

NN Group publishes 2014 Annual Report

NN Group today published its first Annual Report as a listed company. NN Group has a combined reporting approach and its 2014 Annual Report consists of three distinct sections - *Annual Review*, *Financial Report* and *Sustainability Report*. The report provides extensive information on NN Group's strategy, financial performance and sustainability approach. Included are also the company's values, customer experience optimisation, response to market trends, business model, risk and capital management and governance.

NN Group's annual report is available for download at www.nn-group.com/annual-report. Other documents related to NN Group's Annual General Meeting (AGM), including the agenda, will be available from 16 April 2015 at www.nn-group.com. The AGM will be held on 28 May 2015.

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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 (NN).

Important legal information

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

[Download 2014 Annual Review](#)

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[Download 2014 Sustainability Report](#)

2014
Annual
Review

2014
Financial
Report

2014
Sustainability
Report

2014 Annual Review

You matter



About this report

NN Group adopts a combined reporting strategy, which enables us to tailor our reporting for different stakeholder groups – customers, employees, shareholders, business partners and society at large

Three documents comprise our 2014 Annual Report

2014 Annual Review

2014 Annual Review

This is our top level communication aimed at all of NN Group's stakeholders, including customers, shareholders and employees. It is a concise report that provides key information about our strategy, the performance of our business and the statement of our CEO.

2014 Financial Report

2014 Financial Report

This report covers NN Group's financial results, our approach to risk management, capital management and corporate governance, as well as the report of our Supervisory Board. Target audiences for this report are shareholders, rating agencies and other stakeholders interested in the financials and governance of NN Group.

2014 Sustainability Report

2014 Sustainability Report

This report outlines our strategy, objectives and achievements related to the social, ethical and environmental aspects of our business. The report follows the Global Reporting Initiative's (GRI) G4 guidelines. It is aimed at all stakeholders of NN Group and, more specifically, customers, employees, shareholders, rating agencies and NGOs.



Download the pdf



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www.nn-group.com/annual-report

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Sustainability Report

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UN Global Compact



At a glance

NN Group is an insurance and investment management company active in more than 18 countries

Our roots lie in the Netherlands with a rich history that stretches back more than 170 years.

NN Group includes Nationale-Nederlanden, ING Insurance Europe, ING Investment Management and ING Life Japan.

We are committed to helping people secure their financial futures by offering retirement services, insurance, investment and banking products.

In 2015, all businesses will be rebranded to carry our new NN brand.

Financial highlights 2014

Operating result ongoing business

€1,086m

2013: €905m

Net operating ROE ongoing business

8.6%

2013: 8.9%

New sales life insurance – annual premium equivalent (APE)

€1,315m

2013: €1,227m

Net result (after attribution to minority interest)

€588m

2013: €322m

Insurance Groups Directive (IGD) Solvency I ratio

303%

2013: 250%

Investment Management Assets under management

€186bn

2013: €174bn

Operational highlights 2014

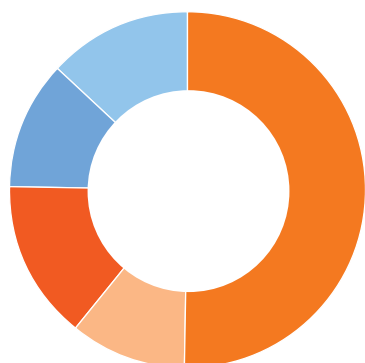
- More effective and efficient operations resulted in a reduction of EUR 142 million in expenses in the Netherlands
- Combined ratio for Netherlands Non-life improved to 99.4% from 101.5% in 2013
- Gradual shift to invest in higher-yielding assets in Netherlands Life, such as mortgages and loans
- Moved business mix towards more protection products in Insurance Europe
- Expanded the bancassurance channel in Japan, recruiting 16 new bank distribution partners
- Successful Initial Public Offering (IPO)
- Business ready to be rebranded from ING to NN in 2015

Non-financial and sustainability highlights 2014

- Multiple new products and services to fulfil our promise to deliver an excellent customer experience
- Upgraded digital platforms and mobile applications to give customers easy access to service and their products
- Introduced overarching Responsible Investment Policy Framework to integrate environmental, social and governance (ESG) factors in our investment process
- Sustainable assets under management up by 18% to EUR 4,052 million
- Launched NN statement of Living our Values
- Launched corporate citizenship programme Future Matters

At a glance — continued

Our business segmentation



Netherlands Life	50.5%
Netherlands Non-life	10.5%
Insurance Europe	14.5%
Japan Life	11.5%
Investment Management	13.0%

Operating result ongoing business

€1,086m

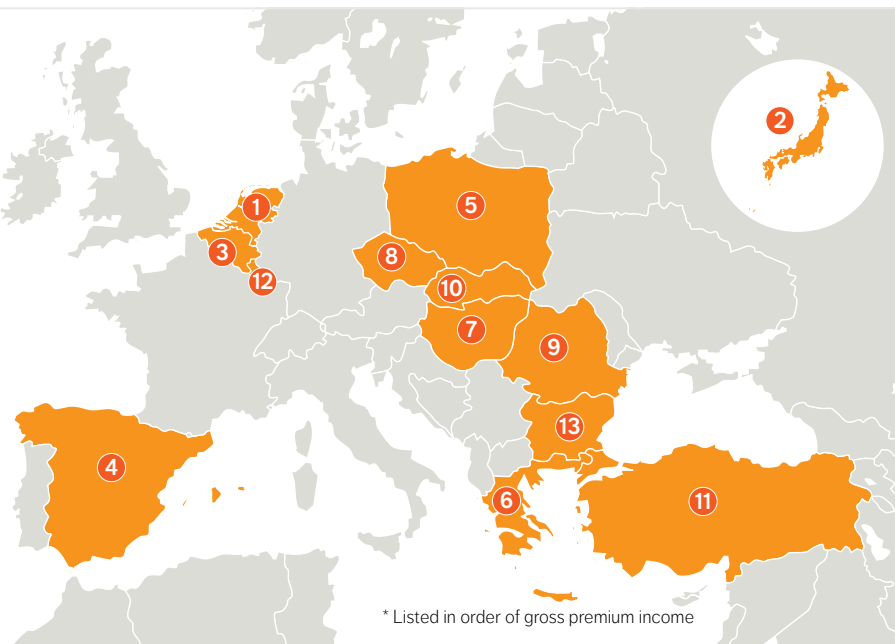
2013: €905m

Percentages based on operating result ongoing business of EUR 1,216m (total operating result ongoing business of EUR 1,086m excluding segment Other EUR -130m).

Our operations

Insurance*

1. The Netherlands
2. Japan
3. Belgium
4. Spain
5. Poland
6. Greece
7. Hungary
8. The Czech Republic
9. Romania
10. The Slovak Republic
11. Turkey
12. Luxembourg
13. Bulgaria



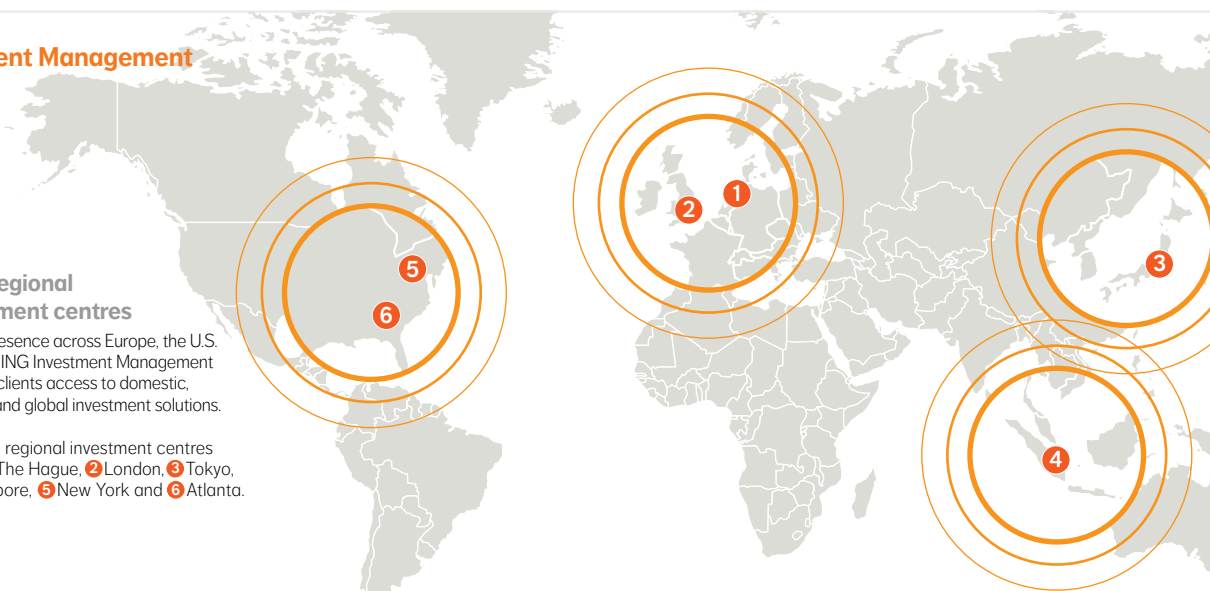
* Listed in order of gross premium income

Investment Management

Main regional investment centres

With a presence across Europe, the U.S. and Asia, ING Investment Management provides clients access to domestic, regional and global investment solutions.

Our main regional investment centres are in 1 The Hague, 2 London, 3 Tokyo, 4 Singapore, 5 New York and 6 Atlanta.



At a glance — continued

Our products and services

NN Group offers a comprehensive range of retirement services, insurance, investment and banking products.

Retirement services

NN Group offers a broad variety of retirement services and products to help people secure their financial futures after retirement. These encompass individual life and group life insurance products, savings and retirement products, including mandatory and voluntary pension fund solutions. In the Netherlands, NN Group provides pension administration and management services to company pension funds and industry-wide pension funds.

