

NN Group reports 1Q19 results

- Operating result increased to EUR 468 million from EUR 313 million in 1Q18, which reflected the negative impact of a storm in January 2018, while the current quarter benefited from a dividend from an indirect stake in the former ING Life Korea
- Net result of EUR 512 million, up from EUR 399 million in 1Q18
- Further cost reductions of EUR 20 million in 1Q19; total cost reductions achieved to date of EUR 310 million versus the full-year 2016 administrative expense base
- Total new sales (APE) of EUR 945 million, up 72% from 1Q18 at constant currencies, reflecting higher sales in Japan and a higher volume of group pension contracts in the Netherlands
- Solvency II ratio of 213% reflects unfavourable movements in credit spreads and interest rates, the deduction of the EUR 500 million share buyback as well as a reduction of the UFR, partly offset by operating capital generation and positive equity revaluations
- Holding company cash capital at EUR 2,048 million

Statement of Lard Friese, CEO

‘The year 2019 started off well with NN Group reporting an operating result for the first quarter of EUR 468 million. Netherlands Life, Netherlands Non-life and Japan Life posted solid results, while we saw some pressure on the results of Insurance Europe, Asset Management and Banking. We continued to make progress towards our expense reduction target of EUR 400 million by the end of 2020. This quarter we reduced administrative expenses by EUR 20 million through further realisation of efficiencies bringing our total expense reduction to EUR 310 million by the end of the first quarter of 2019.

Our commercial momentum was strong as demonstrated by a 72% increase in new sales versus the same quarter last year. All segments contributed to this increase, especially in Japan where higher sales were the result of strong sales efforts as well as customer expectations of a revision of tax rules for COLI (*corporate-owned life insurance*) products. In addition, NN Investment Partners reported positive net flows, in total as well as in third party business.

We operate in a heavily regulated environment and often have to navigate changes in local markets. In April, the Japanese National Tax Agency published a proposal for a revision of the tax treatment of certain COLI products, and changes are anticipated for the pension systems in Romania and Poland. We are experienced in coping with such developments given our in-depth knowledge of the local markets and by differentiating ourselves with continuous product innovation, sales support and high-quality training programmes for distribution partners.

Our capital position remains strong with a Solvency II ratio of 213% and a cash capital position of EUR 2,048 million at the end of the first quarter.

We continued to integrate ESG (environmental, social, and governance) factors into our investment decisions, and actively engage with a variety of companies in our portfolios. To strengthen our engagement efforts with palm oil companies, we joined forces with other asset managers in the Netherlands and became a member of the Roundtable on Sustainable Palm Oil in the first quarter. NN Investment Partners continued to actively raise the issue of climate change with various parties, including oil and gas companies.

Going forward, our focus remains on the integration process of the various Delta Lloyd and NN businesses in the Netherlands and Belgium, as well as on further driving growth and improving the customer experience through innovation and our client centric approach. We plan to organise a capital markets update for NN Group in the Netherlands on 4 December 2019.’

NN Group key figures

In EUR million	1Q19	1Q18	Change
Operating result ¹⁾	468	313	49.6%
Net result	512	399	28.4%
	1Q19	4Q18	1Q18
Solvency II ratio ²⁾	213%	230%	213%

Note: All footnotes are included on page 25

Business highlights

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

NN Life managed to maintain its strong position in the market and as a result of proactive engagement, NN Life's customer (NPS) and broker satisfaction scores increased. For example the IG&H broker satisfaction score improved to 7.7 in the first quarter of 2019, from 7.2 on average in 2018. Compared to the same quarter last year, BeFrank increased its portfolio by more than 20% in terms of recurring premiums following commercial success and autonomous growth. Furthermore 95% of customers whose pension contract would expire at the end of 2018, renewed their contract with us.

Sparklab, the innovation lab of Nationale-Nederlanden, launched two new solutions; Hello Mobility and MMOX Smart. Hello Mobility uses an online dashboard to record and analyse driving behaviour, fuel consumption, repairs and maintenance costs of professional drivers. With the dashboard, a coach can propose improvements and training opportunities for drivers. This allows entrepreneurs and professional drivers to save costs and operate a more sustainable car fleet. MMOX Smart, a cooperation between Sparklab and MMOX, is the first all-in-one cyber protection product for SMEs, combining smart software with a repair service and insurance.

NN Bank issued its fourth EUR 500 million benchmark covered bond in February at an attractive rate. The issuance was well received in the market, underlining the reliable nature of this funding instrument for NN Bank.

NN saw strong origination of new mortgages in the first quarter on the back of a competitive proposition and the introduction of new mortgage solutions at the end of 2018.

International Insurance

The core of the business model of International Insurance is to take on the risks that people cannot bear alone providing them protection for what matters most to them. For example, NN in Romania launched a series of new protection products, designed as flexible and modular riders. These products offer financial protection for critical illness or the incapacity to work due to permanent disability, helping customers to overcome financial distress, cover medical expenses and benefit from support for treatment and recovery. A new unit linked product has been launched for ING in Belgium. The solution targets different segments, ranging from private banking to private individuals. It offers a different tax regime than mutual funds, and it allows for inheritance planning. NN Bulgaria and Eurobank Bulgaria AD (Postbank) expanded their partnership as Postbank has involved its whole branch network in the distribution of NN Bulgaria's pension products to provide more savings to Bulgarian people.

The international business continues to roll out digital tools and products to support customers. In February, NN Belgium introduced NN Connect, an app (retail) customers can use to view the status of their assets and insurance contracts. NN in Hungary was awarded the iF Design Award, a prestigious international design award, for protect.me, an innovative product which offers 'pay-as-you-go' life and accident insurance through a mobile app. In addition to this, NN in Hungary introduced their agile way of working throughout the organisation, aiming to be faster and offer more flexibility to customers. For example, the risk assessment process has been shortened from approximately 13 days to just several minutes.

As part of the efforts to improve agility and efficiency within the organisation, the NN global IT Hub officially opened in the heart of Prague, Czech Republic. The NN Hub delivers IT services to all NN Group business units, from the Netherlands to Japan. The IT Hub employs over 130 IT specialists from around the world, and focuses on IT services such as security monitoring, ethical hacking, user access management, data centre management, development and the administration of global applications, support for agile teams with automation, development, and testing.

