



Interim financial information
30 June 2014

NN Group N.V.
Condensed consolidated interim financial information
for the period ended 30 June 2014

Contents

Condensed consolidated interim financial information

Interim report	4
NN Group profile	4
Overview	4
Profit and loss account	5
Consolidated balance sheet	10
Capital management	11
Risk management	14
Conformity statement	15
Condensed consolidated interim accounts	16
Condensed consolidated balance sheet	16
Condensed consolidated profit and loss account	17
Condensed consolidated statement of comprehensive income	19
Condensed consolidated statement of cash flows	20
Condensed consolidated statement of changes in equity	21
Notes to the Condensed consolidated interim accounts	23
1 Accounting policies	23
2 Financial assets at fair value through profit or loss	27
3 Available-for-sale investments	27
4 Loans	29
5 Investments in associates and joint ventures	30
6 Intangible assets	30
7 Assets and liabilities held for sale	31
8 Other assets	31
9 Equity	32
10 Subordinated loans	33
11 Insurance and investment contracts, reinsurance contracts	33
12 Financial liabilities at fair value through profit or loss	33
13 Other liabilities	34
14 Investment income	35
15 Other income	35
16 Underwriting expenditure	36
17 Staff expense	37
18 Discontinued operations	38
19 Earnings per ordinary share	38
20 Pension and other post-employment benefits	41
21 Segments	43
22 Fair value of financial assets and liabilities	49
23 Companies and businesses acquired and divested	54
24 Change in accounting for in Japan Closed Block VA	55
25 Other events	56
26 Subsequent events	56
Other information	57
Independent auditor's report	57



Interim report

NN Group N.V.

NN Group profile

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

Overview

On 7 July 2014, ING Group completed the sale of 77 million of existing ordinary shares in the initial public offering of NN Group at EUR 20.00 per share. On 10 July 2014 the joint global coordinators, on behalf of the underwriters, exercised an over-allotment option to purchase 11.6 million additional existing shares in NN Group at the same price. At the time of the IPO, a first tranche of EUR 450 million of the mandatorily exchangeable subordinated notes (the pre-IPO investments from three Asian-based investment firms RRJ Capital, Temasek and SeaTown) was exchanged into NN Group shares. The remaining two tranches (together totalling EUR 675 million) will be mandatorily exchanged into NN Group shares at a later date.

The total gross proceeds from the NN Group IPO, including the exchange of the first tranche of subordinated notes into NN Group shares and the over-allotment option, amounted to EUR 2.2 billion. As a result of the above, ING's ownership in NN Group declined from 100% to 68.1%. These transactions did not impact the profit and loss account of ING Group, as NN Group will continue to be fully consolidated in the financial statements of ING Group. As the IPO and the exchange of subordinated notes comprised shares only sold by ING Group, NN Group's capitalisation level was not affected.

Prior to the IPO, ING Group injected EUR 850 million of capital into NN Group. These funds were used to reduce senior debt owed to ING Group by EUR 200 million, to provide a subordinated loan to NN Life of EUR 450 million and to increase the cash capital position at the holding company by EUR 200 million.

On 7 July 2014, NN Group issued warrants to ING Group that will be exercisable for 34,965,000 (9.99%) ordinary shares of NN Group. The initial exercise price of the warrants is equal to 200% of the EUR 20.00 offer price at the time of the IPO. The warrants will be exercisable from 7 July 2015 and expire on 7 July 2024. ING Group has committed to not exercise its warrants before 7 July 2017. Furthermore, the warrants are not subject to transfer restrictions; however, ING Group entered into a 180-day lock-up arrangement with the underwriters. The warrant holders have no voting rights or rights to receive dividends.

On 8 April 2014, NN Group issued EUR 1 billion dated subordinated debt with a maturity of 30 years and callable after 10 years and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 4.625% per annum for the first 10 years and will be floating thereafter. The net proceeds were used to repay EUR 0.6 billion of subordinated debt and EUR 0.4 billion of senior debt to ING Group. The debt is rated by Standard & Poor's (BBB-) and Moody's (Baa3) and is listed on Euronext Amsterdam.

On 15 July 2014, NN Group issued EUR 1 billion undated subordinated debt which is callable after 11.5 years and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 4.50% per annum for the first 11.5 years and will be floating thereafter. The net proceeds were used to repay subordinated debt to ING Group. The debt is rated by Standard & Poor's (BBB-) and Moody's (Baa3) and listed on Euronext Amsterdam.

NN Group recognises the importance of good corporate governance. The governing bodies comprise an Executive Board, a Management Board and a Supervisory Board. The Executive Board is entrusted with the management, the strategy and the operations of NN Group under the supervision of the Supervisory Board. As of the date of settlement of the IPO (7 July 2014), the Executive Board of NN Group is comprised of Lard Friese, chairman and chief executive officer, and Delfin Rueda Arroyo, chief financial officer. The Supervisory Board is responsible for supervising the conduct of the Executive Board and the general course of affairs within NN Group and providing advice to the Executive Board.

The Management Board is the body entrusted with the day-to-day management of NN Group and the overall strategic direction of the company. The Executive Board members are also members of the Management Board.

The Relationship Agreement entered into by NN Group N.V. and ING Groep N.V. contains certain arrangements regarding the continuing relationship between NN Group and ING Group.

More information can be found on our website: www.nn-group.com.

Profit and loss account

NN Group consolidated

Result per segment

amounts in millions of euros	1 January to 30 June	
	2014	2013
Operating result		
– Netherlands Life	306	342
– Netherlands Non-Life	61	39
– Insurance Europe	90	95
– Japan Life	90	113
– Investment Management	77	72
– Other	-73	-212
Operating result ongoing business	551	450
Non-operating items ongoing business	-18	-56
– of which gains/losses and impairments	-42	52
– of which revaluations	84	-10
– of which market & other impacts	-60	-97
Japan Closed Block VA	43	65
Insurance Other		-10
Special items before tax	-597	-42
Result on divestments	56	29
Result before tax from continuing operations	36	436
Taxation	-15	110
Net result from continuing operations	51	326
Net result from discontinued operations	-13	755
Net result from continuing and discontinued operations (before attribution to minority interest)	38	1,081

The operating result for the ongoing business of NN Group for the first half of 2014 was EUR 551 million, a 22.4 % increase compared with EUR 450 million in the same period last year, mainly driven by a higher Disability & Accident (D&A) result in Netherlands Non-life and lower holding expenses and funding costs as well as higher operating results from the reinsurance business and NN Bank. This improvement was partially offset by lower results in Netherlands Life, Insurance Europe and Japan Life.

The loss from non-operating items related to ongoing business improved to a loss of EUR 18 million in the first half of 2014 from a loss of EUR 56 million in the same period last year.

Gains/losses and impairments decreased from a gain of EUR 52 million in the first half of 2013 to a EUR 42 million loss in the first half of 2014, mainly driven by impairments on real estate and public equity in Netherlands Life, partly offset by gains on the sale of bonds in Insurance Europe.

Revaluations improved to a gain of EUR 84 million in the first half of 2014 compared with a loss of EUR 10 million in the first half of 2013, largely as a result of positive revaluations on private equity and real estate investments in Netherlands Life and Netherlands Non-life.

The EUR 37 million improvement in the loss from market and other impacts reflects a change of EUR 46 million in the provision for guarantees on separate account pension contracts (net of hedging) in the Netherlands, partly offset by a EUR 9 million negative impact in Insurance Europe related to a one-off contribution to the new guarantee fund in Poland related to the pension reforms. In July 2014 a refund of EUR 52 million was received from the guarantee fund that was discontinued as per 1 July 2014; this refund will be recognised in the third quarter of 2014.

The result before tax of Japan Closed Block VA was EUR 43 million in the first half of 2014, compared with EUR 65 million in the same period last year. This decrease was primarily due to the impact of various modelling refinements which led to a one-off reserve increase of EUR 51 million in the first half of 2014, partly offset by higher hedge results.

The Insurance Other segment ceased to exist as from 1 January 2014 as a result of the divestment and transfer of Sul América in January 2014, the indemnification by ING Group of certain claims relating to NN Group's former subsidiary in Mexico and because ING Group no longer allocates shareholder expenses to NN Group as from 1 January 2014. The loss of EUR 10 million in the first half of 2013 represented the shareholder expenses allocated to NN Group by ING Group.

Interim report continued

Special items before tax deteriorated to a loss of EUR 597 million in the first half of 2014 from a loss of EUR 42 million in the same period last year, largely as a result of the EUR 541 million negative impact of the agreement to make ING's closed defined benefit plan in the Netherlands financially independent.

The result on divestments increased to EUR 56 million in the first half of 2014 from EUR 29 million in the first half of 2013. The result in the first half of 2014 reflects the disposal of the Brazilian insurance holding Sul América as part of the overall ING Group restructuring. The result in the corresponding period of 2013 reflected NN Group's share in Sul América's net result from operations and the net result from disposal, partly offset by a loss on the sale of the Mexican mortgage business.

The result before tax from continuing operations was EUR 36 million in the first half of 2014, compared with EUR 436 million last year. This deterioration is largely the result of the adverse impact from the special items, partly compensated by both a higher operating result ongoing business and a lower loss of non-operating items.

The net result from discontinued operations decreased to a EUR 13 million net loss in the first half of 2014, largely related to the sale of IM Taiwan, from a EUR 755 million net gain in the first half of 2013, largely related to the gain on the sale of life insurance businesses in Hong Kong, Macau and Thailand.

Netherlands Life

The operating result for Netherlands Life was EUR 306 million in the first half of 2014 compared with EUR 342 million in the same period of 2013, as a higher investment margin was more than offset by lower fees and premium based revenues and lower technical margin.

The investment margin increased to EUR 301 million in the first half of 2014 from EUR 279 million in the first half of 2013, mainly reflecting an increased allocation to higher-return asset classes as well as higher invested volumes, partly offset by lower dividends on fixed income funds and private equity.

Fees and premium-based revenues in the first half of 2014 decreased by EUR 39 million to EUR 217 million compared with the first half of 2013, mainly owing to lower fee income on the unit-linked portfolio as of 1 January 2014 and a decreasing individual life closed book. In addition, premium-based revenues on pension products in the first half of 2014 was supported by non-recurring effects.

In the first half of 2014 the technical margin was EUR 70 million, down EUR 28 million compared with the strong first half 2013, mainly due to lower mortality results and an adverse impact from the movement of unit-linked guarantee provisions.

Administrative expenses were stable at EUR 246 million in the first half of 2014 compared with the same period last year, as the impact of the transformation programme in the Netherlands was partly offset by higher employee benefit expenses.

DAC amortisation and trail commissions declined 16.3% to EUR 36 million in the first half of 2014, mainly reflecting the gradual run-off of the individual life closed book and lower pension premiums.

Gains/losses and impairments decreased to a EUR 66 million loss in the first half of 2014 from a gain of EUR 12 million in the same period of 2013. The loss in 2014 was mainly due to impairments on real estate and public equity, while the gain in 2013 was mainly driven by realised gains on debt securities and public equity.

Revaluations improved to a gain of EUR 82 million in the first half of 2014 compared to nil in the first half of 2013. The 2014 revaluations mainly consist of private equity revaluations whereas in 2013 negative real estate revaluations were offset by positive private equity revaluations.

The loss of EUR 51 million in the first half of 2014 in market and other impacts reflects the movement in the provision for guarantees on separate account pension contracts (net of hedging).

Special items were a loss of EUR 347 million in the first half of 2014, including a EUR 331 million special item related to the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent. Special items in the first half of 2013 mainly reflect preparation costs for the base case IPO.

The result before tax was EUR -76 million in the first half of 2014, compared with EUR 237 million in the first half of 2013, mainly as a result of the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.



Netherlands Non-life

The operating result for Netherlands Non-life was EUR 61 million in the first half of 2014, a 56.4% increase compared with EUR 39 million in the first half of 2013. The strong improvement reflects a favourable claims development in Disability & Accident (D&A) and management actions to restore profitability in the Disability portfolio. The operating result for Property & Casualty (P&C) decreased as a result of an unfavourable claims experience in the first half of 2014. The operating result from broker businesses (NN Group's wholly-owned insurance brokers Mandema and Zicht) showed an increase of EUR 1 million to EUR 3 million in the first half of 2014.

In the first half of 2014 the combined ratio was 99.4% compared with 102.4% in the same period of 2013. The improvement was mainly attributable to an improved underwriting performance in D&A, driven by the management actions taken to restore profitability.

Administrative expenses decreased by EUR 18 million to EUR 111 million in the first half of 2014, mainly as a result of the transformation programme in the Netherlands.

The result before tax decreased to EUR -20 million from EUR 21 million in the first half of 2013. The result of the first half of 2014 included a EUR -82 million special item related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

Gross premium income decreased slightly compared with a year ago to EUR 1,047 million as P&C gross premium income was impacted by stricter underwriting and product rationalisation.

Insurance Europe

The operating result for Insurance Europe was EUR 90 million in the first half of 2014, a 5.3% decline compared with EUR 95 million in the first half of 2013, mainly caused by a lower investment margin and higher DAC amortisation partly compensated by higher fees and premium based revenues and lower administrative expenses.

The investment margin in the first half of 2014 was EUR 48 million, down from EUR 54 million a year ago. This decline reflects lower invested volumes following dividend payments to NN Group in 2013, partly compensated by higher investment income for Greece, related to an early redemption of Residential Mortgage Backed Securities (RMBS).

Fees and premium-based revenues in the first half of 2014 increased to EUR 255 million from EUR 248 million in the same period of 2013. This increase was mainly driven by higher life sales in Belgium and Spain, higher pension inflows in Romania as well as the reclassification of operating income non-modelled business to fees and premium-based revenues in Turkey. These items were partly offset by the impact of the pension reforms in Poland which took effect in February 2014.

The technical margin decreased from EUR 94 million in the first half of 2013 to EUR 92 million in the first half of 2014, mainly driven by lower morbidity and surrender margins across the region, partly compensated by a reclassification of the crisis tax in Belgium from the technical margin to DAC amortisation and trail commissions in the second half of 2013.

Administrative expenses decreased to EUR 149 million in the first half of 2014 from EUR 160 million in the first half of 2013, mainly driven by EUR 8 million lower project expenses and EUR 3 million currency effects.

DAC amortisation and trail commissions increased to EUR 163 million in the first half of 2014 from EUR 154 million in the same period of 2013, mainly due to the aforementioned reclassification of the crisis tax in Belgium.

Non-operating items increased to EUR 11 million in the first half of 2014 from EUR 2 million a year ago following a EUR 10 million gain on the sale of corporate bonds in Belgium, Spain and Greece, and a EUR 8 million gain on the sale of Dutch Government bonds in Spain, partly offset by a EUR 9 million one-off contribution to the guarantee fund in Poland related to the pension reforms. In July 2014 a refund of EUR 52 million was received from the guarantee fund that was discontinued as per 1 July 2014; this refund will be recognised in the third quarter of 2014.

The result before tax increased to EUR 97 million in the first half of 2014 from EUR 91 million in the first half of 2013. The decrease in the operating result was more than offset by the improvement in non-operating items.

Interim report continued

Japan Life

The operating result for Japan Life was EUR 90 million in the first half of 2014, a 20.4% decline compared with EUR 113 million in the first half of 2013, due to the 6.9% depreciation of the Japanese yen against the euro in 2014. Excluding currency impacts, the operating result decreased by 8.1% due to lower investment margin and higher head office cost allocations.

