally. I am confident that the company is well-positioned to deliver on our priorities going forward.'

NN Group key figures

In EUR million	4Q18	4Q17	Change	FY18	FY17	Change
Operating result ongoing business ¹⁾	343	345	-0.7%	1,626	1,586	2.5%
Net result	-533	700		1,117	2,110	-47.1%
	4Q18	3Q18	4Q17			
Solvency II ratio ²⁾	230%	239%	199%			

Note: All footnotes are included on page 29

Strategy and priorities

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

Netherlands

In the Netherlands, new pension customers are selecting NN for its attractive products, the quality of service, and the financial conditions. For example, A.S. Watson transferred its pension plans to NN Life and BeFrank as of January 2019. Interfood, an international dairy company, also selected NN Life to manage its pension plan.

In November, NN Bank extended its mortgage product range by launching the 'Buy-to-Let' mortgage, specifically designed for financing residential property for private letting.

NN aims to adapt its business to changing market dynamics, and continuously looks for new ways to meet customers' needs. In January 2019, Nationale-Nederlanden, together with a number of third parties, launched Perfect Day cybersecurity. Perfect Day, an initiative from the innovation centre Sparklab, focuses exclusively on SMEs. It includes a new service that offers practical insights (for example on vulnerability of websites, protection of client information or weak passwords), provides concrete solutions, and makes cybersecurity affordable.

We continue to explore options to build partnerships, and invest in technology and analytics that will help us to improve our offering. In line with this strategy, NN Group has entered into a partnership with Crunchr, a young company that develops and offers cloud solutions for workforce analytics. Its products and services enable companies to make workforce decisions using data and analytics. It also offers tooling for employee surveys. By adding the Crunchr products to its offering, NN will strengthen its position as a business partner.

The products of ABN AMRO Verzekeringen have been recognised by various organisations for their high quality. The company also received an award for best insurer by the Dutch magazine Management Team, and was given five

stars by MoneyView. Furthermore, OHRA received a bronze EFFIE, a respected communication award in the Netherlands, for its campaign 'Mobiel Verzekeren'. This year OHRA was awarded for its successful campaign 'Rob and Els', which met the set targets in terms of awareness, attitude and behaviour.

Movir, which offers individual disability insurance to self-employed workers in the Netherlands, was awarded the title of 'Best income insurer' by the association of independent financial advisors, Adfiz. Movir also ranked first in the category 'Best Partner claims handling'.

International Insurance

NN's International Insurance businesses are expanding their portfolio of protection products and introduced several new propositions in various markets. For instance, Nationale-Nederlanden in Spain launched a new life insurance protection product, 'Contigo Familia', covering death, disability and illness, with different modular options tailored to a customer's profile and that of his or her family. Customers have 24/7 access to medical specialists through a health app called 'Meeting doctors'.

NN Life Japan continues to develop new Company-Owned Life Insurance (COLI) products, and expands and diversifies its distribution within the increasingly competitive market, with a focus on value over volume. COLI sales through Sumitomo Life accounted for 11% of NN Life Japan's total sales in 2018. Sumitomo Life agents started offering NN Life Japan's accelerated living disability benefit and increasing term products in April 2017, and its critical illness insurance as of April 2018. The new COLI product introduced in November 2018 provides coverage to business owners in the event of unforeseen accidents, the need for nursing care or disability. Sales performed well in the last two months of 2018.

NN Turkey launched a modular, flexible and innovative life protection product in November. The product supports customers throughout the different stages in life, with its benefits adapting to meet a customer's changing needs. NN Turkey also launched 'e-NN', the company's first online sales platform offering three products: life, critical illness and personal accident insurance assistance services. It aims to expand the product range in the near future.

In 2018, International Insurance set up a centre of excellence, 'NN Data Science Hub', to strengthen analytics capabilities and accelerate data-driven transformation. At NN, analytics is used to improve processes throughout the value chain: from product development to marketing and sales, from risk assessment and underwriting to claims management. For example, the Hub launched a pilot for a weather alert system for home insurance customers in Spain. When the official Spanish weather forecast website expects bad weather, an alert will be sent to customers so they can take appropriate measures to prevent any damages to their houses.

As a financial services company active in 18 countries, we operate within diverse regulatory environments. In Romania, where NN is market leader in life and pensions, the government approved significant changes to the second pension pillar in December 2018. These changes are being closely studied by NN and may impact the fundamentals of the second pension pillar system in Romania.

Asset Management

NN Investment Partners (NN IP) completed the integration of Delta Lloyd Asset Management (DLAM) in the second quarter of 2018. With the aim to better leverage on existing capabilities and accelerate decision-making, in November, NN IP announced its intention to consolidate the Luxembourg management company, NN Investment Partners Luxembourg S.A., with NN Investment Partners B.V., the Dutch licensed entity.

NN IP aims to establish and develop partnerships for distributing its products and solutions. In the fourth quarter of 2018, it reached an agreement to strengthen the long-term partnership with ING Bank Śląski in Poland. Under this agreement, ING Bank Śląski will acquire a 45% stake in NN IP in Poland, and distribute NN IP investment funds to the Polish retail market through its extensive branch network. In Japan, together with Rakuten Securities it announced the launch of a new investment service, which makes it possible to deliver a customised target-year investment solution for retail clients. The first products and solutions through NN IP's partnership with Irish Life Investment Management have been launched.

NN IP considers ESG analyses throughout the entire investment process. The NN (L) Euro Green Bond Fund has grown into one of the world's largest green bond funds, crossing an AuM of EUR 570 million. In the fourth quarter of 2018, NN IP launched the NN (L) European Sustainable Infrastructure Debt Fund, in response to growing investor demand for high quality infrastructure debt investments with robust and predictable cash flows, generated from assets that contribute to a more sustainable future.

In its latest update, Morningstar awarded Star Fund, the third pillar Belgian pension fund managed by NN IP Belgium, four Morningstar Globes. The fund also appears in the 14th percentile in terms of sustainability within the category “Allocation EUR flexible”, making it the best-ranked Belgian third pillar pension fund distributed in Belgium.

Other events

In November 2018, NN Group was recognised with the overall fifth position in the 2018 Tax Transparency Benchmark. This study is commissioned by the Dutch Association of Investors for Sustainable Development (VBDO), and ranks 76 Dutch listed companies on their level of transparency regarding their tax strategy and implementation.

For the fourth consecutive year, NN Group improved its score in the Global Real Estate Sustainability Benchmark (GRESB), outperforming the majority of the 850 GRESB participants. In the 2018 assessment, NN Group investments in private real estate received an improved score of 80 (on a scale of 1 to 100) against a relevant benchmark average of 66. The portfolio maintained four stars out of five in the 2018 ranking. The GRESB is a leading global standard for assessing real estate’s environmental, social and governance (ESG) performance, including performance indicators such as energy, greenhouse gas emissions, water and waste.

Consolidated results

Consolidated profit and loss account and key figures NN Group

In EUR million	4Q18	4Q17	Change	FY18	FY17	Change
Analysis of results¹⁾						
Netherlands Life	192	170	12.8%	972	896	8.5%
Netherlands Non-life	40	25	58.1%	94	30	213.5%
Insurance Europe	72	68	6.2%	271	260	4.5%
Japan Life	29	25	16.0%	167	200	-16.4%
Asset Management	30	46	-34.2%	155	161	-3.9%
Other	-20	11		-33	40	
Operating result ongoing business	343	345	-0.7%	1,626	1,586	2.5%
Non-operating items ongoing business	268	510	-47.4%	1,275	1,430	-10.8%
of which gains/losses and impairments	206	356	-42.0%	1,034	1,065	-2.9%
of which revaluations	210	172	22.7%	427	346	23.4%
of which market & other impacts	-149	-18		-186	19	
Japan Closed Block VA	-11	-3		1	-9	
Special items	-99	-102		-321	-234	
Amortisation and impairment of acquisition intangibles	-885	-33		-984	-99	
Result on divestments	0	28	-100.0%	60	-150	
Result before tax	-384	744		1,657	2,524	-34.4%
Taxation	141	32		524	391	33.8%
Minority interests	8	12	-37.9%	16	22	-27.6%
Net result	-533	700		1,117	2,110	-47.1%
Basic earnings per ordinary share in EUR ³⁾	-1.63	2.04		3.15	6.21	

Key figures ongoing business¹⁾

Gross premium income	2,880	2,796	3.0%	13,270	12,064	10.0%
New sales life insurance (APE)	407	377	7.9%	1,640	1,791	-8.5%
Value of new business (VNB)				391	345	13.4%
Total administrative expenses	582	602	-3.4%	2,170	2,164	0.3%
Cost/income ratio (Administrative expenses/Operating income)	32.7%	34.6%		30.1%	32.3%	
Combined ratio (Netherlands Non-life) ⁴⁾⁵⁾	96.4%	99.6%		99.4%	102.0%	
Investment margin/Life general account invested assets (bps) ⁷⁾	70	70				
Net operating result ⁸⁾	244	255	-4.5%	1,206	1,191	1.3%
Net operating ROE ⁹⁾	6.9%	8.2%		8.9%	10.3%	