Insurance

NN Group's insurance offering spans life insurance and non-life insurance. Life insurance encompasses primarily group

pension products and individual life insurance. Non-life ranges from insurance for motor vehicles, transport, fire, income protection and accident and liability insurance. NN Group also offers health insurance in Greece and corporate owned life insurance (COLI) to SMEs in Japan.

Investments

NN Group's investment management business offers actively managed investment products and advisory services to institutional and retail customers in all major asset classes and investment styles.

Banking

In the Netherlands, Nationale-Nederlanden offers banking services, such as mortgages, savings products, consumer lending and a credit card for retail customers.

12,422

Employees
11,890 FTEs

Our employees

NN Group's employee base is diverse in nationalities, languages and cultures. NN Group aims to foster an open, safe, inclusive and stimulating work environment for our employees. We believe that qualified and motivated staff are essential in delivering high-quality customer service.

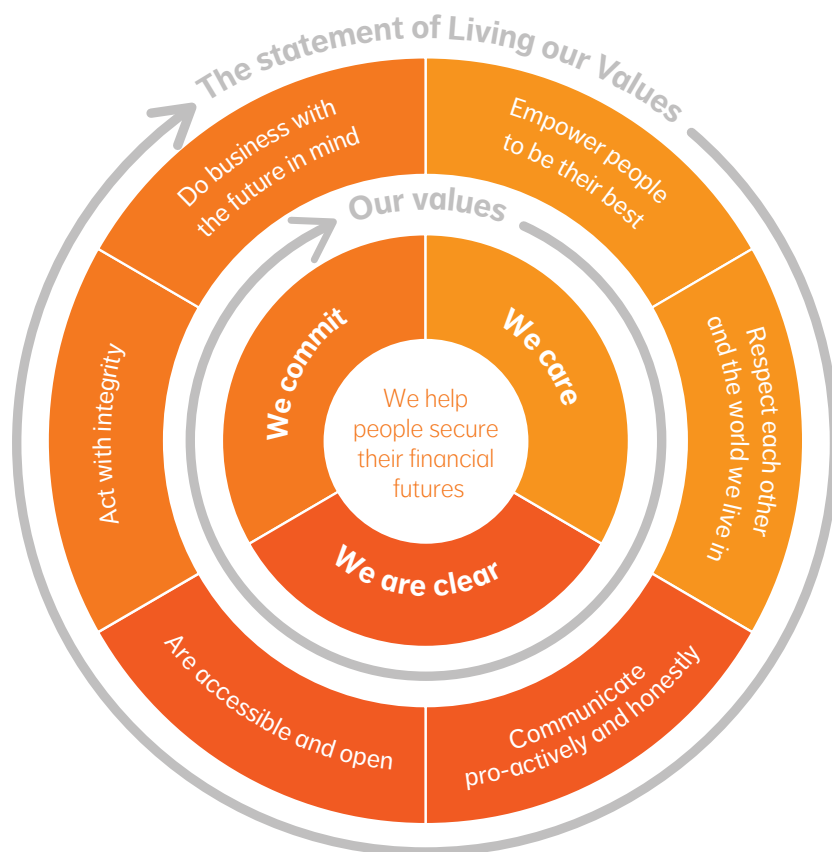
Our customers

NN Group's customers range from individuals and small and medium-sized companies, to large corporations and institutional investors. We service our customers through agents, advisors, brokers and banks, as well as directly through our websites and contact centres.



At a glance — continued

Our purpose and values



Our purpose

We help people secure their financial futures. NN Group does this by providing financial services that meet individual customer needs and a customer experience that is straightforward, personal and caring. We believe in engaging our customers in a partnership of equals; providing them with clarity and guidance with regard to their financial well-being.

Our values

NN Group's business centres around people and trust. By acting with professionalism and behaving with integrity and skill, we believe we can build and maintain the confidence of our customers and other stakeholders. We have formulated values to set the standard for behaviour and provide a compass for decision making. These values are: we care, we are clear, we commit.



For a detailed explanation of our values see Sustainability Report.

Our company in numbers (at 31 December 2014)

More than

18

countries in which we operate

12,422

Employees
11,890 FTEs

15m

Customer policies

€8.7bn

Market capitalisation as at
31 December 2014

€20.4bn

Shareholders' equity

€0.57

Proposed dividend per ordinary share,
related to second half of 2014

Credit ratings

S&P

A-

From 18 February 2015

Moody's

Baa2

CEO statement

A new beginning



To earn the continued trust of our customers, we have to live the right values, deliver products that meet their demands, and be clear and transparent about what we offer

At 9.00am, 2 July 2014, NN Group opened for trading on the Euronext Amsterdam stock exchange. Returning to the stock market after 23 years. This marked a new beginning that will be built on a rich 170-year history. NN Group's first annual report is an extensive reflection of who we are, how we operate and our ambitions going forward. It is an honour for me to present it to you.

2014 was a crucial and challenging year in many respects. We managed the company in a context of weak economic environments in the markets where we operate. Interest rates experienced a sharp decline in the second half of 2014 and remain low. We continued to deal with ongoing regulatory reforms across the insurance and investment management industry. We also took a big step forward in preparing for new Solvency II capital and reporting requirements that will come into force in 2016.

My Management Board colleagues and I are firmly committed to successfully steering the company in a world where the status quo is not an option. We will keep a sharp eye on our strategic direction in the coming years, and remain focused on executing our strategy to create value for all our stakeholders.

Our customers front and centre

Among all the changes over the last year, one thing remained unchanged: our customers are at the heart of what we do. Our strategy is to deliver an excellent

customer experience by offering products and services that serve customers' lifetime needs, and by having a multi-access distribution network available to customers wherever required. To deliver against our strategic objectives, we strive to build and maintain effective and efficient operations. We realise that we need to live the right values, deliver the right products and be clear and transparent about what we offer to maintain the trust of our customers. This customer centric approach is reflected in our brand promise: You matter.

In 2014, we continued to launch suitable products and received recognition for our service and expertise. Let me give you some examples. In the Netherlands Fairzekering was introduced. This car insurance product offers customers a premium discount of up to 35% in line with improvement in their driving behaviour, which is measured by a telematics device installed in their vehicle. This product has received multiple awards in the Netherlands.

In the Czech Republic and the Slovak Republic an "improve your lifestyle" campaign was launched offering customers interactive, personalised health evaluation and tips for improving their lifestyle. On customer service, our Polish business continues to be the most customer friendly life insurance company in Poland, according to an industry-leading magazine.

In recognition of our investment capabilities, the European Central Bank appointed our investment management business as one of the four parties to execute its Asset-Backed Securities Purchase Programme. In Japan our life business expanded its distribution platform with 16 new bank distribution partners in line with our multichannel strategy.

Robust financials

We delivered a strong financial performance in 2014. Our operating result of the ongoing businesses improved by 20% to EUR 1,086 million. Our net result improved by 82.6% to EUR 588 million and we had strong new sales growth in all of our life insurance businesses. We generated substantial capital, some of which we reinvested in our business to ensure future capital generation, some of which we propose to

CEO statement – continued

Strategy overview

Strategic focus areas

- Transparent products and services
- Multi-access distribution network
- Effective and efficient operations
- Strong balance sheet

Clear objectives

- Financial, operational, non-financial and sustainability objectives

Delivering 2014 objectives

Financial results

- Operating result up 20%
- Significantly reduced expenses
- Strong capital position
- New sales up 12.9% at constant currencies
- Assets under management up to EUR 186 billion

Operational results

- More effective and efficient operations
- Combined ratio for Netherlands Non-life down to 99.4%
- Gradual shift to higher-yielding assets in Netherlands Life
- Shifted toward more protection products in Insurance Europe
- Expanded bancassurance channel in Japan
- Successful Initial Public Offering (IPO)
- Businesses ready to rebrand from ING to NN

Non-financial and sustainability results

- Multiple product and service innovations
- Upgraded digital platforms and mobile applications
- Introduction Responsible Investment Policy Framework
- Sustainable assets under management up 18%
- Launched NN statement of Living our Values
- Launched new corporate citizenship programme Future Matters



For more information about our strategy see Annual Review, page 10.

return to our shareholders, for example, via dividends. We generated EUR 9,334 million of gross premium income and continued to achieve more effective and efficient operations in the Netherlands, resulting in a reduction of EUR 142 million in expenses for the year.

We have made a good start, but we recognise that more is needed. We have communicated clear financial targets that we believe will drive the returns of our company going forward.

Extraordinary teamwork

The success of the Initial Public Offering (IPO) in July put ING Group on schedule in its plan to divest its shareholding in NN Group by the end of 2016, as agreed with the European Commission. For five years, teams from both companies worked hard to realise this moment. It was extraordinary teamwork throughout both organisations.

On our road to becoming a standalone company, our employees worked hard to reach critical milestones. Together we created momentum in all parts of NN Group. The positivity and enthusiasm created, and the sense of a new beginning, is palpable. I want to thank all of NN Group's more than 12,000 employees for contributing to our 2014 achievements.

Of course, it is important to have the right people in key positions. Therefore, we undertook a thorough review of our talent base to better align the skills of our management with the ambitions of our businesses. Based on their talent and expertise we identified and appointed high-potential leaders to key positions within the company and also hired new talent. More than 40% of our top 150 leadership positions were changed ahead of the IPO.

Committed to society

Being a standalone company brings a lot of opportunity, and it also comes with responsibilities. Our role in society and our approach to sustainability is something we take very seriously. We are committed to improving people's financial well-being, and to responsibly managing the assets entrusted to us by our customers as well as our own assets. With every business decision – from risk management to procurement or human resources – we consider the impact

on our long-term sustainability and the world we work and live in.