The investment margin declined from EUR 6 million in the first half of 2013 to EUR -2 million in the first half of 2014. Excluding currency impacts, the investment margin decreased by EUR 7 million mainly due to reinvestments at a lower yield.

Fees and premium-based revenues were EUR 236 million in the first half of 2014, a 4.8% decrease compared with EUR 248 million in the same period of 2013, due to the depreciation of the Japanese yen against the euro. Excluding this currency effect, fees and premium based revenues increased by 8.2% driven by higher sales and larger in-force.

The technical margin remained flat at EUR 4 million in the first half of 2014 compared with the same period of 2013. Excluding currency effects, the technical margin increased 66.7% driven by higher morbidity results.

Administrative expenses were EUR 49 million in the first half of 2014, a 3.9% decrease compared with EUR 51 million in the first half of 2013. Excluding currency effects, administrative expenses increased by 8.9% compared to first half of 2013, primarily due to increased head office charges.

DAC amortisation and trail commissions increased to EUR 99 million in the first half of 2014 compared to EUR 94 million in the same period of 2013. Excluding currency effects, DAC amortisation and trail commissions increased by 20.5% due to higher premium volumes.

Non-operating items were EUR -3 million in the first half of 2014 versus EUR 10 million in the same period a year ago. Excluding currency impacts, non-operating items decreased by EUR 11 million, as the first half of 2013 included realised gains.

The result before tax decreased to EUR 88 million in the first half of 2014 from EUR 123 million in the first half of 2013. Excluding currency impacts, the result before tax decreased 18.5% due to the decrease in operating result and non-operating items.

Investment management (IM)

The operating result for Investment Management was EUR 77 million in the first half of 2014, a 6.9% increase compared with EUR 72 million in the first half of 2013, mainly driven by higher fees.

Fees were EUR 234 million in the first half of 2014, a 3.5% increase compared with EUR 226 million in the first half of 2013. The increase was driven by a EUR 5 million one-off fee income as well as higher revenues. Outflows in lower yielding proprietary assets were offset by inflows in higher margin products. The introduction of the fixed service fee in the Netherlands, which led to a EUR 4 million increase in income in the first half of 2014, has an offsetting impact in administrative expenses. The ratio of fees to average AuM improved slightly from 25 basis points in the first half of 2013 to 27 basis points this year.

Administrative expenses were EUR 158 million in the first half of 2014, a 1.9% increase compared with EUR 155 million in 2013. The first half of 2014 benefited from EUR 10 million of personnel provision releases. The increase of EUR 3 million compared with 2013 was mainly caused by the introduction of the fixed service fee in 2014 and higher marketing expenses.

The result before tax from continuing operations decreased to EUR -45 million in the first half of 2014 from EUR 72 million in 2013. The first half of 2014 included a special item of EUR -122 million, reflecting the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.



Interim report continued

Other

The operating result for the segment Other was a loss of EUR 73 million in the first half of 2014, compared with a loss of EUR 212 million in the same period last year. The substantial improvement reflects lower holding expenses and funding costs and a higher operating result at NN Bank and the reinsurance business.

The holding result improved to EUR -112 million compared with EUR -178 million in the first half year of 2013. Interest costs on hybrids and debt decreased to EUR -68 million mainly following refinancing of both external and intercompany loans with ING Group and a EUR 1 billion debt-to-equity conversion in December of last year. Investment income & fees increased to EUR 19 million and reflects interest income on the EUR 600 million and EUR 450 million subordinated loans issued by NN Life to NN Group in the first half year of 2014. Holding expenses declined by EUR 34 million, mainly reflecting the transformation programme in the Netherlands.

The operating result of the reinsurance business increased to EUR 26 million from EUR -20 million in the first half year of 2013, which included a EUR 31 million one-off loss on a specific reinsurance contract. Furthermore higher hedge results on the VA Europe portfolio and better underwriting results contributed to the improvement.

The operating result of NN Bank increased to EUR 7 million from EUR -13 million in the first half year of 2013. The partial transfer of assets and liabilities from WUB to NN Bank on 1 July 2013 led to a relatively higher increase in operating income than expenses.

The other results of EUR 6 million in the first half of 2014 mainly reflects a non-recurring adjustment on the amortisation of certain fixed income securities.

The result before tax improved to EUR -107 million in the first half of 2014 from EUR -250 million in the same period last year, mainly reflecting the improved operating result.

Special items before tax in the first half of 2014 amounted to EUR -36 million and were mainly related to the transformation programme in the Netherlands, as well as the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

The result on divestments and discontinued operations for the first half year of 2013 reflects the loss on the sale of the Mexican mortgage business.

Japan Closed Block VA

The operating result of Japan Closed Block VA was EUR 43 million in the first half of 2014, a 26.5% increase compared with EUR 34 million in the same period last year. Excluding currency effects, the operating result increased by 43.3% mainly driven by lower DAC amortisation. The first half of 2013 included DAC amortisation, which was fully written off per 1 October 2013.

Fees and premium based revenues were EUR 58 million in the first half of 2014, a decline of 15.9% as compared to EUR 69 million in the same period last year, due to the 6.9% depreciation of the Japanese Yen against the euro compared with the first half of 2013. Excluding currency effects, fees and premium based revenues decreased by 4.9% in line with a lower account value mainly caused by a decreasing number of policies.

Administrative expenses in the first half of 2014 decreased to EUR 9 million from EUR 12 million in the first half of 2013.

DAC amortisation and trail commissions in the first half of 2014 amounted to EUR 6 million, down 75.0% from the same period in the prior year. Per 1 October 2013 all DAC was written off to restore reserve adequacy to the 50% confidence level following a segmentation change. As a result, this line item only includes trail commissions as of 2014.

Non-operating items were nil in the first half of 2014, down from EUR 31 million in the first half of 2013. In the first half of 2014, a loss of EUR 51 million due to a one-off reserve increase reflecting the impact of various modelling refinements was offset by positive hedge results.

The result before tax in the first half of 2014 decreased to EUR 43 million compared with EUR 65 million in the same period previous year. In the first half of 2014, positive hedge results fully offset the negative impact of the one-off reserve increase, while the first half of 2013 included EUR 31 million positive hedge results.



Consolidated balance sheet

Total assets of NN Group increased by EUR 7.7 billion, on a constant currency basis, to EUR 154.1 billion at 30 June 2014 from EUR 145.3 billion at the end of 2013, mainly driven by an increase in the market value of Financial assets at fair value and Investments.

Non-trading derivatives

Non-trading derivatives increased by EUR 1.3 billion to EUR 4.4 billion mainly reflecting positive revaluations on Interest rate swaps as interest rates declined in the first six months of 2014.

Investments for risk policyholders

Investments for risk policyholders decreased by EUR 1.4 billion, on a constant currency basis, to EUR 38.8 billion reflecting the transfer of EUR 2.3 billion separate account pension contracts to the general account in Netherlands Life offset by positive revaluations. These changes are mirrored in the Provision for risk of policyholders on the liability side of the balance sheet.

Debt securities

Debt securities available for sale increased by EUR 5.1 billion to EUR 60.9 billion, on a constant currency basis, mainly driven by higher market values as long term interest rates declined in the first 6 months of 2014.

Loans

Loans increased by EUR 1.8 billion to EUR 27.1 billion, mainly reflecting EUR 1.2 billion cash deposits with a maturity longer than three months and mortgages issued by NN Bank.

Investments in associates

Investments in associates increased by EUR 0.5 billion to EUR 1.6 billion driven by real estate interests that were previously classified as investments available for sale and additional investments in real estate funds.

Subordinated Loans

Subordinated loans increased by EUR 0.4 billion to EUR 3.3 billion. On 8 April 2014 NN Group issued EUR 1 billion subordinated bond, the net proceeds of which were used to repay EUR 0.6 billion of subordinated debt and EUR 0.4 billion senior debt to ING Group.

Insurance and Investment contracts

Insurance and Investment contracts increased by EUR 3.3 billion on a constant currency basis to EUR 116.0 billion. Life insurance provisions and provision for risk of policyholders changed reflecting the transfer of separate account pension contracts to the general account in Netherlands Life. Life insurance provisions also increased reflecting an increase in deferred profit sharing to policyholders following the increase of the debt securities revaluation reserve.

Customer deposits

Customer deposits increased by EUR 0.8 billion to EUR 6.5 billion reflecting an increase of consumer savings at NN Bank during the first half year of 2014.

Total equity

Shareholders' equity increased by EUR 2.8 billion to EUR 16.9 billion mainly driven by an increase in the debt securities revaluation reserves of EUR 2.7 billion, EUR 0.8 billion other revaluations and EUR 850 million of capital contributed by ING Group into NN Group in May 2014. This was offset by EUR 1.3 billion higher deferred profit sharing to policyholders and a EUR 0.3 billion capital upstream to ING Group related to the sale and transfer to ING Group of Sul América S.A.

The most important events in the first half of 2014, other than the information disclosed in this Interim report, including, where significant, information on related party transactions, are included in the Condensed consolidated interim accounts. These disclosures are deemed to be incorporated by reference here.

Capital management

- In July NN Group became a publicly-listed company on Euronext Amsterdam;
- NN Group's capital position was strengthened leading to an increase of the IGD ratio to 272%, a Solvency I capital ratio of NN Life of 250% and a EUR 200 million decrease in financial leverage;
- NN Group successfully issued EUR 1 billion dated subordinated debt in April followed by EUR 1 billion of undated subordinated debt in July.

IPO

On 7 July 2014, ING Group completed the sale of 77 million of existing ordinary shares in the initial public offering of NN Group at EUR 20.00 per share. On 10 July 2014 the joint global coordinators, on behalf of the underwriters, exercised an over-allotment option to purchase 11.6 million additional existing shares in NN Group at the same price. At the time of the IPO, a first tranche of EUR 450 million of the mandatorily exchangeable subordinated notes (the pre-IPO investments from three Asian-based investment firms RRJ Capital, Temasek and SeaTown) was exchanged into NN Group shares. The remaining two tranches (together totalling EUR 675 million) will be mandatorily exchanged into NN Group shares at a later date.

The total gross proceeds from the NN Group IPO, including the exchange of the first tranche of subordinated notes into NN Group shares and the over-allotment option, amounted to EUR 2.2 billion. As a result of the above, ING's ownership in NN Group declined from 100% to 68.1%. These transactions did not impact the profit and loss account of ING Group, as NN Group continues to be fully consolidated in the financial statements of ING Group. As the IPO and the exchange of subordinated notes comprised shares only sold by ING Group, NN Group's capitalisation level was not affected.

Prior to the IPO, ING Group injected EUR 850 million of capital into NN Group. These funds were used to reduce senior debt owed to ING Group by EUR 200 million, to provide a subordinated loan to NN Life of EUR 450 million and to increase the cash capital position at the holding company by EUR 200 million.

On 7 July 2014, NN Group issued warrants to ING Group that will be exercisable for 34,965,000 (9.99%) ordinary shares of NN Group. The initial exercise price of the warrants is equal to 200% of the EUR 20.00 offer price at the time of the IPO. The warrants will be exercisable from 7 July 2015 and expire on 7 July 2024. ING Group has committed to not exercise its warrants before 7 July 2017. Furthermore, the warrants are not subject to transfer restrictions; however, ING Group entered into a 180-day lock-up arrangement with the underwriters. The warrant holders have no voting rights or rights to receive dividends.

Capital ratio

Capital ratio NN Group

amounts in millions of euros	30 June 2014 ⁽¹⁾	31 December 2013 ⁽²⁾
Shareholders' equity	16,939	14,062
Qualifying subordinated debt issued by NN Group to ING Group	1,809	2,394
Qualifying subordinated debt issued by NN Group	1,000	
Required regulatory adjustments ⁽²⁾	-7,288	-5,501
Total capital base (a)	12,460	10,955
EU required capital (b)	4,578	4,385
IGD Solvency I ratio (a/b)	272%	250%

⁽¹⁾ The 30 June 2014 capital ratio is not final until filed with the regulators.

⁽²⁾ The 31 December 2013 IGD ratio has been updated from 257% to 250% to reflect the move towards fair value accounting for the Guaranteed Minimum Death Benefits reserves of the Japan Closed Block VA segment and as the eligible hybrids for IGD capital are capped at a maximum of 50% of the EU required capital base, with the additional condition that dated hybrids can be included up to a maximum of 25% of the EU required capital base.

The IGD ratio increased strongly to 272% at the end of the second quarter, mainly driven by a EUR 850 million capital injection by ING Group into NN Group in May 2014 and a positive net result including the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent, offset by the dividend to ING Group related to the proceeds and remaining shares of Sul América.

Interim report continued

Cash capital position holding company

NN Group: Cash capital ⁽¹⁾

amounts in millions of euros	30 June 2014 YTD
Beginning of period	1,363
Cash divestment proceeds	181
Capital flow from / (to) shareholders	674
Increase / (decrease) in debt and loans	-200
Dividends from subsidiaries ⁽²⁾	446
Capital injections into subsidiaries ⁽³⁾	-1,210
Other ⁽⁴⁾	-97
End of period	1,156

⁽¹⁾ Cash capital is defined as net current assets available at the holding company

⁽²⁾ Includes interest on subordinated loans paid by subsidiaries to the holding company

⁽³⁾ Includes the change of subordinated loans issued by subsidiaries to the holding company

⁽⁴⁾ Includes interest payments on subordinated loans and debt, holding company expenses and other holding company cash flows

The cash capital at the holding at the end of the fourth quarter of 2013 was temporarily high at EUR 1,363 million, pending a capital injection of EUR 600 million into NN Life which was executed in February 2014 by way of subordinated debt. The cash capital position decreased to EUR 1,156 million at the end of the second quarter, mainly attributable to the issuances of subordinated debt by NN Life to NN Group of EUR 1,050 million (EUR 600 million in February 2014 and EUR 450 million in May 2014), partly offset by a pre-IPO EUR 850 million capital injection by ING Group into NN Group.

Capital generation

Capital generation ⁽¹⁾

amounts in millions of euros	Solvency Ratio	Available Capital	Available over Minimum Required Capital	Solvency Ratio	Available Capital	Available over Minimum Required Capital	Change of Available over Minimum Required Capital	Of which capital flows ⁽²⁾	Capital Gene- ration
			30 June 2014						
Total of subsidiaries (excluding discontinued operations)	n/a	12,295	7,621	n/a	11,379	6,847	774	766	8
of which NN Life	250%	7,029	4,218	223%	5,876	3,247	971	1,039	-68
							Change 6 month 2014		

⁽¹⁾ Capital generation for subsidiaries (excluding discontinued operations) is defined as the change of available over minimum required capital, excluding capital flows, according to local regulatory capital framework - figures are not final until filed with the regulators.

⁽²⁾ Capital flows reflect capital injections (including subordinated loans) net of dividends (including interest on subordinated loans) for all subsidiaries (excluding discontinued operations).

The capital generated by subsidiaries was EUR 8 million over the first half year of 2014. This included the impact of the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent (EUR -406 million) and the impact for ING Re Netherlands resulting from the move towards fair value accounting on the reserves for the Guaranteed Minimum Death Benefit (GMDB) of the Japan Closed Block VA business (EUR -94 million). Excluding these non-recurring items, the capital generation during the first six months of 2014 was EUR 507 million, mainly supported by operating performance and favourable financial markets, partly offset by the impact of model and assumption changes and other variances.