In EUR billion	4Q18	3Q18	Change	FY18	FY17	Change
Key figures ongoing business						
Asset Management Assets under Management	246	238	3.3%	246	246	-0.1%
Life general account invested assets	138	137	0.8%	138	135	2.2%
Total provisions for insurance & investment contracts	158	159	-0.5%	158	158	-0.2%
of which for risk policyholder	28	29	-4.6%	28	29	-2.9%
NN Life Solvency II ratio ²⁾	255%	253%		255%	217%	
Delta Lloyd Life Solvency II ratio ²⁾	180%	202%		180%	153%	

Key figures Japan Closed Block VA

Account value ⁶⁾	2,355	2,853	-17.5%	2,355	4,755	-50.5%
Number of policies	34,436	41,224	-16.5%	34,436	81,808	-57.9%

Key figures total NN Group

Solvency II ratio ²⁾	230%	239%		230%	199%	
Total assets	224	225	-0.2%	224	227	-1.2%
Shareholders' equity ⁶⁾	22,850	23,014	-0.7%	22,850	22,718	0.6%
Employees (internal FTEs, end of period)	14,122	14,200	-0.6%	14,122	14,505	-2.6%

Note: All footnotes are included on page 29

- NN Group's operating result of the ongoing business was broadly stable at EUR 343 million compared with EUR 345 million in the fourth quarter of 2017. Higher operating results at Netherlands Life, Netherlands Non-life, Insurance Europe and Japan Life were offset by lower operating results at the segment Other and Asset Management
- Result before tax was EUR -384 million versus EUR 744 million in the fourth quarter of 2017, reflecting a EUR 852 million impairment of goodwill and lower non-operating items
- Full-year 2018 operating result of the ongoing business increased to EUR 1,626 million, up from EUR 1,586 million in 2017, driven by higher operating results at Netherlands Life and Netherlands Non-life, partly offset by lower operating results at the segment Other and Japan Life
- Administrative expense base of the business units in the scope of the cost reduction target reduced by EUR 289 million compared with the full-year 2016 expense base of EUR 2,024 million
- Value of new business (VNB) for full-year 2018 up 13.4% to EUR 391 million, driven by an improved product mix at Insurance Europe and Japan Life

Operating result

The operating result of the ongoing business was broadly stable at EUR 343 million compared with EUR 345 million in the fourth quarter of 2017. This reflects higher operating results at Netherlands Life, Netherlands Non-life, Insurance Europe and Japan Life, offset by lower operating results at the segment Other and Asset Management. The current quarter included a EUR -10 million impact of non-recurring items compared with EUR 14 million non-recurring benefits for the same quarter in 2017.

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 20 million in the fourth quarter of 2018, bringing the expense base down to EUR 1,734 million on a last 12-months basis. Total cost reductions achieved to date amount to EUR 289 million compared with the full-year 2016 administrative expense base of EUR 2,024 million.

The operating result of Netherlands Life increased to EUR 192 million from EUR 170 million in the fourth quarter of 2017, reflecting a higher technical margin and lower administrative expenses, partly offset by a lower investment margin.

The operating result of Netherlands Non-life increased to EUR 40 million from EUR 25 million in the fourth quarter of 2017, which benefited from EUR 4 million private equity dividends. The increase was mainly driven by an improved underwriting performance in Disability & Accident and lower administrative expenses, partly offset by lower investment and other income. The combined ratio improved to 96.4% from 99.6% in the fourth quarter of 2017.

The operating result of Insurance Europe increased to EUR 72 million from EUR 68 million in the fourth quarter of 2017 driven by a decrease in total administrative expenses and lower DAC amortisation and trail commissions, partly offset by a lower technical margin.

The operating result of Japan Life was EUR 29 million, up 10.7% from the fourth quarter of 2017, excluding currency effects, reflecting higher fees and premium-based revenues, partially offset by higher DAC amortisation and trail commissions.

The operating result of Asset Management decreased to EUR 30 million from EUR 46 million in the fourth quarter of 2017 due to lower fees and a non-recurring benefit of EUR 10 million in the same quarter of 2017, partly compensated by a decrease of administrative expenses.

The operating result of the segment Other decreased to EUR -20 million from EUR 11 million in the fourth quarter of 2017, due to a lower holding result and lower operating results of the reinsurance and banking businesses.

The full-year 2018 operating result of the ongoing business increased to EUR 1,626 million from EUR 1,586 million in 2017. The operating result in 2017 benefited from a total of EUR 104 million of private equity dividends and special dividends as well as non-recurring items while the operating result in 2018 benefited from a total of EUR 38 million of such items. Excluding these items, the increase reflects improved results at Netherlands Life, Netherlands Non-life and Insurance Europe and expense reductions, as well as the inclusion of Delta Lloyd from the second quarter of 2017, partly offset by a lower operating result at Japan Life.

Result before tax

The result before tax was EUR -384 million versus EUR 744 million in the fourth quarter of 2017, reflecting a EUR 852 million impairment of goodwill and lower non-operating items.

Gains/losses and impairments were EUR 206 million compared with EUR 356 million in the fourth quarter of 2017. The current quarter reflects EUR 208 million of capital gains on the sale of debt securities and EUR 53 million of capital gains on the sale of equity securities, partly offset by EUR 54 million of impairments on equity securities.

Revaluations were EUR 210 million compared with EUR 172 million in the fourth quarter of 2017. The current quarter reflects positive revaluations on real estate of EUR 97 million and negative revaluations on private equity of EUR -33 million, as well as EUR 146 million of positive revaluations of derivatives used for hedging purposes.

Market and other impacts were EUR -149 million versus EUR -18 million in the fourth quarter of 2017, largely reflecting movements in the 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 -11 million versus EUR -3 million in the fourth quarter of 2017, reflecting a hedge-related loss and a lower operating result.

Special items amounted to EUR -99 million compared with EUR -102 million in the fourth quarter of 2017. The special items in the current quarter mainly relate to restructuring expenses incurred in respect of the cost reduction target for Netherlands Life, Netherlands Non-life, Belgium, Asset Management, the banking business and Corporate/Holding entities.

Amortisation and impairment of acquisition intangibles amounted to EUR -885 million in the fourth quarter of 2018, reflecting a goodwill impairment of EUR 852 million and EUR 33 million for the amortisation of acquisition intangibles. As the integration of NN Life and Delta Lloyd Life has progressed further with the approval of the legal merger, the two businesses have been combined into one cash generating unit, being the segment Netherlands Life, for the purpose of goodwill impairment testing. As the IFRS book value of the combined Netherlands Life segment is higher than the fair value of its assets and liabilities, the goodwill for Delta Lloyd Life of EUR 852 million was impaired through a charge in the IFRS profit and loss account in the fourth quarter of 2018.

There was no impact from divestments in the fourth quarter of 2018 compared with EUR 28 million in the fourth quarter of 2017, which reflected a gain on the sale of NN Life Luxembourg and a provision release following settlement in the arbitration proceedings with respect to ING Life Korea.

The full-year 2018 result before tax decreased to EUR 1,657 million from EUR 2,524 million in 2017, reflecting the impairment of the goodwill, lower non-operating items and higher special items, partly compensated by the result on divestments and the higher operating result of the ongoing business. The full-year special items of EUR -321 million includes EUR -258 million of restructuring expenses, with the remainder relating to other projects. The result of divestments for 2018 mainly reflects the recognition of an additional divestment result (before tax) in 3Q18 related to the sale of NN Group's former insurance subsidiary ING Life Korea to MBK in December 2013.

Net result

The net result was EUR -533 million compared with EUR 700 million in the fourth quarter of 2017. Excluding the non-deductible costs of the impairment of acquisition intangibles, the effective tax rate was 30.2% reflecting the impact of a remeasurement of the Dutch deferred tax positions due to the Dutch corporate income tax rate reduction for the coming years (enacted and published in December 2018). In the fourth quarter of 2017, the effective tax rate of 4.3% reflected tax-exempt dividends and capital gains in the Netherlands related to shareholdings of 5% or more.

Sales and Value of new business

Total new sales (APE) at NN Group increased to EUR 407 million, up 8.1% from the fourth quarter of 2017, at constant currencies. New sales at Japan Life were up 15.3%, excluding currency effects, driven by a new COLI product launched in November 2018. APE at Netherlands Life increased to EUR 35 million versus EUR 30 million in the fourth quarter of 2017, reflecting a higher volume of group pension contracts. At Insurance Europe, new sales were broadly stable reflecting lower sales of savings products in Greece and Spain as well as adverse economic conditions in Turkey, offset by higher unit-linked sales in Belgium.

In 2018, total new sales were down 5.9% on a constant currency basis to EUR 1,640 million, due to lower sales at Netherlands Life and Insurance Europe, partly compensated by higher sales at Japan Life.

The value of new business (VNB) in 2018 amounted to EUR 391 million, up 13.4% on 2017, driven by an improved product mix at Insurance Europe and Japan Life.

Net operating Return On Equity (ROE)

The net operating ROE of the ongoing business of NN Group decreased to 6.9% compared with 8.2% in the fourth quarter of 2017. The full-year 2018 net operating ROE decreased to 8.9% from 10.3% for 2017, due to an increase of equity.