In 2014, we launched our corporate citizenship programme Future Matters, aimed at enabling people to grow their economic opportunities, overcome financial adversity and realise their financial ambitions.

2015 onwards

NN Group is well placed for a successful future as we head into 2015. We have a robust balance sheet and capital position and are well prepared for Solvency II. This gives us the confidence to focus our attention on improving our operating performance over time.

In the mature life insurance market in the Netherlands, we have a relentless focus on customer service and operational efficiency. In specific areas – pensions, banking and non-life – we selectively capture growth opportunities. NN Group is well placed, enhanced by the prominence of our brand.

In Central and Eastern Europe, we believe that we have a solid platform to take advantage of the economic potential and low life insurance penetration levels in the region. In Japan we have well established capabilities in a large niche market that will allow us to grow through further product and channel diversification. Finally, we see good opportunities to grow our asset management business in third-party products, servicing both retail and institutional customers.

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

Looking back, 2014 was an eventful journey and we have achieved an incredible amount. Our teams have done it. Together we are NN Group.

Lard Frieze
Chief Executive Officer NN Group

Our history

170-year heritage



De Nederlanden logo in 1890



Nationale logo in 1910



De Nederlanden logo in 1954



Nationale logo in 1963



Nationale-Nederlanden logo in 1970



ING logo in 1991



NN Group logo today

Laying the foundations

1845

De Nederlanden van 1845 N.V. ("De Nederlanden") commences operations, specialising in fire insurance. The company expands abroad and becomes an all-lines insurance company in 1925.

1863

Nationale Levensverzekering-Bank N.V. ("Nationale") opens for business. Nationale specialises in life insurance with a focus on the Dutch domestic market. In 1916, Nationale adds non-life insurance to its product portfolio.

Mergers and growth

1963

De Nederlanden and Nationale merge to form Nationale-Nederlanden. The merger reflects increased consolidation in the insurance industry and enables the companies to remain competitive under changing market circumstances. Nationale-Nederlanden pursues acquisitions throughout the world and starts new operations in Europe and Asia.

1991

Nationale-Nederlanden merges with NMB Postbank Groep to form Internationale Nederlanden Groep, better known as ING. ING develops into a leading international financial services company through a mixture of organic growth and acquisitions.

Becoming NN

2008–2009

During the financial crisis, ING receives aid from the Dutch state. As a condition of receiving approval from the European Commission (EC) for state aid, ING is required to restructure the company, including the divestment of its global insurance and investment management business.

2011

ING's insurance and investment management businesses are operationally separated from ING's banking operations, setting the stage for NN Group's standalone future.

A standalone future

2014

NN Group lists at Euronext Amsterdam under the ticker symbol NN. ING Group reduces its ownership of NN Group to 68.1%.

2015

In February ING reduces its stake in NN Group to 54.6%. Its remaining stake is to be divested completely by year end 2016. As part of this transaction NN Group commits to repurchase 8.3 million ordinary shares from ING Group for EUR 200 million.

Our brand

Clear and recognisable identity

“The rebranding of our business marks another important milestone since we became a standalone listed company in July 2014. It further unites our businesses and employees, and gives our company a clear and recognisable identity. Throughout the rebranding process our customers will continue to be at the heart of everything we do, and it will be business as usual.”

Lard Friese, Chief Executive Officer NN Group

NN Group's new brand was developed with the aim of balancing our 170-year heritage and Dutch roots, with the requirements of an international insurance and investment management company.

Over the years, our businesses – Nationale-Nederlanden, ING Investment Management and ING Insurance – have

built leading positions in Europe and Japan. In 2014, these businesses came together under the holding name NN Group.

You matter

NN Group's standalone future justifies a new brand strategy that reflects and supports the purpose, values and strategy of the company. In every element of the brand we aim to strike a balance between

being clear and strong on the one hand, and personal and warm on the other. The brand adds a clear signature to the customer experience based on servicing with care, offering clarity and guidance, and helping people buy with confidence. We want to be a genuine partner to our customers. What matters to our customers matters to us. That is why we have one clear brand promise: You matter.

NN Group rebrands businesses in 2015



In 2015 ING Insurance around the world will be renamed NN – except in Spain and Poland, where the name Nationale-Nederlanden will be used in combination with our new logo.



In the Netherlands our insurance business will keep the Nationale-Nederlanden name while the logo is updated to align with the new NN brand.



ING Investment Management will be renamed NN Investment Partners in all markets. NN Investment Partners will be positioned as a clear member of NN Group, but with an emphasis on its distinct business proposition.



Our strategy

Helping people secure their financial futures and delivering an excellent customer experience

The start of our journey as a standalone company gave us the opportunity to set new priorities. Our purpose as an insurance and investment management company is to help people secure their financial futures. We do that on the basis of our three values: we care, we are clear,

we commit. Based on this purpose and our company values, NN Group's strategy is straightforward – to deliver an excellent experience to our customers. If we do this we believe they will continue to do business with us and we will be able to attract new customers.

Our ultimate goal is to drive the company forward and create value for all of our stakeholders and for the societies we operate in.

Capitalising on global trends

Since 2008, the insurance industry has experienced a number of powerful market forces that have caused providers, including NN Group, to rethink and adapt their business strategy.

Economic growth is still slow, particularly in the markets where we operate. Interest rates are at a very low level and credit spreads are relatively tight. We see an ageing population living longer both in mature and emerging markets. Penetration of insurance products, both in life and non-life, is relatively stable.

The insurance industry itself is transforming in many ways. Customers demand transparent and easy to understand products. The industry is confronted with new solvency requirements and changing regulations in different markets.

Improving technologies are accelerating the introduction of new distribution channels and blurring the boundaries between insurance, investment management and banking.

Understanding these market and industry trends is crucial in allowing us to set priorities and develop an effective business strategy.

NN Group is well positioned to capitalise on current market developments. We have strong capabilities in life insurance and pensions in different markets, and we see continued growth in demand as the economy recovers and as penetration increases, further driven by the ongoing need to save.

Our life and pension business is backed by strong investment management capabilities that deliver sound results for our customers over the long term.

From a distribution point of view we continue to strengthen our existing multi-distribution capabilities with new technology. This helps us improve customer experience by providing customers with better access to our products and services.



Our strategy — continued

Market trends, risks and our response

Market trend and risk

New economic reality and changing demographics

Weak macroeconomic conditions in recent years have led to slow economic growth and low interest rates. In general, low interest rates affect investment yields which squeeze product margins for insurance companies.

Insurance companies primarily invest in bonds, mortgages and other long-term securities, which means the effects of a period of lower interest rates will be felt into the future as maturing, higher-yielding securities are gradually replaced by lower-yielding instruments.

Ageing population and increasing life expectancy are important trends affecting insurance companies. These patterns have consequences for insurers as they are required to make capital available to meet increased pension obligations and pay out on policies for longer than anticipated.

While they present challenges, an ageing population and people living longer also present opportunities for insurers as they create demand for retirement products and other investment vehicles.

Our response

Effective management in a tough environment

The weak economic climate and low interest rates are a challenge for NN Group. Adequate measures have been taken to mitigate risks related to the low interest rates. In general, to limit interest rate risk, NN Group hedges exposure by investing in long-term bonds matching liability maturities.

After a period of de-risking our investments during the financial crisis, we are gradually shifting our portfolio to higher-yielding assets, especially in the Netherlands. We will do this in a prudent and disciplined manner.

NN Group reduces the impact of an ageing population and increasing life expectancy by diversifying our business, covering multiple geographies and offering contracts of different length. We have also adjusted our pricing and product mix and at the same time the shift from defined benefits to defined contribution pension products has helped us cope with these trends.

NN Group is well positioned to benefit from an ageing population and increased longevity, as changing demographics increases the demand for retirement solutions, both in mature and growth markets.

For more information on our approach to risk management, see Note 56 in the Consolidated annual accounts.

Market trend and risk

Low trust drives demand for transparency

Following turmoil in the financial markets, customers are demanding improved transparency and simpler products.

In the Netherlands, unit-linked products have triggered a discussion on costs and transparency, and resulted in negative public attention and litigation.

The need to rebuild trust has become increasingly apparent for financial services companies. This is leading them to improve their transparency and engagement with customers.

Our response

Setting an example to win back trust

NN Group recognises that it is important to play a role in winning back trust in the financial sector.

Over the years we have adjusted our product portfolio, across all of our businesses, to ensure transparency and in order to help customers make better choices about their financial futures.

Since the end of 2006, Dutch unit-linked products have received negative public attention. In 2008, NN Group offered compensation to customers who purchased certain unit-linked policies that had a cost charge in excess of an agreed maximum. NN Group has initiated comprehensive communications to reach out to customers to carefully assess their policies and take action if necessary. Despite this, there are still legal proceedings pending. For more information about these legal proceedings, see Note 46 in the Consolidated annual accounts.

Our strategy – continued

Market trends, risks and our response – continued

Market trend and risk

Emerging markets in Central and Eastern Europe

Emerging markets present growth opportunities for insurance providers. While more mature markets have high levels of insurance penetration, emerging markets such as Central and Eastern Europe (CEE), with a burgeoning middle class, offer insurance companies increasing opportunities to offer a variety of services.

Not all CEE markets provide the same level of stability from a regulatory or political perspective. Example areas where differences occur are solvency supervision and government intervention in pensions or pension funds.

Our response

Capitalising on our strong positions

NN Group is in a strong position to capitalise on increasing insurance penetration in CEE. When economic growth picks up we are well positioned with our products and distribution platforms to capitalise on this. With our substantial market shares and experience gained from establishing greenfield operations in CEE, we expect to benefit from these market developments.

Market trend and risk

More and stricter regulatory demands

Increasing regulation, as a result of the financial crisis and the lack of transparency around some financial products, has placed significant compliance and governance demands on insurers.

Solvency II will take effect in 2016, requiring insurance companies in the European Union to take specific measures to reduce the risk of insolvency.