Asset Management

NN Investment Partners (NN IP) continued its focus on responsible investing. In March 2019, it published its 2018 Responsible Investment Report that elaborates on the 2018 engagement and voting results. In the same month the asset manager announced it will jointly manage a range of sustainable enhanced equity index strategies with Irish Life Investment Managers (ILIM). These strategies combine NN IP's long history of ESG investing with ILIM's expertise



as a global indexation manager, offering clients attractively priced sustainable solutions and rewarding companies for good governance and effective climate change policies.

Furthermore, the company recently partnered with Yale University (the Yale Initiative on Sustainable Finance, YISF), on a new research stream called 'Delivering value to investors from sustainability'. This academic research programme explores whether and how integration of ESG aspects in the investment process may improve risk/return of investment portfolios, supporting NN IP in the development of tools to achieve both financial and sustainable goals.

At the end of the first quarter, the merger of the Luxembourg management company with the Dutch licensed entity NN Investment Partners B.V., became effective after the receipt of all regulatory approvals. This step increases NN IP's efficiency, helping to better leverage existing capabilities and accelerating decision-making.

NN IP funds achieved recognition in several markets in the first quarter of 2019. At the 2019 Morningstar Awards ceremony in Singapore, the NN (L) Asian Debt (Hard Currency) P Cap USD fund was named Best Asian Bond Fund 2019. The award is a testimony to the fund's consistent outperformance in both strong and weak markets over the past 10 years. Furthermore, NN IP's NN (L) European Sustainable Equity fund was given one of the ten highest scores among Climeetrics' 5-leaf rated funds at the CDP Europe Awards in Brussels. A five-leaf rating also indicates that NN IP's monitoring and oversight of climate issues is among the best in the Climeetrics universe of analysed funds.

Other events

NN Group values the role of art and culture in society, as we believe art inspires and connects people. Therefore NN contributes to making art more accessible to a wider audience, and invests in cultural partnerships with Dutch museums and artists. Recent art and culture activities include sponsoring the exhibition of one of the most famous Dutch photographers, Erwin Olaf, at the Gemeentemuseum in The Hague that attracted more than 200,000 visitors. Furthermore, at the Art Rotterdam Fair earlier this year, the NN Group Art Award was presented for the third time. This incentive prize for exceptionally talented artists was awarded to Katja Mater.

It was also announced that the corporate partnership between NN Group and the Mauritshuis Museum in The Hague will be extended until 2021, with the attraction of new audiences to the museum as one of the main shared goals.

Consolidated results

Consolidated profit and loss account and key figures NN Group

In EUR million	1Q19	1Q18	Change
Analysis of results¹⁾			
Netherlands Life	268	212	26.3%
Netherlands Non-life	29	-32	
Insurance Europe	58	71	-17.9%
Japan Life	84	66	28.2%
Asset Management	36	41	-12.2%
Banking	30	33	-9.6%
Other	-36	-78	
Operating result	468	313	49.6%
Non-operating items	225	272	-17.0%
of which gains/losses and impairments	5	28	-83.0%
of which revaluations	257	222	15.5%
of which market & other impacts	-36	21	
Special items	-52	-79	
Acquisition intangibles and goodwill	25	-33	
Result on divestments	9	4	122.9%
Result before tax	675	477	41.6%
Taxation	157	78	102.6%
Minority interests	5	0	
Net result	512	399	28.4%
Basic earnings per ordinary share in EUR ³⁾	1.49	1.15	29.4%
Key figures¹⁾			
Gross premium income	4,897	4,491	9.0%
New sales life insurance (APE)	945	547	72.6%
Total administrative expenses	518	533	-2.7%
Cost/income ratio (Administrative expenses/Operating income)	27.4%	29.7%	
Combined ratio (Netherlands Non-life) ⁵⁾	97.9%	106.3%	
Investment margin/Life general account invested assets (bps) ⁷⁾	74	68	
Net operating result ⁸⁾	358	236	52.1%
Net operating ROE ⁹⁾	9.9%	7.3%	
In EUR billion			
Key figures			
Asset Management Assets under Management	260	246	5.7%
Life general account invested assets	140	138	1.7%
Total provisions for insurance & investment contracts	165	161	2.7%
of which for risk policyholder	32	30	6.6%
Solvency II ratio ²⁾	213%	230%	
NN Life Solvency II ratio ²⁾	217%	255%	
CET1 ratio ⁴⁾	16.3%	16.3%	
Total assets	237	224	5.5%
Shareholders' equity ⁶⁾	26,695	22,850	16.8%
Employees (internal FTEs, end of period)	14,221	14,122	0.7%

- Operating result was EUR 468 million, up from EUR 313 million in the first quarter of 2018, which reflected the negative impact of a storm in January 2018 for a total amount of EUR 89 million while the current quarter benefited from a EUR 63 million dividend from an indirect stake in the former ING Life Korea
- Result before tax increased to EUR 675 million from EUR 477 million in the first quarter of 2018, mainly reflecting the higher operating result and higher results on acquisition intangibles and goodwill
- Administrative expense base of the business units in scope of the cost reduction target reduced by EUR 20 million in the first quarter of 2019; total cost reductions achieved to date of EUR 310 million
- New sales (APE) of EUR 945 million, up 71.9% from the first quarter of 2018 on a constant currency basis, reflecting higher sales in Japan and a higher volume of group pension contracts in the Netherlands

Changes to segment reporting

The previously announced new segmentation and reporting changes have been implemented in the NN Group press release and financial supplement for the first quarter of 2019. A pro forma financial supplement showing the restated quarterly 2018 results was published on the NN Group website in February 2019.

Operating result

The administrative expenses of the business units in the scope of the cost reduction target - Netherlands Life, Netherlands Non-life, Belgium, Asset Management, Banking and Corporate/Holding entities - decreased by EUR 20 million in the first quarter of 2019, bringing the administrative expense base down to EUR 1,660 million at the end of the first quarter of 2019, on a last 12-months basis. Total cost reductions achieved to date amount to EUR 310 million compared with the full-year 2016 administrative expense base of EUR 1,970 million.

The operating result of Netherlands Life increased to EUR 268 million from EUR 212 million in the first quarter of 2018, mainly driven by a EUR 63 million dividend from an indirect stake in the former ING Life Korea and lower administrative expenses, partly offset by lower fees and premium-based revenues.

The operating result of Netherlands Non-life improved to EUR 29 million from EUR -32 million in the first quarter of 2018, which reflected the EUR 56 million impact of the storm in January 2018, while the current quarter reflects a more favourable claims experience in Property & Casualty and lower administrative expenses, partly offset by a lower underwriting result in Disability & Accident. The combined ratio improved to 97.9% compared with 106.3% in the first quarter of 2018, or 98.6% excluding the impact of the storm.