Changes to segment reporting from 1Q19

Certain changes will be made to the segment reporting of NN Group as from the first quarter of 2019. The banking business, which is currently included in the segment 'Other', will be reported as a separate segment. At the same time, the segment Japan Closed Block VA will no longer be reported separately. Going forward, the results of Japan Closed Block VA will be included in the segment 'Other' as a non-operating item ('Market & other impacts'). The NN Re VA Europe results will also be reclassified from the operating result of the Reinsurance business to non-operating items ('Market & other impacts') within the segment 'Other'.

In the Asset Management segment, the Fixed Service Fee expenses will be reclassified from Administrative expenses to Fees, and presented in the same line item as the related Fixed Service Fee income. In addition, the income and expenses related to certain investment administrative activities will be transferred from the Asset Management segment to the Holding result in the segment 'Other'. These changes will have no material impact on the Operating result of Asset Management.

A pro forma financial supplement showing the restated quarterly 2018 results will be published on the NN Group website on 15 February 2019.

Netherlands Life

- Operating result increased to EUR 192 million from EUR 170 million in the fourth quarter of 2017, reflecting a higher technical margin and lower administrative expenses partly offset by a lower investment margin
- Result before tax decreased to EUR 498 million from EUR 687 million in the fourth quarter of 2017, reflecting lower non-operating items
- Full-year 2018 operating result increased to EUR 972 million from EUR 896 million in 2017, reflecting the inclusion of Delta Lloyd from the second quarter of 2017, higher investment margin and expense reductions

In EUR million	4Q18	4Q17	Change	FY18	FY17	Change
Analysis of results						
Investment margin	184	212	-13.3%	872	843	3.5%
Fees and premium-based revenues	106	110	-4.0%	444	429	3.6%
Technical margin	44	5		188	180	4.6%
Operating income non-modelled business	0	0		0	0	
Operating income	334	328	1.7%	1,504	1,452	3.6%
Administrative expenses	133	147	-9.7%	494	513	-3.8%
DAC amortisation and trail commissions	9	11	-17.6%	38	43	-10.5%
Expenses	142	158	-10.2%	532	556	-4.3%
Operating result	192	170	12.8%	972	896	8.5%
Non-operating items	324	529	-38.8%	1,310	1,351	-3.0%
of which gains/losses and impairments	223	337	-33.8%	1,022	967	5.7%
of which revaluations	222	187	18.7%	428	340	26.0%
of which market & other impacts	-121	5		-140	44	
Special items	-18	-12		-63	-42	
Result on divestments	0	0		56	0	
Result before tax	498	687	-27.5%	2,275	2,204	3.2%
Taxation	107	61	76.1%	430	329	30.5%
Minority interests	5	7	-35.3%	10	13	-22.8%
Net result	386	619	-37.6%	1,835	1,862	-1.5%
New business						
Single premiums	137	114	20.9%	479	428	11.8%
Regular premiums	21	19	9.4%	214	325	-34.2%
New sales life insurance (APE)	35	30	13.7%	262	368	-28.8%
Value of new business				9	10	-12.5%
Key figures						
Gross premium income	760	699	8.8%	3,602	3,072	17.3%
Total administrative expenses	133	147	-9.7%	494	513	-3.8%
Cost/income ratio (Administrative expenses/Operating income)	39.8%	44.9%		32.8%	35.4%	
Investment margin/Life general account invested assets (bps) ⁷⁾	85	84				
Net operating ROE ¹⁰⁾	5.6%	6.3%		7.9%	9.0%	

In EUR billion	4Q18	3Q18	Change	FY18	FY17	Change
Key figures						
Life general account invested assets	103	103	0.4%	103	102	1.4%
Total provisions for insurance & investment contracts	112	113	-1.1%	112	114	-1.9%
of which for risk policyholder	21	22	-5.0%	21	21	-4.0%
Allocated equity (end of period) ⁶⁾¹⁰⁾	16,892	16,322	3.5%	16,892	16,128	4.7%
NN Life Solvency II ratio ²⁾	255%	253%		255%	217%	
Delta Lloyd Life Solvency II ratio ²⁾	180%	202%		180%	153%	
Employees (internal FTEs, end of period)	2,450	2,498	-1.9%	2,450	2,610	-6.1%

The operating result of Netherlands Life increased to EUR 192 million from EUR 170 million in the fourth quarter of 2017, reflecting a higher technical margin and lower administrative expenses, partly offset by a lower investment margin.

The investment margin decreased to EUR 184 million compared with EUR 212 million in the fourth quarter of 2017, which included private equity dividends of EUR 31 million. The investment spread, calculated on a four quarter rolling average, increased to 85 basis points from 84 basis points in the fourth quarter of 2017.

Fees and premium-based revenues decreased to EUR 106 million versus EUR 110 million in the fourth quarter of 2017 due to the run-off of the individual life closed book as well as lower margins in the pension business.

The technical margin increased to EUR 44 million versus EUR 5 million in the fourth quarter of 2017. The fourth quarter of 2017 reflected non-recurring items of EUR -33 million as well as negative mortality and morbidity experience.

Administrative expenses decreased to EUR 133 million compared with EUR 147 million in the fourth quarter of 2017 as a result of lower staff and IT-related expenses.

DAC amortisation and trail commissions decreased to EUR 9 million compared with EUR 11 million in the fourth quarter of 2017 due to the run-off of the individual life closed book.

The result before tax decreased to EUR 498 million from EUR 687 million in the fourth quarter of 2017, reflecting lower non-operating items, partly offset by the higher operating result. Gains/losses and impairments decreased to EUR 223 million from EUR 337 million in the same period in 2017. This quarter mainly reflects capital gains on the sale of debt securities, whereas the fourth quarter of 2017 benefited from capital gains of EUR 303 million realised on the sale of public equities, including the Unilever preference shares. Revaluations increased to EUR 222 million compared with EUR 187 million in the fourth quarter of 2017. The current quarter reflects positive revaluations on derivatives used for hedging purposes and real estate, partly offset by negative revaluations on private equity. Market and other impacts decreased to EUR -121 million mainly reflecting movements in the provisions for guarantees on unit-linked, separate account pension contracts and inflation-linked liabilities (all net of hedging).

New sales (APE) increased to EUR 35 million compared with EUR 30 million in the fourth quarter of 2017, reflecting a higher volume of group pension contracts.

The full-year 2018 operating result increased to EUR 972 million from EUR 896 million in 2017. The increase reflects the inclusion of Delta Lloyd from the second quarter of 2017, higher investment margin and expense reductions. The investment margin for full-year 2018 includes private equity and special dividends for a total amount of EUR 110 million, whereas the same period in 2017 included EUR 93 million of such items.

The full-year 2018 result before tax increased to EUR 2,275 million compared with EUR 2,204 million in 2017. The increase mainly reflects the higher operating result.

New sales (APE) decreased to EUR 262 million in 2018 from EUR 368 million in 2017, reflecting a lower volume of group pension contracts up for renewal, partly offset by the inclusion of Delta Lloyd from the second quarter of 2017.

The value of new business (VNB) in 2018 was EUR 9 million versus EUR 10 million for the year 2017.

Netherlands Non-life

- Operating result increased to EUR 40 million from EUR 25 million in the fourth quarter of 2017, reflecting an improved underwriting performance in D&A and lower administrative expenses
- Combined ratio improved to 96.4% from 99.6% in the fourth quarter of 2017
- Full-year 2018 operating result increased to EUR 94 million from EUR 30 million in 2017, mainly attributable to an improved underwriting performance in D&A and P&C and lower administrative expenses

In EUR million	4Q18	4Q17	Change	FY18	FY17	Change
Analysis of results						
Earned premiums	786	712	10.4%	2,954	2,497	18.3%
Investment income	26	33	-21.8%	118	117	1.6%
Other income	-4	1		-4	3	
Operating income	807	745	8.3%	3,068	2,617	17.3%
Claims incurred, net of reinsurance	544	520	4.6%	2,151	1,898	13.3%
Acquisition costs	147	108	35.4%	534	382	39.9%
Administrative expenses	83	97	-14.0%	316	329	-3.8%
Acquisition costs and administrative expenses	230	205	12.1%	850	710	19.7%
Expenditure	773	725	6.7%	3,001	2,608	15.1%
Operating result insurance businesses	34	20	65.1%	67	8	
Operating result health business and broker businesses	6	5	28.6%	27	22	26.0%
Total operating result	40	25	58.1%	94	30	213.5%
Non-operating items	-19	29		-2	49	
of which gains/losses and impairments	-1	29		11	34	-68.1%
of which revaluations	-4	7		2	22	-91.2%
of which market & other impacts	-14	-6		-15	-6	
Special items	-31	-14		-91	-19	
Result on divestments	0	0		0	0	
Result before tax	-10	40		1	60	-98.8%
Taxation	-1	-3		-2	-3	
Minority interests	3	5	-42.2%	6	9	-35.5%
Net result	-12	38		-3	54	
Key figures						
Gross premium income	553	553	0.1%	3,083	2,579	19.5%
Total administrative expenses ¹¹⁾	103	118	-12.3%	393	398	-1.2%
Combined ratio ⁴⁾⁵⁾	96.4%	99.6%		99.4%	102.0%	
of which Claims ratio ⁴⁾⁵⁾	67.1%	70.8%		70.6%	73.5%	
of which Expense ratio ⁵⁾	29.3%	28.8%		28.8%	28.4%	
Net operating ROE ¹⁰⁾	19.2%	12.2%		10.8%	4.3%	

In EUR billion	4Q18	3Q18	Change	FY18	FY17	Change
Key figures						
Total insurance provisions	6	6	-3.2%	6	6	2.8%
Allocated equity (end of period) ⁶⁾¹⁰⁾	855	915	-6.6%	855	978	-12.6%
Employees (internal FTEs, end of period)	2,804	2,802	0.1%	2,804	2,682	4.6%

The operating result of Netherlands Non-life increased to EUR 40 million from EUR 25 million in the fourth quarter of 2017, which benefited from EUR 4 million private equity dividends. The increase was mainly driven by an improved underwriting performance in Disability & Accident and lower administrative expenses, partly offset by lower investment and other income. The combined ratio improved to 96.4% from 99.6% in the fourth quarter of 2017.