The financial crisis has also led to calls from regulators for greater transparency in the process surrounding the development and sale of financial products.

Our response

Ensuring alignment with new regulation

NN Group actively monitors regulatory developments, both on a national and international level. We have adopted a comprehensive set of policies and processes that allow us to align our practices and comply with new laws and regulations.

NN Group is well prepared for Solvency II given the business' strong ability to generate capital and our solid solvency ratios.

In line with our values – we care, we are clear, we commit – our products and services undergo an intensive examination process to ensure their suitability for customers and that we comply with all applicable regulatory product requirements.

Market trend and risk

Leveraging new technology

Advances in social connectivity have created a new world of opportunity for many industries. The internet is providing alternative distribution channels which allow insurance providers and investment managers to connect and interact differently with customers.

There is a shift away from transaction-based customer relationships, towards more personalised interactions, which optimise customer experience. Above all, customers expect to be able to engage with their insurance provider across devices and receive a flawlessly integrated experience across web, social, mobile and other channels. Insurers realise that by deploying a customer-focused technology strategy they can deliver relevant and innovative services that build a strong and loyal customer base.

Our response

Improving distribution and customer experience

New technology presents opportunities for NN Group to improve service and interaction with customers. NN Group strives to be available wherever the customer requires.

We have made a significant investment in modernising our IT infrastructure and direct channels and will continue to do so as technology develops.

An effective technology strategy allows us to improve processes that make the customer's interaction with NN Group more satisfying and efficient. Additionally, we have robust controls in place that allow us to quickly identify areas of operational improvement that will benefit our customers.



These trends were also identified by key stakeholder groups as part of our materiality assessment. For more information see Sustainability Report.

Our strategy – continued

Strategic focus areas

We focus on four areas that will allow us to deliver on the promises we make to our customers. We offer transparent products and services that serve customers' lifetime needs. We do this by having a multi-access distribution network. This is backed by effective and efficient operations that deliver excellent customer service. Since our customers entrust their money with us, it is important we maintain a healthy financial position.

Transparent products and services

NN Group is committed to delivering products and services that are simple and meet customer needs. Products and services are built in a standardised, modular way, with flexible features tailored to the needs of individual customers. We review our product range regularly to ensure that all products and services meet our customer, compliance, risk, capital and profitability requirements.

Multi-access distribution network

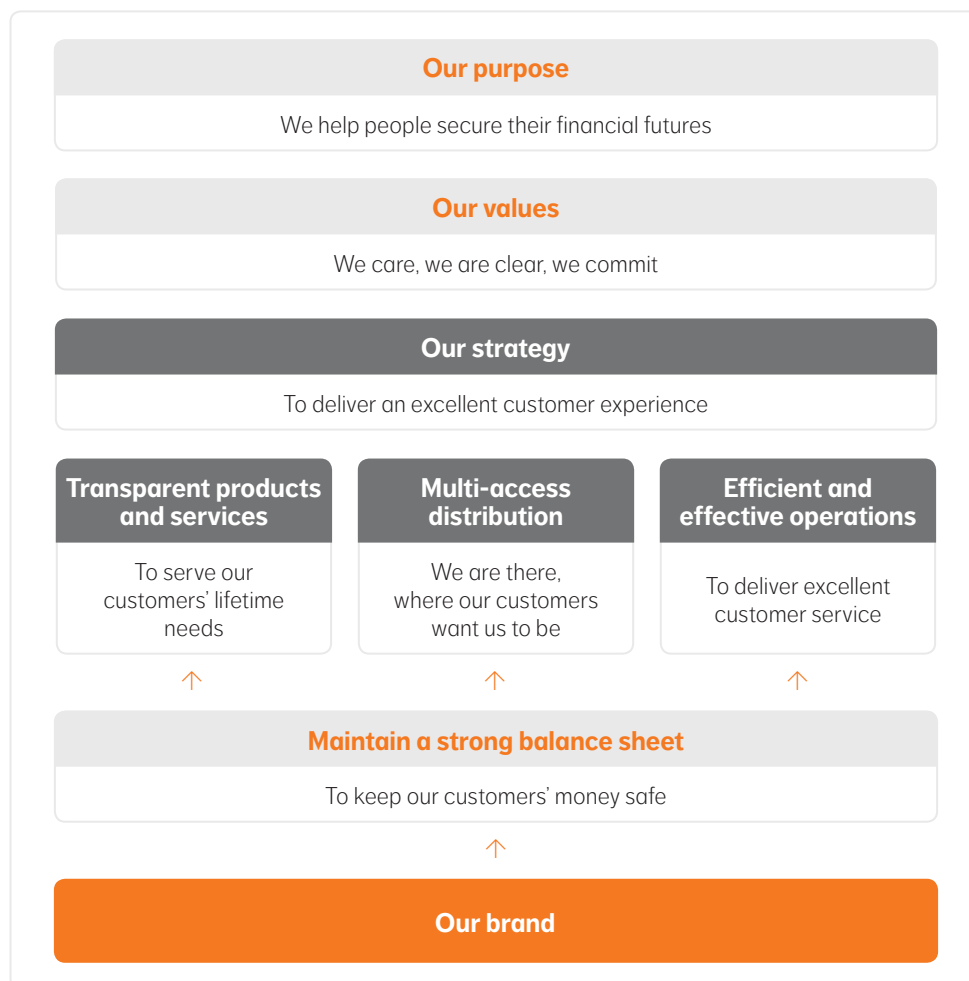
NN Group strives to be available to customers wherever they require. We operate via agents, brokers, banks and direct servicing, which allows customers to choose how they interact with us.

Effective and efficient operations

NN Group aims to make processes as efficient and effective as possible to deliver value for money for our customers. As well as implementing an operating model with more standardised processes, we are simplifying and improving our IT infrastructure. We are also developing our customer intelligence skills, so that we can take a more holistic view of our customers and, ultimately, service them better.

Strong balance sheet

Effective capital and risk management ensure that we meet the interests of all our stakeholders and deliver value. Maintaining our strong balance sheet is key to absorbing market volatility and ensuring NN Group and our operating entities are adequately capitalised at all times.



Our strategy — continued

Our role in society

By understanding global trends facing society and the impact these might have on our customers and on our business, NN Group is able to contribute to a healthy and stable society. In doing so we can create value for our stakeholders, and will contribute to improving the lives of people today and for generations to come.

Our corporate citizenship agenda focuses on two key areas that are closest to our core business and where we believe we can make the most impact: improving people's financial well-being and responsibly managing our assets.

Improving people's financial well-being

NN Group aims to be a positive force in the lives of our customers. We believe this also includes contributing to the well-being of the wider society.

In 2014, we launched our company's corporate citizenship programme Future Matters. The goal of this programme is to improve people's financial well-being by enabling them to grow economic opportunities, help them realise their financial ambitions and overcome adversity. We do this by investing in financial education tools and awareness building campaigns to help consumers make informed decisions and secure their financial futures. In addition, we contribute to the societies in which we operate by granting cash and in-kind donations and through active volunteering efforts of our employees, to help improve financial well-being.

Responsibly managing our assets

NN Group is a long-term global institutional investor with a duty to act in the best interest of our policyholders, customers, shareholders and other stakeholders. To fulfil this duty, we acknowledge the importance of integrating environmental, social and governance (ESG) factors into our investment policies, processes and decision making. Considering ESG factors helps to identify the risks and opportunities that can impact long-term investment return. It also ensures that we live up to our values and demonstrates good corporate citizenship. NN Group supports good governance and seeks to enhance the social and environmental practices of the companies we invest in through active ownership. By offering specialised socially responsible investment (SRI) funds and sustainable investment solutions, we aim to meet our customers' growing interest in responsible investments.

Being a sustainable organisation

We consider it vital to the success of our company to foster an open, safe, inclusive and stimulating working environment for our employees. We provide training and development programmes to empower our employees to be at their best and to live our values: we care, we are clear, we commit.

Also, NN Group aims to effectively manage our environmental footprint by reducing the use of natural resources, seeking green alternatives and ultimately compensating for the remainder of our carbon footprint. Making responsible choices in procurement contributes to this.



For a detailed explanation of NN Group's approach to sustainability and our progress in 2014, see Sustainability Report.



Our strategy — continued

Objectives

We measure the success of our company both in terms of our financial and non-financial performance. Therefore we set financial and operational, as well as non-financial and sustainability objectives.

Financial objectives*

- Annual growth rate on average of 5–7% of operating result before tax of the ongoing business, in the medium term.
- Reduce administrative expenses in Netherlands Life, Netherlands Non-life and holding entities by EUR 200 million by 2016, compared with 2013.
- Increase the net operating return on equity of the ongoing business in the medium term, measured against a pro-forma 7.1% in 2013.
- Over time generate free cash available to shareholders in a range around the net operating result of the ongoing business, assuming normal markets, the current regulatory framework and no material special items.

Operational objectives

- Create a customer-driven organisation offering products and services through efficient processes and systems.
- Capture profitable opportunities to grow our business by leveraging our well established presence in growth oriented segments in Europe and Japan.
- Improve the productivity of distribution platforms and drive operational improvement through disciplined cost management at Investment Management.
- Actively manage Japan Closed Block VA.

Non-financial and sustainability objectives

- Deliver insurance products and services that are suitable, transparent and contribute to the financial well-being of customers.
- Invest in a responsible manner by integrating environmental, social and governance (ESG) factors in the investment process.
- Create positive change in the communities where we operate by supporting people in their efforts to improve their financial well-being.
- Empower our employees by fostering an open, inclusive and stimulating working environment.
- Minimise our environmental footprint by reducing the use of natural resources and seeking green alternatives.

* NN Group also sets specific financial objectives per business segment.

Delivering on our strategy

Looking back on 2014, NN Group has taken a step forward in delivering on our financial, operational and non-financial objectives. But there is further to go.