The operating result of Insurance Europe decreased to EUR 58 million from EUR 71 million in the first quarter of 2018, which included EUR 9 million of non-recurring benefits mainly in Belgium, while the current quarter reflects the impact from the pension reforms in Romania.

The operating result of Japan Life was EUR 84 million, up 22.7% from the first quarter of 2018, excluding currency effects, reflecting the contribution of the higher sales in the first quarter of 2019.

The operating result of Asset Management decreased to EUR 36 million from EUR 41 million in the first quarter of 2018 due to lower fees, partly compensated by a decrease of administrative expenses.

The operating result of Banking decreased to EUR 30 million from EUR 33 million in the first quarter of 2018 due to a lower interest result, partly compensated by lower administrative expenses.

The operating result of the segment Other improved to EUR -36 million from EUR -78 million in the first quarter of 2018, which included the EUR 33 million impact of the January storm and non-recurring items of EUR -15 million.

Result before tax

The result before tax increased to EUR 675 million from EUR 477 million in the first quarter of 2018, mainly driven by the higher operating result and the negative goodwill of EUR 33 million, recognised on the acquired Czech and Slovak Aegon businesses.

Gains/losses and impairments were EUR 5 million compared with EUR 28 million in the first quarter of 2018 mainly due to lower realised gains on equity.

Revaluations amounted to EUR 257 million versus EUR 222 million in the first quarter of 2018. The current quarter includes EUR 183 million positive revaluations of derivatives used for hedging purposes mainly reflecting accounting asymmetries, as well as positive revaluations on private equity, while the same quarter last year reflected positive revaluations on real estate.

Market and other impacts amounted to EUR -36 million compared with EUR 21 million in the first quarter of 2018. The current quarter reflects movements in the provision for guarantees on unit-linked, separate account pension contracts and inflation-linked liabilities (all net of hedging) at Netherlands Life, as well as the result before tax of Japan Closed Block VA of EUR -10 million which was down from EUR 15 million in the first quarter of 2018, mainly due to negative hedge-related results.

Special items amounted to EUR -52 million compared with EUR -79 million in the first quarter of 2018. Special items in the current quarter mainly relate to restructuring expenses incurred in respect of the cost reduction target.

Acquisition intangibles and goodwill amounted to EUR 25 million versus EUR -33 million in the first quarter of 2018, mainly reflecting the negative goodwill recognised on the acquisition of the Czech and Slovak businesses as well as lower amortisation of acquisition intangibles.

Net result

The first-quarter net result increased to EUR 512 million from EUR 399 million in the first quarter of 2018. The effective tax rate in the first quarter of 2019 was 23.3%, reflecting tax-exempt dividends and capital gains in the Netherlands related to shareholdings of 5% or more and an effect from the change in tax rates on deferred tax positions.

Sales

Total new sales (APE) were EUR 945 million, up 71.9% from the first quarter of 2018 on a constant currency basis. New sales at Netherlands Life were up 91.6% reflecting a higher volume of group pension contracts. At Insurance Europe, new sales were up 6.9% on a constant currency basis, mainly driven by higher life sales in Romania and the contribution of the acquired Czech and Slovak businesses. New sales at Japan Life were up 110.4% on a constant currency basis, reflecting customer expectations of a revision of tax rules for COLI products.

Net operating Return On Equity (ROE)

The net operating ROE of NN Group increased to 9.9% compared with 7.3% in the first quarter of 2018, mainly driven by the higher net operating result.

Netherlands Life

- Operating result increased to EUR 268 million from EUR 212 million in the first quarter of 2018, mainly driven by a EUR 63 million dividend from an indirect stake in the former ING Life Korea and lower administrative expenses, partly offset by lower fees and premium-based revenues
- Result before tax increased to EUR 512 million from EUR 448 million in the first quarter of 2018, mainly reflecting the higher operating result

In EUR million	1Q19	1Q18	Change
Analysis of results			
Investment margin	242	181	33.9%
Fees and premium-based revenues	109	125	-12.9%
Technical margin	42	46	-8.4%
Operating income non-modelled business	0	0	
Operating income	393	352	11.7%
Administrative expenses	116	129	-9.8%
DAC amortisation and trail commissions	9	11	-17.9%
Expenses	126	140	-10.4%
Operating result	268	212	26.3%
Non-operating items	254	251	1.3%
of which gains/losses and impairments	-4	28	
of which revaluations	282	217	30.4%
of which market & other impacts	-25	6	
Special items	-14	-14	
Result on divestments	5	0	
Result before tax	512	448	14.4%
Taxation	126	78	61.7%
Minority interests	3	1	135.0%
Net result	383	369	3.9%
New business			
Single premiums	132	123	7.5%
Regular premiums	261	131	99.5%
New sales life insurance (APE)	274	143	91.6%
Key figures			
Gross premium income	1,351	1,343	0.6%
Total administrative expenses	116	129	-9.8%
Cost/income ratio (Administrative expenses/Operating income)	29.6%	36.7%	
Investment margin/Life general account invested assets (bps) ⁷⁾	90	81	
Net operating ROE ¹⁰⁾	8.7%	7.4%	

In EUR billion	1Q19	4Q18	Change
Key figures			
Life general account invested assets	105	103	1.8%
Total provisions for insurance & investment contracts	114	112	2.0%
of which for risk policyholder	22	21	7.6%
Allocated equity (end of period) ⁶⁾ ¹⁰⁾	20,096	16,892	19.0%
NN Life Solvency II ratio ²⁾	217%	255%	
Employees (internal FTEs, end of period)	2,396	2,450	-2.2%

The operating result of Netherlands Life increased to EUR 268 million from EUR 212 million in the first quarter of 2018, mainly driven by a EUR 63 million dividend from an indirect stake in the former ING Life Korea and lower administrative expenses, partly offset by lower fees and premium-based revenues.

The investment margin increased to EUR 242 million compared with EUR 181 million in the first quarter of 2018. The current quarter benefited from a dividend from an indirect stake in the former ING Life Korea of EUR 63 million, whereas the same period last year included a dividend of EUR 7 million from the same stake. The investment spread, calculated on a four quarter rolling average, increased to 90 basis points from 81 basis points in the first quarter of 2018.