The operating result in Disability & Accident (D&A) improved to EUR 17 million from EUR 2 million in the fourth quarter of 2017, reflecting a favourable claims experience and lower administrative expenses partly offset by lower investment and other income. The D&A combined ratio was 93.7% compared with 102.1% in the fourth quarter of 2017.

The operating result in Property & Casualty (P&C) was broadly stable at EUR 17 million versus EUR 18 million in the fourth quarter of 2017, reflecting better underwriting performance offset by lower investment and other income. The P&C combined ratio improved to 97.6% from 98.3% in the fourth quarter of 2017.

Administrative expenses decreased to EUR 83 million from EUR 97 million in the fourth quarter of 2017 reflecting the synergy benefits from the integration of Delta Lloyd and expense reductions.

The operating result of the health and broker business was EUR 6 million versus EUR 5 million in the fourth quarter of 2017.

The result before tax of Netherlands Non-life was EUR -10 million in the fourth quarter of 2018 from EUR 40 million in the fourth quarter of 2017, reflecting lower non-operating items and higher special items, partly offset by the higher operating result. Gains/losses and impairments decreased to EUR -1 million from EUR 29 million in the same period in 2017, which benefited from gains on the sale of the preference shares in Unilever. Special items were EUR -31 million from EUR -14 million in the same period in 2017, reflecting restructuring expenses and costs related to the termination of the cooperation with legal aid service provider SRK.

The full-year 2018 operating result of Netherlands Non-life increased to EUR 94 million from EUR 30 million in 2017. The increase of the operating result is mainly attributable to an improved underwriting performance in D&A and P&C, expense reductions and the inclusion of Delta Lloyd from the second quarter of 2017. The 2018 operating result includes the impact of the January storm of EUR 56 million, while 2017 included the impact of the strengthening of insurance liabilities for bodily injury claims of EUR 40 million.

The full-year 2018 result before tax decreased to EUR 1 million from EUR 60 million in 2017. The decrease is mainly due to higher special items and the impact of lower non-operating items, partly compensated by the higher operating result. Special items include restructuring expenses, a charge related to the agreement with Van Ameyde to insource claims handling activities and costs related to the termination of the cooperation with legal aid service provider SRK.

The combined ratio for 2018 was 99.4% compared with 102.0% in 2017. Excluding the impact of the January 2018 storm and the strengthening of insurance liabilities in 2017, the combined ratio for 2018 improved to 97.5% from 100.4% for 2017.

Insurance Europe

- Operating result increased to EUR 72 million from EUR 68 million in the fourth quarter of 2017, driven by a decrease in total administrative expenses and lower DAC amortisation & trail commissions, partly offset by a lower technical margin
- Full-year 2018 operating result increased to EUR 271 million from EUR 260 million in 2017, mainly driven by favourable mortality results and the inclusion of Delta Lloyd Belgium from the second quarter of 2017
- Full-year 2018 value of new business (VNB) increased to EUR 168 million, up 19.6% from 2017, reflecting an improved product mix

In EUR million	4Q18	4Q17	Change	FY18	FY17	Change
Analysis of results						
Investment margin	30	30	1.7%	93	91	2.2%
Fees and premium-based revenues	177	176	0.6%	703	679	3.5%
Technical margin	47	52	-9.6%	207	196	6.0%
Operating income non-modelled business	0	1		1	3	
Operating income Life Insurance	255	259	-1.5%	1,005	969	3.7%
Administrative expenses	98	108	-9.2%	398	386	2.9%
DAC amortisation and trail commissions	81	85	-4.5%	328	325	0.9%
Expenses Life Insurance	179	193	-7.1%	725	711	2.0%
Operating result Life Insurance	76	66	14.7%	280	258	8.4%
Operating result Non-life	-4	1		-8	1	
Operating result	72	68	6.2%	271	260	4.5%
Non-operating items	-26	-52		4	-10	
of which gains/losses and impairments	-16	-20		-2	9	
of which revaluations	1	-15		22	0	
of which market & other impacts	-11	-17		-16	-19	
Special items	-10	-10		-28	-21	
Result on divestments	0	20	-100.0%	0	20	-100.0%
Result before tax	37	26	42.7%	247	248	-0.5%
Taxation	7	-18		55	26	115.9%
Minority interests	0	0		0	0	
Net result	30	43	-31.0%	191	222	-13.9%
New business						
Single premiums	350	384	-8.8%	1,156	1,301	-11.2%
Regular premiums	131	137	-4.2%	512	531	-3.7%
New sales life insurance (APE)	166	175	-5.2%	627	661	-5.1%
Value of new business				168	141	19.6%
Key figures						
Gross premium income	762	849	-10.3%	2,931	2,921	0.4%
Total administrative expenses (Life & Non-life)	105	111	-5.5%	418	398	4.9%
Cost/income ratio (Administrative expenses/Operating income)	40.0%	41.9%		40.3%	40.0%	
Investment margin/Life general account invested assets (bps) ⁷⁾	50	51				
Net operating ROE ¹⁰⁾	11.6%	10.5%		10.9%	10.2%	

In EUR billion	4Q18	3Q18	Change	FY18	FY17	Change
Key figures						
Life general account invested assets	18	18	-1.2%	18	19	-4.6%
Total provisions for insurance & investment contracts	25	25	-0.9%	25	26	-2.7%
of which for risk policyholder	7	7	-3.6%	7	7	0.5%
Assets under management pensions ¹²⁾	18	19	-1.3%	18	19	-4.2%
Allocated equity (end of period) ⁶⁾¹⁰⁾	2,307	2,273	1.5%	2,307	2,481	-7.0%
Employees (internal FTEs, end of period)	4,562	4,558	0.1%	4,562	4,521	0.9%

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 72 million from EUR 68 million in the fourth quarter of 2017 driven by a decrease in total administrative expenses and lower DAC amortisation & trail commissions, partly offset by a lower technical margin.

The investment margin was stable at EUR 30 million.

Fees and premium-based revenues were broadly stable at EUR 177 million versus EUR 176 million in the fourth quarter of 2017. The current quarter reflects higher fees from a better portfolio mix, offset by negative currency impacts and adverse economic conditions in Turkey as well as the sale of Luxembourg in October 2017.

The technical margin decreased to EUR 47 million from EUR 52 million in the fourth quarter of 2017 mainly due to lower morbidity and mortality results in Belgium.

Administrative expenses decreased to EUR 98 million from EUR 108 million reflecting lower project and IT-related expenses and a reclassification of expenses from the Life to Non-life lines.

DAC amortisation and trail commissions decreased to EUR 81 million from EUR 85 million.

The result before tax increased to EUR 37 million from EUR 26 million in the fourth quarter of 2017, reflecting the higher operating result and negative fixed income revaluations in the fourth quarter of 2017, partly offset by the gain on the sale of NN Life Luxembourg in October 2017.

New sales (APE) decreased to EUR 166 million from EUR 175 million in the fourth quarter of 2017, mainly due to lower sales of savings products in Greece and Spain as well as currency impacts and adverse economic conditions in Turkey, partly offset by higher unit-linked sales in Belgium.

The full-year 2018 operating result of Insurance Europe increased to EUR 271 million from EUR 260 million in 2017, mainly driven by favourable mortality results and the inclusion of Delta Lloyd Belgium from the second quarter of 2017, partly offset by Non-life project expenses.

The full-year 2018 result before tax was broadly stable at EUR 247 million, reflecting the higher operating result and negative fixed income revaluations in 2017, partly offset by the gain on the sale of NN Life Luxembourg in October in 2017.

Full-year 2018 new sales (APE) decreased to EUR 627 million from EUR 661 million in 2017. The decrease reflects lower sales of savings products in Greece and Spain, currency impacts and adverse economic conditions in Turkey and the sale of NN Life Luxembourg in October 2017. This was partly offset by higher unit-linked sales in Belgium and the inclusion of Delta Lloyd Belgium from the second quarter of 2017.

The full-year 2018 value of new business (VNB) increased to EUR 168 million, up 19.6% from 2017, reflecting an improved product mix.