The Solvency I ratio of NN Life improved from 223% to 250% over the first half of 2014, supported by the issuance of EUR 1,050 million subordinated debt to NN Group, favourable market movements and operating performance, partly offset by model and assumption changes and the impact of the pension agreement (EUR -231 million). Excluding the pension impact, the capital generation of NN Life over the first half of 2014 was EUR 163 million.

Financial leverage

NN Group: Financial leverage

amounts in millions of euros	30 June 2014	31 December 2013
Shareholders' Equity	16,939	14,062
Revaluation reserve debt securities	-5,489	-2,804
Revaluation reserve crediting to life policyholders	3,858	2,579
Revaluation reserve cash flow hedge	-3,447	-2,726
Goodwill	-265	-264
Minority interests	60	68
Capital base for financial leverage	11,656	10,915
Subordinated debt	3,287	2,892
Financial debt	400	1,000
Financial leverage	3,687	3,892
Financial leverage ratio	24%	26%
Fixed costs coverage ratio ⁽¹⁾	6.5x	4.9x

⁽¹⁾ Calculated on last 12-months basis.

The financial leverage ratio of NN Group decreased to 24% at the end of the second quarter. The capital base for financial leverage increased by EUR 0.7 billion mainly driven by a pre-IPO EUR 850 million capital injection from ING Group. The financial leverage decreased by EUR 200 million following the repayment of senior debt owed to ING Group.

The fixed-cost coverage ratio further improved to 6.5x at the end of the second quarter (on a last 12-months basis) versus 4.9x at the end of 2013, mainly due to increased profitability and reduced debt levels.

On 8 April 2014, NN Group issued EUR 1 billion dated subordinated debt with a maturity of 30 years and callable after 10 years and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 4.625% per annum for the first 10 years and will be floating thereafter. The net proceeds were used to repay EUR 0.6 billion of subordinated debt and EUR 0.4 billion of senior debt to ING Group. The debt is rated by Standard & Poor's (BBB-) and Moody's (Baa3) and is listed on Euronext Amsterdam.

On 15 July 2014, NN Group issued EUR 1 billion undated subordinated debt which is callable after 11.5 years and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 4.50% per annum for the first 11.5 years and will be floating thereafter. The net proceeds were used to repay subordinated debt to ING Group. The debt is rated by Standard & Poor's (BBB-) and Moody's (Baa3) and listed on Euronext Amsterdam.

Ratings

On 2 June 2014, Standard & Poor's published a report on NN Group leaving the rating unchanged at BBB+ with a developing outlook, while the combination of strong Enterprise Risk Management and satisfactory Management & Governance improved the anchor by one notch to obtain the group credit profile of "a+".

Moody's latest rating on NN Group is Baa2 with a negative outlook (26 March 2014).

On 8 July 2014, Fitch confirmed NN Group's rating at A- with stable outlook.

Main credit ratings of NN Group at 06 August 2014

NN Group N.V.	Rating	Outlook
Standard & Poor's	BBB+	Developing
Moody's	Baa2	Negative
Fitch	A-	Stable

Interim report continued

Risk management

Net result sensitivities

The methodology for net result sensitivities is calibrated to a 95% level of confidence, defined as the after tax impact of a 1-in-20 year shock event.

Net result sensitivities (full year impact)

amounts in millions of euros	30 June 2014	31 December 2013 ⁽²⁾
Market and Credit Risk ⁽¹⁾		
– Interest Rates up	16	-8
– Interest Rates down	-21	8
– Equity down	-450	-444
– Equity up	205	306
– Real Estate down	-293	-289
– Foreign Exchange down	-73	-54
– Counterparty default	-90	-91
– Credit spread	-20	-24
– Variable annuity (Japan and Europe VA)	-251	-258
Insurance Risk		
– Mortality	-33	-34
– Morbidity	-122	-125
– Property & Casualty (P&C)	-118	-119

⁽¹⁾ Shock levels are approximately as follows: Interest Rates 30% (shocks vary by duration and by currency, shock to 15 year euro interest rate is 30%); Equity 30%; Real Estate 8%; Foreign Exchange rates 20%. Variable annuity sensitivities include all related market risks.

⁽²⁾ The approach to sensitivities has been revised as of the first quarter of 2014 to incorporate a higher level of confidence in line with NN Group's risk appetite. The revised methodology for sensitivities is calibrated to a 95% level of confidence, defined as the after-tax impact on a 1-in-20-year shock event, whereas the previous basis used a before-tax impact of a 1-in-10-year shock event. The 2013 amounts are presented on a comparable basis.

In proceedings pending before the District Court in Rotterdam, the Court has upon request of the parties, including NN Group, submitted preliminary questions to the European Court of Justice to obtain clarity on principal legal questions with respect to cost transparency related to unit linked policies. The main preliminary question being considered by the European Court of Justice is whether European law permits the application of information requirements based on general principles of Dutch law that extend beyond information requirements as explicitly prescribed by laws and regulations in force at the time the policy was written. As previously disclosed in the equity prospectus dated 17 June 2014, on 12 June 2014, the Attorney General to the European Court of Justice gave its non-binding advisory opinion to the European Court of Justice. It is expected that the European Court will render its judgment by the end of 2014, at the earliest. The financial exposure related to Dutch unit-linked products can be substantial for the Dutch Insurance business of NN Group and may affect NN Group, both financially and reputationally. However, NN Group's exposure cannot be reliably estimated or quantified at this time.

Conformity statement

The Executive Board NN Group is required to prepare the Interim report and Condensed consolidated interim accounts of NN Group N.V. for each financial period in accordance with applicable Dutch law and International Financial Reporting Standards that are endorsed by the European Union (IFRS-EU).

Conformity statement pursuant to section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht)

The Executive Board NN Group is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates that are prudent and reasonable. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Executive Board NN Group, so that the timeliness, completeness and correctness of the external financial reporting are assured.

As required by section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act, each of the signatories hereby confirms that to the best of his knowledge:

- the NN Group N.V. Condensed consolidated interim accounts for the period ended 30 June 2014 give a true and fair view of the assets, liabilities, financial position and profit or loss of NN Group N.V. and the entities included in the consolidation taken as a whole; and
- the NN Group N.V. interim report for the period ended 30 June 2014 includes a fair review of the information required pursuant to article 5:25d, paragraph 8 of the Dutch Financial Supervision Act regarding NN Group N.V. and the entities included in the consolidation taken as a whole.

Amsterdam, 5 August 2014

The Executive Board NN Group N.V.

E. (Lard) Friese
CEO, chairman of the Board

D. (Delfin) Rueda
CFO

Condensed consolidated balance sheet of NN Group

Amounts in millions of euros, unless stated otherwise

Condensed consolidated balance sheet

	30 June 2014	31 Decem- ber 2013	31 Decem- ber 2012
Assets			
Cash and cash equivalents	6,739	7,155	5,389
Financial assets at fair value through profit or loss 2	44,515	43,933	106,458
Available-for-sale investments 3	67,024	61,014	119,305
Loans 4	27,111	25,319	25,823
Reinsurance contracts 11	270	252	5,290
Investments in associates and joint ventures 5	1,575	1,071	1,396
Real estate investments	786	721	761
Property and equipment	149	164	338
Intangible assets 6	383	392	1,018
Deferred acquisition costs	1,442	1,353	4,549
Assets held for sale 7	123	187	58,815
Other assets 8	3,945	3,754	6,735
Total assets	154,062	145,315	335,877
Equity 9			
Shareholder's equity (parent)	16,939	14,062	25,949
Minority interests	60	68	217
Total equity	16,999	14,130	26,166
Liabilities			
Subordinated loans 10	3,287	2,892	2,947
Debt securities in issue			1,910
Other borrowed funds	4,368	4,817	7,442
Insurance and investment contracts 11	116,031	111,769	229,950
Customer deposits and other funds on deposit	6,519	5,769	
Financial liabilities at fair value through profit or loss 12	1,859	1,843	3,258
Liabilities held for sale 7	4	24	53,253
Other liabilities 13	4,995	4,071	10,951
Total liabilities	137,063	131,185	309,711
Total equity and liabilities	154,062	145,315	335,877

The amounts for 2013 and 2012 have been restated to reflect the changes in accounting policy as disclosed in the section "Changes in accounting policies in 2014" on page 23. As a result of the retrospective change in accounting policies an additional balance sheet as at 31 December 2012 is included.

The comparison of the Condensed consolidated balance sheets is impacted by the transfer of ING U.S. to ING Groep N.V. in 2013, the classification to continuing operations of NN Group's business in Japan (as of 2013) and the classification as held for sale of the insurance and investment management businesses in Asia (as of 2012) as disclosed in the section "Other significant changes in 2013" on page 25.

References relate to the accompanying notes. These form an integral part of the Condensed consolidated interim accounts.

Condensed consolidated profit and loss account of NN Group

Condensed consolidated profit and loss account

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Continuing operations				
Gross premium income	1,979	2,017	5,468	5,649
Investment income 14	873	914	1,728	1,807
Commission income	153	163	317	310
Other income 15	-77	-619	107	-1,679
Total income	2,928	2,475	7,620	6,087
Underwriting expenditure 16	2,006	1,753	5,846	4,336
Intangible amortisation and other impairments	2	4	3	5
Staff expense 17	304	279	1,147	589
Interest expense	118	157	228	309
Other operating expense	178	202	360	412
Total expense	2,608	2,395	7,584	5,651
Result before tax from continuing operations	320	80	36	436
Taxation	68	32	-15	110
Net result from continuing operations	252	48	51	326
Discontinued operations 18				
Net result from discontinued operations	2	-52	7	-187
Net result from disposal of discontinued operations	-3	-4	-20	942
Total net result from discontinued operations	-1	-56	-13	755
Net result from continuing and discontinued operations (before attribution to minority interests)	251	-8	38	1,081

The amounts for the three and six month period ended 30 June 2013 have been restated to reflect the changes in accounting policy as disclosed in the section "Changes in accounting policies in 2014" on page 23.

References relate to the accompanying notes. These form an integral part of the Condensed consolidated interim accounts.

Net result

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Net result from continuing and discontinued operations attributable to:				
Shareholder of the parent	252	39	37	1,131
Minority interests	-1	-47	1	-50
Net result from continuing and discontinued operations	251	-8	38	1,081
Net result from continuing operations attributable to:				
Shareholder of the parent	253	44	50	320
Minority interests	-1	4	1	6
Net result from continuing operations	252	48	51	326
Total net result from discontinued operations attributable to:				
Shareholder of the parent	-1	-5	-13	811
Minority interests		-51		-56
Net result from discontinued operations	-1	-56	-13	755

Condensed consolidated profit and loss account of NN Group *continued***Earnings per ordinary share**

amounts in euros	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Earnings per share				
Basic earnings per ordinary share 19	0.72	0.12	0.10	3.24
Earnings per share from continuing operations				
Basic earnings per ordinary share from continuing operations 19	0.72	0.13	0.14	0.92
Earnings per share from discontinued operations				
Basic earnings per ordinary share from discontinued operations 19	0.00	-0.01	-0.04	2.32

In the periods presented, no dilutive instruments were outstanding and, therefore, Diluted earnings per share equals Basic earnings per share in the above table.

Condensed consolidated statement of comprehensive income of NN Group

Condensed consolidated statement of comprehensive income

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Net result from continuing and discontinued operations	251	-8	38	1,081
Items that will not be reclassified to the profit and loss account:				
Remeasurement of the net defined benefit asset/liability 20	-20	92	-86	386
Unrealised revaluations property in own use	1		1	-1
Items that may be reclassified subsequently to the profit and loss account:				
Unrealised revaluations available-for-sale investments and other	1,283	-3,261	2,726	-3,906
Realised gains/losses transferred to the profit and loss account	38	-5	20	-66
Changes in cash flow hedge reserve	408	-317	721	-474
Transfer to insurance liabilities	-659	1,478	-1,279	1,937
Share of other comprehensive income of associates and joint ventures	45	26	45	26
Exchange rate differences	62	-498	98	-325
Total comprehensive income	1,409	-2,493	2,284	-1,342
Comprehensive income attributable to:				
Shareholder of the parent	1,410	-2,283	2,283	-1,144
Minority interests	-1	-210	1	-198
Total comprehensive income	1,409	-2,493	2,284	-1,342

The amounts for the three and six month period ended 30 June 2013 have been restated to reflect the changes in accounting policy as disclosed in the section "Changes in accounting policies in 2014" on page 23.

References relate to the accompanying notes. These form an integral part of the Condensed consolidated interim accounts.

Condensed consolidated statement of cash flows of NN Group

Condensed consolidated statement of cash flows

		1 January to 30 June	
		2014	2013
Result before tax ⁽¹⁾		23	1,275
Adjusted for:	– depreciation	39	74
	– deferred acquisition costs and value of business acquired	-61	2
	– underwriting expenditure (change in insurance provisions)	-319	-1,512
	– other	-390	453
Taxation paid		-62	-61
Changes in:	– trading assets	96	-9
	– non-trading derivatives assets	-306	316
	– other financial assets at fair value through profit or loss	-127	1,771
	– loans	-1,783	93
	– other assets	-180	-18
	– customer deposits and other funds on deposits	750	
	– financial liabilities at fair value through profit or loss	-116	-3,469
	– other liabilities	139	-2,067
Net cash flow from operating activities		-2,297	-3,152
Investments and advances:	– associates and joint ventures	-447	
	– available-for-sale investments	-5,465	-33,945
	– real estate investments	-75	-2
	– property and equipment	-9	-17
	– investments for risk of policyholders	-3,303	-34,811
	– other investments	-21	-38
Disposals and redemptions:	– group companies	4	1,422
	– associates and joint ventures	289	200
	– available-for-sale investments	3,312	33,122
	– real estate investments	5	
	– property and equipment		2
	– investments for risk of policyholders	6,853	40,439
	– other investments	1	8
Net cash flow from investing activities		1,144	6,380
Proceeds from issuance of subordinated loans		985	
Repayments of subordinated loans		-585	
Proceeds from borrowed funds and debt securities		4,821	5,706
Repayments of borrowed funds and debt securities		-5,265	-7,245
Capital injection		850	
Proceeds of IPO ING U.S.			1,061
Dividend paid		-178	-775
Net cash flow from financing activities		628	-1,253
Net cash flow		-525	1,975
Cash and cash equivalents at beginning of the period		7,224	6,546
Effect of exchange rate changes on cash and cash equivalents		54	56
Cash and cash equivalents at end of the period		6,753	8,577
Cash and cash equivalents comprises the following items:			
Cash and bank balances		6,739	7,390
Cash and cash equivalents classified as Assets held for sale		14	1,187
Cash and cash equivalents at end of the period		6,753	8,577

⁽¹⁾ Includes result before tax from continuing operations of EUR 36 million (2013: EUR 436 million) and result before tax from discontinued operations of EUR -13 million (2013: EUR 839 million). Result after tax from discontinued operations is EUR -13 million (2013: EUR 755 million).