Fees and premium-based revenues decreased to EUR 109 million versus EUR 125 million in the first quarter of 2018, due to the run-off of the individual life closed book as well as lower margins in the pension business.

The technical margin decreased to EUR 42 million versus EUR 46 million in the first quarter of 2018.

Administrative expenses decreased to EUR 116 million compared with EUR 129 million in the first quarter of 2018 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 first quarter of 2018 due to the run-off of the individual life closed book.

The result before tax increased to EUR 512 million from EUR 448 million in the first quarter of 2018, mainly reflecting the higher operating result. Gains/losses and impairments decreased to EUR -4 million from EUR 28 million in the same period last year, mainly due to lower realised gains on the sale of equities. Revaluations increased to EUR 282 million compared with EUR 217 million in the first quarter of 2018. The current quarter includes positive revaluations on derivatives used for hedging purposes of EUR 217 million mainly reflecting accounting asymmetries as well as positive revaluations on private equity, while the same quarter last year reflected positive revaluations on real estate. Market and other impacts decreased to EUR -25 million from EUR 6 million in the first quarter last year, 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 274 million compared with EUR 143 million in the first quarter of 2018, reflecting a higher volume of group pension contracts.

Netherlands Non-life

- Operating result improved to EUR 29 million from EUR -32 million in the first quarter of 2018, which reflected the negative impact of a storm in January 2018 for a total amount of EUR 56 million
- The combined ratio improved to 97.9% compared with 106.3% in the first quarter of 2018, or 98.6% excluding the impact of the storm

In EUR million	1Q19	1Q18	Change
Analysis of results			
Earned premiums	724	735	-1.5%
Investment income	21	24	-12.9%
Other income	1	0	
Operating income	745	759	-1.8%
Claims incurred, net of reinsurance	519	585	-11.3%
Acquisition costs	129	130	-0.9%
Administrative expenses	76	82	-7.9%
Acquisition costs and administrative expenses	205	213	-3.6%
Expenditure	724	798	-9.3%
Operating result insurance businesses	21	-39	
Operating result health business and broker business	7	8	-4.4%
Total operating result	29	-32	
Non-operating items	2	8	-72.4%
of which gains/losses and impairments	3	4	-12.4%
of which revaluations	-1	4	
of which market & other impacts	0	0	
Special items	-11	-22	
Result on divestments	0	0	
Result before tax	20	-46	
Taxation	4	-14	
Minority interests	3	-1	
Net result	13	-30	
Key figures			
Gross premium income	1,279	1,262	1.4%
Total administrative expenses ¹³⁾	94	102	-7.1%
Combined ratio ⁵⁾	97.9%	106.3%	
of which Claims ratio ⁵⁾	69.6%	77.4%	
of which Expense ratio ⁵⁾	28.3%	28.9%	
Net operating ROE ¹⁰⁾	13.2%	-12.3%	

In EUR billion	1Q19	4Q18	Change
Key figures			
Total insurance provisions	6	6	9.1%
Allocated equity (end of period) ⁶⁾ ¹⁰⁾	949	855	11.1%
Employees (internal FTEs, end of period)	2,738	2,804	-2.4%

The operating result of Netherlands Non-life improved to EUR 29 million from EUR -32 million in the first quarter of 2018, which reflected the EUR 56 million impact of the January 2018 storm, while the current quarter reflects a more favourable claims experience in Property & Casualty and lower administrative expenses, partly offset by a lower underwriting result in Disability & Accident. The combined ratio improved to 97.9% compared with 106.3% in the first quarter of 2018, or 98.6% excluding the impact of the storm.

The operating result in Disability & Accident (D&A) decreased to EUR 7 million from EUR 13 million in the first quarter of 2018, mainly reflecting an unfavourable claims development in the Individual Disability portfolio. The D&A combined ratio was 96.2% from 94.9% in the first quarter of 2018.

The operating result in Property & Casualty (P&C) improved to EUR 15 million from EUR -52 million in the first quarter of 2018 which included the impact of the January 2018 storm for an amount of EUR 56 million net of reinsurance, whereas the first quarter of 2019 benefited from more favourable claim experience and lower administrative expenses partly offset by an impact of EUR 4 million from the storm mainly in Belgium in March 2019. The P&C combined ratio improved to 98.8% compared with 112.4% in the first quarter of 2018, or 100.6% excluding the impact of the storm.

Administrative expenses decreased to EUR 76 million from EUR 82 million in the first quarter of 2018, reflecting the synergy benefits from the integration of Delta Lloyd and expense reductions.

The operating result of the broker business was EUR 7 million from EUR 8 million in the first quarter of 2018.

The result before tax of Netherlands Non-life improved to EUR 20 million from EUR -46 million in the first quarter of 2018, mainly reflecting the higher operating result and lower special items.

Insurance Europe

- Operating result at EUR 58 million versus EUR 71 million in the first quarter of 2018, which included EUR 9 million of non-recurring benefits, while the current quarter reflects the impact from the pension reforms in Romania
- New sales (APE) were EUR 191 million, up 6.9% from the first quarter of 2018, excluding currency effects, mainly due to higher life sales in Romania and the contribution from the acquired Czech and Slovak businesses

In EUR million	1Q19	1Q18	Change
Analysis of results			
Investment margin	25	23	4.6%
Fees and premium-based revenues	177	181	-1.8%
Technical margin	57	55	3.9%
Operating income non-modelled business	0	0	
Operating income Life Insurance	260	260	0.0%
Administrative expenses	104	100	3.8%
DAC amortisation and trail commissions	97	88	10.2%
Expenses Life Insurance	200	188	6.8%
Operating result Life Insurance	59	72	-17.7%
Operating result Non-life	-1	-1	
Operating result	58	71	-17.9%
Non-operating items	-13	0	
of which gains/losses and impairments	4	-7	
of which revaluations	-17	7	
of which market & other impacts	0	0	-50.5%
Special items	-7	-5	
Acquisition intangibles and goodwill	33	0	
Result on divestments	0	0	
Result before tax	71	65	9.0%
Taxation	9	13	-30.9%
Minority interests	0	0	
Net result	62	53	18.8%
New business			
Single premiums	378	305	24.0%
Regular premiums	153	156	-2.0%
New sales life insurance (APE)	191	186	2.3%
Key figures			
Gross premium income	777	772	0.7%
Total administrative expenses (Life & Non-life)	108	103	4.6%
Cost/income ratio (Administrative expenses/Operating income)	40.3%	38.8%	
Investment margin/Life general account invested assets (bps) ⁷⁾	51	52	
Net operating ROE ¹⁰⁾	8.8%	11.0%	

