

**THIRD SUPPLEMENT DATED 5 JANUARY 2017 TO THE BASE PROSPECTUS DATED 24  
MARCH 2016**



**NN Group N.V.**

*(a public limited liability company (naamloze vennootschap) incorporated under the laws of The Netherlands)*

**€3,000,000,000**

**Debt Issuance Programme**

This supplement (the “Supplement”) is supplemental to, forms part of and must be read and construed in conjunction with, the base prospectus dated 24 March 2016, as supplemented by the first supplement dated 22 June 2016 and the second supplement dated 7 October 2016 (the “Prospectus”) prepared in connection with the Euro 3,000,000,000 Debt Issuance Programme (the “Programme”) established by NN Group N.V. (the “Issuer” or “NN”). This Supplement, together with the Prospectus, constitutes a base prospectus for the purposes of Article 5:23 of the Netherlands Financial Markets Supervision Act (*Wet op het financieel toezicht*, the “WFT”). Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Prospectus and any other supplements to the Prospectus (to be) issued by the Issuer.

This Supplement has been filed with and approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the “AFM”) as a prospectus supplement, in accordance with Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the “Prospectus Directive”).

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this Supplement or the Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in the Prospectus). Neither the delivery of this Supplement or the Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which the Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which the Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Supplement and the Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement or the Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Supplement and the Prospectus, see "Subscription and Sale" of the Prospectus.

This Supplement and the Prospectus do not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers or the Arranger accepts any responsibility for the contents of this Supplement and the Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Supplement and the Prospectus or any such statement. Neither this Supplement nor the Prospectus nor any other financial statements should be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Supplement, the Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Supplement and the Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Supplement and the Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

### **Amendments and additions to the Prospectus**

The purpose of this Supplement is (a) to incorporate by reference the Issuer's (i) Q3 Press Release (as defined below) and (ii) Q3 Interim Accounts (as defined below); (b) to include the Issuer's revised solvency capital ratio; (c) to provide an update on the proposed acquisition by the Issuer of all the issued and outstanding ordinary shares of Delta Lloyd N.V.; (d) to reflect the changes in the Issuer's share capital; and (e) to provide an update on the arbitration proceedings with respect to NN's former insurance business in South Korea.

With effect from the date of this Supplement the information appearing in, or incorporated by reference into, the Prospectus shall be supplemented in the manner described below:

#### ***1. Documents incorporated by reference***

On page 49 of the Prospectus under caption "*Documents incorporated by reference*" the following documents are added to the list of documents deemed to be incorporated by reference in, and to form part of, the Prospectus (directly prior to "which have been previously published" and with deletion of the "and" before "(viii)");

"(iv) the press release published by NN on 17 November 2016 entitled "NN Group reports 3Q16 results" (the "Q3 Press Release") and (v) the Issuer's condensed consolidated interim accounts as at, and for the nine-month period ended, 30 September 2016, together with the review report of KPMG Accountants N.V. dated 16 November 2016, which appears on page 28 of the condensed consolidated interim accounts (the "Q3 Interim Accounts")."

## 2. ***Revised Solvency Capital Ratio***

The seventh sentence of the third paragraph on page 23 of the Prospectus, as included by the second supplement to the Prospectus dated 7 October 2016, in the risk factor with caption “*As of 1 January 2016 a new solvency framework and prudential regime, known as “Solvency II”, has become applicable to insurance companies, reinsurance companies and insurance holding companies.*”, “NN Group’s Solvency II capital ratio can be found on page 1 of the Q2 Press Release, which has been incorporated by reference.” is replaced by the following sentence:

“NN’s Solvency II capital ratio can be found on page 1 of the Q3 Press Release, which has been incorporated by reference.”

## 3. ***Proposed acquisition by the Issuer of all the issued and outstanding ordinary shares of Delta Lloyd – Risk Factor***

The risk factor on page 16 of the Prospectus, as included by the second supplement to the Prospectus dated 7 October 2016, entitled “NN may not complete the intended acquisition of Delta Lloyd N.V. (“Delta Lloyd”) or the acquisition may not give rise to the intended benefits to the Group” is replaced by the following paragraphs:

***“NN may not complete the intended acquisition of Delta Lloyd N.V. (“Delta Lloyd”) or the acquisition may not give rise to the intended benefits to the Group***

On 5 October 2016, the Issuer announced that it intends to make an all cash offer for all the issued and outstanding ordinary shares of Delta Lloyd. On 23 December 2016, the Issuer and Delta Lloyd jointly announced that they had reached a conditional agreement on a recommended all cash offer for all the issued and outstanding ordinary shares of Delta Lloyd. The commencement of the Issuer’s offer is subject to customary pre-offer conditions (i.e., to be satisfied or waived prior to launch) and, if and when made, the consummation of the offer will be subject to customary offer conditions (i.e., to be satisfied or waived prior to completion), for transactions of this nature. See further the section entitled “The Issuer intends to make an all-cash offer for Delta Lloyd” in the section entitled “Business Description of NN Group N.V.” below.