Condensed consolidated statement of changes in equity of NN Group

Condensed consolidated statement of changes in equity

	Share capital ⁽¹⁾	Share premium	Reserves	Total shareholder's equity (parent)	Minority interest	Total equity
Balance as at 1 January 2014	0	11,605	2,457	14,062	68	14,130
Remeasurement of the net defined benefit asset/liability 20			-86	-86		-86
Unrealised revaluations property in own use			1	1		1
Unrealised revaluations available-for-sale investments and other			2,726	2,726		2,726
Realised gains/losses transferred to the profit and loss account			20	20		20
Changes in cash flow hedge reserve			721	721		721
Transfer to insurance liabilities			-1,279	-1,279		-1,279
Share of other comprehensive income of associates and joint ventures			45	45		45
Exchange rate difference			98	98		98
Total amount recognised directly in equity (Other comprehensive income)	0	0	2,246	2,246	0	2,246
Net result from continuing and discontinued operations			37	37	1	38
Total comprehensive income	0	0	2,283	2,283	1	2,284
Capital contribution		850		850		850
Employee stock option and share plans			3	3		3
Changes in composition of the group and other changes			56	56		56
Dividend		-315		-315	-9	-324
Balance as at 30 June 2014	0	12,140	4,799	16,939	60	16,999

⁽¹⁾ At 30 June 2014 NN Group has an issued share capital of EUR 45,000. Reference is made to Note 9 "Equity".

Condensed consolidated statement of changes in equity of NN Group continued

Condensed consolidated statement of changes in equity

	Share capital ⁽¹⁾	Share premium	Reserves	Total shareholder's equity (parent)	Minority interest	Total equity
Balance as at 1 January 2013 (before change in accounting policy)	0	17,750	8,673	26,423	217	26,640
Effect of change in accounting policy ⁽²⁾			-474	-474		-474
Balance as at 1 January 2013 (after change in accounting policy)	0	17,750	8,199	25,949	217	26,166
Remeasurement of the net defined benefit asset/liability			451	451	-65	386
Unrealised revaluations property in own use			-2	-2	1	-1
Unrealised revaluations available-for-sale investments and Other			-4,046	-4,046	140	-3,906
Realised gains/losses transferred to profit and loss account			-66	-66		-66
Changes in cash flow hedge reserve			-472	-472	-2	-474
Transfer to insurance liabilities/DAC			2,166	2,166	-229	1,937
Share of other comprehensive income of associates and joint ventures			26	26		26
Exchange rate difference			-332	-332	7	-325
Total amount recognised directly in equity (Other comprehensive income)	0	0	-2,275	-2,275	-148	-2,423
Net result from continuing and discontinued operations			1,131	1,131	-50	1,081
Total comprehensive income	0	0	-1,144	-1,144	-198	-1,342
Employee stock option and share plans			18	18		18
Changes in composition of the group and other changes					56	56
Impact of IPO ING U.S.			-1,958	-1,958	2,954	996
Dividend			-775	-775	-4	-779
Balance as at 30 June 2013	0	17,750	4,340	22,090	3,025	25,115

⁽¹⁾ NN Group has an issued share capital of EUR 45,000. Reference is made to Note 9 "Equity".

⁽²⁾ The change in accounting policy as disclosed in the section "Changes in accounting policies in 2014" on page 23.

Notes to the Condensed consolidated interim accounts of NN Group

Initial Public offering NN Group N.V. ordinary shares

NN Group's ordinary shares started trading on 2 July 2014 on Euronext Amsterdam under the symbol "NN" after its initial public offering (IPO). The offering consisted solely of existing shares of NN Group owned by ING Group. After the IPO, ING Group's shareholding in NN Group has been reduced to 68.1%. This includes the exchange into NN Group shares of EUR 450 million of mandatorily exchangeable subordinated notes and the exercise of the over-allotment option by the joint global coordinators.

In the context of the IPO, NN Group changed its issued ordinary share capital from 45,000 ordinary shares with a par value of EUR 1 per share to 350,000,000 ordinary shares with a par value of EUR 0.12 per share.

The IPO had no impact on the Net result, Other comprehensive income and Shareholder's equity of NN Group.

1 Accounting policies

These Condensed consolidated interim accounts of NN Group N.V. (NN Group) have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting principles used to prepare these Condensed consolidated interim accounts comply with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and are consistent with those set out in the notes to the 2013 Consolidated annual accounts of NN Group, except for the amendments referred to below.

These Condensed consolidated interim accounts should be read in conjunction with the 2013 NN Group Consolidated annual accounts.

IFRS-EU provides a number of options in accounting policies. NN Group's accounting policies under IFRS-EU and its decision on the options available are set out in the section "Basis of presentation" in the 2013 NN Group Consolidated annual accounts.

Certain amounts recorded in the Condensed consolidated interim accounts reflect estimates and assumptions made by management. Actual results may differ from the estimates made. Interim results are not necessarily indicative of full-year results.

The presentation of and certain terms used in these condensed consolidated interim accounts has been changed to provide additional and more relevant information or (for changes in comparative information) to better align with the current period presentation. The impact of these changes is explained in the relevant notes when significant.

Changes in assets and liabilities as a result of classification as held for sale are included in the notes in the line "Changes in the composition of the group and other changes".

Changes in accounting policies in 2014

The following new standards were implemented by NN Group at 1 January 2014:

- IFRS 10 "Consolidated Financial Statements";
- IFRS 11 "Joint Arrangements" and amendments to IAS 28 "Investments in Associates and joint ventures";
- IFRS 12 "Disclosure of Interests in Other Entities";
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27);
- Amendments to IAS 32 "Presentation – Offsetting Financial Assets and Financial Liabilities";
- Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"; and
- Amendments to IAS 36 "Recoverable amount disclosures for non-financial assets".

The significant changes in IFRS-EU in 2014 are explained below.

IFRS 10 "Consolidated Financial Statements"

IFRS 10 "Consolidated Financial Statements" introduced amendments to the criteria for consolidation. Similar to the requirements that were applicable until the end of 2013, all entities controlled by NN Group are included in the Consolidated interim accounts. However, IFRS 10 redefines control as being exposed to variable returns and having the ability to affect those returns through power over the investee. The requirements of IFRS 10 are generally similar to the policies and interpretations that NN Group applied prior to the introduction of IFRS 10. Therefore the implementation of the standard as at 1 January 2014 did not have a significant impact on Shareholder's equity, Net result and/or Other comprehensive income.

Notes to the Condensed consolidated interim accounts of NN Group *continued***IFRS 11 “Joint Arrangements” and amendments to IAS 28 “Investments in Associates and joint ventures”**

IFRS 11 “Joint Arrangements” and the related amendments to IAS 28 “Investments in Associates and joint ventures” eliminated the proportionate consolidation method for joint ventures that was applied by NN Group. Under the new requirements, all joint ventures are reported using the equity method of accounting (similar to the accounting that is already applied for Investments in associates). The implementation of IFRS 11 as at 1 January 2014 did not have a significant impact on Shareholder’s equity, Net result and/or Other comprehensive income. The impact of the application of IFRS 11 “Joint Arrangements” is included in the table below.

Other significant changes in 2014**Change in accounting for GMDB in Japan Closed Block VA**

NN Group has moved towards fair value accounting on the reserves for Guaranteed Minimum Death Benefits (GMDB) of the Japan Closed Block VA from 1 January 2014. This improves the alignment of the book value of the GMDB reserves with their market value, better reflects the economic value of these guarantees and improves the alignment of the accounting for the guarantees with the accounting for the related hedges. Furthermore, such a move makes the accounting for the GMDB consistent with the accounting on the reserves for Guaranteed Minimum Accumulation and Withdrawal benefits. As at 1 January 2014, the difference between the book value and the estimated fair value of the GMDB reserves was EUR 219 million (before tax). Implementation of this accounting change for GMDB represents a change in accounting policy under IFRS-EU with a transitional impact of EUR -165 million after tax being reflected only in Shareholder’s equity as of 1 January 2014. This impact is included in the table below.

Summary of impact of changes

The above mentioned impact of changes in accounting that were implemented as of 1 January 2014 is summarised as follows:

Impact on Condensed consolidated balance sheet

	31 Decem- ber 2013	30 June 2013	31 Decem- ber 2012
Total Shareholder’s equity (before change in accounting policy)	14,227	22,367	26,423
Japan Closed Block VA			
Change in Insurance and investment contracts	-219	-368	-630
Impact before tax	-219	-368	-630
Tax effect	54	91	156
Impact on Shareholder’s equity	-165	-277	-474
IFRS 11			
Investment in associates and joint ventures	43	45	44
Real estate investments	-43	-45	-44
Assets held for sale	-443	-415	-2,876
Liabilities held for sale	-443	-415	-2,876
Impact on Shareholder’s equity	0	0	0
Total Shareholder’s equity (after change in accounting policy)	14,062	22,090	25,949

Notes to the Condensed consolidated interim accounts of NN Group *continued***Impact on Condensed consolidated profit and loss account**

	1 January to 30 June 2013	Year ended 2013	Year ended 2012
Net result from continuing operations (before change in accounting policy)	127	-2	-132
Japan Closed Block VA			
Impact on Investment and other income	69	103	112
Impact on Underwriting expenditure	196	313	155
Impact on result before tax	265	416	267
Tax effect	66	104	66
Impact on Net result from continuing operations	199	312	201
Net result from continuing operations (after change in accounting policy)	326	310	69
Discontinued operations after tax	755	20	1,197
Net result from continuing and discontinued operations (after change in accounting policy)	1,081	330	1,266

Impact on basic earnings per ordinary share

	Amount (in millions of euros)	Weighted average number of ordinary shares (in millions)	Per ordinary share (in euros)
	1 April to 30 June 2013		
Basic earnings (before change in accounting policy)	-68	350	-0.19
Impact of Japan Closed Block VA change in accounting	107		
Basic earnings (after change in accounting policy)	39	350	0.12

Impact on basic earnings per ordinary share

	Amount (in millions of euros)	Weighted average number of ordinary shares (in millions)	Per ordinary share (in euros)
	1 January to 30 June 2013		
Basic earnings (before change in accounting policy)	932	350	2.66
Impact of Japan Closed Block VA change in accounting	199		
Basic earnings (after change in accounting policy)	1,131	350	3.24

Under the accounting policies for Japan Closed Block VA applied until 2013, the result before tax for the first half of 2014 would have been EUR 24 million lower.

For the above changes in accounting the results for the comparative periods 2013 and 2012 were restated accordingly. As a result of the retrospective change in accounting policies set out above, the Condensed consolidated balance sheet of NN Group includes an additional balance sheet as at 31 December 2012.

Other significant changes in 2013**ING U.S. ("Voya Financial", "Voya")**

Due to the transfer of the remaining interest in ING U.S. to ING Groep N.V. at 30 September 2013, ING U.S. ceased to be consolidated from that date onwards and the results for the period until 30 September 2013 were presented as discontinued operations.

Notes to the Condensed consolidated interim accounts of NN Group *continued*

NN Group's business in Japan

At the end of 2013, ING Life Japan and the Japanese Closed Block VA guarantees reinsured to ING Re ("NN Group's business in Japan") were no longer classified as held for sale and discontinued operations but transferred to continuing operations. ING Life Japan was combined with NN Group's European insurance and investment management businesses. As a result, NN Group's business in Japan is no longer classified as held for sale and discontinued operations. The individual assets and liabilities are therefore classified out of Assets and liabilities held for sale and presented in the usual consolidated balance sheet line items. The individual income and expenses are classified out of Net result from discontinued operations and presented in the usual consolidated profit and loss account line items. The comparative periods for the balance sheet have not been restated and therefore the assets and liabilities of NN Group's business in Japan are still included in Assets and liabilities held for sale for the year 2012. All comparative periods in the Consolidated profit and loss account have been restated for this decision and therefore income and expenses of NN Group's business in Japan are included in continuing operations for all periods presented.

Upcoming changes after 2014

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" was issued by the IASB in July 2014. The new requirements become effective as of 2018. IFRS 9 is not yet endorsed by the EU. Implementation of IFRS 9, if and when endorsed by the EU, may have a significant impact on Shareholders' equity, Net result and/or Other comprehensive income.

Notes to the Condensed consolidated interim accounts of NN Group continued

Balance sheet**Assets****2 Financial assets at fair value through profit or loss****Financial assets at fair value through profit or loss**

	30 June 2014	31 Decem- ber 2013
Trading assets	645	736
Investments for risk of policyholders	38,822	39,589
Non-trading derivatives	4,436	3,126
Designated as at fair value through profit or loss	612	482
Financial assets at fair value through profit or loss	44,515	43,933

3 Available-for-sale investments**Available-for-sale investments**

	30 June 2014	31 Decem- ber 2013
Shares in NN Group managed Investment funds	1,954	1,832
Shares in third party managed Investment funds	1,383	1,565
Other	2,826	2,223
Total equity securities	6,163	5,620
Debt securities – available-for-sale	60,861	55,394
Available-for-sale investments	67,024	61,014

NN Group's exposure to debt securities is included in the following balance sheet lines:

Debt securities

	30 June 2014	31 Decem- ber 2013
Available-for-sale	60,861	55,394
Loans	5,537	6,479
Trading assets	16	12
Investments for risk of policyholders	1,983	1,821
Designated as at fair value through profit or loss	6	43
Debt securities	68,403	63,749

Notes to the Condensed consolidated interim accounts of NN Group continued

NN Group's total exposure to debt securities included in Available-for-sale investments and Loans of EUR 66,398 million (2013: EUR 61,873 million) is specified as follows by type of exposure:

Debt securities by type and balance sheet line – Available-for-sale investments and Loans

	Available-for-sale investments		Loans		Total	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Government bonds	47,606	43,307			47,606	43,307
Covered bonds	655	721			655	721
Corporate bonds	7,382	6,436			7,382	6,436
Financial institution bonds	4,476	4,303			4,476	4,303
Bond portfolio (excluding ABS)	60,119	54,767	0	0	60,119	54,767
US agency RMBS	226	143			226	143
US prime RMBS	1	1			1	1
US Alt-A RMBS	5	5			5	5
Non-US RMBS	266	210	3,112	3,410	3,378	3,620
CDO/CLO	39	39	100	197	139	236
Other ABS	186	218	1,992	2,531	2,178	2,749
CMBS	19	11	333	341	352	352
ABS portfolio	742	627	5,537	6,479	6,279	7,106
Debt securities – Available-for-sale investments and Loans	60,861	55,394	5,537	6,479	66,398	61,873

Reclassifications to Loans (2009)

Reclassifications out of available-for-sale investments to loans and receivables are allowed under IFRS-EU as of the third quarter of 2008. In the second quarter of 2009 NN Group reclassified certain financial assets from Available-for-sale investments to Loans. NN Group identified assets, eligible for reclassification, for which at the reclassification date it had the intention to hold for the foreseeable future. The table below provides information on this reclassification made in second quarter of 2009. Information is provided for this reclassification as at the date of reclassification and as at the end of the subsequent reporting periods. This information is disclosed under IFRS-EU as long as the reclassified assets continue to be recognised in the balance sheet.