In EUR billion	1Q19	4Q18	Change
Key figures			
Life general account invested assets	18	18	0.5%
Total provisions for insurance & investment contracts	26	25	3.8%
of which for risk policyholder	8	7	9.4%
Assets under management pensions ¹²⁾	20	18	8.1%
Allocated equity (end of period) ⁶⁾ ¹⁰⁾	2,598	2,307	12.6%
Employees (internal FTEs, end of period)	4,767	4,562	4.5%

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 decreased to EUR 58 million from EUR 71 million in the first quarter of 2018, which included EUR 9 million of non-recurring benefits mainly in Belgium, while the current quarter reflects the impact from the pension reforms in Romania. The acquired Czech and Slovak businesses had a limited positive contribution to the operating result and mainly contributed to fees and premium based revenues and the technical margin, partly offset by administrative expenses and DAC amortisation and trail commissions.

The investment margin was broadly stable at EUR 25 million.

Fees and premium-based revenues declined to EUR 177 million from EUR 181 million in the first quarter of 2018. The current quarter reflects lower pension fees mainly in Romania as well as negative currency impacts in Turkey. These impacts were partly offset by the increase of the portfolio following the inclusion of the aforementioned acquisition.

The technical margin increased to EUR 57 million from EUR 55 million in the first quarter of 2018 reflecting the contribution from the aforementioned acquisition, partly offset by lower morbidity results.

The increase in administrative expenses and DAC amortisation and trail commissions reflects the aforementioned acquisition.

The result before tax increased to EUR 71 million from EUR 65 million in the first quarter of 2018, reflecting the negative goodwill arising from the aforementioned acquisition, partly offset by the lower operating result and lower revaluations in Belgium.

New sales (APE) increased to EUR 191 million from EUR 186 million in the first quarter of 2018, mainly due to higher life sales in Romania and the contribution of the aforementioned acquisition, partly offset by negative currency impacts in Turkey.

Japan Life

- Operating result was EUR 84 million, up 22.7% from the first quarter of 2018, excluding currency effects, reflecting the contribution of the higher sales in the first quarter of 2019
- New sales (APE) were EUR 480 million and increased from EUR 218 million in the first quarter of 2018, reflecting customer expectations of a revision of tax rules for COLI products

In EUR million	1Q19	1Q18	Change
Analysis of results			
Investment margin	-3	-3	
Fees and premium-based revenues	241	187	28.7%
Technical margin	-1	-1	
Operating income non-modelled business	0	0	
Operating income	237	184	28.9%
Administrative expenses	33	32	2.8%
DAC amortisation and trail commissions	119	85	39.4%
Expenses	152	118	29.3%
Operating result	84	66	28.2%
Non-operating items	-8	-5	
of which gains/losses and impairments	0	1	-145.7%
of which revaluations	-7	-6	
of which market & other impacts	0	0	
Special items	-1	0	
Result on divestments	0	0	
Result before tax	75	60	25.4%
Taxation	21	16	33.1%
Minority interests	0	0	
Net result	54	44	22.6%
New business			
Single premiums	0	0	
Regular premiums	480	218	120.3%
New sales life insurance (APE)	480	218	120.3%
Key figures			
Gross premium income	1,483	1,108	33.9%
Total administrative expenses	33	32	2.8%
Cost/income ratio (Administrative expenses/Operating income)	14.1%	17.7%	
Net operating ROE ⁽¹⁰⁾⁽²³⁾	10.9%	11.4%	

In EUR billion	1Q19	4Q18	Change
Key figures			
Life general account invested assets	17	16	1.9%
Total provisions for insurance & investment contracts	16	15	5.9%
of which for risk policyholder	0	0	9.2%
Allocated equity (end of period) ⁽⁶⁾⁽¹⁰⁾	2,592	2,358	9.9%
Employees (internal FTEs, end of period)	830	829	0.1%

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 84 million, up 22.7% from the first quarter of 2018, excluding currency effects, reflecting the contribution of the higher sales in the first quarter 2019.

Fees and premium-based revenues were EUR 241 million, up 23.0% from the first quarter of 2018, excluding currency effects, driven by higher sales.

The technical margin was stable at EUR -1 million.

Administrative expenses were EUR 33 million, down 2.1%, excluding currency effects, from the first quarter of 2018.

DAC amortisation and trail commissions were EUR 119 million, up 33.2% from the first quarter of 2018, excluding currency effects, driven by higher new business premiums and surrenders.

The result before tax was EUR 75 million, up 20.1% excluding currency effects, from the first quarter of 2018, reflecting the higher operating result.

New sales (APE) increased to EUR 480 million, from EUR 218 million in the first quarter of 2018, reflecting both strong sales efforts and customer expectations of a revision of tax rules for COLI products. This quarter the Japanese National Tax Agency (NTA) notified the insurance industry that it will revise the regulations for the tax deductibility of certain COLI products for SME-owners in Japan. In line with the industry, NN Life Japan suspended sales of these COLI products. NN Life Japan expects that the revised regulations will lead to changes in the product offerings in the COLI market, including lower COLI sales in the near term but is expected to support a more sustainable COLI market in the longer term.

Asset Management

- Total Assets under Management (AuM) increased to EUR 260 billion compared with EUR 246 billion at the end of the fourth quarter of 2018 primarily driven by positive market performance
- Operating result decreased to EUR 36 million from EUR 41 million in the first quarter of 2018 due to lower fees, partly compensated by a decrease of administrative expenses

In EUR million	1Q19	1Q18	Change
Analysis of results			
Investment income	0	0	
Fees	107	116	-7.8%
Operating income	107	116	-7.8%
Administrative expenses	71	75	-5.5%
Operating result	36	41	-12.2%
Non-operating items	0	0	
of which gains/losses and impairments	0	0	
of which revaluations	0	0	
of which market & other impacts	0	0	
Special items	-2	-5	
Result on divestments	0	0	
Result before tax	34	36	-5.6%
Taxation	7	8	-9.8%
Minority interests	0	0	
Net result	26	27	-4.4%
Key figures			
Total administrative expenses	71	75	-5.5%
Cost/income ratio (Administrative expenses/Operating income)	66.4%	64.7%	
Fees/average Assets under Management (in bps)	17	19	
Net Operating ROE ¹⁰⁾	30.7%	27.8%	

In EUR billion	1Q19	4Q18	Change
Key figures			
Assets under Management	260	246	5.7%
Allocated equity (end of period) ⁶⁾¹⁰⁾	356	371	-4.1%
Employees (internal FTEs, end of period)	983	982	0.0%
AuM roll-forward			
Beginning of period	246	238	3.3%
Net inflow	1	0	
Acquisition / Divestments / Transfers	0	10	
Market performance (incl. FX impact) and other	13	-2	
End of period	260	246	5.7%

Total Assets under Management (AuM) at Asset Management increased to EUR 260 billion at the end of the first quarter of 2019 from EUR 246 billion at the end of the fourth quarter of 2018. The increase reflects EUR 13.5 billion positive market performance across all segments and asset classes as well as net inflows of EUR 0.6 billion, of which EUR 0.2 billion in Third Party assets.