Japan Life

- Operating result was EUR 29 million, up 10.7% from the fourth quarter of 2017, excluding currency effects, reflecting higher fees and premium-based revenues, partially offset by higher DAC amortisation and trail commissions
- New sales (APE) increased to EUR 206 million from EUR 171 million in the fourth quarter of 2017, mainly driven by a new COLI product launched in November 2018
- Full-year 2018 operating result was EUR 167 million, down 13.2% compared with 2017, excluding currency effects, reflecting higher DAC amortisation due to surrenders, partially offset by higher fees and premium-based revenues on higher in-force volumes
- Full-year 2018 value of new business (VNB) increased to EUR 214 million, up 10.3% from 2017, mainly driven by an improved product mix

In EUR million	4Q18	4Q17	Change	FY18	FY17	Change
Analysis of results						
Investment margin	-3	-2		-9	-7	
Fees and premium-based revenues	130	117	11.0%	605	599	1.0%
Technical margin	1	-3		-1	11	
Operating income non-modelled business	0	0		0	0	
Operating income	128	112	14.2%	594	602	-1.4%
Administrative expenses	40	36	11.4%	140	139	0.6%
DAC amortisation and trail commissions	58	51	15.2%	287	264	8.8%
Expenses	98	86	13.6%	427	403	6.0%
Operating result	29	25	16.0%	167	200	-16.4%
Non-operating items	-9	-4		-25	-11	
of which gains/losses and impairments	0	0		-3	8	
of which revaluations	-9	-4		-22	-19	
of which market & other impacts	0	0		0	0	
Special items	-1	0		-3	0	
Result on divestments	0	0		0	0	
Result before tax	19	21	-8.7%	139	188	-26.4%
Taxation	8	8	-0.3%	41	55	-24.7%
Minority interests	0	0		0	0	
Net result	12	13	-13.4%	97	133	-27.1%
New business						
Single premiums	0	0		0	0	
Regular premiums	206	171	20.2%	751	762	-1.5%
New sales life insurance (APE)	206	171	20.2%	751	762	-1.5%
Value of new business				214	194	10.3%
Key figures						
Gross premium income	797	690	15.6%	3,628	3,470	4.5%
Total administrative expenses	40	36	11.4%	140	139	0.6%
Cost/income ratio (Administrative expenses/Operating income)	31.4%	32.2%		23.6%	23.1%	
Net operating ROE ⁽¹⁰⁾⁽¹³⁾	4.7%	4.4%		6.8%	9.0%	

In EUR billion	4Q18	3Q18	Change	FY18	FY17	Change
Key figures						
Life general account invested assets	16	16	5.8%	16	14	17.6%
Total provisions for insurance & investment contracts	15	14	6.8%	15	13	19.0%
of which for risk policyholder	0	0	-8.4%	0	0	-6.3%
Allocated equity (end of period) ⁽⁶⁾⁽¹⁰⁾⁽¹³⁾	2,358	2,124	11.0%	2,358	2,116	11.4%
Employees (internal FTEs, end of period)	829	830	-0.1%	829	801	3.5%

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 29 million, up 10.7% from the fourth quarter of 2017, excluding currency effects, reflecting higher fees and premium-based revenues, partially offset by higher DAC amortisation and trail commissions.

Fees and premium-based revenues were EUR 130 million, up 6.5% from the fourth quarter of 2017, excluding currency effects, driven by higher in-force volumes.

The technical margin was EUR 1 million and increased from EUR -3 million in the fourth quarter of 2017 mainly due to higher mortality and morbidity results.

Administrative expenses were EUR 40 million, up 7.0%, excluding currency effects, from the fourth quarter of 2017, reflecting higher marketing expenses and IT-related investments to support business growth.

DAC amortisation and trail commissions were EUR 58 million, up 10.7% from the fourth quarter of 2017, excluding currency effects, reflecting increased DAC amortisation from surrenders.

The result before tax was EUR 19 million, down EUR 2 million from the fourth quarter of 2017, reflecting lower non-operating items, partly offset by the higher operating result.

New sales (APE) were EUR 206 million, up 15.3% from the fourth quarter of 2017, excluding currency effects, driven by a new COLI product launched in November 2018.

The full-year 2018 operating result of Japan Life was EUR 167 million, down 13.2% compared with 2017, excluding currency effects. The decrease reflects higher DAC amortisation and trail commissions driven by surrenders and a lower technical margin, partially offset by higher fees and premium-based revenues on higher in-force volumes.

The full-year 2018 result before tax was EUR 139 million, down 23.3% at constant currencies from 2017, due to the lower operating result and lower non-operating items reflecting capital gains in the first quarter of 2017.

Full-year 2018 new sales (APE) were EUR 751 million, up 1.0% from 2017 at constant currencies, reflecting higher sales from the Sumitomo channel and sales from a new COLI product launched in November while competition in the COLI market continues to intensify.

The full-year 2018 value of new business (VNB) increased to EUR 214 million, up 10.3%, from 2017, mainly driven by an improved product mix.

Asset Management

- Total Assets under Management (AuM) increased to EUR 246 billion compared with EUR 238 billion at the end of the third quarter of 2018
- Operating result decreased to EUR 30 million from EUR 46 million in the fourth quarter of 2017 due to lower fees, partly compensated by a decrease in administrative expenses
- Full-year 2018 operating result decreased to EUR 155 million from EUR 161 million in 2017 due to lower fees, partly compensated by lower administrative expenses

In EUR million	4Q18	4Q17	Change	FY18	FY17	Change
Analysis of results						
Investment income	0	0		-1	0	
Fees	123	143	-14.0%	508	530	-4.2%
Operating income	123	143	-14.0%	507	530	-4.3%
Administrative expenses	93	97	-4.5%	352	369	-4.4%
Operating result	30	46	-34.2%	155	161	-3.9%
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	-15	-15		-31	-22	
Result on divestments	0	0		0	0	
Result before tax	15	31	-49.9%	123	139	-11.1%
Taxation	4	6	-24.4%	29	32	-7.0%
Minority interests	0	0		0	0	
Net result	11	25	-55.4%	94	107	-12.3%
Key figures						
Total administrative expenses	93	97	-4.5%	352	369	-4.4%
Cost/income ratio (Administrative expenses/Operating income)	75.6%	68.1%		69.5%	69.6%	
Fees/average Assets under Management (in bps)	20	23		21	24	
Net operating ROE ¹⁰⁾	22.8%	30.2%		27.6%	27.7%	

In EUR billion	4Q18	3Q18	Change	FY18	FY17	Change
Key figures						
Assets under Management	246	238	3.3%	246	246	-0.1%
Allocated equity (end of period) ⁶⁾¹⁰⁾	371	409	-9.4%	371	447	-17.0%
Employees (internal FTEs, end of period)	982	1,030	-4.6%	982	1,171	-16.1%
AuM roll-forward						
Beginning of period	238	240	-0.7%	246	195	26.5%
Net inflow	0	-1		-6	0	
Acquisition / Divestments / Transfers	10	0		7	52	
Market performance (incl. FX impact) and Other	-2	0		-1	0	
End of period	246	238	3.3%	246	246	-0.1%

Total Assets under Management (AuM) at Asset Management increased to EUR 246 billion at the end of the fourth quarter of 2018 from EUR 238 billion at the end of the third quarter of 2018. The increase reflects a EUR 9.9 billion transfer of Delta Lloyd mortgages from NN Bank to NN Investment Partners, net inflows of EUR 0.2 billion in Proprietary and Other Affiliates, partly offset by negative market performance of EUR 2.2 billion.

The operating result decreased to EUR 30 million from EUR 46 million in the fourth quarter of 2017 due to lower fees, partly compensated by a decrease of administrative expense.

Fees were EUR 123 million, down from EUR 143 million in the fourth quarter of 2017, which included EUR 10 million of non-recurring performance fees. The decrease also reflects lower average AuM, a change in the asset mix and fee pressure.

Administrative expenses decreased to EUR 93 million from EUR 97 million in the fourth quarter of 2017, driven by the synergy benefits from the integration of Delta Lloyd Asset Management as well as expense reductions, partly offset by investments in growth initiatives.

The fourth-quarter result before tax decreased to EUR 15 million compared with EUR 31 million in the fourth quarter of 2017 due to the lower operating result.

The full-year 2018 operating result was EUR 155 million compared with EUR 161 million in 2017. This decrease reflects lower fees, due to lower average AuM, a change in the asset mix and fee pressure, as well as EUR 10 million of non-recurring performance fees in 2017, partly offset by lower administrative expenses.

The full-year 2018 result before tax decreased to EUR 123 million from EUR 139 million in 2017 due to the lower operating result and higher special items reflecting restructuring expenses.