Reclassifications to Loans

As per reclassification date	Q2 2009
Fair value	6,135
Range of effective interest rates (weighted average)	1.4%-24.8%
Expected recoverable cash flows	7,118
Unrealised fair value losses in shareholder's equity (before tax)	-896
Recognised fair value gains (losses) in shareholder's equity (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	173
Recognised fair value gains (losses) in shareholder's equity (before tax) in the year prior to reclassification	-971
Recognised impairment (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	nil
Recognised impairment (before tax) in the year prior to reclassification	nil

Notes to the Condensed consolidated interim accounts of NN Group continued

Reclassifications to Loans

Years after reclassification	30 June 2014	31 December 2013	31 December 2012	31 December 2011	31 December 2010	31 December 2009
Carrying value	880	1,098	1,694	3,057	4,465	5,550
Fair value	1,073	1,108	1,667	2,883	4,594	5,871
Unrealised fair value gains/losses in shareholder's equity (before tax)	-235	-111	-186	-307	-491	-734
Effect on shareholder's equity (before tax) if reclassification had not been made	193	10	-27	-174	129	321
Effect on result (before tax) if reclassification had not been made	nil	nil	nil	nil	nil	nil
Effect on result (before tax) after the reclassification (mainly interest income)	n/a	n/a	n/a	n/a	n/a	121
Effect on result (before tax) for the year (interest income and sales results)	-3	-10	-47	90	89	n/a
Recognised impairments (before tax)	nil	nil	nil	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil	nil	nil	nil

4 Loans

Loans

	30 June 2014	31 December 2013
Policy loans	196	179
Loans secured by mortgages	16,528	15,374
Unsecured loans	2,868	2,527
Asset backed securities	5,537	6,479
Other	2,057	849
Loans - before Loan loss provisions	27,186	25,408
Loan loss provisions	-75	-89
Loans	27,111	25,319

Changes in Loan loss provisions

	6 month period ended 30 June 2014	Year ended 31 December 2013
Loan loss provisions - Opening balance	89	111
Changes in the composition of the group and other changes	-4	-33
Write-offs	-18	-31
Recoveries		1
Increase in loan loss provisions	8	42
Exchange rate differences		-1
Loan loss provisions - Closing balance	75	89

In 2013, Changes in the composition of the group and other changes includes EUR 5 million as a result of the transfer of ING U.S. and nil as a result of the classification to continuing operations of NN Group's business in Japan. Furthermore Changes in the composition of the group and other changes relates to the sale of ING's mortgage business in Mexico.

Notes to the Condensed consolidated interim accounts of NN Group continued

5 Investments in associates and joint ventures

Investments in associates and joint ventures

	Interest held (%)	Fair value of listed investments	Balance sheet value	Interest held (%)	Fair value of listed investments	Balance sheet value
	30 June 2014			31 December 2013		
CBRE Dutch Office Master Fund I C.V.	28		189			
Sul América S.A.				21	332	186
CBRE UK Property Fund LP	27		172	29		146
CBRE Retail Property Fund Iberica LP	29		136	29		118
CBRE Dutch Office Master Fund II C.V.	28		118			
CBRE Property Fund Central Europe LP	25		102	25		100
Allee Center Kft	50		102			
Fiumaranuova s.r.l.	50		89			
CBRE Retail Property Fund France Belgium C.V.	15		80	15		77
Dolphin B FPCI	40		79			
CBRE French Residential Fund C.V.	42		60	42		76
CBRE Property Fund Central and Eastern Europe	21		52	21		51
Other			396			317
Investments in associates and joint ventures			1,575			1,071

Other represents a large number of associates with an individual balance sheet of less than EUR 50 million.

Sul América S.A.

On 7 January 2014, the sale to Swiss Re Group of 37.7 million units in Sul América S.A. was completed. The transaction further reduced the interest in the Brazilian insurance holding to approximately 10%. A total cash consideration of EUR 176 million was received. The transaction resulted in a net gain of EUR 56 million which represents the difference between the carrying value and the fair value for both the 11.3% interest in scope of the transaction with Swiss Re and the remaining 10% interest. The net gain was recognised in the Condensed consolidated profit and loss account in "Share of result from associates and joint ventures". On 31 January 2014, the remaining interest was transferred to ING Group by way of dividend in kind. Together with a dividend paid to ING Group for the proceeds of the 11.3% divestment, this resulted in a dividend of EUR 315 million.

6 Intangible assets

Intangible assets

	30 June 2014	31 December 2013
Value of business acquired	19	20
Goodwill	265	264
Software	72	76
Other	27	32
Intangible assets	383	392

Goodwill is allocated to goodwill reporting units as follows:

Goodwill allocation to reporting units

	30 June 2014	31 December 2013
Insurance Europe	102	101
Investment Management (IM)	163	163
Goodwill	265	264

No goodwill impairment was recognised in the first half of 2014 (first half of 2013: nil).

Notes to the Condensed consolidated interim accounts of NN Group continued

7 Assets and liabilities held for sale

Assets and liabilities held for sale relates to businesses for which a sale is agreed upon but for which the transaction has not yet closed or a sale is highly probable at the balance sheet date but for which no sale has yet been agreed.

As at 30 June 2014 Assets and liabilities held for sale relates mainly to ING-BOB Life.

As at 31 December 2013 Assets and liabilities held for sale related to the remaining insurance and investment management businesses in Asia ("Asia") excluding NN Group's business in Japan.

After carefully exploring and evaluating the options available for the divestment of ING Life Japan. ING Life Japan and the Japanese Closed Block VA guarantees reinsured to ING Re ("NN Group's business in Japan") were no longer classified as held for sale since the fourth quarter of 2013.

Assets held for sale

	30 June 2014	31 Decem- ber 2013
Cash and cash equivalents	14	70
Available-for-sale investments	1	6
Investments in associates	106	89
Property and equipment		1
Other assets	2	21
Assets held for sale	123	187

Liabilities held for sale

	30 June 2014	31 Decem- ber 2013
Other liabilities	4	24
Liabilities held for sale	4	24

Included in Shareholder's equity is cumulative other comprehensive income of EUR 8 million (2013: EUR 5 million) related to Assets and liabilities held for sale.

8 Other Assets

Other assets

	30 June 2014	31 Decem- ber 2013
Reinsurance and insurance receivables	955	642
Deferred tax assets	33	51
Property development and obtained from foreclosures	3	3
Income tax receivable	49	137
Accrued interest and rents	1,728	1,741
Other accrued assets	185	274
Net defined benefit asset		383
Other	992	523
Other assets	3,945	3,754

The decrease of EUR 383 million in the Net defined benefit assets in the first half of 2014 is a result of the removal of the Net defined benefit assets related to the Dutch defined benefit pension plan from the Condensed consolidated balance sheet. Reference is made Note 20 "Pension and other post-employment benefits".

Notes to the Condensed consolidated interim accounts of NN Group *continued*

Equity

9 Equity

Total equity

	30 June 2014	31 Decem- ber 2013
Share capital		
Share premium	12,140	11,605
Revaluation reserve	6,191	3,949
Currency translation reserve	-162	-252
Net defined benefit asset/liability remeasurement reserve	-83	-1,042
Other reserves	-1,147	-198
Shareholder's equity (parent)	16,939	14,062
Minority interests	60	68
Total equity	16,999	14,130

In the first half of 2014, ING Group contributed EUR 850 million of share premium into NN Group.

As a result of an amendment made on 7 July 2014 to the Articles of Association, the authorised ordinary share capital changed from 225,000 ordinary shares to 700,000,000 ordinary shares with a par value of EUR 0.12 per share. The authorised preference share capital change from nil preference shares to 700,000,000. None of the preference shares have been issued.

Effective as per 7 July 2014, NN Group changed its issued ordinary share capital from 45,000 ordinary shares with a par value of EUR 1 per share to 350,000,000 ordinary shares with a par value of EUR 0.12 per share. Share capital therefore increased to EUR 42 million at that date. The increase in Share capital resulted in a decrease of the same amount in Share premium. Total equity was not impacted by this change.

On 7 July 2014, NN Group issued warrants to ING Group that will be exercisable for 34,965,000 (9.99%) ordinary shares of NN Group. The initial exercise price of the warrants is equal to 200% of the EUR 20.00 offer price at the time of the IPO. The warrants will be exercisable from 7 July 2015 and expire on 7 July 2024. ING Group has committed to not exercise its warrants before 7 July 2017. Furthermore, the warrants are not subject to transfer restrictions; however, ING Group entered into a 180-day lock-up arrangement with the underwriters. The warrant holders have no voting rights or rights to receive dividends. These warrants are dilutive instruments for purpose of the earnings per share calculations from 7 July 2014 until they are converted into ordinary shares. The issue of these warrants had no impact on Shareholder's equity.

The change of EUR 959 million in the Net defined benefit asset/liability remeasurement reserve relates mainly to the transfer of all future funding and indexation obligations under ING's current closed defined benefit pension plan in the Netherlands to the Dutch ING Pension Fund. The related amount was transferred to Other reserves. Reference is made to Note 20 "Pension and other post-employment benefits".

In the first quarter of 2014, the remaining interest in Sul América was transferred to ING Group by way of dividend in kind. Together with a dividend paid to ING Group for the proceeds of the 11% divestment, this resulted in a dividend of EUR 315 million. Both dividends were charged to Share premium. Reference is made to Note 5 "Investments in associates and joint ventures".

Notes to the Condensed consolidated interim accounts of NN Group continued

Liabilities

10 Subordinated loans

On 8 April 2014, NN Group issued EUR 1 billion of subordinated bonds with a maturity of 30 years. The subordinated bonds are callable after 10 years and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 4.625% per annum for the first 10 years and will be floating thereafter.

NN Group has reduced debt owed to ING Group by EUR 985 million.

11 Insurance and investment contracts, reinsurance contracts

The Provision for insurance and investment contracts, net of reinsurance is presented gross in the balance sheet as "Insurance and investment contracts". The related reinsurance is presented as "Reinsurance contracts" under Assets in the balance sheet.

Insurance and investment contracts, reinsurance contracts

	Provision net of reinsurance		Reinsurance contracts		Insurance and investment contracts	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Life insurance provisions excluding provisions for risk of policyholders	72,442	67,577	127	122	72,569	67,699
Provision for life insurance for risk of policyholders	37,193	38,038	50	49	37,243	38,087
Life insurance provisions	109,635	105,615	177	171	109,812	105,786
Provision for unearned premiums and unexpired risks	495	266	11	3	506	269
Claims provisions	3,199	3,238	82	78	3,281	3,316
Total provisions for insurance contracts	113,329	109,119	270	252	113,599	109,371
Total provisions for investment contracts	2,432	2,398			2,432	2,398
Total provisions for insurance contracts and investment contracts	115,761	111,517	270	252	116,031	111,769

Life insurance provisions and provision for risk of policyholders changed reflecting the transfer of separate account pension contracts to the general account in Netherlands Life. Life insurance provisions also increased reflecting an increase in deferred profit sharing to policyholders following higher revaluation reserves on debt securities.

12 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss

	30 June 2014	31 December 2013
Derivatives used in:		
– cash flow hedges	107	215
– hedges of net investments in foreign operations	8	8
Other non-trading derivatives	1,744	1,620
Financial liabilities at fair value through profit or loss	1,859	1,843

Other non-trading derivatives mainly include interest rate swaps for which no hedge accounting is applied.

Notes to the Condensed consolidated interim accounts of NN Group *continued***13 Other liabilities****Other liabilities**

	30 June 2014	31 Decem- ber 2013
Deferred tax liabilities	1,238	648
Income tax payable	17	86
Net defined benefit liability	88	51
Other post-employment benefits	44	40
Other staff-related liabilities	118	147
Other taxation and social security contributions	202	176
Deposits from reinsurers	56	58
Accrued interest	734	530
Costs payable	249	328
Amounts payable to brokers	3	4
Amounts payable to policyholders	522	464
Reorganisation provision	117	155
Other provisions	63	68
Amounts to be settled	937	772
Other	607	544
Other liabilities	4,995	4,071

Notes to the Condensed consolidated interim accounts of NN Group continued

Profit and loss account

Continuing operations

14 Investment income

Investment income

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Income from real estate investments	11	14	22	25
Dividend income	63	78	91	105
Interest income from investments in debt securities	451	492	892	982
Interest income from loans	261	177	484	314
Realised gains/losses on disposal of debt securities	9	27	36	89
Realised gains/losses on disposal of equity securities	2	11	21	87
Impairments of available-for-sale equity securities	-63	-43	-90	-100
Interest income on non-trading derivatives	142	161	278	317
Change in fair value of real estate investments	-3	-3	-6	-12
Investment income	873	914	1,728	1,807

Impairments on investments can be specified for each segment as follows:

Impairments per segment

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Netherlands Life	-58	-39	-79	-92
Netherlands Non-life	-3	-2	-5	-5
Insurance Europe	-1	-1	-5	-1
Other	-1	-1	-1	-2
Impairments	-63	-43	-90	-100

15 Other income

Other income

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Result on disposals of group companies		-58		-58
Valuation results on non-trading derivatives	-155	-713	-13	-2,055
Foreign currency results and net trading income	43	90	-1	339
Share of result from associates and joint ventures	28	50	108	75
Other	7	12	13	20
Other income	-77	-619	107	-1,679

Share of result from associates and joint ventures in 2014 includes a gain of EUR 56 million on the further sale of the investment in Sul América S.A. Reference is made to Note 5 "Investments in associates and joint ventures".

In the first half of 2013, Share of result from associates includes EUR 45 million for the sale of approximately 7.9% interest in Sul América S.A.

In the first half of 2013, Result on disposals of group companies reflects the expected result on the sale of ING Hipotecaria.

Included in the Valuation results on non-trading derivatives are the fair value movements on derivatives used to economically hedge exposures, but for which no hedge accounting is applied. These derivatives hedge exposures in insurance contract liabilities. The fair value movements on the derivatives are influenced by changes in the market conditions, such as stock prices, interest rates and currency exchange rates. The change in fair value of the derivatives is largely offset by changes in insurance contract liabilities, which are included in Underwriting expenditure. Reference is made to Note 16 "Underwriting expenditure".

Valuation results on non-trading derivatives are reflected in the condensed consolidated statement of cash flows in the line "Result before tax - Adjusted for: other".

Notes to the Condensed consolidated interim accounts of NN Group continued

16 Underwriting expenditure

Underwriting expenditure

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Gross underwriting expenditure:				
– before effect of investment result for risk of policyholders	2,020	1,766	5,877	4,365
– effect of investment result for risk of policyholders	1,513	228	2,081	2,355
Underwriting expenditure – before investment result for risk of policyholders	3,533	1,994	7,958	6,720
Investment result for risk of policyholders	-1,513	-228	-2,081	-2,355
Reinsurance recoveries	-14	-13	-31	-29
Underwriting expenditure	2,006	1,753	5,846	4,336

Underwriting expenditure by class

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Expenditure from life underwriting				
Reinsurance and retrocession premiums	22	20	58	56
Gross benefits	2,417	2,592	5,114	5,070
Reinsurance recoveries	-12	-11	-27	-25
Change in life insurance provisions	-760	-1,243	-494	-2,050
Costs of acquiring insurance business	115	112	239	234
Other underwriting expenditure	19	20	52	44
Profit sharing and rebates	4	10	12	13
Expenditure from life underwriting	1,805	1,500	4,954	3,342
Expenditure from non-life underwriting				
Reinsurance and retrocession premiums	4	14	25	29
Gross claims	275	273	562	540
Reinsurance recoveries	-2	-2	-4	-4
Changes in the provision for unearned premiums	-97	-104	252	251
Changes in the claims provision	-17	-15	-30	45
Costs of acquiring insurance business	68	65	134	132
Other underwriting expenditure				1
Expenditure from non-life underwriting	231	231	939	994
Expenditure from investment contracts				
Other changes in investment contract liabilities	-30	22	-47	
Expenditure from investment contracts	-30	22	-47	0
Underwriting expenditure	2,006	1,753	5,846	4,336

Notes to the Condensed consolidated interim accounts of NN Group *continued***17 Staff expense****Staff expense**

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Salaries	178	182	356	370
Pension costs	24	6	595	24
Other staff related benefit costs	5	2	12	9
Social security costs	28	26	51	51
Share-based compensation arrangements	2	2	3	7
External employees	54	49	108	103
Education	3	3	6	7
Other staff costs	10	9	16	18
Staff expense	304	279	1,147	589

In the first half of 2014, a charge of EUR 541 million is recognised in Pensions costs related to the Dutch defined benefit pension plan settlement. Reference is made to Note 20 “Pension and other post-employment benefits” for information on pensions.