The core of our strategy is to deliver an excellent customer experience. Our strong new sales growth in all regions underscores the dedication of our employees to keeping our customers at the heart of everything we do. At the same time, we continue to strive for efficiency, which has resulted in significantly lower expenses and more effective operations in the Netherlands. With the strong capital generation of our businesses and our solid capital ratios, we are confident in the strength of our balance sheet.

We manage our business for the long term and have clear objectives in place to create value for all of our stakeholders. In 2014, we introduced the NN statement of Living our Values to guide our employees in their daily decisions and to set the standard for interacting with all of our stakeholders. We also developed a new NN Group Responsible Investment Policy Framework outlining our vision and approach to environmental, social and governance issues, and we grew our sustainable assets under management by 18% to EUR 4.1 billion. Furthermore, we launched our new corporate citizenship programme Future Matters, in line with our values and strategy.

Our Management Board

NN Group has a Management Board that is entrusted with the day-to-day management and the overall strategic direction of the company. NN Group has a two-tier board structure, consisting of an Executive Board under supervision of a Supervisory Board.

Executive Board



Lard Friese (1962)
Dutch
Chief Executive Officer

Lard Friese was appointed NN Group's chief executive officer (CEO) and chairman of the Management Board and Executive Board on 7 July 2014. From 1 March 2014, he was vice chairman of the NN Group Management Board. From October 2013, he was a member and vice chairman of the ING Insurance management board. Lard brings more than 25 years' experience in the financial services industry, most recently with Nationale-Nederlanden and ING Insurance Eurasia. He has also held leadership positions at AEGON, VNU/ACNielsen, Ceska Pojistovna and Generali-PPF Holding.



Delfin Rueda (1964)
Spanish
Chief Financial Officer

Delfin Rueda was appointed NN Group's chief financial officer (CFO) on 1 March 2014 and a member of our Management Board and Executive Board on 7 July 2014. From October 2013, he was CFO of the ING Insurance management board. Delfin brings 21 years' experience in the financial services industry, most recently with Atradius. Previously he held leadership positions at J.P. Morgan, UBS and Andersen Consulting.



David Knibbe (1971)
Dutch
Chief Executive Officer
Netherlands Insurance

David Knibbe was appointed to NN Group's Management Board on 7 July 2014. On 1 September 2014, he was named chief executive officer (CEO) of NN Group's insurance business in the Netherlands. He is also responsible for the company's global IT operations. From 1 January 2011 until 1 September 2014, David served as CEO of ING Insurance Europe. He brings 17 years' experience in the financial services industry. He held leadership positions at ING Bank, ING Piraeus, Nationale-Nederlanden and ING Investment Management.



Dorothee van Vredenburg (1964) Dutch
Chief Change and
Organisation

Dorothee van Vredenburg was appointed NN Group's chief change and organisation (CCO) and a member of our Management Board on 7 July 2014. From October 2013 Dorothee was ING Insurance's CCO and a member of its management board. Dorothee brings 25 years' experience in the financial services industry, most recently with ING Group. Previously she held leadership positions at Citigate Europe and RedZebra Group.



Doug Caldwell (1969)
American
Chief Risk Officer

Doug Caldwell was appointed NN Group's chief risk officer (CRO) and a member of our Management Board on 7 July 2014. From October 2013 he was ING Insurance's CRO and a member of its management board. Doug brings 23 years' experience in the financial services industry, most recently with ING Insurance Asia Pacific. Previously he held leadership positions at ING Re, ING Group and ING Insurance US.



Robin Spencer (1970)
British
Chief Executive Officer
International Insurance

Robin Spencer was appointed to NN Group's Management Board on 1 August 2014 and as chief executive officer (CEO) of NN Group's international insurance business on 1 September 2014. He is responsible for NN Group's Insurance Europe, Japan Life, Japan Closed Block VA and ING Re businesses. Robin brings more than 20 years' experience in the insurance industry across life, non-life and asset management in the UK and internationally. Previously he was CEO Aviva UK & Ireland General Insurance, CEO and CFO Aviva Canada and from 2010 to 2012 CRO Aviva Group.



Stan Beckers (1952)
Belgian
Chief Executive Officer
ING Investment Management

Stan Beckers was appointed to NN Group's Management Board as chief executive officer (CEO) ING Investment Management on 7 July 2014. Stan is responsible for NN Group's investment management business. He brings 30 years' experience in the financial services industry, most recently with BlackRock. He has held leadership positions at Barra, Kedge Capital, Alpha Management Group, Barclays Global Investors, several pension funds, and KAS Bank.



For more information about NN Group's board structure, see Financial Report.

Business review

Netherlands Life
Netherlands Non-life
Insurance Europe
Japan Life
Investment Management
Other
Japan Closed Block VA



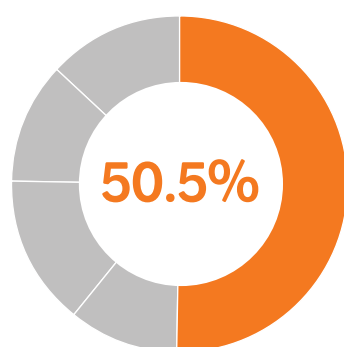
Netherlands Life

Driving expense reductions to improve competitiveness

Benefiting from our strong position in the pension market to selectively capture growth opportunities

Products and services

- Group life/pension products
- Individual life/pension products
- Pension administration
- Individual life closed block



■ Netherlands Life	50.5%
■ Netherlands Non-life	10.5%
■ Insurance Europe	14.5%
■ Japan Life	11.5%
■ Investment Management	13.0%

Operating result ongoing business, excluding segment Other (% of total).

Netherlands Life has a strong position in the Dutch pension market and offers a range of group life and individual life insurance products. It is NN Group's largest business and primarily consists of Nationale-Nederlanden Life, the second largest Dutch life insurer measured by gross premium income and the largest measured by technical reserves.

Netherlands Life is organised by pension products and the individual life closed block. The pension product line provides group life and pension products to small and medium enterprises (SME) and to large corporate clients and their employees. The individual life closed block primarily consists of individual life portfolios comprising a range of discontinued products sold prior to 2012. In addition, a limited range of individual life insurance products are actively offered to retail customers. AZL, a full service pension administration provider, is also part of Netherlands Life.

Financial highlights

The operating result of Netherlands Life for 2014 declined by 13.3% to EUR 615 million. This was mainly due to a lower technical margin and lower fees and premium-based revenues, partly compensated by a higher investment margin and lower administrative expenses. Administrative expenses decreased by 3.2% to EUR 457 million as a result of the ongoing transformation programme in the Netherlands. The result before tax improved by 8.6% to EUR 377 million. Non-operating items

improved to EUR 115 million compared with EUR -345 million in 2013, which included a EUR -177 million impact from the refinement of the market interest rate assumption for the separate account pension business. Higher revaluations on real estate investments contributed to the improved non-operating items. This was partly offset by a lower operating result and a special item of EUR -322 million related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

New sales (APE) increased by 10.3% to EUR 247 million, mainly driven by higher group pension renewals, partly offset by lower individual life sales. The value of new business for Netherlands Life improved from EUR -53 million in 2013 to EUR 25 million in 2014, largely reflecting the renewal of a few large group life contracts on more favourable terms.

Strategy

Netherlands Life aims to benefit from a strong position in the pension market and to selectively capture growth opportunities. At the same time the objective is to continue to improve customer service and drive efficiency. Netherlands Life's strategy is focused on managing liability risks to optimise capital requirements, reducing expenses and gradually shifting to higher-yielding assets such as mortgages and loans. Management's aim is to maintain an operating result before tax broadly stable at 2013 levels over the medium term.

Key figures Netherlands Life (EUR million)

	2014	2013
Operating result	615	709
Result before tax	377	347
Net result	327	276
New sales life insurance (APE)	247	224
Value of new business (VNB)	25	-53
Internal rate of return (IRR)	10.5%	4.5%
Total administrative expenses	457	472
Net operating return on equity (ROE)	7.7%	8.3%
NN Life Solvency I ratio ^{1,2}	260%	223%

¹ The 31 December 2014 capital ratios are not final until filed with the regulators.

² The 31 December 2013 Solvency I ratio of NN Life has been updated to 223% from 222% in the NN Group Annual Report 2013.

Netherlands Life – continued

In realising our strategic objectives, Netherlands Life works closely with other operating entities within NN Group. Investment Management provides in-house expertise to manage assets for the general account, as well as for the defined contribution-based pension products.

Business developments

Netherlands Life operated in a complex economic, business and regulatory environment in 2014. The Dutch government continued to drive pension reforms aimed at keeping the country's pension system on a long-term sustainable footing. Low interest rates and increasing longevity have increased employers' funding costs for pension schemes. This environment has encouraged a shift from defined benefit (DB) to defined contribution (DC) pension schemes.

Netherlands Life offers modern pension solutions in both DB and DC, with and without guarantees. This enables employers or clients to change their retirement arrangements at a pace and with a risk profile that meets their current

needs. The product suite consists of a focused set of more transparent and cost-efficient pension products, delivered through efficient IT platforms. The steady growing portion of business being directed to our DC offerings Essentiepensioen and Bewustpensioen contributed to the managing of the liability risks of Netherlands Life's business. This trend has led to an increased proportion of products in our book of business that have lower capital requirements.

Netherlands Life took steps to improve product distribution by opening new channels that aim to better service customers and increase cooperation with external partners. We launched an online employee benefits platform (Benefits Plaza), linked to the NN Group back office, which allows employers to automate the processing of employee pension data.

Netherlands Life also partnered with CollectiefPensioenkiezer.nl, an online platform for SMEs, to offer direct pension advice to customers at a lower cost than a face-to-face consultation with a financial advisor.