The operating result decreased to EUR 36 million from EUR 41 million in the first quarter of 2018 due to lower fees, partly compensated by a decrease of administrative expenses.

Fees were EUR 107 million, down from EUR 116 million in the first quarter of 2018. The decrease reflects lower average AuM in Third Party assets, a less favourable asset mix and fee pressure.

Administrative expenses decreased to EUR 71 million from EUR 75 million in the first quarter of 2018, driven by the synergy benefits from the integration of Delta Lloyd Asset Management as well as expense reductions.

The first-quarter result before tax decreased to EUR 34 million compared with EUR 36 million in the first quarter of 2018 due to the lower operating result partly offset by lower special items.

Banking

- Operating result decreased to EUR 30 million from EUR 33 million in the first quarter of 2018 due to a lower interest result, partly compensated by lower administrative expenses
- CET1 ratio stable at 16.3% in the first quarter of 2019

In EUR million	1Q19	1Q18	Change
Analysis of results			
Interest result	63	67	-6.1%
Commission income	9	8	12.5%
Total investment and other income	9	10	-7.9%
Operating income	81	85	-4.7%
Operating expenses	46	48	-5.2%
Regulatory levies	5	4	12.5%
Addition to loan loss provision	1	0	
Total expenses	51	52	-1.5%
Operating result	30	33	-9.6%
Non-operating items	-2	2	
of which gains/losses and impairments	1	0	69.5%
of which revaluations	0	1	-100.0%
of which market & other impacts	-3	0	
Special items	-2	-4	
Result before tax	25	31	-17.1%
Taxation	7	8	-7.7%
Minority interests	0	0	
Net result	18	23	-20.2%
Key figures			
Total administrative expenses ¹³⁾	51	53	-3.7%
Cost/income ratio ¹⁵⁾	56.4%	56.7%	-0.5%
Net Interest Margin (NIM) ⁷⁾	1.2%	1.4%	
Net operating ROE ¹⁰⁾	11.4%	13.4%	

In EUR billion	1Q19	4Q18	Change
Key figures			
CET1 ratio ⁴⁾	16.3%	16.3%	
Total capital ratio ⁴⁾	17.8%	17.9%	
Risk Weighted Assets (RWA) ⁴⁾	6	6	0.9%
Savings & deposits	15	14	1.2%
Mortgages	18	18	1.4%
Total assets	22	22	3.6%
Allocated equity (end of period) ⁶⁾ ¹⁰⁾	792	789	0.4%
Employees (internal FTEs, end of period)	831	814	2.1%

The operating result decreased to EUR 30 million from EUR 33 million in the first quarter of 2018 due to a lower interest result, partly compensated by lower administrative expenses.

The interest result decreased to EUR 63 million from EUR 67 million in the first quarter of 2018. This reflects pressure on mortgage rates partly offset by lower funding costs. The net interest margin (NIM), calculated on a four quarter rolling average, was 1.2% in the first quarter of 2019.

Commission income increased to EUR 9 million from EUR 8 million in the first quarter of 2018, driven by higher servicing fees.

Total investment and other income decreased to EUR 9 million from EUR 10 million in the first quarter of 2018.

Administrative expenses decreased to EUR 51 million from EUR 53 million in the first quarter of 2018, mainly driven by the synergy benefits from the integration of Delta Lloyd Bank, partly offset by an increase in regulatory levies.

Additions to the loan loss provision increased to EUR 1 million from EUR 0 million in the first quarter of 2018, mainly reflecting a larger mortgage portfolio.

The result before tax decreased to EUR 25 million compared with EUR 31 million in the first quarter of 2018 due to lower non-operating items and the lower operating result, partly offset by lower special items reflecting restructuring expenses. Market & other impacts were EUR -3 million compared with EUR 0 million in the first quarter of 2018, reflecting hedge-related results.

Other

- Operating result was EUR -36 million versus EUR -78 million in the first quarter of 2018, which included the negative impact of a storm in January 2018 for a total amount of EUR 33 million and non-recurring items of EUR -15 million

In EUR million	1Q19	1Q18	Change
Analysis of results			
Interest on hybrids and debt ⁴⁾	-27	-27	
Investment income and fees	25	23	7.4%
Holding expenses	-42	-35	
Amortisation of intangible assets	0	0	
Holding result	-44	-39	
Operating result reinsurance business	8	-39	
Other results	0	0	-183.0%
Operating result	-36	-78	
Non-operating items	-8	16	
of which gains/losses and impairments	1	2	-33.6%
of which revaluations	0	-1	
of which market & other impacts	-9	15	
Special items	-15	-27	
Acquisition intangibles and goodwill	-8	-33	
Result on divestments	4	4	-6.3%
Result before tax	-63	-118	
Taxation	-18	-31	
Minority interests	0	0	
Net result	-45	-87	
Key figures			
Total administrative expenses	44	38	14.7%
of which reinsurance business	2	3	-38.8%
of which corporate/holding	42	36	53.4%

In EUR million	1Q19	4Q18	Change
Key figures Japan Closed Block VA			
Account value	2,116	2,355	-10.2%
Net Amount at Risk	88	175	-49.8%
Number of policies	27,242	34,436	-20.9%

The operating result of the segment Other was EUR -36 million versus EUR -78 million in the first quarter of 2018, which included the EUR 33 million impact of the January 2018 storm and non-recurring items of EUR -15 million.

The holding result decreased to EUR -44 million from EUR -39 million in the first quarter of 2018. Holding expenses were higher due to a revised method for charging staff-related expenses to the segments and other expense increases, while the first quarter of 2018 included a EUR 7 million non-recurring charge to the personnel provisions.

