

Voya Financial, Inc.  
Form 10-Q  
November 06, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q  
(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

OR  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-35897 \_\_\_\_\_

Voya Financial, Inc.

(Exact name of registrant as specified in its charter)

Delaware

52-1222820

(State or other jurisdiction of incorporation or  
organization)

(IRS Employer Identification No.)

230 Park Avenue

New York, New York

10169

(Address of principal executive offices)

(Zip Code)

(212) 309-8200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller

Edgar Filing: Voya Financial, Inc. - Form 10-Q

reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes

☐ No ☒

**APPLICABLE ONLY TO CORPORATE ISSUERS:**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of October 30, 2015, 215,326,591 shares of Common Stock, \$0.01 par value, were outstanding.

Voya Financial, Inc.  
Form 10-Q for the period ended September 30, 2015

INDEX

	PAGE
PART I. FINANCIAL INFORMATION (UNAUDITED)	
Item 1. Financial Statements:	
<u>Condensed Consolidated Balance Sheets</u>	<u>4</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>6</u>
<u>Condensed Consolidated Statements of Comprehensive Income</u>	<u>7</u>
<u>Condensed Consolidated Statements of Changes in Shareholders' Equity</u>	<u>8</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>10</u>
Notes to Condensed Consolidated Financial Statements	<u>11</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>116</u>
Item 3. Quantitative and Qualitative Disclosures About Market Risk	<u>188</u>
Item 4. Controls and Procedures	<u>198</u>
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	<u>199</u>
Item 1A. Risk Factors	<u>199</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>201</u>
Item 6. Exhibits	<u>202</u>
<u>Signature</u>	<u>203</u>
<u>Exhibit Index</u>	<u>204</u>

For the purposes of the discussion in this Quarterly Report on Form 10-Q, the term Voya Financial, Inc. refers to Voya Financial, Inc. and the terms "Company," "we," "our," and "us" refer to Voya Financial, Inc. and its subsidiaries.

#### NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements relating to future developments in our business or expectations for our future financial performance and any statement not involving a historical fact. Forward-looking statements use words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. Actual results, performance or events may differ materially from those projected in any forward-looking statement due to, among other things, (i) general economic conditions, particularly economic conditions in our core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels, (v) persistency and lapse levels, (vi) interest rates, (vii) currency exchange rates, (viii) general competitive factors, (ix) changes in laws and regulations, and (x) changes in the policies of governments and/or regulatory authorities. Factors that may cause actual results to differ from those in any forward-looking statement also include those described under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations-Trends and Uncertainties" and "Business-Closed Blocks-CBVA" in the Annual Report on Form 10-K for the year ended December 31, 2014 (File No. 001-35897) (the "Annual Report on Form 10-K") and "Risk Factors," in the Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (File No. 001-35897) and this Quarterly Report on Form 10-Q.

The risks included here are not exhaustive. Current reports on Form 8-K and other documents filed with the Securities and Exchange Commission ("SEC") include additional factors that could affect our businesses and financial performance. Moreover, we operate in a rapidly changing and competitive environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors.

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

Voya Financial, Inc.

Condensed Consolidated Balance Sheets

September 30, 2015 (Unaudited) and December 31, 2014

(In millions, except share and per share data)

	September 30, 2015	December 31, 2014 (As adjusted)
Assets:		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost of \$65,665.0 as of 2015 and \$64,045.0 as of 2014)	\$69,211.8	\$69,910.3
Fixed maturities, at fair value using the fair value option	3,595.4	3,564.5
Equity securities, available-for-sale, at fair value (cost of \$307.9 as of 2015 and \$242.0 as of 2014)	338.2	271.8
Short-term investments	1,572.9	1,711.4
Mortgage loans on real estate, net of valuation allowance of \$3.3 as of 2015 and \$2.8 as of 2014	10,727.2	9,794.1
Policy loans	2,027.2	2,104.0
Limited partnerships/corporations	465.6	363.2
Derivatives	1,919.5	1,819.6
Other investments	92.7	110.3
Securities pledged (amortized cost of \$1,050.2 as of 2015 and \$1,089.3 as of 2014)	1,099.5	1,184.6
Total investments	91,050.0	90,833.8
Cash and cash equivalents	2,511.1	2,530.9
Short-term investments under securities loan agreements, including collateral delivered	734.3	827.0
Accrued investment income	930.3	891.7
Reinsurance recoverable	7,332.5	7,116.9
Deferred policy acquisition costs and Value of business acquired	4,926.0	4,570.9
Sales inducements to contract holders	243.4	253.6
Current income taxes	22.0	—
Deferred income taxes	1,709.9	1,299.9
Goodwill and other intangible assets	258.6	284.4
Other assets	1,025.8	990.6
Assets related to consolidated investment entities:		
Limited partnerships/corporations, at fair value	5,065.1	3,727.3
Cash and cash equivalents	775.0	710.4
Corporate loans, at fair value using the fair value option	7,147.7	6,793.1
Other assets	258.0	92.4
Assets held in separate accounts	94,721.5	106,007.8
Total assets	\$218,711.2	\$226,930.7