Netherlands Life continued to work closely with our intermediary partners in 2014. Specialised pension advisors and international advisory firms continued to play an increasingly important role in our distribution strategy. In pensions, distribution via this type of intermediary partners accounted for 66% of our premium income in 2014, compared to 59% in 2013.

Netherlands Life also continued to strengthen our position as a selective provider of insurance solutions for a number of smaller Dutch pension funds that are liquidating. For example, Dutch cement producer ENCI transferred its pension obligations to Netherlands Life in 2015.



For more information about Netherlands Life see Financial Report.

Case study: Mijn Pensioencoach mobile app



Netherlands Life developed a pension application Mijn Pensioencoach in 2014. The mobile app allows customers to get real-time information about their pension on their smartphone.

Mijn Pensioencoach gives insight into the impact that decisions such as working fewer hours a week have on a person's pension.

The app also has the ability to analyse a user's personal situation and give advice and recommendations on how to make adjustments to their pension plan in order to reach their goals.

The app is available for download on iTunes and Google Play. Mijn Pensioencoach was developed in consultation with customers and their advisors and tested in customer focus groups.

Netherlands Non-life

Improving customer experience and strengthening underwriting performance



Products and services

Property & Casualty

- Motor insurance
- Fire insurance
- Liability insurance
- Transport insurance
- Travel insurance

Disability & Accident

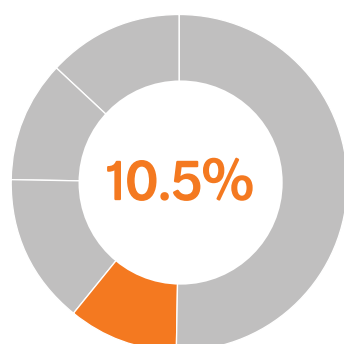
- Individual disability insurance
- Group income insurance
- Accident insurance

Netherlands Non-life offers a broad range of non-life insurance products – including motor, fire, liability, transport, travel, and disability and accident insurance – to retail, self-employed, SME and corporate customers. We do this through multichannel distribution, such as regular and mandated brokers, ING Bank and the internet. Our Movir brand offers individual disability insurance to self-employed medical and business professionals.

Financial highlights

The operating result of Netherlands Non-life for 2014 increased by 62% to EUR 128 million. This was driven by an 11.4% decrease in administrative expenses to EUR 294 million as a result of the ongoing transformation programme in the

Netherlands. Results in Disability & Accident (D&A) improved, driven by the effects of management actions to restore profitability as well as by a favourable claims development on prior accident years. Operating results in Property & Casualty (P&C) improved slightly as the impact of large and weather-related claims in fire and motor was lower in 2014 compared to 2013. As a result, in 2014 the combined ratio improved to 99.4% from 101.5% in 2013. The result before tax decreased by 37.9% to EUR 41 million, as the increase in operating result was more than offset by a special item of EUR -82 million in 2014 related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.



Netherlands Life	50.5%
Netherlands Non-life	10.5%
Insurance Europe	14.5%
Japan Life	11.5%
Investment Management	13.0%

Operating result ongoing business, excluding segment Other (% of total).

Key figures Netherlands Non-life (EUR million)

	2014	2013
Operating result	128	79
Result before tax	41	66
Net result	38	53
Total administrative expenses	294	332
Combined ratio ¹	99.4%	101.5%
Net operating return on equity (ROE)	23.3%	13.3%

¹ Excluding Mandema and Zicht broker businesses.

Netherlands Non-life – continued

Strategy

Netherlands Non-life aims to expand in specific market segments where there are clear opportunities for profitable growth. At the same time we aim to deliver an excellent customer experience, by reducing complexity, and further improving service quality. Our financial focus is on improving underwriting performance and reducing operating expenses. Management's aim is to achieve a combined ratio of 97% or below by 2018.

Business developments

We continued our focus on improving underwriting performance and selective growth in profitable product segments. In the motor insurance line we established a comprehensive improvement plan in 2014 that combines new underwriting criteria, increased use of data analytics for better portfolio management and improved fraud detection to achieve better performance results.

Netherlands Non-life implemented initiatives in 2014 designed to improve the quality of our products and services, streamline operations and generate higher levels of customer satisfaction. We also continued our focus on improving processes with a higher level of automation and straight-through processing – allowing more transactions to be completed without manual intervention.

Our investment in IT has allowed us to enhance customer experience, handle more business processes electronically and reduce cost.

P&C claim activities for SME customers were successfully outsourced to a specialised claims handling company Van Ameyde Services during the year. This has allowed us to improve flexibility and service for our SME customers. P&C claims activities for retail customers have been handled by Van Ameyde Services for several years already.

In 2014 Fairzekering, a collaboration between an intermediary, a technology provider and Netherlands Non-life, received recognition for its innovative car insurance offering which uses telematics to help drivers improve their driving behaviour, reduce the risk of damage and earn a discount on their premium. Fairzekering's policies are underwritten by Netherlands Non-life. Netherlands Non-life was awarded the Keurmerk Klantgericht Verzekeren, by independent industry body Stichting Toetsing Verzekeraars, for our improvement in customer service. Almost 150 communication materials were rewritten to make them more clear and easier to understand for customers. MoneyView, a leading Dutch research agency in the financial services industry, awarded Netherlands Non-life for the quality and price of our legal aid product, and for the quality of our annual multi-trip travel insurance.

99.4%

Combined ratio

Deliver an excellent customer experience by reducing complexity and further improving service quality



For more information about Netherlands Non-life see Financial Report.

Case study: Claims manager at home



Netherlands Non-life introduced the Claims manager at home in February 2014. This service sees a claims manager come to a customer's home and help them navigate through the stress of, for example, a fire or a burglary by taking care of the entire claims handling process and acting as a single point of contact for the customer.

Many customers have expressed a need for personal help in coordinating their claims in such difficult circumstances. Practical support as well as personal care and attention is an essential aspect of this NN Group service. Speed, know-how and empathy are key and internal research conducted by NN Group has shown this service boosts customer satisfaction.

Insurance Europe

Achieving growth by further improving productivity of existing distribution channels

Moving the business mix to protection products and repositioning retirement services

Products and services

Belgium

- Life insurance, non-life insurance

Bulgaria

- Life insurance, pensions

The Czech Republic

- Life insurance, pensions

Greece

- Life insurance, health insurance

Hungary

- Life insurance

Luxembourg

- Life insurance

Poland

- Life insurance, pensions

Romania

- Life insurance, pensions

The Slovak Republic

- Life insurance, pensions

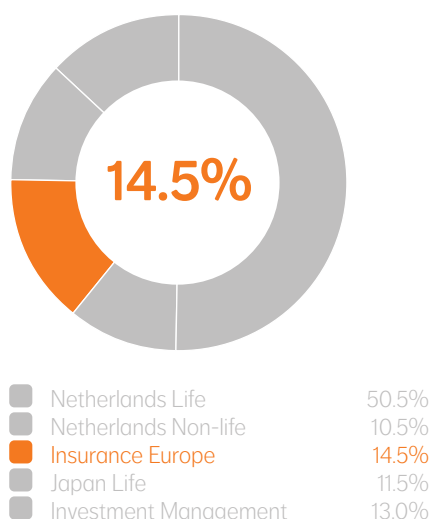
Spain

- Life insurance, non-life insurance

Turkey

- Life insurance, pensions

Insurance Europe primarily offers life insurance and pension products to retail, self-employed and SME customers. In Belgium and Spain we also offer non-life insurance products and health insurance in Greece. The countries in which Insurance Europe is active are a mixture of mature and growth markets.



Operating result ongoing business, excluding segment Other (% of total).

Financial highlights

The operating result of Insurance Europe for 2014 declined by 11.6% to EUR 176 million. The lower investment margin and the impact of the pension reforms in Poland were only partly compensated by higher fees and premium-based revenues. The result before tax decreased by 14.8% to EUR 207 million, reflecting the lower operating result and higher special items.

New sales (APE) increased by 7.7%, excluding currency effects, to EUR 528 million, driven by higher life sales. The value of new business for 2014 declined by 18.8% to EUR 78 million, reflecting the impact from refinements to persistency assumptions and expense overruns in Turkey, a non-recurring commission overrun in Poland, lower interest rates and currency impacts. These impacts were partially offset by higher volumes and improved quality of sales, reflecting repricing actions, commission changes and a better business mix. The internal rate of return (IRR) on new sales correspondingly decreased to 9.3% in 2014 from 9.7% in 2013.

Key figures Insurance Europe (EUR million)

	2014	2013
Operating result	176	199
Result before tax	207	243
Net result	146	156
New sales life insurance (APE)	528	510
Value of new business (VNB)	78	96
Internal rate of return (IRR)	9.3%	9.7%
Total administrative expenses	331	323
Net operating return on equity (ROE)	8.4%	8.2%

€528m

New sales life insurance

Insurance Europe – continued

Strategy

Insurance Europe's strategy is to capitalise on our strong position in Central and Eastern European (CEE) markets that combine economic potential with low life insurance penetration levels. In addition, our aim is to achieve growth by further improving the productivity of our existing distribution platforms, especially tied agents and bancassurance. Operational improvements are expected to come from disciplined cost management. This will allow Insurance Europe to benefit from operating leverage as our customer portfolio expands and will lead to lower unit costs. Management's aim is to achieve an annual mid-single-digit operating result before tax growth rate on average over the period 2013 to 2018.

Business developments

Insurance Europe is making clear progress in delivering an excellent customer experience. In 2014 we successfully introduced new products and saw a shift in our product mix toward protection solutions. We improved customer portals and continued to broaden our distribution base.

New products introduced in 2014 included Motiva in Hungary. The Motiva product line includes unit-linked and endowment products and is designed to meet the need for longer-term savings and protection products.