Other

- Operating result decreased to EUR -20 million from EUR 11 million in the fourth quarter of 2017, due to a lower holding result and lower operating results of the reinsurance and banking businesses
- Operating result of the reinsurance business decreased to EUR 2 million from EUR 9 million in the fourth quarter of 2017, mainly reflecting lower underwriting results
- Operating result of the banking business decreased to EUR 28 million from EUR 32 million in the fourth quarter of 2017, mainly reflecting continuing pressure on the interest margin, partly compensated by lower administrative expenses and lower risk costs
- Full-year 2018 operating result was EUR -33 million compared with EUR 40 million in 2017, which benefited from non-recurring items for a total amount of EUR 32 million, while 2018 reflects EUR -44 million of non-recurring items

In EUR million	4Q18	4Q17	Change	FY18	FY17	Change
Analysis of results						
Interest on hybrids and debt ¹⁴⁾	-27	-31		-108	-130	
Investment income and fees	24	29	-18.4%	96	102	-6.6%
Holding expenses	-49	-30		-156	-121	
Amortisation of intangible assets	0	0		-1	-2	
Holding result	-52	-31		-170	-150	
Operating result reinsurance business	2	9	-73.6%	-12	43	
Operating result banking business	28	32	-11.7%	128	124	3.5%
Other results	2	3	-14.0%	21	23	-11.3%
Operating result	-20	11		-33	40	
Non-operating items	-2	7		-11	51	
of which gains/losses and impairments	0	10	-96.0%	7	48	-85.3%
of which revaluations	0	-3		-3	4	
of which market & other impacts	-3	0		-15	0	
Special items	-25	-51		-104	-129	
Amortisation and impairment of acquisition intangibles	-885	-33		-984	-99	
Result on divestments	0	9	-100.0%	4	-170	
Result before tax	-932	-57		-1,129	-306	
Taxation	14	-21		-36	-45	
Minority interests	0	0		0	0	
Net result	-946	-36		-1,093	-261	
Key figures						
Total administrative expenses	107	92	16.3%	373	347	7.4%
of which reinsurance business	2	3	-25.0%	9	13	-32.5%
of which banking business	56	60	-5.8%	206	214	-4.0%
of which corporate/holding	49	29	65.7%	158	120	32.3%
Net operating ROE banking business ¹⁵⁾	11.1%	13.6%		13.1%	15.0%	

In EUR billion	4Q18	3Q18	Change	FY18	FY17	Change
Key figures						
NN Bank common equity Tier 1 ratio ¹⁶⁾	16.3%	16.4%		16.3%	15.2%	
Total assets banking business	22	22	0.3%	22	21	1.2%
Employees (internal FTEs, end of period)	2,455	2,441	0.5%	2,455	2,674	-8.2%

The operating result of the segment Other decreased to EUR -20 million from EUR 11 million in the fourth quarter of 2017, due to a lower holding result and lower operating results of the reinsurance and banking businesses.

The holding result decreased to EUR -52 million from EUR -31 million in the fourth quarter of 2017. Holding expenses increased to EUR 49 million from EUR 30 million in the fourth quarter of 2017, reflecting a EUR 10 million non-recurring item and a revised method for charging head office expenses to the segments, partly compensated by a decrease of administrative expenses.

The operating result of the reinsurance business was EUR 2 million compared with EUR 9 million in the fourth quarter of 2017, mainly reflecting lower underwriting results.

The operating result of the banking business decreased to EUR 28 million from EUR 32 million in the fourth quarter of 2017. This mainly reflects continuing pressure on the interest margin, partly compensated by lower administrative expenses and lower risk costs.

The result before tax of the segment Other decreased to EUR -932 million from EUR -57 million in the fourth quarter of 2017. This decrease was mainly due to the EUR 852 million impairment of goodwill as well as the lower operating result, partly compensated by lower special items related to restructuring expenses.

The full-year 2018 operating result of the segment Other was EUR -33 million compared with EUR 40 million in 2017, which benefited from non-recurring items for a total amount of EUR 32 million. The full-year 2018 operating result includes EUR -44 million of non-recurring items.

The full-year 2018 holding result decreased to EUR -170 million from EUR -150 million in 2017, mainly due to higher holding expenses and lower investment income and fees, partly compensated by lower interest on hybrids and debt following the redemption of EUR 476 million subordinated notes in May 2017 and EUR 575 million senior notes in November 2017. The higher holding expenses mainly reflect EUR 17 million non-recurring items, a revised method for charging head office expenses to the segments and the inclusion of Delta Lloyd from the second quarter of 2017, partly offset by expense reductions.

The full-year 2018 operating result of the reinsurance business was EUR -12 million compared with EUR 43 million in 2017, which benefited from EUR 16 million of non-recurring items. This mainly reflects the EUR 33 million impact of the January storm as well as a EUR 8 million claim from a legacy reinsurance portfolio, partly offset by positive hedge-related result on the VA Europe portfolio.

The full-year 2018 operating result of the banking business increased to EUR 128 million from EUR 124 million in 2017, mainly driven by the inclusion of Delta Lloyd from the second quarter of 2017, lower administrative expenses and lower risk costs, partly offset by a lower interest result.

Other results for 2018 were EUR 21 million, compared with EUR 23 million in 2017, which included a EUR 16 million provision release, while 2018 includes a provision release of EUR 14 million, both related to a legacy entity.

The full-year 2018 result before tax of the segment Other was EUR -1,129 million compared with EUR -306 million in 2017, which included a provision related to ING Australia Holdings, a realised gain on Delta Lloyd shares, a gain on the sale of the equity portfolio for rebalancing the assets of NN Re as well as a gain on the sale of Mandema & Partners. The full-year 2018 result before tax mainly reflects the EUR 852 million impairment of goodwill related to Delta Lloyd Life, a lower operating result of the reinsurance business and higher holding expenses, partly compensated by lower special items related to restructuring expenses.

Japan Closed Block VA

- Result before tax was EUR -11 million compared with EUR -3 million in the fourth quarter of 2017, reflecting hedge-related results
- Portfolio run-off resulted in a 16.5% decrease in the number of policies compared with the third quarter of 2018
- Full-year 2018 result before tax was EUR 1 million, reflecting the operating result partly offset by a hedge-related loss

In EUR million	4Q18	4Q17	Change	FY18	FY17	Change
Analysis of results						
Investment margin	-1	-1		-2	-2	
Fees and premium-based revenues	5	7	-36.7%	23	39	-40.8%
Technical margin	0	0		0	0	
Operating income non-modelled business	0	0		0	0	
Operating income	4	7	-41.0%	21	37	-43.4%
Administrative expenses	2	3	-29.2%	9	12	-30.2%
DAC amortisation and trail commissions	1	1	-35.9%	3	5	-36.1%
Expenses	3	4	-30.9%	12	17	-31.8%
Operating result	1	3	-55.2%	9	20	-53.5%
Non-operating items	-13	-6		-8	-29	
of which gains/losses and impairments	0	0		0	0	
of which revaluations	0	0		0	0	
of which market & other impacts	-13	-6		-8	-29	
Special items	0	0		0	0	
Result on divestments	0	0		0	0	
Result before tax	-11	-3		1	-9	
Taxation	3	-1		6	-2	
Minority interests	0	0		0	0	
Net result	-14	-2		-5	-7	

In EUR million	4Q18	3Q18	Change	FY18	FY17	Change
Key figures						
Allocated equity ⁽¹⁰⁾	198	241	-17.6%	198	351	-43.6%
Account value	2,355	2,853	-17.5%	2,355	4,755	-50.5%
Net Amount at Risk	175	38		175	25	
IFRS Reserves	285	157	81.5%	285	188	51.7%
Number of policies	34,436	41,224	-16.5%	34,436	81,808	-57.9%
Employees (internal FTEs)	39	41	-4.9%	39	46	-15.2%

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 -11 million versus EUR -3 million in the fourth quarter of 2017, reflecting a hedge-related loss and a lower operating result.

The operating result decreased to EUR 1 million from EUR 3 million in the fourth 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 5 million, down 39.0% from the fourth quarter of 2017, excluding currency effects, mainly due to a lower account value reflecting a decreasing number of policies.

Administrative expenses decreased to EUR 2 million.

Market and other impacts were EUR -13 million compared with EUR -6 million in the fourth quarter of 2017, reflecting a hedge-related loss driven by market volatility.

The Net Amount at Risk in the Japan Closed Block VA increased to EUR 175 million from EUR 38 million in the third quarter of 2018 and from EUR 25 million in the fourth quarter of 2017, primarily as a result of equity market movements.

The full-year 2018 result before tax was EUR 1 million compared with EUR -9 million in the same period a year ago, reflecting a lower hedge-related loss, partly offset by a lower operating result.

The full-year 2018 operating result before tax was EUR 9 million compared with EUR 20 million in 2017, mainly due to lower fees and premium-based revenues driven by the run-off of the portfolio.