No assurance is given as to whether the Issuer will actually make an offer, or that any offer, if made, will be successful. An offer may not succeed, for example, if the legal, regulatory or other conditions that are required to be satisfied, are not in fact satisfied or waived in accordance with the terms of the offer, or if additional legal or regulatory conditions are imposed by the applicable regulatory authorities, and which the Issuer is not able to satisfy, or is only able to satisfy with a material adverse effect on its business or financial condition. If an offer does not succeed, the Issuer will nevertheless have incurred costs in connection with it and such costs may be material. In addition, if the Merger Protocol (as defined below) is terminated by Delta Lloyd (i) on account of a material breach of the Merger Protocol by the Issuer, (ii) because all conditions are satisfied or waived and the Issuer fails to launch or declare the offer unconditional, as the case may be, or (iii) because the declarations of no objection from DNB, the National Bank of Belgium and the ECB are not obtained, the Issuer is liable to pay a termination fee to Delta Lloyd, in the amount of EUR 25 million, and if the Merger Protocol is terminated because anti-trust clearance is not obtained, the Issuer will forfeit a EUR 67.5 million termination fee to Delta Lloyd. Furthermore, the Issuer and Delta Lloyd may terminate the Merger Protocol in the event a bona fide third-party offeror makes an offer which, in the reasonable opinion of the executive and supervisory boards of Delta Lloyd, is a more beneficial offer than the offer of the Issuer, exceeds the Offer Price (as defined below) by 7% and is launched or is committed to be launched within four weeks (a “Competing Offer”). In the event of a Competing Offer, the Issuer will be given the opportunity to match such offer, in which case the Merger Protocol may not be terminated by Delta Lloyd. Any additional subsequent competing offer will have a 5% offer threshold and matching right for the Issuer. As part of the agreement, Delta Lloyd has entered into customary undertakings not to solicit third party offers.

If an offer is successful and the Issuer acquires all issued and outstanding ordinary shares of Delta Lloyd, no assurance is given that the commercial, operational and other benefits, including cost synergies, return on investment and a double digit accretion in DPS for 2018 and onwards, that the Issuer believes will arise as a

result of the acquisition, will in fact arise or arise on a timely basis, or that there will not be any negative impact on the Issuer as a result of the acquisition. No assurance is given that the Issuer will be able to fully or effectively integrate Delta Lloyd (or its entities or assets) into its business in the future. The integration of Delta Lloyd may be complex and expensive, and depends largely on integrating the risk, financial, technological and management standards, processes, procedures and controls of Delta Lloyd, as well as employees and other operational functions, into those of the Issuer's business. Such integration will require management to devote significant time and resources to execute effectively, particularly in areas where the businesses of the Issuer and Delta Lloyd differ. This may present a number of challenges for management, including management distraction and overstretch and the deferral, modification or cancellation of certain management plans and targets. In addition, expected business growth opportunities, increased competitive offering and advantages, revenue growth and cost synergies, operational efficiencies, improved customer proposition, more diversified product offering and other benefits may not materialize for various reasons, including if the assumptions upon which the Issuer determined to proceed with the intended acquisition are proved to be incorrect or if the proposed integration of Delta Lloyd into the Issuer's business is not successful, or not as successful as the Issuer contemplated. No assurance can be given as to whether the concluded diligence undertaken prior to making any offer is sufficient to uncover all material issues (including, in relation to whether or not Delta Lloyd has complied or currently complies with all applicable laws and regulations), or to confirm that the acquisition of Delta Lloyd will not negatively impact upon the Issuer's business, including its overall financial, capital or liquidity position, or stability, or otherwise, will not have a material adverse effect on the business, revenues, result of operation, financial condition and prospects of the Issuer. As a result, if the anticipated synergies or other benefits of the acquisition are not achieved, or not achieved in full, or in each case, not achieved on a timely basis, or those achieved are materially different from those that were expected to be achieved prior to the intended acquisition, or if the acquisition has a negative impact on the Issuer, then this could have a material adverse effect on the Issuer, including its business, operations, financial condition or stability, credit ratings, risk profile and prospects.

On 7 October 2016, Standard & Poor's announced that it had placed the credit ratings of the Issuer on "CreditWatch negative" as a result of the proposed acquisition by the Issuer of Delta Lloyd. On 4 January 2017, Standard & Poor's announced that it will maintain the credit ratings of the Issuer on "CreditWatch negative" and expects to resolve or update this assessment within the next 90 days. Upon the completion of their review, Standard & Poor's could either affirm the ratings of the Issuer or lower them by one or, in a worst case scenario, two notches. On 23 December 2016, Fitch announced that it will not take any rating action as a result of the proposed acquisition by the Issuer of Delta Lloyd. It is nevertheless possible that any offer the Issuer ultimately makes for Delta Lloyd could have a negative impact on its solicited or unsolicited credit ratings in the future and the solicited or unsolicited credit ratings assigned to the Notes.