Notes to the Condensed consolidated interim accounts of NN Group *continued***Discontinued operations****18 Discontinued operations**

As at 30 June 2014, mainly ING BOB Life is classified as discontinued operations.

Total net result from discontinued operations

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Net result from discontinued operations	2	-52	7	-187
Net result from disposal of discontinued operations ⁽¹⁾	-3	-4	-20	942
Total net result from discontinued operations	-1	-56	-13	755

⁽¹⁾ The tax effect on the result on disposal of discontinued operations is nil.

In 2013, "Net result from disposal of discontinued operations" includes mainly the divestment gain on the sale of the insurance businesses in Hong Kong, Macau and Thailand of EUR 944 million. Reference is made to Note 23 "Companies and businesses acquired and divested".

Net result from discontinued operations consists of the result after tax of the businesses classified as discontinued operations and is presented separately in the profit and loss account. Net result from discontinued operations was as follows:

Net result from discontinued operations

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Total income	93	4,176	106	8,522
Total expense	92	4,166	99	8,627
Result before tax from discontinued operations	1	10	7	-105
Taxation	-1	62		82
Net result from discontinued operations	2	-52	7	-187

The net cash flow from discontinued operations was as follows:

Net cash flow from discontinued operations

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Operating cash flow	15	-1,448	-44	-2,457
Investing cash flow	-11	867	-39	2,353
Financing cash flow	-11	-382	-11	-705
Net cash flow from discontinued operations	-7	-963	-94	-809

Sales proceeds in cash is presented in the consolidated statement of cash flows under "Net cash flow from investment activities - Disposals and redemptions: group companies" and is not included in the table above.

19 Earnings per ordinary share

Earnings per ordinary share shows earnings per share amounts for profit or loss attributable to shareholders of the parent. Earnings per ordinary share is calculated on the basis of the weighted average number of ordinary shares outstanding. In calculating the weighted average number of ordinary shares outstanding, own shares held by group companies are deducted from the total number of ordinary shares in issue.

Changes in the number of ordinary shares outstanding without a corresponding change in resources are taken into account, including if these changes occurred after the reporting date but before the (interim) financial statements are authorised for issue. Therefore, the weighted average number of shares has been adjusted retrospectively for the conversion of share premium into share capital which increased the ordinary shares outstanding as at 7 July 2014, as disclosed in Note 9 "Equity".

Notes to the Condensed consolidated interim accounts of NN Group continued

Earnings per ordinary share

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2014	2013	2014	2013	2014	2013
Net result from continuing and discontinued operations	252	39				
Basic earnings from continuing and discontinued operations	252	39	350.0	350.0	0.72	0.12

Earnings per ordinary share from continuing operations

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2014	2013	2014	2013	2014	2013
Net result from continuing and discontinued operations	252	39				
Less: Net result from discontinued operations	-1	-5				
Basic earnings from continuing operations	253	44	350.0	350.0	0.72	0.13

Earnings per ordinary share from discontinued operations

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2014	2013	2014	2013	2014	2013
Net result from discontinued operations	2	-1				
Net result from classification as discontinued operations						
Net result from disposal of discontinued operations	-3	-4				
Total net result from discontinued operations	-1	-5	350.0	350.0		
Basic earnings from discontinued operations	-1	-5	350.0	350.0	0.00	-0.01

Earnings per ordinary share

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2014	2013	2014	2013	2014	2013
Net result from continuing and discontinued operations	37	1,131				
Basic earnings from continuing and discontinued operations	37	1,131	350.0	350.0	0.10	3.24

Earnings per ordinary share from continuing operations

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2014	2013	2014	2013	2014	2013
Net result from continuing and discontinued operations	37	1,131				
Less: Net result from discontinued operations	-13	811				
Basic earnings from continuing operations	50	320	350.0	350.0	0.14	0.92

Notes to the Condensed consolidated interim accounts of NN Group *continued***Earnings per ordinary share from discontinued operations**

	Amount (in millions of euros)		Weighted average number of ordinary shares (in millions)		Per ordinary share (in euros)	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2014	2013	2014	2013	2014	2013
Net result from discontinued operations	7	-131				
Net result from classification as discontinued operations						
Net result from disposal of discontinued operations	-19	942				
Total net result from discontinued operations	-13	811	350.0	350.0		
Basic earnings from discontinued operations	-13	811	350.0	350.0	-0.04	2.32

In the periods presented, no dilutive instruments were outstanding and, therefore, Diluted earnings per share equals Basic earnings per share in each of the above tables.

Notes to the Condensed consolidated interim accounts of NN Group continued

Other notes

20 Pension and other post-employment benefits

NN Group employees in the Netherlands were included in the ING Group (parent company) defined benefit plan through 2013. In February 2014, ING reached final agreement with the trade unions, the ING Pension Fund, the Central Works Council and the Association of Retired ING Employees (VSI) to transfer all future funding and indexation obligations under ING's current closed defined benefit plan in the Netherlands to the Dutch ING Pension Fund. The agreement made the ING Pension Fund financially independent from ING.

The key elements of the agreement are:

- Responsibility for future indexation and funding thereof is transferred to the Dutch ING Pension Fund;
- ING's obligation to restore the coverage ratio of the Dutch ING Pension Fund ceased;
- The cross guarantees between ING Bank and NN Group to jointly and severally fund the obligations of the Dutch ING Pension Fund are terminated;
- ING paid EUR 0.5 billion (before tax) to the Dutch ING Pension Fund for the removal of these obligations; and
- ING will reduce the employees' own contribution to the pension premium under the new defined contribution plan by approximately EUR 80 million over a 6 year period.

As part of the agreement, ING is released from all financial obligations arising out of the Dutch defined benefit plan. Accordingly, this plan is no longer accounted for as a defined benefit plan and, consequently, it has been removed from the ING balance sheet. The removal of the net pension asset related to the Dutch defined benefit pension fund from the balance sheet of EUR 0.8 billion (EUR 0.6 billion after tax), the payment to the Dutch ING Pension Fund of EUR 0.5 billion (EUR 0.4 billion after tax), the compensation for lower employee contribution of EUR 80 million (EUR 60 million after tax) and other impacts resulted in a charge of EUR 1.4 billion (EUR 1.1 billion after tax). As a result of the above, the Dutch defined benefit pension scheme is also removed from the balance sheet of NN Group, expenses include the charge allocated to NN Group of EUR 541 million (EUR 406 million after tax).

Net defined benefit asset/liability

	30 June 2014	31 Decem- ber 2013
Fair value of plan assets	21	6,457
Defined benefit obligation	109	6,125
Funded status (Net defined benefit asset/(liability))	-88	332
Presented in the balance sheet as:		
– Other assets		383
– Other liabilities	-88	-51
Net defined benefit asset/liability	-88	332

Changes in fair value of plan assets

	6 month period ended 30 June 2014	Year ended 31 Decem- ber 2013
Plan assets - Opening balance	6,457	7,542
Interest income	39	268
Remeasurements: Return on plan assets excluding amounts included in interest income	266	-274
Employer's contribution	218	250
Participants' contributions		9
Benefits paid	-28	-218
Effect of settlement	-6,929	-97
Changes in the composition of the group and other changes	-2	-1,017
Exchange rate differences		-6
Plan assets - Closing balance	21	6,457

In the first half of 2014, EUR -6,614 million is recognised in Effect of settlement related to the Dutch defined benefit pension plan settlement.

Notes to the Condensed consolidated interim accounts of NN Group *continued*

In 2013, Changes in the composition of the group and other changes includes EUR –1,123 million as a result of the transfer of ING U.S. and nil as a result of the classification to continuing operations of NN Group's business in Japan. Reference is made to Note 1 "Accounting policies - Other significant changes in 2013". The remainder mainly relates to the transfer of approximately 400 WestlandUtrecht Bank's employees to Nationale-Nederlanden Bank, a subsidiary of NN Group (NN Bank).

Changes in defined benefit obligation

	6 month period ended 30 June 2014	Year ended 31 Decem- ber 2013
Defined benefit obligation - Opening balance	6,125	7,538
Current service cost	3	122
Interest cost	39	266
Remeasurements: Actuarial gains and losses arising from changes in demographic assumptions		2
Remeasurements: Actuarial gains and losses arising from changes in financial assumptions	381	-112
Benefits paid	-30	-220
Changes in the composition of the group and other changes		-1,354
Effect of curtailment or settlement	-6,411	-100
Exchange rate differences	2	-17
Defined benefit obligation - Closing balance	109	6,125

In the first half of 2014, EUR -6,097 million is recognised in Effect of curtailment or settlement related to the Dutch defined benefit pension plan settlement.

The increase in Pension costs for Defined contribution plans in the first half of 2014 is as a result of the two new defined contribution pension schemes for employees in the Netherlands that took effect on 1 January 2014.

In 2013, Changes in the composition of the group and other changes includes EUR –1,494 million as a result of the transfer of ING U.S. and EUR 45 million as a result of the classification to continuing operations of NN Group's business in Japan. Reference is made to Note 1 "Accounting policies - Other significant changes in 2013". The remainder mainly relates to the transfer of approximately 400 WestlandUtrecht Bank's employees to NN Bank.

**Changes in the net defined benefit asset/liability
remeasurement reserve**

	6 month period ended 30 June 2014	Year ended 31 Decem- ber 2013
Remeasurement reserve - Opening balance	-1,042	-1,000
Other comprehensive income movement for the period:		
Remeasurement of plan assets	266	-274
Actuarial gains and losses arising from changes in demographic assumptions		-2
Actuarial gains and losses arising from changes in financial assumptions	-381	112
Taxation	29	-28
Total Other comprehensive income movement for the period	-86	-192
Transfer to Other reserves (pension settlement)	1,045	-5
Changes in the composition of the group and other changes		155
Remeasurement reserve - Closing balance	-83	-1,042

In the first half of 2014, EUR -1,045 million is recognised in Transfer to Other reserves related to the Dutch defined benefit pension plan settlement.

In 2013, Changes in the composition of the group and other changes includes EUR 170 million as a result of the transfer of ING U.S. and nil as a result of the classification to continuing operations of NN Group's business in Japan. Reference is made to Note 1 "Accounting policies - Other significant changes in 2013".

Notes to the Condensed consolidated interim accounts of NN Group continued

The amount of the remeasurement of the net defined benefit asset/liability in the first half of 2014 was mainly a result of the change in the high quality corporate bond rate during the quarter. The weighted average discount rate as at 30 June 2014 was 2.7% (31 December 2013: 3.7%). The change in this rate impacts both the Remeasurement of plan assets and Actuarial gains and losses arising from changes in financial assumptions.

Staff expense – Pension costs

	1 April to 30 June		1 January to 30 June	
	2014	2013	2014	2013
Current service cost	1	22	3	44
Net interest cost		-8	-1	-18
Effect of curtailment or settlement		-14	541	-14
Other	1	2	3	3
Defined benefit plans	2	2	546	15
Defined contribution plans	22	4	49	9
Pension costs	24	6	595	24

Defined benefit plans

In the first half of 2014, a charge of EUR 541 million is recognised in Effect of curtailment or settlement related to the Dutch defined benefit pension plan settlement.

Defined contribution plans

Certain group companies sponsor defined contribution pension plans. The assets of all NN Group's defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of pay. These plans do not give rise to balance sheet provisions, other than relating to short-term timing differences included in other assets/liabilities.

21 Segments

NN Group's segments are based on the internal reporting structure by lines of business.

The reporting segments for NN Group are: Netherlands Life, Netherlands Non-life, Insurance Europe, Japan Life, Investment Management (IM), Other and Japan Closed Block VA.

The Executive Board and Management Board NN Group sets the performance targets and approves and monitors the budgets prepared by the business lines. Business lines formulate strategic, commercial and financial policy in conformity with the strategy and performance targets set by the Executive Board and Management Board.

The accounting policies of the segments are the same as those described in Note 1 "Accounting policies". Transfer prices for inter-segment transactions are set at arm's length. Corporate expenses are allocated to business lines based on time spent by head office personnel, the relative number of staff, or on the basis of income and/or assets of the segment.

NN Group evaluates the results of its segments using a financial performance measure called operating result. Operating result is defined as result under IFRS-EU excluding the impact of non-operating items, divestments, discontinued operations and special items. Non-operating items include realised capital gains/losses and impairments on debt and equity securities, revaluations on assets marked-to-market through the profit and loss account and other non-operating market impacts. Special items include items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary operating activities.

The operating result for the life insurance business is analysed through a margin analysis, which includes the investment margin, fees and premium-based revenues and the technical margin. Operating result as presented below is a non-GAAP financial measure and is not a measure of financial performance under IFRS-EU. Because it is not determined in accordance with IFRS-EU, operating result as presented by NN Group may not be comparable to other similarly titled measures of performance of other companies.

The operating result of NN Group's segments is reconciled to the Net result as reported in the IFRS-EU Condensed consolidated profit and loss account below. The operating result for the ongoing business refers to the total of the operating result of each of the segments excluding Japan Closed Block VA.

The information presented in this note is in line with the information presented to the Executive Board and Management Board NN Group.

Notes to the Condensed consolidated interim accounts of NN Group *continued*

The following are the main sources of income of each of the segments:

- Netherlands Life:
 - Income from group life and individual life insurance products in the Netherlands.
- Netherlands Non-life:
 - Income from non-life insurance in the Netherlands including disability and accident, fire, motor and transport insurance.
- Insurance Europe:
 - Income from life insurance, pension products and to a small extent non-life insurance and retirement services in Central and Rest of Europe.
- Japan Life:
 - Income from life insurance primarily Corporate Owned Life Insurance (COLI) business.
- Investment Management (IM):
 - Income from investment management activities.
- Other:
 - Income from banking activities in the Netherlands, corporate reinsurance and items related to capital management and the corporate head office.
- Japan Closed Block VA:
 - Consists of the closed block single premium variable annuity individual life insurance portfolio in Japan, including the internally reinsured minimum guarantee risk, which has been closed to new business and which is now being managed in run-off.

This note does not provide information on the revenue specified to each product or service as this is not reported internally.