The operating result of the reinsurance business was EUR 8 million compared with EUR -39 million in the first quarter of 2018, which included EUR 33 million of claims relating to the storm in January 2018 as well as a EUR 8 million claim from a legacy reinsurance portfolio.

The result before tax of the segment Other increased to EUR -63 million from EUR -118 million in the first quarter of 2018. This reflects the higher operating result, lower amortisation of acquisition intangibles and lower special items, partly offset by lower non-operating items reflecting the result before tax of Japan Closed Block VA of EUR -10 million which was down from EUR 15 million in the first quarter of 2018, mainly due to negative hedge-related results.

Consolidated Balance Sheet

- Total assets of NN Group increased by EUR 12.3 billion compared with the end of the fourth quarter of 2018 to EUR 236.6 billion, reflecting the impact from lower interest rates
- Shareholders' equity increased by EUR 3.8 billion to EUR 26.7 billion, reflecting increased revaluation reserves as a result of the lower interest rates and the first quarter net result

In EUR million	31 Mar 19	31 Dec 18	31 Mar 18		31 Mar 19	31 Dec 18	31 Mar 18
Assets				Equity and liabilities			
Cash and cash equivalents	10,418	8,886	10,273	Shareholders' equity (parent)	26,695	22,850	23,345
Financial assets at fair value through profit or loss				Minority interests	252	234	315
- investments for risk of policyholders	32,102	30,230	32,196	Undated subordinated notes	1,764	1,764	1,764
- non-trading derivatives	7,001	5,096	4,905	Total equity	28,711	24,848	25,424
- designated as at fair value through profit or loss	1,090	722	806	Subordinated debt	2,439	2,445	2,463
Available-for-sale investments	108,492	104,329	105,879	Debt securities issued	1,990	1,990	1,988
Loans	60,283	58,903	56,131	Other borrowed funds	6,125	5,717	5,409
Reinsurance contracts	1,056	1,010	969	Insurance and investment contracts	165,466	161,118	164,116
Associates and joint ventures	5,223	5,000	3,523	Customer deposits and other funds on deposit	14,901	14,729	14,725
Real estate investments	2,430	2,374	3,629	Financial liabilities at fair value through profit or loss			
Property and equipment	408	151	140	- non-trading derivatives	2,693	2,163	2,413
Intangible assets	1,026	863	1,816	Deferred tax liabilities	2,768	1,809	1,940
Deferred acquisition costs	1,961	1,843	1,803	Other liabilities	11,485	9,427	9,069
Deferred tax assets	126	131	117	Total liabilities	207,867	199,398	202,123
Other assets	4,962	4,708	5,360	Total equity and liabilities	236,578	224,246	227,547
Total assets	236,578	224,246	227,547				

Assets

Non trading derivatives

Non-trading derivatives increased by EUR 1.9 billion to EUR 7.0 billion, reflecting positive revaluations on derivatives used for hedging purposes.

Investments for the risk of policyholders

Investments for the risk of policyholders increased by EUR 1.9 billion in the first quarter to EUR 32.1 billion, mainly due to a decrease of interest rates in the quarter.

Available for sale investments

The increase of Available for sale investments of EUR 4.2 billion in the first quarter of 2019 reflects the aforementioned decrease of interest rates.

Liabilities

Insurance and investment contracts

Insurance and investment contracts increased to EUR 165.5 billion, reflecting the impact of the aforementioned lower interest rates, leading to an increase of Investments for the risk of policyholders as well as higher profit sharing for policyholders due to positive revaluations on Debt securities.

Equity

Shareholders' equity increased by EUR 3.8 billion to EUR 26.7 billion in the first quarter of 2019. The increase reflects net positive revaluations due to lower interest rates as well as the first-quarter net result.

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

In EUR million	1Q19	FY18	1Q18
Shareholders' equity beginning of period	22,850	22,718	22,718
Net result for the period	512	1,117	399
Unrealised revaluations available-for-sale investments and other	2,491	-316	231
Realised gains/losses transferred to the profit and loss account	0	-823	-37
Change in cash flow hedge reserve	1,767	793	39
Deferred interest credited to policyholders	-826	-38	-54
Share of other comprehensive income of associates and joint ventures	-1	1	0
Exchange rate differences	16	93	47
Remeasurement of the net defined benefit asset/liability	-21	0	0
Dividend	0	-332	0
Purchase/sale treasury shares	-35	-231	4
Employee stock option & share plans	1	2	-2
Coupon on undated subordinated notes	-59	-58	0
Termination warrant agreement	0	-76	0
Total changes	3,845	132	627
Shareholders' equity end of period	26,695	22,850	23,345

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

In EUR million	31 Mar 19	31 Dec 18	31 Mar 18
Share capital	40	41	41
Share premium	12,573	12,572	12,572
Revaluation reserve available-for-sale investments and other	5,376	3,684	5,023
Cash flow hedge reserve	6,281	4,514	3,760
Currency translation reserve	-27	-34	-95
Net defined benefit asset/liability remeasurement reserve	-127	-106	-106
Retained earnings and other reserves	2,579	2,179	2,150
Shareholders' equity (parent)	26,695	22,850	23,345
Minority interests	252	234	315
Undated subordinated notes	1,764	1,764	1,764
Total equity	28,711	24,848	25,424

Capital Management

- Solvency II ratio of 213% reflects unfavourable movements in credit spreads and interest rates, the deduction of the EUR 500 million share buyback as well as a reduction of the UFR, partly offset by operating capital generation and positive equity revaluations
- Free cash flow to the holding in the first quarter of 2019 was EUR 183 million, mainly driven by EUR 269 million of dividends from subsidiaries
- Cash capital position at the holding increased to EUR 2,048 million

Solvency II

In EUR million	31 Mar 19	31 Dec 18	31 Mar 18
Basic Own Funds	17,815	18,100	17,779
Non-available Own Funds	1,095	1,373	1,404
Non-eligible Own Funds	0	0	212
Eligible Own Funds (a)	16,720	16,727	16,163
of which Tier 1 Unrestricted	10,258	10,513	9,650
of which Tier 1 Restricted	1,937	1,895	1,896
of which Tier 2	2,454	2,433	2,405
of which Tier 3	862	755	1,067
of which non-solvency II regulated entities	1,209	1,132	1,145
Solvency Capital Requirements (b)	7,845	7,274	7,606
of which non-solvency II regulated entities	519	507	489
NN Group Solvency II ratio (a/b)²⁾	213%	230%	213%
NN Life Solvency II ratio²⁾	217%	255%	219%

The NN Group Solvency II ratio decreased to 213% at the end of the first quarter of 2019 from 230% at the end of the fourth quarter of 2018. This was mainly driven by unfavourable movements in credit spreads and interest rates, the deduction of the EUR 500 million share buyback programme and the impact of a reduction of the Ultimate Forward Rate (UFR) from 4.05% to 3.9%. These items were partly offset by operating capital generation and positive equity revaluations.