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.  
Condensed Consolidated Balance Sheets  
September 30, 2015 (Unaudited) and December 31, 2014  
(In millions, except share and per share data)

	September 30, 2015	December 31, 2014 (As adjusted)
Liabilities and Shareholders' Equity:		
Future policy benefits	\$17,635.9	\$15,632.2
Contract owner account balances	70,238.6	69,319.5
Payables under securities loan agreements, including collateral held	1,881.7	1,445.0
Long-term debt	3,485.6	3,515.7
Funds held under reinsurance agreements	1,017.6	1,159.6
Derivatives	825.4	849.3
Pension and other postretirement provisions	771.4	826.2
Current income taxes	—	84.8
Other liabilities	1,349.4	1,333.2
Liabilities related to consolidated investment entities:		
Collateralized loan obligations notes, at fair value using the fair value option	7,225.6	6,838.1
Other liabilities	2,309.9	1,357.8
Liabilities related to separate accounts	94,721.5	106,007.8
Total liabilities	201,462.6	208,369.2
Shareholders' equity:		
Common stock (\$0.01 par value per share; 900,000,000 shares authorized, 265,297,029 and 263,653,468 shares issued as of 2015 and 2014, respectively; 215,324,996 and 241,875,485 shares outstanding as of 2015 and 2014, respectively)	2.7	2.6
Treasury stock (at cost; 49,972,033 and 21,777,983 shares as of 2015 and 2014, respectively)	(2,052.0	) (807.0
Additional paid-in capital	23,593.4	23,650.1
Accumulated other comprehensive income (loss)	2,045.7	3,103.7
Retained earnings (deficit):		
Appropriated-consolidated investment entities	4.8	20.4
Unappropriated	(9,308.5	) (9,823.6
Total Voya Financial, Inc. shareholders' equity	14,286.1	16,146.2
Noncontrolling interest	2,962.5	2,415.3
Total shareholders' equity	17,248.6	18,561.5
Total liabilities and shareholders' equity	\$218,711.2	\$226,930.7

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Edgar Filing: Voya Financial, Inc. - Form 10-Q

Voya Financial, Inc.

Condensed Consolidated Statements of Operations

For the Three and Nine Months Ended September 30, 2015 and 2014 (Unaudited)

(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014 (As adjusted)	2015	2014 (As adjusted)
Revenues:				
Net investment income	\$1,126.7	\$1,163.6	\$3,435.3	\$3,430.1
Fee income	871.8	908.9	2,644.0	2,738.0
Premiums	1,128.8	595.1	2,404.8	1,825.4
Net realized capital gains (losses):				
Total other-than-temporary impairments	(40.7)	) (19.5)	) (51.3)	) (25.4)
Less: Portion of other-than-temporary impairments recognized in Other comprehensive income (loss)	0.6	(0.1)	) 3.3	(0.2)
Net other-than-temporary impairments recognized in earnings	(41.3)	) (19.4)	) (54.6)	) (25.2)
Other net realized capital gains (losses)	340.4	205.4	93.9	(339.9)
Total net realized capital gains (losses)	299.1	186.0	39.3	(365.1)
Other revenue	106.7	101.0	315.3	316.8
Income (loss) related to consolidated investment entities:				
Net investment income	175.4	248.0	529.3	630.0
Changes in fair value related to collateralized loan obligations	11.0	(6.5)	) (23.6)	) (4.1)
Total revenues	3,719.5	3,196.1	9,344.4	8,571.1
Benefits and expenses:				
Policyholder benefits	1,956.5	1,234.7	3,802.3	2,910.9
Interest credited to contract owner account balances	498.3	498.2	1,473.2	1,485.3
Operating expenses	750.9	767.3	2,290.7	2,315.1
Net amortization of Deferred policy acquisition costs and Value of business acquired	316.3	30.6	587.5	272.4
Interest expense	46.4	47.2	150.4	142.3
Operating expenses related to consolidated investment entities:				
Interest expense	66.7	56.6	203.9	152.3
Other expense	4.1	1.7	8.6	5.7
Total benefits and expenses	3,639.2	2,636.3	8,516.6	7,284.0
Income (loss) before income taxes	80.3	559.8	827.8	1,287.1
Income tax expense (benefit)	(35.9)	) 37.4	128.8	74.2
Net income (loss)	116.2	522.4	699.0	1,212.9
Less: Net income (loss) attributable to noncontrolling interest	75.9	116.6	183.9	296.7
Net income (loss) available to Voya Financial, Inc.'s common shareholders	\$40.3	\$405.8	\$515.1	\$916.2
Net income (loss) available to Voya Financial, Inc.'s common shareholders per common share:				
Basic	\$0.18	\$1.61	\$2.25	\$3.58
Diluted	\$0.18	\$1.59	\$2.23	\$3.55