Operating result (before tax) is used by NN Group to evaluate the financial performance of its segments. Each segment's operating result is calculated by adjusting the reported Net result before tax for the following items:

- Non-operating items: related to (general account) investments that are held for own risk (net of policyholder profit sharing):
 - Capital gains/losses and impairments: realised gains and losses as well as impairments on financial assets that are classified as available for sale. These investments include debt and equity securities (including fixed income and equity funds), private equity (< 20% ownership), real estate funds as well as loans quoted in active markets.
 - Revaluations: revaluations on assets marked-to-market through the Consolidated profit and loss account. These investments include private equity (associates), real estate (property and associates), derivatives unrelated to product hedging programs (i.e. interest rate swaps, foreign exchange hedges) and direct equity hedges.
 - Market & other impacts: these impacts mainly comprise the change in the provision for guarantees on separate account pension contracts (net of hedging) in the Netherlands, the equity related and other deferred acquisition costs unlocking for Japan Closed-Block VA as well as the accounting volatility related to the reinsurance of minimum guaranteed benefits of Japan Closed-Block VA.
- Result on divestments: result before tax related to divested operations.
- Special items before tax: items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently or regularly. This includes for instance restructuring expense, goodwill impairments, results related to early retirement of debt and gains/losses from employee pension plan amendments or curtailments.
- Total net result from discontinued operations: Reference is made to Note 18 "Discontinued operations".

Notes to the Condensed consolidated interim accounts of NN Group continued

Segments

1 April to 30 June 2014	Nether-lands Life	Nether-lands Non-life	Insu-rance Europe	Japan Life	IM	Other	Japan Closed Block VA	Total
Investment margin	162		21	-1				181
Fees and premium based revenues	89		127	102	116		28	462
Technical margin	36		44	-4				76
Operating income non-modelled life business			1					1
Operating income	287	0	193	96	116	0	28	720
Administrative expenses	120		74	25	79		4	302
DAC amortisation and trail commissions	13		77	47			3	141
Expenses	133	0	152	72	79	0	8	443
Non-life operating result		39	3					42
Operating result Other						-42		-42
Operating result	153	39	44	24	38	-42	20	277
Non-operating items:								
– gains/losses and impairments	-57	-3	8	1				-51
– revaluations	82	11	1	-1		-9		84
– market & other impacts	-15		-9				59	35
Special items before tax	-7	-4	-2			-13		-25
Result before tax from continuing Operations	157	44	43	24	38	-64	79	320
Taxation	22	8	16	7	9	-11	17	68
Minority interests	-1							-1
Net result from continuing Operations	136	36	26	17	29	-53	62	253
Total net result from discontinued operations					-3	2		-1
Net result from continuing and discontinued operations (after attribution to minority Interests)	136	36	26	17	26	-51	62	252

Other includes the results of the segment Other (as described above) as well as the result on sale of Sul América (line “Result on divestments”) and the result of the discontinued operations in Asia (line “Net result from discontinued operations”). Results of Sul América were included in the segment Insurance Other until 2013. The remaining interest in Sul América was transferred to ING Groep N.V. in the first quarter of 2014. The segment Insurance Other ceased to exist as of 2014.

Special items before tax is primarily related to the previously announced restructuring programme.

Reference is made to Note 18 “Discontinued operations” for information on Discontinued operations.

Notes to the Condensed consolidated interim accounts of NN Group *continued*

Segments

1 April to 30 June 2013	Nether-lands Life	Nether-lands Non-life	Insu- rance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insu- rance Other	Total
Investment margin	173		28	2					203
Fees and premium based revenues	106		128	98	117		35		484
Technical margin	60		46	-2					103
Operating income non-modelled life business			6						6
Operating income	339	0	207	98	117	0	35	0	796
Administrative expenses	118		79	25	76		3	5	306
DAC amortisation and trail commissions	17		79	43			12		150
Expenses	134	0	157	68	76	0	15	5	456
Non-life operating result		42	2						45
Operating result Other						-97			-97
Operating result	204	42	53	30	41	-97	19	-5	288
Non-operating items:									
– gains/losses and impairments	-29	-1	3	6		12			-9
– revaluations	9			-5		-1			1
– market & other impacts	-63						-117		-180
Special items before tax	-10	-6	-3			8			-12
Result on divestments						-58		49	-9
Result before tax from continuing Operations	111	35	52	31	41	-136	-97	44	80
Taxation	18	8	15	13	10	-7	-23	-1	32
Minority interests	2		2						4
Net result from continuing Operations	92	27	35	19	31	-129	-75	45	44
Total net result from discontinued operations					4	57		-66	-5
Net result from continuing and discontinued operations (after attribution to minority Interests)	92	27	35	19	35	-72	-75	-21	39

Special items before tax is primarily related to the previously announced restructuring programme which is partly offset by pension curtailments in the Netherlands.

Result on divestments reflects the sale of part of NN Group's direct stake in Sul América S.A. and the sale of ING Hipotecaria.

Reference is made to Note 18 "Discontinued operations" for information on Discontinued operations.

Notes to the Condensed consolidated interim accounts of NN Group *continued***Segments**

1 January to 30 June 2014	Nether-lands Life	Nether-lands Non-life	Insu- rance Europe	Japan Life	IM	Other	Japan Closed Block VA	Total
Investment margin	301		48	-2				347
Fees and premium based revenues	217		255	236	234		58	999
Technical margin	70		92	4				167
Operating income non-modelled life business			2					2
Operating income	588	0	397	239	234	0	58	1,515
Administrative expenses	246		149	49	158		9	609
DAC amortisation and trail commissions	36		163	99			6	305
Expenses	282	0	312	148	158	0	15	913
Non-life operating result		61	5					66
Operating result Other						-73		-73
Operating result	306	61	90	90	77	-73	43	595
Non-operating items:								
– gains/losses and impairments	-66	-4	19	1		10		-42
– revaluations	82	12	1	-3		-7		84
– market & other impacts	-51		-9					-60
Special items before tax	-347	-88	-3		-122	-36		-597
Result on divestments						56		56
Result before tax from continuing Operations	-76	-20	97	88	-45	-51	43	36
Taxation	-47	-9	29	31	-13	-11	5	-15
Minority interests	-2		2					1
Net result from continuing Operations	-28	-11	66	57	-32	-40	38	50
Total net result from discontinued operations					-16	3		-13
Net result from continuing and discontinued operations (after attribution to minority Interests)	-28	-11	66	57	-48	-37	38	37

Other includes the results of the segment Other (as described above) as well as the result on sale of Sul América (line “Result on divestments”) and the result of the discontinued operations in Asia (line “Net result from discontinued operations”). Results of Sul América were included in the segment Insurance Other until 2013. The remaining interest in Sul América was transferred to ING Groep N.V. in the first quarter of 2014. The segment Insurance Other ceased to exist as of 2014.

Special items before tax include the settlement of the defined benefit plan in the Netherlands.

Reference is made to Note 18 “Discontinued operations” for information on Discontinued operations.

Notes to the Condensed consolidated interim accounts of NN Group *continued*

Segments

1 January to 30 June 2013	Nether-lands Life	Nether-lands Non-life	Insu- rance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insu- rance Other	Total
Investment margin	279		54	6	1				339
Fees and premium based revenues	256		248	248	226		69		1,047
Technical margin	98		94	4					195
Operating income non-modelled life business			11						10
Operating income	632	0	406	258	227	0	69	0	1,592
Administrative expenses	247		160	51	155		12	10	634
DAC amortisation and trail commissions	43		154	94			24		315
Expenses	290	0	314	145	155	0	35	10	949
Non-life operating result		39	2						42
Operating result Other						-212			-212
Operating result	342	39	95	113	72	-212	34	-10	474
Non-operating items:									
– gains/losses and impairments	12	-2	3	18		21			52
– revaluations			-1	-8					-10
– market & other impacts	-97						31		-66
Special items before tax	-20	-17	-5						-42
Result on divestments						-3		31	29
Result before tax from continuing Operations	237	21	91	123	72	-194	65	22	436
Taxation	40	4	22	44	18	-35	19	-2	110
Minority interests	2		4						6
Net result from continuing Operations	195	17	65	79	54	-159	46	24	320
Total net result from discontinued operations					6	1,067		-262	811
Net result from continuing and discontinued operations (after attribution to minority Interests)	195	17	65	79	59	908	46	-238	1,131

Special items before tax is primarily related to the previously announced restructuring programme which is partly offset by pension curtailments in the Netherlands.

Result on divestments reflects the sale of part of NN Group's direct stake in Sul América S.A. and the sale of ING Hipotecaria.

Reference is made to Note 18 "Discontinued operations" for information on Discontinued operations.

Notes to the Condensed consolidated interim accounts of NN Group *continued***Total assets and Total liabilities by segment**

	Total assets	Total liabilities	Total assets	Total liabilities
	30 June 2014		31 December 2013	
Netherlands Life	83,894	72,211	79,088	69,153
Netherlands Non-life	4,600	3,949	4,426	3,692
Insurance Europe	22,331	20,411	22,004	20,175
Japan Life	10,519	9,073	9,450	8,147
Investment Management (IM)	589	209	552	193
Other	39,117	22,003	32,677	18,482
Japan Closed Block VA	18,491	17,430	18,651	17,580
Assets and liabilities classified as discontinued operations	123	4	187	24
Total segments	179,664	145,290	167,035	137,446
Eliminations	-25,602	-8,227	-21,720	-6,261
Total	154,062	137,063	145,315	131,185

22 Fair value of financial assets and liabilities

Fair values of financial assets and liabilities represents the price at which an orderly transaction to sell the financial asset or to transfer the financial liability would take place between market participants at the balance sheet date ("exit price"). The fair value of financial assets and liabilities is based on quoted market prices, where available. Such quoted market prices are primarily obtained from exchange prices for listed instruments. Where an exchange price is not available, market prices are obtained from independent market vendors, brokers or market makers. Because substantial trading markets do not exist for all financial instruments various techniques have been developed to estimate the approximate fair values of financial assets and liabilities that are not actively traded. These techniques are subjective in nature and involve various assumptions about the relevant pricing factors, especially for inputs that are not readily available in the market (such as credit spreads for own-originated loans). Changes in these assumptions could significantly affect the estimated fair values. Consequently, the fair values presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values. Further information on the methods and assumptions that were used by NN Group to estimate the fair value of the financial instruments is disclosed in the 2013 NN Group Consolidated annual accounts in Note 40 "Fair value of assets and liabilities".

The following table presents the estimated fair value of NN Group's financial assets and liabilities. Certain balance sheet items are not included in the table, as they do not meet the definition of a financial asset or liability. The aggregation of the fair value presented below does not represent, and should not be construed as representing, the underlying value of NN Group.

Notes to the Condensed consolidated interim accounts of NN Group continued

Fair value of financial assets and liabilities

	Estimated fair value		Balance sheet value	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Financial assets				
Cash and cash equivalents	6,739	7,155	6,739	7,155
Financial assets at fair value through profit or loss:				
– trading assets	645	736	645	736
– investments for risk of policyholders	38,822	39,589	38,822	39,589
– non-trading derivatives	4,436	3,126	4,436	3,126
– designated as at fair value through profit or loss	612	482	612	482
Available-for-sale investments	67,024	61,014	67,024	61,014
Loans	28,804	26,114	27,111	25,319
Other assets ⁽¹⁾	3,862	3,180	3,862	3,180
Financial assets	150,944	141,396	149,251	140,601
Financial liabilities				
Subordinated loans	3,436	2,928	3,287	2,892
Other borrowed funds	4,415	4,817	4,368	4,817
Investment contracts for risk of company	847	795	806	810
Investment contracts for risk of policyholders	1,626	1,588	1,626	1,588
Customer deposits and other funds on deposit	6,669	5,764	6,519	5,769
Financial liabilities at fair value through profit or loss:				
– non-trading derivatives	1,859	1,843	1,859	1,843
Other liabilities ⁽²⁾	3,109	2,701	3,109	2,701
Financial liabilities	21,961	20,436	21,574	20,420

⁽¹⁾ Other assets do not include (deferred) tax assets, pension assets and property development and obtained from foreclosures.

⁽²⁾ Other liabilities do not include (deferred) tax liabilities, pension liabilities, insurance provisions, other provisions and other taxation and social security contributions.

Fair value hierarchy

NN Group has categorised its financial instruments that are measured in the balance sheet at fair value into a three level hierarchy based on the priority of the inputs to the valuation. The fair value hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to valuation techniques based on unobservable inputs. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide reliable pricing information on an ongoing basis.

The fair value hierarchy consists of three levels, depending on whether the fair value is determined based on (unadjusted) quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have a more than insignificant impact on the fair value of the instrument (Level 3). Financial assets in Level 3 include, for example, illiquid debt securities, complex OTC and credit derivatives, certain complex loans (for which current market information about similar assets to use as observable, corroborated data for all significant inputs into a valuation model is not available), private equity instruments and investments in real estate funds.

Observable inputs reflect market data obtained from independent sources. Unobservable inputs are inputs which are based on NN Group's own assumptions about the factors that market participants would use in pricing an asset or liability, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default and recovery rates, prepayment rates and certain credit spreads. Transfers into and transfers out of levels in the fair value hierarchy are recognised on the date of the event or change in circumstances that caused the transfer.

Notes to the Condensed consolidated interim accounts of NN Group continued

The fair value of the financial instruments carried at fair value was determined as follows:

Methods applied in determining the fair value of financial assets and liabilities

30 June 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Trading assets	16	38	591	645
Investments for risk of policyholders	36,975	1,643	204	38,822
Non-trading derivatives	32	4,404		4,436
Financial assets designated as at fair value through profit or loss	576	36		612
Available-for-sale investments	47,410	17,820	1,794	67,024
Financial assets	85,009	23,941	2,589	111,539
Financial liabilities				
Non-trading derivatives	90	1,769		1,859
Investment contracts (for contracts at fair value)	1,562	64		1,626
Financial liabilities	1,652	1,833	0	3,485

Methods applied in determining the fair value of financial assets and liabilities

31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Trading assets	13	3	720	736
Investments for risk of policyholders	38,228	1,113	248	39,589
Non-trading derivatives	3	3,123		3,126
Financial assets designated as at fair value through profit or loss	450	32		482
Available-for-sale investments	47,916	10,989	2,109	61,014
Financial assets	86,610	15,260	3,077	104,947
Financial liabilities				
Non-trading derivatives	114	1,729		1,843
Investment contracts (for contracts at fair value)	1,588			1,588
Financial liabilities	1,702	1,729	0	3,431

Level 3 Financial assets and liabilities

Financial assets measured at fair value in the balance sheet as at 30 June 2014 of EUR 111.5 billion include an amount of EUR 2.6 billion (2.3%) that is classified as Level 3 (31 December 2013: EUR 3.1 billion, being 3.0%). Changes in Level 3 are disclosed below in the table "Changes in Level 3 Assets".

Financial assets and liabilities in Level 3 include both assets and liabilities for which the fair value was determined using valuation techniques that incorporate unobservable inputs and assets and liabilities for which the fair value was determined using quoted prices, but for which the market was not actively trading at or around the balance sheet date. Unobservable inputs are inputs which are based on NN Group's own assumptions about the factors that market participants would use in pricing an asset or liability, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default rates and recovery rates, prepayment rates and certain credit spreads. Fair values that are determined using valuation techniques using unobservable inputs are sensitive to the inputs used. Fair values that are determined using quoted prices are not sensitive to unobservable inputs, as the valuation is based on unadjusted external price quotes. These are classified in Level 3 as a result of the illiquidity in the relevant market, but are not significantly sensitive to NN Group's own unobservable inputs.