#### **4. *Proposed acquisition by the Issuer of all the issued and outstanding ordinary shares of Delta Lloyd - Description***

The paragraphs on page 135 of the Prospectus, as included by the second supplement to the Prospectus dated 7 October 2016, after the paragraphs entitled "Acquisition of Notus Financial Advisors in Poland" in the section entitled "Business Description of NN Group N.V. – Recent Developments" are replaced by the following paragraphs:

##### **"The Issuer intends to make an all-cash offer for Delta Lloyd**

On 5 October 2016, the Issuer announced that it intends to make an all cash offer for all the issued and outstanding ordinary shares of Delta Lloyd. On 23 December 2016, the Issuer and Delta Lloyd jointly announced that they had reached a conditional agreement (the "Merger Protocol") on a recommended all cash offer for all the issued and outstanding ordinary shares of Delta Lloyd for a total consideration of EUR 2.5 billion, being EUR 5.40 in cash per ordinary Delta Lloyd share (cum dividend) (the "Offer Price"). The Issuer will be able to pay the Offer Price for an amount of EUR 1.4 billion with cash from its own available resources. For the remainder, the Issuer has, subject to customary conditions, committed debt financing made available to it from reputable global financial institutions. The transaction is supported and recommended by Delta Lloyd's Executive Board and Supervisory Board.

Delta Lloyd is a financial institution, based in the Netherlands and having its shares listed on Euronext in Amsterdam and Euronext in Brussels, which offers products and services in insurance, pensions, investment and banking, serving commercial and retail clients.

The commencement of the Issuer's offer is subject to customary pre-offer conditions (i.e., to be satisfied or waived prior to launch), for transactions of this nature, including, but not limited to, no material breach of the Merger Protocol having occurred, no revocation or amendment of the recommendation by the executive and supervisory boards of Delta Lloyd, the Stichting Continuïteit Delta Lloyd not having exercised its call option to have protective preference shares issued to it, and no public announcement of a Competing Offer having been made. If and when made, the consummation of the offer by the Issuer will be subject to customary offer conditions (i.e., to be satisfied or waived prior to completion), for transactions of this nature, including, but not limited to, a minimum acceptance level, anti-trust clearance and other regulatory approvals, including obtaining declarations of no-objections from DNB, the National Bank of Belgium and the ECB, no material breach of the Merger Protocol having occurred, no revocation or amendment of the recommendation by the executive and supervisory boards of Delta Lloyd, the Stichting Continuïteit Delta Lloyd not having exercised its call option to have protective preference shares issued to it and having agreed to terminate the option agreement, and no public announcement of a Competing Offer having been made.

On 23 December 2016, the Issuer announced that it has certainty of funds, subject to customary conditions, to fund the proposed cash offer for all the issued and outstanding ordinary shares of Delta Lloyd. The Issuer has submitted a draft offer memorandum to the AFM for approval in line with the applicable regulatory requirements. The offer memorandum will be published by the Issuer following approval by the AFM (if obtained), in accordance with the applicable statutory timeline prescribed under Dutch law.

The offer will last for a period of ten weeks. Within three business days after the expiry of the offer period, NN may either declare the offer unconditional, extend the offer if the offer conditions have not then been satisfied or waived, or withdraw the offer. As described above, the offer will be subject to customary conditions, which will be described in the offer memorandum. Based on the required steps and subject to the necessary approvals, the Issuer and Delta Lloyd anticipate that the offer will close in the second quarter of 2017.

The Issuer's willingness to pay the Offer Price and pursue the transaction is predicated on the acquisition of 100% of all issued and outstanding ordinary shares of Delta Lloyd. The Issuer and Delta Lloyd anticipate that the combination of Delta Lloyd and the Dutch and Belgian activities of the Issuer, will result in an overall stronger platform within the Benelux. It is anticipated that the combined group will deliver substantial operational, commercial, organisational, financial and tax benefits, which could not, or only could partially, be achieved if Delta Lloyd were to continue as a standalone entity with minority shareholders.