Edgar Filing: Voya Financial, Inc. - Form 10-Q

Cash dividends declared per share of common stock	\$0.01	\$0.01	\$0.03	\$0.03
---	--------	--------	--------	--------

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.

Condensed Consolidated Statements of Comprehensive Income

For the Three and Nine Months Ended September 30, 2015 and 2014 (Unaudited)

(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014 (As adjusted)	2015	2014 (As adjusted)
Net income (loss)	\$116.2	\$522.4	\$699.0	\$1,212.9
Other comprehensive income (loss), before tax:				
Unrealized gains (losses) on securities	(97.3)	) (510.8	) (1,627.0	) 1,478.4
Other-than-temporary impairments	3.5	5.9	12.9	30.2
Pension and other postretirement benefits liability	(3.4)	) (3.4	) (10.3	) (10.3
Other comprehensive income (loss), before tax	(97.2)	) (508.3	) (1,624.4	) 1,498.3
Income tax expense (benefit) related to items of other comprehensive income (loss)	(33.7)	) (175.8	) (566.4	) 527.2
Other comprehensive income (loss), after tax	(63.5)	) (332.5	) (1,058.0	) 971.1
Comprehensive income (loss)	52.7	189.9	(359.0)	) 2,184.0
Less: Comprehensive income (loss) attributable to noncontrolling interest	75.9	116.6	183.9	296.7
Comprehensive income (loss) attributable to Voya Financial, Inc.'s common shareholders	\$(23.2)	) \$73.3	\$(542.9	) \$1,887.3

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.

Condensed Consolidated Statements of Changes in Shareholders' Equity

For the Nine Months Ended September 30, 2015 (Unaudited)

(In millions)

	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Retained Earnings (Deficit)	Total Voya Financial, Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
Balance as of January 1, 2015 -	\$ 2.6	\$(807.0 )	\$23,650.1	\$ 3,103.7	\$20.4	\$(9,823.6 )	\$16,146.2	\$ 2,415.3	\$18,561.5
As adjusted									
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	515.1	515.1	183.9	699.0
Other comprehensive income (loss), after tax	—	—	—	(1,058.0 )	—	—	(1,058.0 )	—	(1,058.0 )
Total comprehensive income (loss)							(542.9 )	183.9	(359.0 )
Reclassification of noncontrolling interest	—	—	—	—	(15.6 )	—	(15.6 )	15.6	—
Common stock acquired - Share repurchase	—	(1,240.5 )	(100.0 )	—	—	—	(1,340.5 )	—	(1,340.5 )
Dividends on common stock	—	—	(6.9 )	—	—	—	(6.9 )	—	(6.9 )
Share-based compensation	0.1	(4.5 )	50.2	—	—	—	45.8	—	45.8
Contributions from (Distributions to)	—	—	—	—	—	—	—	347.7	347.7
noncontrolling interest, net									
Balance as of September 30, 2015	\$ 2.7	\$(2,052.0 )	\$23,593.4	\$ 2,045.7	\$4.8	\$(9,308.5 )	\$14,286.1	\$ 2,962.5	\$17,248.6

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.