In line with our ambition to provide customers with multi-access to our services, including direct access, we launched a service portal for life insurance and pension customers in the Czech Republic. This will allow customers to easily make changes to their policies and submit claims requests online or through their mobile phones. A similar portal, also available through mobile devices, was launched in Turkey. In Spain an updated customer self-service portal allows customers to process 90% of all possible transactions online.

We also made steps to improve suitability of our products and their value propositions. In Turkey, for example, we launched a new term life insurance product that provides an opportunity to renew at premiums set out at the time of purchase, providing our customers with more certainty. NN Group is the only insurance provider offering this type of product in Turkey.

In 2014 we also invested significantly in improving our distribution. Based on early pilot successes in Spain and Romania, Insurance Europe continued to roll out a tied agent productivity improvement programme to all countries. Our main focus for bancassurance in 2014 was to build and further expand preferred partnerships. Early in the year we extended distribution agreements with ING Bank in Poland,

Spain, Romania and Turkey. Our focus now is to further unlock the potential of this partnership by improving sales support and customer intelligence, as well as launching new value propositions to customers through this channel.

Direct distribution channel performance continued to improve in the Czech Republic, where it reached 14% share of production in 2014. In the Slovak Republic, NN Group is still the only insurance company offering term life insurance online.



For more information about Insurance Europe see Financial Report.

Awards

During 2014, Insurance Europe's customer focus was awarded in several countries.

- In Poland, we were recognised as the Most Friendly Life Insurance Company by trade publication Gazeta Bankowa.
- In Greece, we were acclaimed as the Best Life Insurance Company by World Finance.
- In Romania we were placed 2nd at the Mobile Awards Gala at the Mobile Marketing Forum Conference for the MyING mobile app.

Case study: Business innovation across the region



Our insurance business across Europe continued to push innovation in 2014 by developing and bringing to market products that offer social as well as financial benefits for customers. In Poland, NN Group continues to promote cancer prevention. As well as covering financial risks with our cancer cover product, we aim to educate people about how to prevent cancer by sponsoring free mammography for women and launching a new mobile application to make breast self-examination simple and effective.

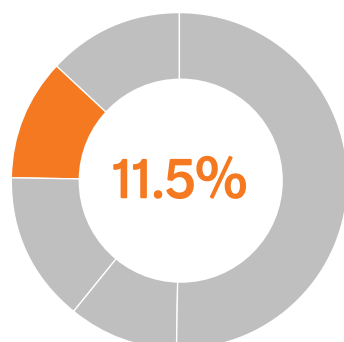
In Spain, we rolled out a new paperless sales process with tablets, adding more mobility for agents. In Turkey, our new retail broker company Sigorta Cini opened several new retail insurance shops, extending our network to 19 locations, offering NN Group life and pension products.

Japan Life

Increasing agents' productivity and diversifying distribution channels

Products and services

Corporate owned life insurance (COLI): traditional life insurance policies that a company, typically an SME, takes out on the lives of executives or employees, whereby the company is both the policyholder and the beneficiary of the policy.



	Netherlands Life	50.5%
	Netherlands Non-life	10.5%
	Insurance Europe	14.5%
	Japan Life	11.5%
	Investment Management	13.0%

Operating result ongoing business, excluding segment Other (% of total).

Japan Life offers a range of corporate owned life insurance (COLI) products to owners and employees of SMEs in Japan through independent agents and banks. Japan Life is a leading provider of COLI solutions with more than 5,000 registered independent agents and 40 financial institution partners (banks and securities houses) supported by sales support offices located in 27 cities throughout Japan.

Financial highlights

The operating result for Japan Life was EUR 140 million in 2014, a 13.0% decrease compared with EUR 161 million in 2013. Excluding currency effects, the operating result declined by 4.2% due to a decrease in the investment margin as a result of lower reinvestment rates as well as a lower technical margin due to a lower result on surrenders.

Administrative expenses were EUR 97 million in 2014, an 8.5% decrease compared with EUR 106 million in 2013. Excluding currency effects, administrative expenses remained stable compared with 2013. Result before tax declined by 27.6% to EUR 139 million compared with EUR 192 million for 2013, which included capital gains realised due to asset rebalancing.

New sales (APE) increased by 20.1%, excluding currency effects, to EUR 541 million, due to improved business sentiment, higher agency productivity and channel diversification. The value of new business increased by 8.1% to EUR 93 million, reflecting higher sales partially offset by lower interest rates.

Key figures Japan Life (EUR million)

	2014	2013
Operating result	140	161
Result before tax	139	192
Net result	91	121
New sales life insurance (APE)	541	493
Value of new business (VNB)	93	86
Internal rate of return (IRR)	14.3%	17.3%
Total administrative expenses	97	106
Net operating return on equity (ROE)	7.9%	8.4%



Japan Life – continued

Japan Life's net promoter score increased from 25% in 2013 to 34% in 2014

Strategy

Japan Life's strategy is to deliver an excellent experience to SMEs and to independent agents and bancassurance partners. In order to achieve operating leverage, we seek to continuously increase the productivity of independent agents. In addition, we aim to achieve channel diversification (expansion of bancassurance), and product diversification (expansion of protection sales) by leveraging existing capabilities.

Management's aim is to achieve an annual low to mid-single-digit operating result before tax growth rate on average over the period 2013 to 2018.

Business developments

In 2014 we expanded our distribution network with the recruitment of 16 new bank distribution partners, contributing to a 70% year-on-year growth in bancassurance sales to SMEs.

We also continued to invest in initiatives to strengthen relationships with our agents. We rolled out mobile tablets to sales support staff which will allow them to improve the quality of service they provide to our agents. Additionally, we launched an innovative mobile video streaming platform over which we can deliver training for agents.

To better serve the interests of our customers we enhanced product value propositions to make them more appealing and suitable to the market.

For example, we started offering a simpler process for customers to buy a life insurance policy, with an insured sum of up to JPY 300 million, if they undergo a health review by a doctor that belongs to a Japan Life recognised organisation.

We also established a dedicated division, the Agent and Customer Experience office, to further enhance the efficiency and quality of service provided to customers and agents (see case study). As a result of this activity Japan Life increased our net promoter score with agents from 25% in 2013 to 34% in 2014 representing an overall improvement in agent loyalty.



For more information about Japan Life see Financial Report.

Case study: Our Agent and Customer Experience office



In July, Japan Life opened the Agent and Customer Experience office. Agents and customers are at the core of everything the company does, thus the initial focus of the Agent and Customer Experience office is to improve the new business experience – a touch point for all agents and customers.

This will be achieved by reviewing processes end-to-end for efficiency and effectiveness. Making processes more transparent, and equipping marketing representatives – who provide support to independent agents – with the right data at the right time will improve the quality of consultation they provide to agents.

Investment Management

Leveraging established strengths to gain new business

Products and services

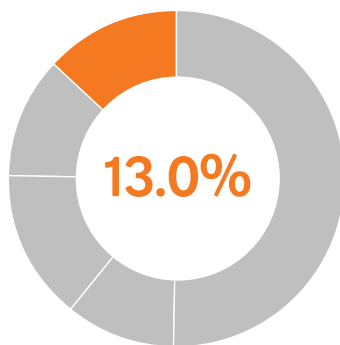
- Asset management for NN Group
- Institutional investor products and services
- Retail investor products and services
- Advisory services

Rebranding in 2015

ING
INVESTMENT MANAGEMENT



NN investment partners



Netherlands Life	50.5%
Netherlands Non-life	10.5%
Insurance Europe	14.5%
Japan Life	11.5%
Investment Management	13.0%

Operating result ongoing business, excluding segment Other (% of total).

ING Investment Management is the asset management business of NN Group. We manage the assets of NN Group's insurance businesses and offer retail and institutional customers a wide variety of actively managed investment products. We also provide advisory services in all major asset classes and investment styles.

Investment Management offers products and services globally through offices across Europe, the United States, the Middle East and Asia, with the Netherlands as our main investment hub. In 2015 ING Investment Management will be rebranded to NN Investment Partners.

Financial highlights

The operating result of Investment Management for 2014 was EUR 158 million, up 21.5% from 2013. Positive market performance led to higher assets under management and, as a consequence, to higher fee income, which was partly offset by higher expenses. Assets under management increased by 6.9% to EUR 186 billion. Administrative expenses increased by 4.5% to EUR 328 million while benefiting from EUR 10 million of personnel provision releases. Investment Management's result before tax was EUR 31 million compared with EUR 131 million in 2013, as 2014 included a special item of EUR -122 million related to the agreement to make ING's closed defined benefit pension plan in the Netherlands financially independent.

Strategy

Investment Management's strategy is to partner with customers to help them meet their investment needs through a set of advice embedded products. We aim to grow the third-party (retail and institutional customer) business by following a tailored approach per client segment. In sizeable markets, such as Germany and the UK, Investment Management aims to continue to leverage established strengths to gain new business. In the retail business in the Netherlands, Poland, Belgium and Luxembourg, Investment Management will further expand our range of products to increase market share.

Investment Management continues to develop a range of equity products to provide an appropriate accompaniment to our existing line-up of fixed income and multi-asset offerings. To increase commercial traction, Investment Management is planning to reposition some flagship equity strategies into a higher active risk profile and to expand our suite of specialised equity products, such as a Solvency II efficient equity offering.

Management's aim is to achieve an annual mid-single-digit operating result before tax growth rate on average over the period 2013 to 2018. In line with this strategy, assets under management increased to EUR 186 billion in 2014, driven by favourable market performance.

Key figures Investment Management (EUR million)

	2014	2013
Operating result	158	130
Result before tax	31	131
Net result ¹	26	97
Total administrative expenses	328	314
Net inflow assets under management ²	-11	-10
Assets under management ²	186	174
Net operating return on equity (ROE)	32.4%	26.7%

¹ Excluding the Net result from discontinuing operations.

² End of period, in EUR billion.