With respect to capital, the Issuer estimates the 3Q16 pro-forma Solvency II ratio of the combination to be at 189%, taking into account the reversal of the EUR 333 million deduction of the share buy-back and assuming the base case of senior debt issuance. Based on its due diligence, the Issuer believes that there will be some initial capital synergies from the combination but also expects meaningful negative impacts from the alignment of actuarial assumptions under the Issuer's ownership. The combination of these is anticipated to result in the 3Q16 pro-forma Solvency II ratio declining from 189% to approximately 185%. The financial leverage ratio and fixed cost coverage ratios of the combination are estimated in a range of 30% and 9x on a pro-forma basis at 30 September 2016. The cash capital at holding of the combination is expected to be EUR 1.0–1.5bn on a pro-forma basis at 30 September 2016.

If the Issuer acquires at least 95% of all issued and outstanding ordinary shares of Delta Lloyd, it is intended that Delta Lloyd's listings on Euronext Amsterdam and Euronext Brussels will be terminated as soon as possible. In addition, the Issuer will commence statutory squeeze-out proceedings.

If the Issuer acquires less than 95% but at least 67% of all issued and outstanding ordinary shares of Delta Lloyd, the Issuer will, subject to it and Delta Lloyd agreeing on a final structure prior to launch and subject to Delta Lloyd's Extraordinary General Meeting approval at the EGM to be held prior to closing of the

tender offer period, be entitled to pursue one or more legal mergers of Delta Lloyd into the Issuer, or a subsidiary of the Issuer, whereby Delta Lloyd shareholders will ultimately receive listed shares in the Issuer (the “Legal Merger”). The exchange ratio pursuant to the Legal Merger is defined as the Offer Price divided by the NN share price on the last day prior to the date of the execution of the Legal Merger. The Executive Board and Supervisory Board of Delta Lloyd have approved and consented to the Legal Merger and shall recommend the Delta Lloyd shareholders to vote in favour of the Legal Merger.”

## **5. *Change in Issuer’s share capital***

The paragraphs on page 121 of the Prospectus as included by the second supplement to the Prospectus dated 7 October 2016, with caption “*Share Capital*” are replaced by the following paragraphs:

“The Issuer’s authorised share capital amounts to EUR 168,000,000, divided into 700,000,000 ordinary shares and 700,000,000 preference shares, each with a nominal value of EUR 0.12. The Issuer’s issued capital amounts to EUR 40,182,164.52, consisting of 334,851,371 ordinary shares, with a nominal value of EUR 0.12 each. On 5 January 2017, the Issuer holds 10,850,817 ordinary shares, all or part of which it intends to cancel in due course. The rights of the shareholders are described in the Articles of Association.

A foundation, Stichting Continuïteit NN Group, has been granted a call option by the Issuer. On each exercise of the call option, Stichting Continuïteit NN Group is entitled to acquire ordinary shares from the Issuer up to a maximum corresponding with 100 per cent. of the issued share capital of the Issuer, as outstanding immediately prior to the exercise of the call option, less one share, from which maximum any Preference Shares already placed with Stichting Continuïteit NN Group at the time of the exercise of the call option shall be deducted. Stichting Continuïteit NN Group may exercise its option right repeatedly, each time up to the aforementioned maximum.

On 5 January 2017, major shareholders are BlackRock, Inc., Franklin Mutual Series Fund Inc., Norges Bank, RRJ Capital II Ltd. and Temasek Holdings (Private) Limited. Based on Dutch legislation, the holder of a substantial holding or gross short position that equals or exceeds 3 per cent. of the issued capital of an issuer, should notify the AFM. These notifications are subsequently included in a public register kept by the AFM.”

## **6. *Insurance business in South Korea***

The paragraph on page 131 of the Prospectus with caption “*Insurance business in South Korea*” is replaced by the following paragraph:

### **“Insurance business in South Korea**

Arbitration proceedings were initiated in 2014 by Life Investment Limited (“LIL”) – the purchaser of NN Group’s former insurance subsidiary in South Korea, ING Life Insurance (Korea) Limited (“INGLK”) in December 2013 – alleging that the financial condition of this subsidiary was not accurately depicted. On 15 December 2016, the International Chamber of Commerce in Hong Kong issued the Tribunal’s Partial Final Award in respect of these proceedings in which it has found NN Group in breach of certain obligations under the Sale and Purchase Agreement entered into with LIL relating to the sale of INGLK. The Tribunal has therefore found NN Group liable to pay damages to LIL but has ordered the quantum of these damages to be determined and deferred the determination of such quantum until a further stage of the proceedings. NN Group currently expects that the quantum will not exceed KRW 113 billion (EUR 90 million at current exchange rates) and could be significantly less. NN Group will recognise such potential exposure in a provision through the profit and loss account in the fourth quarter of 2016. The provision is not expected to materially impact the solvency ratio or leverage ratio of NN Group.

These proceedings concern a former subsidiary of NN Group and, therefore, do not impact NN Group’s business or strategy going forward. The decision of the Tribunal as to NN Group’s liability to pay damages in its Partial Final Award is binding and is not subject to challenge or appeal.”

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