Condensed Consolidated Statements of Changes in Shareholders' Equity

For the Nine Months Ended September 30, 2014 (Unaudited)

(In millions)

	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Retained Earnings (Deficit)	Total Voya Financial, Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
Balance as of January 1, 2014 -	\$ 2.6	\$ —	\$23,563.7	\$ 1,849.1	\$ 18.4	\$(12,118.6)	\$ 13,315.2	\$ 2,241.8	\$ 15,557.0
As adjusted									
Comprehensive income (loss):									
Net income (loss)	—	—	—	—	—	916.2	916.2	296.7	1,212.9
Other comprehensive income (loss), after tax	—	—	—	971.1	—	—	971.1	—	971.1
Total comprehensive income (loss)							1,887.3	296.7	2,184.0
Reclassification of noncontrolling interest	—	—	—	—	3.0	—	3.0	(3.0)	—
Common stock acquired - Share repurchase	—	(609.4)	—	—	—	—	(609.4)	—	(609.4)
Dividends on common stock	—	—	(7.7)	—	—	—	(7.7)	—	(7.7)
Share-based compensation	—	(14.8)	65.5	—	—	—	50.7	—	50.7
Contributions from (Distributions to)	—	—	—	—	—	—	—	23.6	23.6
noncontrolling interest, net									
Balance as of September 30, 2014 - As adjusted	\$ 2.6	\$(624.2)	\$23,621.5	\$ 2,820.2	\$ 21.4	\$(11,202.4)	\$ 14,639.1	\$ 2,559.1	\$ 17,198.2

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.  
Condensed Consolidated Statements of Cash Flows  
For the Nine Months Ended September 30, 2015 and 2014 (Unaudited)  
(In millions)

	Nine Months Ended September 30,	
	2015	2014
Net cash provided by operating activities	\$2,686.4	\$2,916.2
Cash Flows from Investing Activities:		
Proceeds from the sale, maturity, disposal or redemption of:		
Fixed maturities	8,040.5	9,192.3
Equity securities, available-for-sale	38.2	63.7
Mortgage loans on real estate	950.6	937.6
Limited partnerships/corporations	198.3	137.6
Acquisition of:		
Fixed maturities	(9,699.4)	(9,172.3)
Equity securities, available-for-sale	(114.1)	(18.3)
Mortgage loans on real estate	(1,883.4)	(1,574.8)
Limited partnerships/corporations	(332.5)	(261.3)
Short-term investments, net	139.9	(124.5)
Policy loans, net	76.8	42.8
Derivatives, net	297.9	(670.7)
Other investments, net	18.7	38.5
Sales from consolidated investment entities	4,087.9	2,558.5
Purchases within consolidated investment entities	(6,056.5)	(4,292.6)
Collateral received (delivered), net	530.5	116.8
Purchases of fixed assets, net	(38.3)	(26.5)
Net cash used in investing activities	(3,744.9)	(3,053.2)
Cash Flows from Financing Activities:		
Deposits received for investment contracts	5,635.4	5,681.5
Maturities and withdrawals from investment contracts	(5,018.2)	(7,332.9)
Repayment of debt with maturities of more than three months	(31.2)	—
Debt issuance costs	(6.8)	(16.8)
Borrowings of consolidated investment entities	1,412.6	340.5
Repayments of borrowings of consolidated investment entities	(444.4)	(66.6)
Contributions from (distributions to) participants in consolidated investment entities	841.4	1,235.9
Excess tax benefits on share-based compensation	1.7	—
Share-based compensation	(4.4)	(14.8)
Common stock acquired - Share repurchase	(1,340.5)	(614.4)
Dividends paid	(6.9)	(7.7)
Net cash provided by (used in) financing activities	1,038.7	(795.3)
Net decrease in cash and cash equivalents	(19.8)	(932.3)
Cash and cash equivalents, beginning of period	2,530.9	2,840.8
Cash and cash equivalents, end of period	\$2,511.1	\$1,908.5

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Voya Financial, Inc.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

(Dollar amounts in millions, unless otherwise stated)

## 1. Business, Basis of Presentation and Significant Accounting Policies

### Business

Voya Financial, Inc. (which changed its name from ING U.S., Inc. on April 7, 2014) and its subsidiaries (collectively the "Company") is a financial services organization in the United States that offers a broad range of retirement services, annuities, investment management services, mutual funds, life insurance, group insurance and supplemental health products. Prior to April 20, 2015, the Company provided principal products and services in three ongoing businesses—Retirement Solutions, Investment Management and Insurance Solutions—and reported results for the ongoing businesses through five segments. Effective April 20, 2015, the Company provides principal products and services in two ongoing businesses ("Ongoing Business")—Retirement and Investment Solutions; and Insurance Solutions. This change did not affect the Company's five ongoing operating segments. The Company also has a Corporate segment, which includes the financial data not directly related to the businesses, and Closed Block segments. See the Segments Note to these Condensed Consolidated Financial Statements.