Consolidated Balance Sheet

- Total assets of NN Group decreased by EUR 0.6 billion compared with the third quarter of 2018 to EUR 224.2 billion, reflecting lower market values of investments for risk of policyholders and the goodwill impairment, partly offset by an increase in loans
- Shareholders' equity decreased by EUR 0.2 billion to EUR 22.8 billion, reflecting the net result for the quarter, partly offset by net positive revaluations

in EUR million	31 Dec 18	30 Sep 18	31 Dec 17 ¹⁾		31 Dec 18	30 Sep 18	31 Dec 17 ¹⁾
Assets				Equity and liabilities			
Cash and cash equivalents	8,886	8,540	9,383	Shareholders' equity (parent)	22,850	23,014	22,718
Financial assets at fair value through profit or loss				Minority interests	234	269	317
- investments for risk of policyholders	30,230	32,095	33,508	Undated subordinated notes	1,764	1,764	1,764
- non-trading derivatives	5,096	4,385	5,116	Total equity	24,848	25,047	24,799
- designated as at fair value through profit or loss	722	830	934	Subordinated debt	2,445	2,451	2,468
Available-for-sale investments	104,329	104,524	104,982	Debt securities issued	1,990	1,989	1,988
Loans	58,903	57,427	56,043	Other borrowed funds	5,717	5,467	6,044
Reinsurance contracts	1,010	1,007	880	Insurance and investment contracts	161,118	162,201	163,639
Associates and joint ventures	5,000	5,092	3,450	Customer deposits and other funds on deposit	14,729	14,949	14,434
Real estate investments	2,374	2,368	3,582	Financial liabilities at fair value through profit or loss			
Property and equipment	151	154	150	- non-trading derivatives	2,163	2,458	2,305
Intangible assets	863	1,739	1,841	Deferred tax liabilities	1,809	1,740	1,830
Deferred acquisition costs	1,843	1,788	1,691	Other liabilities	9,427	8,490	9,555
Deferred tax assets	131	118	125	Total liabilities	199,398	199,745	202,263
Other assets	4,708	4,725	5,377	Total equity and liabilities	224,246	224,792	227,062
Total assets	224,246	224,792	227,062				

Assets

Investments for the risk of policyholders

Investments for the risk of policyholders decreased by EUR 1.9 billion in the fourth quarter to EUR 30.2 billion, mainly due to the negative revaluations of equity investments and the run-off of Japan Closed Block VA.

Available for sale investments

Available for sale investments remain stable at EUR 104.3 billion, the negative revaluations of Equity securities during the quarter and sales of Debt securities were offset by positive currency impacts from the appreciation of the Japanese Yen against the Euro.

Loans

Loans increased by EUR 1.5 billion, largely reflecting net investments in mortgages.

Intangible assets

Intangible assets decreased by EUR 0.9 billion reflecting the impairment of goodwill for Delta Lloyd Life.

Liabilities

Insurance and investment contracts

Insurance and investment contracts decreased to EUR 161.1 billion reflecting the aforementioned decrease of investments for risk of policyholders.

Equity

Shareholders' equity decreased by EUR 0.2 billion to EUR 22.8 billion, reflecting the fourth quarter 2018 net result and net positive revaluations due to decreased long-term interest rates.

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

in EUR million	4Q18	FY18	FY17
Shareholders' equity beginning of period	23,014	22,718	22,695
Net result for the period	-533	1,117	2,110
Unrealised revaluations available-for-sale investments and other	164	-316	-545
Realised gains/losses transferred to the profit and loss account	-157	-823	-963
Change in cash flow hedge reserve	918	793	-714
Deferred interest crediting to life policyholders	-422	-38	598
Share of other comprehensive income of associates and joint ventures	1	1	-1
Exchange rate differences	92	93	-163
Remeasurement of the net defined benefit asset/liability	-7	0	-3
Capital contributions and change in share capital	0	0	420
Dividend	0	-332	-317
Purchase/sale treasury shares	-147	-231	-340
Employee stock option & share plans	3	2	0
Coupon on undated subordinated notes	0	-58	-59
Termination warrant agreement	-76	-76	
Total changes	-164	132	23
Shareholders' equity end of period	22,850	22,850	22,718

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

in EUR million	31 Dec 18	30 Sep 18	31 Dec 17
Share capital	41	41	41
Share premium	12,572	12,572	12,572
Revaluation reserve available-for-sale investments and other	3,684	4,107	4,876
Cash flow hedge reserve	4,514	3,596	3,721
Currency translation reserve	-34	-134	-139
Net defined benefit asset/liability remeasurement reserve	-106	-99	-106
Retained earnings and other reserves	2,179	2,931	1,753
Shareholders' equity (parent)	22,850	23,014	22,718
Minority interests	234	269	317
Undated subordinated notes	1,764	1,764	1,764
Total equity	24,848	25,047	24,799
Shareholders' equity per share in EUR	68	68	68

Capital Management

- Solvency II ratio of 230% reflects changes in the corporate tax rate in the Netherlands, the impact of the final dividend and the termination of the warrant agreement as well as negative equity revaluations, partly offset by the expansion of the Partial Internal Model and operating capital generation
- Cash capital position at the holding increased to EUR 2.0 billion, reflecting free cash flow to the holding of EUR 329 million in the fourth quarter of 2018
- 2018 final dividend proposal of EUR 1.24 per ordinary share, bringing the full-year 2018 dividend to EUR 1.90 per ordinary share
- Share buyback programme up to EUR 500 million over 12 months, anticipated to commence on 1 March 2019

Solvency II

in EUR million	31 Dec 18	30 Sep 18	31 Dec 17
Basic Own Funds	18,100	18,965	17,121
Non-available Own Funds	1,373	1,482	1,339
Non-eligible Own Funds	0	0	370
Eligible Own Funds (a)	16,727	17,483	15,412
of which Tier 1 Unrestricted	10,513	11,228	8,935
of which Tier 1 Restricted	1,895	1,854	1,885
of which Tier 2	2,433	2,377	2,420
of which Tier 3	755	933	1,085
of which non-solvency II regulated entities	1,132	1,091	1,087
Solvency Capital Requirements (b)	7,274	7,304	7,731
of which non-solvency II regulated entities	507	495	501
NN Group Solvency II ratio (a/b)²⁾	230%	239%	199%
NN Life Solvency II ratio²⁾	255%	253%	217%
Delta Lloyd Life Solvency II ratio²⁾	180%	202%	153%

The NN Group Solvency II ratio decreased to 230% at the end of the fourth quarter of 2018 from 239% at the end of the third quarter of 2018, mainly driven by changes in the corporate tax rate in the Netherlands, the deduction of the proposed 2018 final dividend and the impact of the termination of the warrant agreement with ING Groep, partly offset by the expansion of the Partial Internal Model. The positive impact of operating capital generation was offset by negative equity revaluations. The proposed 2018 final dividend and the termination of the warrant agreement had an impact of -7%-points on the ratio.

The NN Life Solvency II ratio was broadly stable at 255% at the end of the fourth quarter of 2018 versus 253% at the end of the third quarter of 2018. This reflects the positive impact from operating capital generation as well as model and assumption changes, including the expansion of the Partial Internal Model. These items were offset by negative equity revaluations, changes in the corporate tax rate and a EUR 175 million dividend payment to the holding company.

The Delta Lloyd Life Solvency II ratio decreased to 180% at the end of the fourth quarter of 2018 from 202% at the end of the third quarter of 2018. The decrease was mainly driven by the changes in the corporate tax rate and model and assumption changes, partly offset by operating capital generation. The impact of the Partial Internal Model expansion was offset by the loss of the longevity hedge benefit in the Solvency Capital Requirement.

Cash capital position at the holding company

in EUR million	4Q18	FY18
Beginning of period	1,899	1,434
Cash divestment proceeds	0	0
Dividends from subsidiaries ¹⁸⁾	463	1,593
Capital injections into subsidiaries ¹⁹⁾	-55	-78
Other ²⁰⁾	-79	-298
Free cash flow to the holding²¹⁾	329	1,216
Acquisitions	0	0
Capital flow from / (to) shareholders	-223	-645
Increase / (decrease) in debt and loans	0	0
End of period	2,005	2,005

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 2,005 million at the end of the fourth quarter of 2018 from EUR 1,899 million at the end of the third quarter of 2018. The increase was driven by EUR 463 million of dividends from subsidiaries, partly offset by shares repurchased in the fourth quarter of 2018 for an amount of EUR 147 million and the impact of the termination of the warrant agreement with ING Groep of EUR 76 million (both reflected in capital flow to shareholders) as well as capital injections into subsidiaries of EUR 55 million. The line 'Other' in the free cash flow to the holding includes holding company expenses, interest on loans and debt, and other holding company cash flows for an amount of EUR -79 million.

Financial leverage

in EUR million	31 Dec 18	30 Sep 18	31 Dec 17
Shareholders' equity	22,850	23,014	22,718
Adjustment for revaluation reserves ²²⁾	-7,097	-6,067	-6,976
Minority interests	234	269	317
Capital base for financial leverage (a)²³⁾	15,988	17,217	16,060
Undated subordinated notes ²⁴⁾	1,764	1,764	1,764
Subordinated debt	2,445	2,451	2,468
Total subordinated debt	4,209	4,215	4,231
Debt securities issued (financial leverage)	1,990	1,989	1,988
Financial leverage (b)	6,199	6,204	6,219
Debt securities issued (operational leverage)	0	0	0
Total debt	6,199	6,204	6,219
Financial leverage ratio (b/(a+b))	27.9%	26.5%	27.9%
Fixed-cost coverage ratio ²⁴⁾⁽²⁵⁾	13.8x	14.7x	13.5x

The financial leverage ratio of NN Group increased to 27.9% at the end of the fourth quarter of 2018 compared with 26.5% at the end of the third quarter of 2018. This reflects a decrease of the capital base for financial leverage driven by the fourth-quarter net result of EUR -533 million which includes the impairment of the goodwill for Delta Lloyd Life of EUR 852 million, negative revaluations of equity investments, capital flows to shareholders and the impact of the termination of the warrant agreement with ING Groep.