Investment Management – continued

Focus on growing the third-party business by taking a tailored approach

Business developments

In 2014 equity markets remained volatile while fixed income investors continued to be challenged by a low-yield environment. Managing the investments entrusted to us by our client base and servicing them in the best way remained the focus of Investment Management. Growth in our third-party client base in 2014 has been a result of these efforts.

Investment Management continuously monitors and adapts our product range based on clients' needs and market developments. We reacted to the changing regulatory environment as well as market conditions by introducing new investment propositions that provide our customers with more opportunities to meet their financial objectives.

We enhanced our broad offering of fixed income strategies by onboarding an experienced investment team managing an industry-recognised convertible bond fund.

The team and fund has a very strong performance track record, providing fixed income with equity upside to our client base.

We also capitalised on the opportunity to expand our footprint in the growing demand for asset allocation strategies. In particular by further developing our First Class Multi Asset fund. This flagship total return multi-asset strategy reached EUR 500 million in assets under management in 2014 on the back of strong investment performance.

Customer demand for alternative investments resulted in growth of our loan products. In 2014 the loan book we manage on behalf of our clients grew to EUR 1.7 billion and included corporate loans, commercial real estate loans and infrastructure loans. This product class provides attractive yields and diversification for our institutional client base.

Changes in Dutch pension regulation created opportunity for Investment Management to bring new products to market. Investment Management has developed a product to cater to the needs to build retirement income of higher earning individuals, who can no longer benefit from company provided pension schemes on earnings above EUR 100,000.

Additional efficiency improvements were delivered by standardising our fund management and accounting systems across operations in different countries. Consolidating our IT platform has led to cost savings and process improvements which have allowed us to better service our customers, be more transparent and comply with new laws and regulations introduced in 2014.

Investment Management endeavours to constantly strengthen our responsible investment approach. The integration of environmental, social, and governance (ESG) factors in research is at the core of our approach. In 2014, Investment Management partnered with the European Centre for Corporate Engagement (ECCE) at Maastricht University. The aim of the partnership is to develop new insights into the material effect of ESG factors on the value or performance of an investment.



For more information about Investment Management see Financial Report.

Case study: Conducting the Asset-Backed Securities Purchase Programme



In October the European Central Bank (ECB) appointed ING Investment Management as one of the four executing asset managers to conduct its Asset-Backed Securities Purchase Programme (ABSPP).

The appointment followed a competitively negotiated tender process. Commencing in November, the ECB mandate allows ING Investment Management to use our knowledge, resources and experience to support the proactive development of European monetary policy. We feel this appointment is a great recognition of Investment Management's expertise and the quality of our people.

Other – NN Bank, ING Re and Holding

NN Bank focusing on growing in mortgages and savings

Products and services NN Bank

- Mortgages
- Bank annuities
- Internet savings
- Term deposits
- Retail investments
- Consumer lending
- Credit cards

Adding banking products offers cross-selling potential

14.1%

NN Bank common equity Tier 1 ratio (phased in)

The segment Other comprises the businesses of NN Bank and ING Re, the results of the holding company and other results. The result of the holding includes the interest paid on hybrids and debt, interest received on loans provided to subsidiaries and on cash and liquid assets held at the holding company, the amortisation of intangibles and the head office expenses that are not allocated to the business segments. Other results are results that are not allocated to the business segments.

Financial highlights

The operating result of the segment Other for 2014 improved substantially to EUR -130 million from EUR -373 million in 2013. The improved holding result of EUR -201 million was favourably impacted by lower interest costs on hybrids and debt, as well as the interest income on the subordinated loans provided by NN Group to NN Life and lower holding expenses. The operating result of the reinsurance business improved to EUR 31 million from EUR -15 million in 2013, reflecting better underwriting results as well as a EUR 31 million one-off loss on a specific reinsurance contract in 2013. NN Bank's operating result improved to EUR 27 million from EUR -11 million in 2013 as we successfully grew our mortgage and consumer savings activities. The result before tax improved to EUR -142 million compared with EUR -473 million for 2013, in line with the improvement in operating result.

NN Bank

NN Bank offers a range of banking products to retail customers in the Netherlands under the Nationale-Nederlanden brand. We are well capitalised and maintain a low risk profile, based on the nature of our assets (mainly prime residential mortgages), our stable retail funding base and the size and composition of our capital.

Strategy NN Bank

NN Bank aims to benefit from new market dynamics in mortgages, to gain market share and to continue growth in savings. Our bank product offering is complementary to Nationale-Nederlanden insurance products and therefore offers cross-selling opportunities. NN Bank's competitive advantage is that we operate very efficiently. We have no bank branches and do not handle payment transactions.

Management's aim is to achieve a return on equity of 7% by 2018, based on the net operating result of NN Bank as a percentage of the average shareholders' equity of NN Bank.

Business developments NN Bank

Consumer savings in 2014 grew by 21.5% to EUR 7.1 billion, offering competitive rates and attractive products. NN Bank also benefits from growing inflows into bank annuities (banksparen) which offer customers a tax-friendly way to save or pay for their retirement.

Key figures Other (EUR million)

	2014	2013
Holding result	-201	-348
Operating result reinsurance business	31	-15
Operating result NN Bank	27	-11
Total operating result	-130	-373
Result before tax ¹	-142	-473
Net result ¹	-124	-380

¹ Includes the result on the sale of SulAmérica. Results of SulAmérica were included in the segment Insurance Other until 2013. The segment Insurance Other ceased to exist as of 2014.

Other – NN Bank, ING Re and Holding – continued

At NN Bank we continued to build our product offering in 2014 with the introduction of a consumer lending product and a Nationale-Nederlanden branded credit card. NN Bank implemented a personal banking environment that provides customers with an online portal where they can view and manage their products. We also introduced important process improvements, for example automation of the mortgage application process based on straight-through processing.

The technical migration of the former online savings portfolio of WestlandUtrecht Bank to the Nationale-Nederlanden internet savings environment contributed to efficient and effective operations. NN Bank continued to focus on improving customer experience in our channels by developing services that allow customers to select the type of servicing that is most appropriate for them – via the internet, a call centre agent, an NN advisor or an

independent broker. Our website traffic increased significantly in 2014 indicating that customers increasingly favour self-directed, execution only services.

NN Bank was recognised by customers and financial advisors for the quality of our mortgage products when we were chosen to receive the prestigious Gouden Spreekbuis award.

ING Re

ING Re (to be renamed NN Re in the course of 2015) is NN Group's internal reinsurer located in the Netherlands. ING Re primarily offers reinsurance to NN Group's insurance businesses. We manage our risks through ceding excess insurance risk to external reinsurers and hedging a major part of our market risks. ING Re reinsures the minimum guarantee obligations of the Japan Closed Block VA and part of NN Group's life insurance business in the Czech Republic and Hungary.

ING Re aims to yield capital savings and centrally manage risk. The business showed a solid performance in 2014. New intra-group reinsurance deals were executed to optimise capital use in the group and to manage risk centrally. The reinsurance organisation has also been working hard to prepare for Solvency II.



For more information about segment Other see Financial Report.

Case study: Credit card in partnership with Dutch charity LINDA.foundation



In October, Nationale-Nederlanden launched a credit card in partnership with Dutch charity LINDA.foundation. For every transaction made with the card, Nationale-Nederlanden donates 10 eurocents to the foundation. This money goes to help families, with children, in financial distress. One in nine children in the Netherlands lives in poverty. The LINDA.foundation uses the collected money to support the families of these children. Qualifying families receive vouchers for activities aimed at giving their children a care-free moment. The Nationale-Nederlanden credit card is the first credit card in the Netherlands that offers a near field communication payment option which allows contactless payments.

Japan Closed Block VA

Enhancing risk management, cost efficiency and improving systems and operations

Approximately 90% of the portfolio is projected to run off by the end of 2019

Japan Closed Block VA comprises NN Group's closed-block single premium variable annuity (SPVA) individual life insurance portfolio in Japan. This portfolio consists of SPVA products with minimum guarantee obligations sold predominantly from 2001 to 2009.

In 2009, ING Life Japan ceased the sale of these products and placed this portfolio in run-off. ING Life Japan is responsible for managing the policies, the relationships with customers, distribution partners and the Japanese regulatory authority. The minimum guarantee obligations are reinsured by ING Re.

Approximately 90% of the portfolio is projected to run off by the end of 2019 due to the short-term maturity profile of the SPVA products.

Financial highlights

The full-year 2014 result before tax increased to a gain of EUR 109 million from a loss of EUR 252 million for 2013, which reflected a charge of EUR 575 million resulting from a full write-off of the DAC as well as reserve strengthening in order to bring the reserve adequacy of the segment

to the 50% confidence level. The full-year 2014 result includes an operating result of EUR 84 million and a market related result net of hedging of EUR 21 million. Administrative expenses were up 16.7% to EUR 21 million, mainly caused by higher processing costs due to an increase in surrenders as well as higher project costs to prepare for the large volumes of future maturities expected in the portfolio.

Managing the portfolio

Japan Closed Block VA is focused on improving systems and processes in order to ensure the efficient handling of the maturing portfolio. The first main priority is to continue to enhance risk management activities by ensuring the hedging strategy is recalibrated to match the profile of the run off. The second main priority is to ensure that we fulfil our obligations and provide appropriate service to our policyholders, distributors and fund management partners while finding ways to become more cost efficient.



For more information about Japan Closed Block VA see Financial Report.

Key figures Japan Closed Block VA (EUR million)

	2014	2013
Operating result	84	80
Result before tax	109	-252
Net result	101	-142
Administrative expenses	21	18
Account value	13,248	14,687
Net amount at risk	133	663
IFRS reserves	556	1,086
Number of policies	294,263	346,306

Contact and legal information

This report is available as a pdf file on
www.nn-group.com/annual-report

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Disclaimer

NN Group's 2014 Annual Report consists of three documents: the 2014 Annual Review, the 2014 Financial Report and the 2014 Sustainability Report.

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