Prior to May 2013, the Company was an indirect, wholly-owned subsidiary of ING Groep N.V. ("ING Group" or "ING"), a global financial services holding company based in The Netherlands, with American Depository Shares listed on the New York Stock Exchange. In 2009, ING Group announced the anticipated separation of its global banking and insurance businesses, including the divestiture of the Company. On April 11, 2013, the Company announced plans to rebrand as Voya Financial. On May 2, 2013, the common stock of Voya Financial, Inc. began trading on the New York Stock Exchange under the symbol "VOYA." On May 7, 2013 and May 31, 2013, Voya Financial, Inc. completed its initial public offering of common stock, including the issuance and sale by Voya Financial, Inc. of 30,769,230 shares of common stock and the sale by ING Insurance International B.V. ("ING International"), an indirect wholly owned subsidiary of ING Group and previously the sole stockholder of Voya Financial, Inc., of 44,201,773 shares of outstanding common stock of Voya Financial, Inc. (collectively, the "IPO"). On September 30, 2013, ING International transferred all of its remaining shares of Voya Financial, Inc. common stock to ING Group.

On October 29, 2013, ING Group completed a sale of 37,950,000 shares of common stock of the Company in a registered public offering ("Secondary Offering"), reducing ING Group's ownership in the Company to 57%.

In 2014, ING Group completed sales of 82,783,006 shares of common stock of Voya Financial, Inc. in three registered public offerings throughout the year (the "2014 Offerings"). In conjunction with each of these offerings, pursuant to the terms of share repurchase agreements between ING Group and Voya Financial, Inc., Voya Financial, Inc. acquired 19,447,847 shares of its common stock from ING Group (the "2014 Direct Share Repurchases") (the 2014 Offerings and the 2014 Direct Share Repurchases collectively, the "2014 Transactions"). Upon completion of the 2014 Transactions, ING Group's ownership of Voya Financial, Inc. was reduced to approximately 19%.

On March 9, 2015, ING Group completed a sale of 32,018,100 shares of common stock of Voya Financial, Inc. in a registered public offering (the "March 2015 Offering"). Also on March 9, 2015, pursuant to the terms of a share repurchase agreement between ING Group and Voya Financial, Inc., Voya Financial, Inc. acquired 13,599,274 shares of its common stock from ING Group (the "March 2015 Direct Share Repurchase") (the March 2015 Offering and the March 2015 Direct Share Repurchase collectively, the "March 2015 Transactions"). Upon completion of the March

2015 Transactions, ING Group has exited its stake in Voya Financial, Inc. common stock. ING Group continues to hold warrants to purchase up to 26,050,846 shares of Voya Financial, Inc. common stock at an exercise price of \$48.75, in each case subject to adjustments. As a result of the completion of the March 2015 Transactions, ING Group has satisfied the provisions of its agreement with the European Union regarding the divestment of its U.S. insurance and investment operations, which required ING Group to divest 100% of its ownership interest in Voya Financial, Inc. together with its subsidiaries by the end of 2016.

#### Basis of Presentation

The accompanying Condensed Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and are unaudited. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial

Voya Financial, Inc.

Notes to the Condensed Consolidated Financial Statements (Unaudited)

(Dollar amounts in millions, unless otherwise stated)

Statements and the reported amounts of revenues and expenses during the reporting period. Those estimates are inherently subject to change and actual results could differ from those estimates.

The Condensed Consolidated Financial Statements include the accounts of Voya Financial, Inc. and its subsidiaries, as well as partnerships (voting interest entities ("VOEs")) in which the Company has control and variable interest entities ("VIEs") for which the Company is the primary beneficiary. See the Consolidated Investment Entities Note to these Condensed Consolidated Financial Statements. Intercompany transactions and balances have been eliminated.

The accompanying Condensed Consolidated Financial Statements reflect adjustments (including normal, recurring adjustments) necessary to present fairly the financial position of the Company as of September 30, 2015, its results of operations and comprehensive income for the three and nine months ended September 30, 2015 and 2014, and its changes in shareholders' equity and statements of cash flows for the nine months ended September 30, 2015 and 2014, in conformity with U.S. GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2014 Consolidated Balance Sheet is from the audited Consolidated Financial Statements included in the Company's