The fixed-cost coverage ratio decreased to 13.8x at the end of the fourth quarter of 2018 from 14.7x at the end of the third quarter of 2018 (on a last 12-months basis).

As part of the legal restructuring process, legal mergers were executed of Delta Lloyd Levensverzekering N.V. (Delta Lloyd Life) into Nationale-Nederlanden Levensverzekering Maatschappij N.V. (NN Life) and Delta Lloyd Schadeverzekering N.V. (Delta Lloyd Non-life) into Nationale-Nederlanden Schadeverzekering Maatschappij N.V. (NN Non-life). The legal mergers became effective on 1 January 2019. As a result, NN Non-life has assumed all assets and liabilities of Delta Lloyd Non-life, and NN Life has assumed all assets and liabilities of Delta Lloyd Life, including the subordinated notes of EUR 500 million.

Dividend

At the Annual General Meeting on 29 May 2019, a final dividend will be proposed of EUR 1.24 per ordinary share, or approximately EUR 415 million in total based on the current number of outstanding shares (net of treasury shares). Together with the 2018 interim dividend of EUR 0.66 per ordinary share paid in September 2018, NN Group's total dividend over 2018 will be EUR 637 million, or EUR 1.90 per ordinary share which is equivalent to a dividend pay-out ratio of 50% of NN Group's full-year 2018 net operating result of ongoing business. The final dividend will be paid in cash, after deduction of withholding tax if applicable, or ordinary shares from the share premium reserve at the election of the shareholder. To neutralise the dilutive effect of the stock dividend, NN Group will repurchase ordinary shares for an amount equivalent to the stock dividend. If the proposed dividend is approved by the shareholders, NN Group ordinary shares will be quoted ex-dividend on 31 May 2019. The record date for the dividend will be 3 June 2019. The election period will run from 4 June up to and including 18 June 2019. The stock fraction for the stock dividend will be based on the volume weighted average price of NN Group ordinary shares on Euronext Amsterdam for the five trading days from 12 June through 18 June 2019. The dividend will be payable on 25 June 2019. For more information: www.nn-group.com/Investors.

Share buyback

NN Group announced today that it will execute an open market share buyback programme for an amount up to EUR 500 million over 12 months, anticipated to commence on 1 March 2019. NN Group intends to cancel all of the shares acquired under the programme. The share buyback will be deducted in full from Solvency II Own Funds in the first quarter of 2019 and is estimated to reduce NN Group's Solvency II ratio by 7%-points. In addition to the share buyback programme announced today, NN Group intends to repurchase shares to neutralise the dilutive effect of any stock dividends in line with its dividend policy.

The share buyback programme will be executed within the limitations of the existing authority granted by the General Meeting on 31 May 2018 and such authority to be granted by the General Meeting on 29 May 2019. The shares will be repurchased at a price that does not exceed the last independent trade or the highest current independent bid on the relevant trading platform. The programme will be executed by financial intermediaries and will be performed in compliance with the safe harbour provisions for share buybacks.

NN Group will report on the progress of the share buyback programme on its corporate website on a weekly basis (www.nn-group.com/Investors). The execution of the share buyback programme is subject to NN Group maintaining a robust capital position and overall financial flexibility. NN Group will continue to explore options for deploying excess capital for value creating corporate opportunities, in line with its dividend policy.

Following payment of the 2017 final dividend and the 2018 interim dividend, NN Group announced that it would repurchase ordinary shares for a total amount of EUR 237 million, equivalent to the value of the stock dividends. These share buybacks were executed by financial intermediaries under an open market share buyback programme, which was completed on 21 December 2018. In the fourth quarter of 2018, shares for an amount of EUR 147 million were repurchased.

The share buyback programme was executed within the limitations of the existing authority granted by the General Meeting on 31 May 2018 and performed in compliance with the safe harbour provisions for share buybacks. The shares were repurchased at a price that does not exceed the last independent trade or the highest current independent bid on Euronext Amsterdam. NN Group intends to cancel all of the shares acquired under the programme. For more information: www.nn-group.com/Investors.

Share capital

The total number of NN Group shares outstanding (net of 6,553,395 treasury shares) on 8 February 2019 was 334,505,676.

The Executive Board of NN Group has decided to cancel 5,850,000 treasury shares representing shares NN Group repurchased as part of the share buyback programme which was completed in December 2018. This cancellation is subject to a two-month creditor opposition period which will end on 28 March 2019.

Credit ratings

On 2 January 2019, following the legal mergers of Delta Lloyd Life into NN Life and Delta Lloyd Non-life into NN Non-life, Standard & Poor's rated the NN Life and NN Non-life entities at 'A' with a stable outlook while the EUR 500 million subordinated notes assumed by NN Life from Delta Lloyd Life retained the BBB+ rating.

Credit ratings of NN Group on 13 February 2019

	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 recognised 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 NN Group N.V. 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 for 4Q18 is also based on the partial internal model while the ratios for comparative periods are based on the standard formula.
- 3) Basic earnings per ordinary share is calculated as the net result, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by the weighted average number of ordinary shares outstanding (net of treasury shares).
- 4) As of 2Q17, the calculation methodology for the combined ratio has been updated and now excludes the discount rate unwind on the D&A insurance liabilities. All comparative combined ratios have been updated to reflect this change.
- 5) Excluding health and broker businesses.
- 6) End of period, in EUR million.
- 7) Four-quarter rolling average. As of 2Q17, the calculation reflects the impact of including Delta Lloyd on an annualised basis.
- 8) Net operating result of the ongoing business, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity.
- 9) Net operating ROE is calculated as the (annualised) net operating result of the ongoing business, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by (average) adjusted allocated equity of ongoing business. Adjusted allocated equity is an Alternative Performance Measure. It is derived from IFRS equity by excluding revaluation reserves, the undated subordinated notes classified as equity as well as the goodwill and intangible assets recognised as a result of the Delta Lloyd acquisition. Reference is made to the section 'Alternative Performance measures (Non-GAAP measures)' in the NN Group N.V. 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 NN Group N.V. 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) 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 NN Group N.V. 2017 Consolidated Annual Accounts.
- 16) The Common equity Tier 1 ratio is not final until filed with the regulators. The 2017 ratios are for NN Bank, prior to the merger with Delta Lloyd Bank. The ratios for 2018 onwards are for the merged banking business of NN Bank and Delta Lloyd Bank.
- 17) As of the first quarter of 2018 the various cash collateral amounts paid and received are all presented in Other assets and Other liabilities. The relevant comparative figures for previous periods have been amended. This change impacts the classification in the Condensed consolidated balance sheet, impacting the line items Loans, Other borrowed funds and Other assets and liabilities, with no net impact on shareholders' equity. There was no impact on the Condensed consolidated profit and loss account.
- 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.
- 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 financial services company, active in 18 countries, with a strong presence in a number of European countries and Japan. With all its employees, the Group provides retirement services, pensions, insurance, investments and banking to approximately 17 million customers. NN Group includes 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 and investor call

Lard Friese and Delfin Rueda will host an analyst and investor conference call to discuss the 4Q18 results at 10.30 am CET on Thursday 14 February 2019. 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/Investors.

Press call

Lard Friese and Delfin Rueda will host a press call to discuss the 4Q18 results, which will be held at 07.45 am CET on Thursday 14 February 2019. Journalists can join the press call at +31 20 531 5863 (NL).

Financial calendar

- Publication 1Q19 results: 16 May 2019
- Annual General Meeting: 29 May 2019
- Publication 2Q19 results: 15 August 2019
- Publication 3Q19 results: 14 November 2019

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Additional information on www.nn-group.com

- NN Group 4Q18 Financial Supplement, NN Group 4Q18 Analyst Presentation
- Photos of NN Group executives, buildings and events are available for download at [Flickr](#)

Important legal information

Elements of this press release contain or may contain information about NN Group N.V. within the meaning of Article 7(1) to (4) of EU Regulation No 596/ 2014 (Market Abuse Regulation). NN Group's Consolidated Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and with Part 9 of Book 2 of 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 30 September 2018. The Annual Accounts for 2018 are in progress and may be subject to adjustments from subsequent events.

All figures in this document are unaudited. Small differences are possible in the tables due to rounding. Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro or European Union countries leaving the European Union, (4) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (5) the frequency and severity of insured loss events, (6) changes affecting mortality and morbidity levels and trends, (7) changes affecting persistency levels, (8) changes affecting interest rate levels, (9) changes affecting currency exchange rates, (10) changes in investor, customer and policyholder behaviour, (11) changes in general competitive factors, (12) changes in laws and regulations and the interpretation and application thereof, (13) changes in the policies and actions of governments and/or regulatory authorities, (14) conclusions with regard to accounting assumptions and methodologies, (15) changes in ownership that could affect the future availability to NN Group of net operating loss, net capital and built-in loss carry forwards, (16) changes in credit and financial strength ratings, (17) NN Group's ability to achieve projected operational synergies, (18) catastrophes and terrorist-related events, (19) adverse developments in legal and other proceedings and (20) the other risks and uncertainties contained in recent public disclosures made by NN Group.

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