The NN Life Solvency II ratio decreased to 217% at the end of the first quarter of 2019 from 255% at the end of the fourth quarter of 2018, or 231% based on a simple sum pro-forma following the legal merger of NN Life with Delta Lloyd Life. In addition to the impact of the legal merger, the decrease was due to unfavourable movements in credit spreads and interest rates, the impact of a reduction of the UFR and a EUR 185 million dividend payment to the holding company. These items were partly offset by operating capital generation and positive equity revaluations.

Cash capital position at the holding company

In EUR million	1Q19	FY18
Beginning of period	2,005	1,434
Cash divestment proceeds	4	0
Dividends from subsidiaries ¹⁶⁾	269	1,593
Capital injections into subsidiaries ¹⁷⁾	-1	-78
Other ¹⁸⁾	-88	-298
Free cash flow to the holding¹⁹⁾	183	1,216
Acquisitions	-102	0
Capital flow from / (to) shareholders	-38	-645
Increase / (decrease) in debt and loans	0	0
End of period	2,048	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 2,048 million at the end of the first quarter of 2019 from EUR 2,005 million at the end of the fourth quarter of 2018. The increase was mainly driven by EUR 269 million of dividends from subsidiaries, partly offset by the consideration paid for the acquired Slovak businesses and shares repurchased in the first quarter of 2019 for an amount of EUR 38 million. Other movements include holding company expenses, interest on loans and debt, and other holding company cash flows.

Financial leverage

In EUR million	31 Mar 19	31 Dec 18	31 Mar 18
Shareholders' equity	26,695	22,850	23,345
Adjustment for revaluation reserves ²⁰⁾	-10,102	-7,097	-7,246
Minority interests	252	234	315
Capital base for financial leverage (a)	16,845	15,988	16,415
Undated subordinated notes ²²⁾	1,764	1,764	1,764
Subordinated debt	2,439	2,445	2,463
Total subordinated debt	4,203	4,209	4,227
Debt securities issued (financial leverage)	1,990	1,990	1,988
Financial leverage (b)	6,193	6,199	6,215
Debt securities issued (operational leverage)	0	0	0
Total debt	6,193	6,199	6,215
Financial leverage ratio (b/(a+b))	26.9%	27.9%	27.5%
Fixed-cost coverage ratio ²¹⁾²²⁾	13.8x	13.8x	12.7x

The financial leverage ratio of NN Group decreased to 26.9% at the end of the first quarter of 2019 compared with 27.9% at the end of the fourth quarter of 2018. This reflects an increase of the capital base for financial leverage driven by the first-quarter net result of EUR 512 million as well as positive equity revaluations.

The fixed-cost coverage ratio was stable at 13.8x at the end of the first quarter of 2019, same as at the end of the fourth quarter of 2018 (on a last 12-months basis).

Share buyback

On 14 February 2019, NN Group announced an open market share buyback programme for an amount of up to EUR 500 million over 12 months, commencing 1 March 2019. Up to 10 May 2019, shares for a total amount of EUR 52 million were repurchased, representing 10.4% of the total share buyback amount. NN Group reports on the progress of the share buyback programme on its corporate website (<https://www.nn-group.com/Investors.htm>) on a weekly basis.

Share capital

On 28 March 2019, 5,850,000 NN Group treasury shares were cancelled, which were repurchased under the share buy-back programme which was completed in December 2018.

The total number of NN Group shares outstanding (net of 1,881,140 treasury shares) on 10 May 2019 was 333,327,931.

Credit ratings

Credit ratings of NN Group on 15 May 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. 2018 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.
- 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) The Common Equity Tier 1 (CET1) ratio, Total Capital ratio and Risk Weighted Assets (RWA) are not final until filed with the regulators.
- 5) Excluding health business and broker business.
- 6) In EUR million.
- 7) Four-quarter rolling average.
- 8) Net operating result, 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, adjusted to reflect the deduction of the accrued coupon on undated subordinated notes classified in equity, divided by (average) adjusted allocated equity. 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. 2018 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. 2018 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) Operating expenses plus regulatory levies.
- 14) Does not include interest costs on subordinated debt treated as equity.
- 15) Cost/income ratio is calculated as Operating expenses divided by Operating income.
- 16) Includes interest on subordinated loans provided to subsidiaries by the holding company.
- 17) Includes the change of subordinated loans provided to subsidiaries by the holding company.
- 18) Includes interest on subordinated loans and debt, holding company expenses and other cash flows.
- 19) 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.
- 20) Includes revaluations on debt securities, on the cash flow hedge reserve and on the reserves crediting to life policyholders.
- 21) Measures the ability of Earnings Before Interest and Tax (EBIT) to cover funding costs on financial leverage; calculated on a last 12-months basis.
- 22) 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.
- 23) 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.

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, 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 1Q19 results at 10.30 am CET on Thursday 16 May 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.

Press call

Lard Friese and Delfin Rueda will host a press call to discuss the 1Q19 results, which will be held at 07.45 am CET on Thursday 16 May 2019. Journalists can join the press call at +31 20 531 5863 (NL).

Financial calendar

- Annual General Meeting: 29 May 2019
- Publication 2Q19 results: 15 August 2019
- Publication 3Q19 results: 14 November 2019
- Capital markets update: 4 December 2019

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Additional information on www.nn-group.com

- NN Group 1Q19 Financial Supplement, NN Group 1Q19 Analyst Presentation
- NN Group 31 March 2019 Condensed consolidated interim accounts
- Photos of NN Group executives, buildings and events are available for download at [Flickr](#)

Important legal information

Elements of this press release contain or may contain information about NN Group N.V. within the meaning of Article 7(1) to (4) of EU Regulation No 596/ 2014 (*Market Abuse Regulation*). NN Group's Consolidated Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and with Part 9 of Book 2 on the Dutch Civil Code. In preparing the financial information in this document, the same accounting principles are applied as in the NN Group N.V. Condensed consolidated interim accounts for the period ended 31 March 2019.

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.
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