Of the total amount of financial assets classified as Level 3 as at 30 June 2014 of EUR 2.6 billion, an amount of EUR 2.0 billion is based on unadjusted quoted prices in inactive markets. This includes for example debt securities and shares in real estate investment funds and private equity investment funds for which the fair value is determined using quoted prices for the securities or quoted prices obtained from the asset managers of the funds. As NN Group generally does not adjust quoted prices using its own inputs, there is no significant sensitivity to NN Group's own unobservable inputs.

The remaining EUR 0.6 billion Level 3 financial assets are private equity investments that are recognised at fair value. Fair value is determined using both market-based and investment-specific inputs. In the absence of an active market, fair values are estimated on the basis of the analysis of the invested companies' financial position, future prospects and other factors, considering valuations of similar positions and other market information. Given the bespoke nature of the analysis in respect of most significant positions, it is not practical to quote a range of key unobservable inputs or provide a sensitivity analysis on such unobservable inputs.

Notes to the Condensed consolidated interim accounts of NN Group *continued***Changes in Level 3 Financial assets**

	Trading assets	Invest- ments for risk of policy- holders	Non- trading deriva- tives	Financial assets designated as at fair value through profit or loss	Available- for-sale invest- ments	Total
6 months period ended 30 June 2014						
Level 3 Financial assets - Opening balance	720	248			2,109	3,077
Amounts recognised in the profit and loss account during the year	75				-46	29
Revaluation recognised in equity during the year					30	30
Purchase of assets	33				104	137
Sale of assets	-103	-44			-85	-232
Maturity/settlement					-17	-17
Transfers into Level 3	2				2	4
Transfers out of Level 3	-119				-1	-120
Changes in the composition of the group and other changes	-17				-309	-326
Exchange rate differences					7	7
Level 3 Financial assets - Closing balance	591	204	0	0	1,794	2,589

Changes in Level 3 Financial assets

	Trading assets	Invest- ments for risk of policy- holders	Non- trading deriva- tives	Financial assets designated as at fair value through profit or loss	Available- for-sale invest- ments	Total
Year ended 31 December 2013						
Level 3 Financial assets - Opening balance	519	150	57	893	2,897	4,516
Amounts recognised in the profit and loss account during the year	85	9	20	111	-114	111
Revaluation recognised in equity during the year					-44	-44
Purchase of assets	27	154	15	49	329	574
Sale of assets	-64	-52	-36	-124	-144	-420
Maturity/settlement				-67	-138	-205
Transfers into Level 3	27	2			81	110
Transfers out of Level 3	-20	-9			-64	-93
Changes in the composition of the group and other changes	146	-6	-56	-901	-690	-1,507
Exchange rate differences				39	-4	35
Level 3 Financial assets - Closing balance	720	248	0	0	2,109	3,077

In 2013, Changes in the composition of the group and other changes includes EUR –1,654 million as a result of the transfer of ING U.S. and nil as a result of the classification to continuing operations of NN Group's business in Japan. Reference is made to Note 1 "Accounting policies - Other significant changes in 2013".

Notes to the Condensed consolidated interim accounts of NN Group *continued***Changes in Level 3 Financial liabilities**

	Non-trading derivatives	Investment contracts (for contracts at fair value)	Total
Year ended 31 December 2013			
Level 3 Financial liabilities - Opening balance	1,186	12	1,198
Amounts recognised in the profit and loss account during the year	65		65
Issue of liabilities		7	7
Early repayment of liabilities		-8	-8
Transfers into Level 3		2	2
Transfers out of Level 3		-8	-8
Changes in the composition of the group and other changes	-1,244	-5	-1,249
Exchange rate differences	-7		-7
Level 3 Financial liabilities - Closing balance	0	0	0

In 2013, Changes in the composition of the group and other changes includes EUR –1,250 million as a result of the transfer of ING U.S. and nil as a result of the classification to continuing operations of NN Group's business in Japan. Reference is made to Note 1 "Other significant changes in 2013".

Amounts recognised in the profit and loss account during the period (Level 3)

	Held at balance sheet date	Derecognised during the period	Total
30 June 2014			
Financial assets			
Trading assets	57	18	75
Available-for-sale investments	-46		-46
Amounts recognised in the profit and loss account	11	18	29

Amounts recognised in the profit and loss account during the period (Level 3)

	Held at balance sheet date	Derecognised during the period	Total
31 December 2013			
Financial assets			
Trading assets	97	-12	85
Investments for risk of policyholders	11	-2	9
Non-trading derivatives	-9	29	20
Financial assets designated as at fair value through profit or loss	23	88	111
Available-for-sale investments	-116	2	-114
Amounts recognised in the profit and loss account	6	105	111
Financial liabilities			
Non-trading derivatives	65		65
Amounts recognised in the profit and loss account	65	0	65

23 Companies and businesses acquired and divested

Acquisitions effective in 2014

There were no acquisitions in the first half of 2014.

Acquisitions effective in 2013

WestlandUtrecht Bank

The partial transfer of WestlandUtrecht Bank's assets and liabilities, in which the commercial operations of WestlandUtrecht Bank have been combined with the retail banking activities of Nationale-Nederlanden, was announced in November 2012. On 1 July 2013 EUR 3.8 billion of WestlandUtrecht Bank's Dutch mortgage portfolio, EUR 0.1 billion of consumer lending and EUR 3.7 billion of Dutch savings portfolio were transferred to NN Bank. In addition approximately 400 of WestlandUtrecht Bank's employees were transferred to NN Bank. All assets and liabilities were transferred at the existing carrying value as included in ING Bank's balance sheet. This transaction was completed on 1 July 2013.

In addition, during the second half of 2013 a further amount of EUR 4.2 billion of Dutch mortgages were transferred from WestlandUtrecht Bank to NN Group. The transfers were made at an arm's length price.

Divestments announced in 2014

The investment management business in Taiwan

On 10 January 2014, an agreement was reached to sell ING Investment Management (IM) Taiwan, the Taiwanese asset management business, to Japan-based Nomura Asset Management Co Ltd. in partnership with a group of investors. The transaction did not have a significant impact on Net result. The transaction closed on 18 April 2014.

Joint venture ING-BOB Life

In July 2013, the 50% interest in the Chinese insurance joint venture ING-BOB Life Insurance Company was agreed to be sold to BNP Paribas Cardif, the insurance arm of BNP Paribas. The transaction is not expected to have a significant impact on Net result. This transaction is subject to regulatory approval and is expected to close in 2014.

Divestments in 2013

The insurance businesses in Hong Kong, Macau, Thailand

In October 2012, an agreement to sell the life insurance, general insurance, pension and financial planning units in Hong Kong and Macau, and the life insurance operation in Thailand to Pacific Century Group for a combined consideration of EUR 1.6 billion (USD 2.1 billion) in cash, was reached. The transaction closed on 28 February 2013 and resulted in a net gain of EUR 944 million.

Joint venture ING Vysya Life

In January 2013, it was agreed to sell the full interest in ING Vysya Life Insurance Company Ltd. to the joint venture partner Exide Industries Ltd. The transaction resulted in a net loss of EUR 15 million for which goodwill was reduced in 2012. The transaction closed on 22 March 2013.

The investment management business in Thailand

In November 2012, an agreement to sell the investment management business in Thailand to UOB Asset Management Ltd, was reached. A total cash consideration of EUR 10 million for the investment management business in Thailand was received. The transaction closed on 3 May 2013.

The investment management business in Malaysia

In December 2012, an agreement to sell the 70% interest in ING Funds Berhad (IFB), the investment management business in Malaysia, to Kenanga Investors Berhad (Kenanga Investors), a wholly-owned subsidiary of K & N Kenanga Holdings Berhad (Kenanga), was reached. The transaction closed on 19 April 2013.

Joint venture KB Life

In April 2013, the 49% interest in Korean insurance venture KB Life Insurance Company Ltd. (KB Life) was agreed to be sold to joint venture partner KB Financial Group Inc. A total cash consideration of EUR 115 million (KRW 166.5 billion) was received for its 49% interest in KB Life. The transaction closed 20 June 2013.

Other

For details on the transaction with Swiss Re of part of the interest in Sul América and the transfer of the remaining interest in Sul América to ING Group, reference is made to Note 5 "Investment in associates and joint ventures".

Notes to the Condensed consolidated interim accounts of NN Group continued

During 2013, there were several other divestments. These divestments were neither announced nor closed in the first half of the year and therefore are not included above. Reference is made to the 2013 NN Group Consolidated annual accounts.

In July 2013, the investment management business in South Korea was agreed to be sold to Macquarie Group. The transaction closed on 2 December 2013. NN Group received notice from Macquarie Group reserving their rights to claim under the share purchase agreement relating to certain trades, conducted by the investment management business in South Korea in the period before closing of the transaction, which are currently subject to further investigation.

24 Change in accounting in Japan Closed Block VA

NN Group has moved towards fair value accounting on the reserves for Guaranteed Minimum Death Benefits (GMDB) of the Japan Closed Block VA from 1 January 2014. Implementation of this accounting change for GMDB represents a change in accounting policy under IFRS-EU with a transitional impact of EUR -165 million after tax being reflected only in Shareholder's equity as of 1 January 2014. This impact is included in the table below.

In order to provide comparable information on Net result and Shareholder's equity for the impact of the change in accounting for GMDB of the Japan Closed Block VA, below tables are presented for the comparative periods in addition to the IFRS-EU disclosures included in these Condensed interim accounts.

The table below sets forth the impact of the move towards fair value accounting on the reserves for GMDB of Japan Closed Block VA on NN Group's Net result from continuing and discontinued operations for the comparative periods.

Impact on Condensed consolidated profit and loss account

	3 month period ended 31 March 2013	6 month period ended 30 June 2013	9 month period ended 30 Septem- ber 2013	Year ended 31 Decem- ber 2013	Year ended 31 Decem- ber 2012	Year ended 31 Decem- ber 2011
Net result from continuing operations (before change in accounting policy)	186	127	252	-2	-132	453
Impact on Investment and other income	36	69	75	103	112	-64
Impact on Underwriting expenditure	86	196	225	313	155	-150
Impact on Result before tax	122	265	300	416	267	-214
Tax effect	-30	-66	-75	-104	-66	54
Impact on Net result from continuing operations	92	199	225	312	201	-160
Net result from continuing operations (after change in accounting policy)	278	326	477	310	69	293
Discontinued operations after tax	811	755	3	20	1,197	793
Net result from continuing and discontinued operations (after change in accounting policy)	1,089	1,081	480	330	1,266	1,086

The table below sets forth the cumulative impact of the move towards fair value accounting on the reserves for GMDB of Japan Closed Block VA for the comparative periods. The cumulative impact after tax as at 31 December of EUR -165 million is deducted from Shareholder's equity as at 1 January 2014.

Impact on Condensed consolidated balance sheet

	31 March 2013	30 June 2013	30 Septem- ber 2013	31 Decem- ber 2013	31 Decem- ber 2012	31 Decem- ber 2011
Total Shareholder's equity (before change in accounting policy)	27,497	22,367	14,969	14,227	26,423	23,412
Change in Insurance and investment contracts	-509	-368	-333	-219	-630	-893
Tax effect	126	91	82	54	156	221
Impact on Shareholder's equity	-383	-277	-251	-165	-474	-672
Total Shareholder's equity (after change in accounting policy)	27,114	22,090	14,718	14,062	25,949	22,740

Notes to the Condensed consolidated interim accounts of NN Group *continued*

The table below sets forth a breakdown of NN Group's adjusted Net result for the Japan Closed Block VA segment, showing the impact of the move towards fair value accounting on the reserves for GMD of Japan Closed Block VA, for the comparative periods.

Segment

	3 month period ended 31 March 2013	6 month period ended 30 June 2013	9 month period ended 30 Septem- ber 2013	Year ended 31 Decem- ber 2013	Year ended 31 Decem- ber 2012	Year ended 31 Decem- ber 2011
Japan Closed Block VA						
Fees and premium based revenues	35	69	103	136	148	149
Operating income	35	69	103	136	148	149
Administrative expenses	8	12	15	18	13	9
DAC amortisation and trail commissions	12	24	35	38	50	50
Expenses	20	35	49	56	64	59
Operating result	14	34	54	80	85	91
Non-operating items:						
– gains/losses and impairments			1	1		
– market & other impacts	148	31	117	-334	288	-167
Result before tax from continuing operations	162	65	171	-252	373	-77
Taxation	42	19	47	-110	100	3
Net result from continuing operations	120	46	124	-142	273	-80
Net result	120	46	124	-142	273	-80

25 Other events

In proceedings pending before the District Court in Rotterdam, the Court has upon request of the parties, including NN Group, submitted preliminary questions to the European Court of Justice to obtain clarity on principal legal questions with respect to cost transparency related to unit linked policies. The main preliminary question being considered by the European Court of Justice is whether European law permits the application of information requirements based on general principles of Dutch law that extend beyond information requirements as explicitly prescribed by laws and regulations in force at the time the policy was written. As previously disclosed in the equity prospectus dated 17 June 2014, on 12 June 2014, the Attorney General to the European Court of Justice gave its non-binding advisory opinion to the European Court of Justice. It is expected that the European Court will render its judgment by the end of 2014, at the earliest. The financial exposure related to Dutch unit-linked products can be substantial for the Dutch Insurance business of NN Group and may affect NN Group, both financially and reputationally. However, NN Group's exposure cannot be reliably estimated or quantified at this time.

26 Subsequent events

In July 2014, NN Group issued a EUR 1 billion perpetual subordinated bond which is callable after 11.5 years and every quarter thereafter (subject to regulatory approval). The coupon is fixed at 4.50% per annum for the first 11.5 years and will be floating thereafter. The net proceeds were used to repay subordinated debt to ING Group.

Independent auditor's report

To: the Shareholders, the Supervisory Board and the Executive Board NN Group N.V.

Review report

Introduction

We have reviewed the accompanying Condensed consolidated interim accounts for the six month period ended 30 June 2014, of NN Group N.V., Amsterdam, which comprises the Condensed consolidated balance sheet as at 30 June 2014 and the related Condensed consolidated profit and loss account, the Condensed consolidated statement of comprehensive income, the Condensed consolidated statement of cash flows, the Condensed consolidated statement of changes in equity and the related notes for the six month period then ended. Management is responsible for the preparation and presentation of these Condensed consolidated interim accounts in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim accounts based on our review.

Scope of Review

We conducted our review in accordance with Dutch law including Standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed consolidated interim accounts as at and for the six-month period ended 30 June 2014 are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

Amsterdam, 5 August 2014

Ernst & Young Accountants LLP

signed by A.F.J. van Overmeire



Important legal information

NN Group's Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU").

In preparing the financial information in this document, except for the changes described in Note 1 "Basis of presentation", the same accounting principles are applied as in the 2013 NN Group annual accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in NN Group's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) the implementation of the EC Restructuring Plan, (5) changes in the availability of, and costs associated with, sources of liquidity as well as conditions in the credit markets generally, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations, (14) changes in the policies of governments and/or regulatory authorities, (15) conclusions with regard to accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit and financial strength ratings, (18) NN Group's ability to achieve projected operational synergies and (19) the other risks and uncertainties detailed in the Risk Factors section contained in the most recent annual report of ING Groep N.V.

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

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